

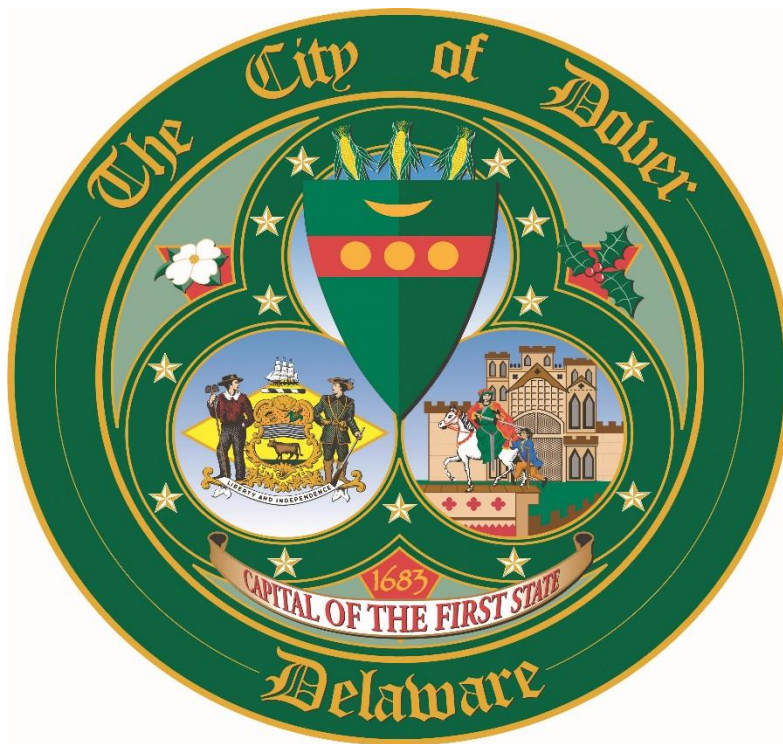
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017



Prepared by the Finance Department
Lori Peddicord, Acting Controller/Treasurer

DOVER, DELAWARE

CAPITAL OF THE FIRST STATE

300TH ANNIVERSARY

1717 – the City of Dover was officially laid out by the Delaware General Assembly, setting forth a trajectory that would forever transform history. Dover was a significant stop on the Underground Railroad, lends its history to the origins of the record and popular music, and is home to Dover Air Force Base, Dover International Speedway, and host to the annual Firefly Music Festival.

Residents of Dover were among the first to convene for the ratification of the Constitution of the United States of America, making Delaware the First State, and the only state in the union for five consecutive days. From the beginning, Dover has been a symbol for the practice and promotion of religious freedom, cultural diversity, entrepreneurship, and the persistence of the American spirit. In reverence of this rich history, and in preparation for an even more prosperous future, the City is inviting all of its residents and people from all over the world to participate in these historic celebrations.

ACKNOWLEDGEMENTS

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

Tracey Lisiecki

Financial Reporting & Accounting Manager

Jeffrey Dill

Accountant II

Jennifer Helms

Accountant II

Sharon Daniel

Account Clerk II

Katie Heffington

Payroll Specialist

Sophia Isip

Debbie Krueger

Administrative Assistant

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 For the Fiscal Year Ended June 30, 2017

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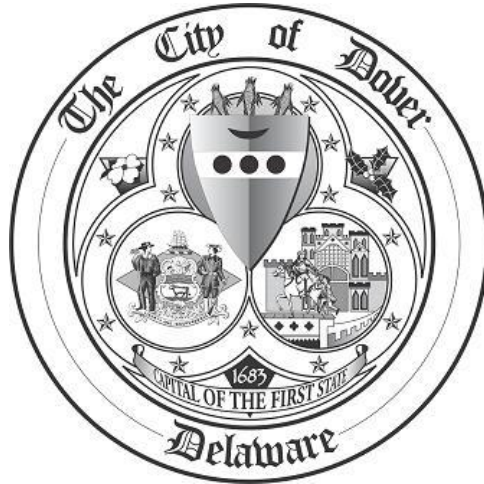
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INTRODUCTORY SECTION



THIS SECTION INCLUDES THE FOLLOWING:

LETTER OF TRANSMITTAL

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN
FINANCIAL REPORTING

LIST OF ELECTED OFFICIALS

LIST OF APPOINTED OFFICIALS

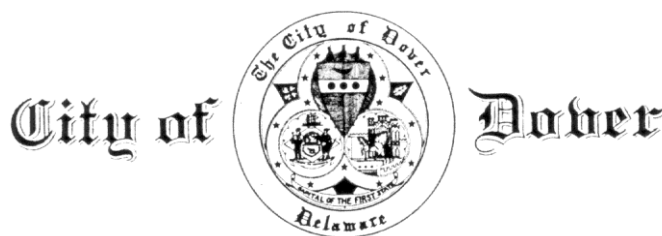
LIST OF COMMITTEES, COMMISSIONS, AND BOARDS

ORGANIZATION CHART

VISION



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January 31, 2018

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, 2017. 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, 2017. The report of independent public accountant is located at the front of the financial section of this report.

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

THE REPORTING ENTITY AND ITS SERVICES

The City of Dover was incorporated in 1829 under a Charter granted by the General Assembly. Dover is the Capital of the State of Delaware and is located in the central part of the State. It is home to the State Governor's office, legislative offices, and is the County seat for Kent County.

The City currently occupies a land area of 23.74 square miles and serves a population of approximately 37,686. 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

The City of Dover is distinguished as the dominant center of employment, commerce, educational opportunity, and cultural activity in Central Delaware. Economic growth appears to be occurring in Dover, as evidenced by the increased building permit activity and value of construction during the fiscal year. While still below the level of growth prior to the recession, Dover is experiencing a consistent level of new investment that reflects economic growth within the capital.

Residential growth continues to improve, albeit slowly, and major institutions and government agencies continue to expand to meet the demands of a growing regional population and economy. Commercial corridor areas of U.S. Routes 13 and 113 and DE Route 8 have continued to be the center of commerce in Dover. Significant new projects have been proposed in the past year, expanding commercial services in this area, particularly along the U.S. Route 13 corridor. Efforts to revitalize the traditional urban core of downtown Dover have continued and gained a new breath of life with the designation of Dover's Downtown Development District by Governor Jack Markell on January 11, 2015. Dover was one of three districts designated statewide, where development projects are eligible for a rebate of up to 20 percent of construction costs. These rebates, combined with other incentives offered by the City of Dover, Kent County, State of Delaware, and the Downtown Dover Partnership, have generated a new interest on the part of the development community. Dover is beginning to see renewed development activity, especially in the removal of

blighted houses and construction of new, owner-occupied units in these formerly depressed neighborhoods.

Total value of construction was estimated at \$41.6 million during Fiscal Year 2017. This is less than the \$80.2 million of the previous year which saw large investments in new schools (Dover High School) and in projects at the Garrison Oak Technology Park. But encouraging news is that the recent investment is in new commercial, office and services facilities throughout the City, and is not driven by a couple of unusually large projects. The City of Dover issued 2,920 business licenses in Fiscal Year 2017. Building permits issued during this period total 2,420, which is an increase of 169 permits over the previous year; overall another indicator of expanding economic activity.

Growth and development trends during Fiscal Year 2017 are further discussed and summarized below:

Population Growth

The 2010 U.S. Decennial Census, which was conducted in April 2010, found that 36,054 people reside in Dover. The Delaware Population Consortium estimates that the City of Dover's population as of July 1, 2017 was 37,686, a population increase of 4.5% over the decennial Census. Recent residential building permit numbers suggest that the current estimates are low, not fully reflecting recent growth.

Residential Development

The City's growth continues to lag the region in terms of new single family residential development, but the market for townhouses and apartments is especially strong. Many projects are fully subscribed before completion. Construction continues in such developments as Liberty Court, Tall Pines, Leander Lakes, the Village at McKee Branch, Blue Hen Apartments and Eden Hill Farm. A number of new single family homes have been constructed in the blighted areas near downtown, with more in planning for the upcoming year. Downtown residential units are also in high demand. These projects and others are expected to have a positive influence on the City's annual rate of growth.

Downtown Dover Redevelopment

Downtown revitalization continues at an accelerated pace. Through the Downtown Development District designation, the work of the Downtown Dover Partnership, and the efforts of those involved in Restoring Central Dover program, new businesses have opened on Loockerman Street, safety concerns have been addressed, and new owner-occupied housing is rapidly changing the appearance and appeal of formerly blighted areas. The City, NCALL, Habitat for Humanity and others are involved in street lighting initiatives, sponsoring downtown events, and creating a much more positive image for Dover's historic central business district. A pilot program (Unlock the Block) is being developed in conjunction with the State's newly created Division of Small Business Development and Tourism to bring technical assistance to property owners and prospective businesses. The City's Planning Office is working to make the Downtown Dover Development District's various incentives easier to obtain and more widely known.

Retail/Commercial Development

Construction in the retail sector continues to show improvement during Fiscal Year 2017, particularly along the DuPont Highway corridor. Renovations were completed at the former Walmart site, Dover Town Center, and most of the tenant's spaces are now occupied. Renovations were completed on the Lone Star Steakhouse to convert it to Mission Barbeque. The former Kmart location underwent

renovations to be the new home of Burlington Coat Factory and Big Lots, and two restaurants. During the year over 100,000 square feet of new commercial space was approved in such projects as Capital Station (65,000 square feet), Dover Dialysis Center, Dover Station, and Eden Hill (new medical space for A.I. Dupont de Nemours Health Care).

Industrial Development

While the significant new retail and office related sector has garnered much attention, the Dover economy is still well balanced with a solid mix of military, health, governmental, educational and industrial components. Health care in particular is booming with new facilities and services at Eden Hill and in the western part of the City, along with continued expansion of specialized care services, throughout the City. Delaware State University has begun a major student housing project while Wesley expands its occupational therapy offerings and both Del-Tech and Wilmington University show solid student enrollment growth.

Infrastructure

The City has several large water and sewer projects underway to upgrade pump stations, distribution and transmission mains. These projects will improve water quality and reduce the inflow/infiltration in our sewer system. The City continues to upgrade the electric transmission and distribution system with systematic upgrades to substations and the transfer of overhead distribution lines to underground lines in the electric territory subdivisions. The City and the State have several transportation projects underway, including the construction of the West Dover Connector, which will alleviate some of the traffic going through the downtown area.

Summary

While Dover continues to be affected by the nation's economic downturn, fiscal year 2017 saw continued and meaningful growth in the state capital. Dover remains a center for commerce, as evidenced by the retail expansions seen during fiscal year 2017, as well as growth in services and new residential communities. As the economy rebounds, Dover is well positioned to support continued growth, and the investment associated with the State's Downtown Development District program creates an optimistic future for the City of Dover.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The City completed the infrastructure build out of the Garrison Oak Technology Park (GOTP) which will service as a technology and industrial park. The design of the GOTP subdivision includes fifteen parcels, of which two are leased and two were sold. The parcels sold were to Uzin Utz, a German manufacturer of flooring compounds and Advantech a provider of security systems. The Dover Sun Park has occupied one of the parcels since 2010 and the Calpine 305 megawatt electric generating station was completed in May 2016.

The City Council continues its focus on replacing or upgrading old infrastructure in order to improve the quality and reliability of our utility systems. In fiscal year 2017, \$2.6 million of water and wastewater capital improvements were completed as well as another \$1.2 million of infrastructure contributed by developers. This included the completion of S. New Street Water Main Replacement, Hazletville Road Sewer Main and ancillary services, Retreat Pump Station Replacement, Delaware Avenue Sewer Main extension and N. State Street Lateral replacements.

The electric utility completed capital improvements of \$2.8 million in fiscal year 2017. The major initiatives completed by our Transmission and Distribution crews were the completion of McKee Run Unit# 3 Boiler Stack Repairs, VanSant capacity increase and exhaust plenum replacement, switchgear replacements at various locations (i.e. E Dover High School, Kent County Building, Blue Hen Corporate Center), and conductors at the West Dover Connector.

The City maintains a five-year Capital Investment Plan which serves as its planning and budgeting tool to program upgrades and replacements to its equipment, facilities, and infrastructure. As part of this process, operating expenses are identified and funding sources are determined. Managers are required to rank capital expenditures by criticality based on the impacts on customer service and revenue losses. The fiscal year 2017/2018 Capital Investment Plan includes \$1.0 million for vehicles and equipment and \$10.9 million of infrastructure and utility improvement projects. The Capital Investment Plan is presented to City Council each year during the budget workshops, and the final plan is approved by City Council along with the annual budget.

FINANCIAL POLICIES AND FINANCIAL PLANNING

Unassigned fund balances in the General Fund (13.1%) 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 2018 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 utility ended the year with a budget balance greater than the 17% at (26%). The current budget balances as of June 30, 2017 for the utilities are water (26.0%) and wastewater (15.5%). The water and wastewater utilities are accounted for in the same fund and have a combined budget balance of (19.9%).

The electric utility is to maintain a minimum budget balance of at least 12% (45 days) of the current year operating revenues less the power cost adjustment. If the balances fall below the established percentages, the City Manager is required to submit budgets to bring the balances up to minimum within three years. The electric utility ended the year with a budget balance greater than the 12% at 28%. This was attributed to lower than projected power supply and generation cost and higher than anticipated direct base sales. The fiscal year 2018 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.

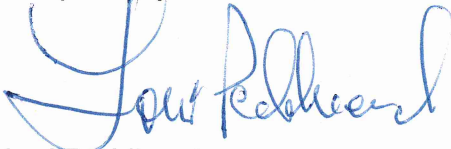
AWARDS AND ACKNOWLEDGEMENTS

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, 2016. This was the thirty-second (32) consecutive year that the City of Dover has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Lori Peddicord
Controller/Treasurer



Government Finance Officers Association

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

Presented to

**City of Dover
Delaware**

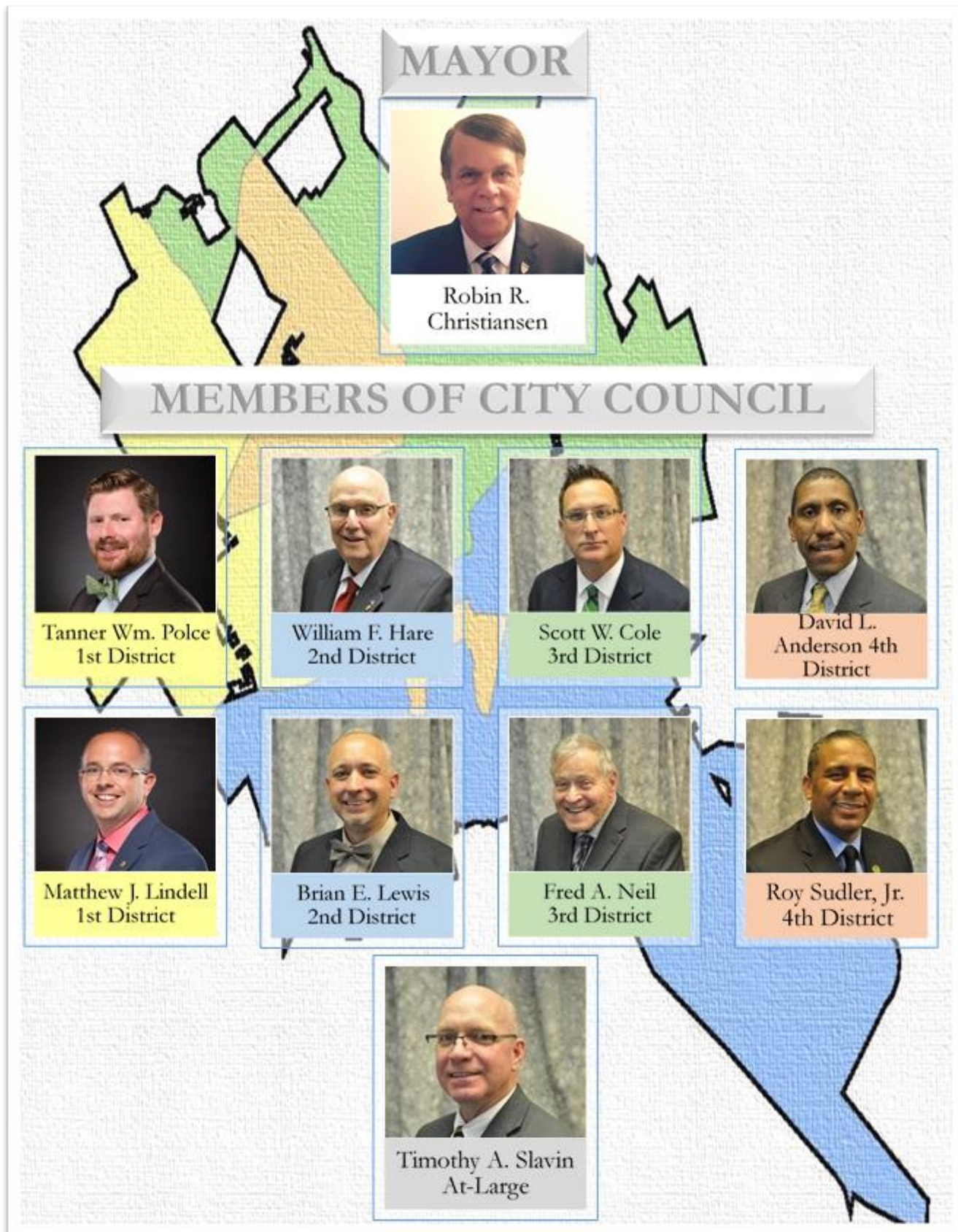
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading 'Jeffrey R. Egan'.

Executive Director/CEO

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CITY OF DOVER, DELAWARE
LIST OF ELECTED OFFICIALS
JUNE 30, 2017

	<u>Length of Service</u>	<u>Term Expires</u>
Mayor		
Robin R. Christiansen	3 Years	May 2019
City Council		
At-Large		
* Timothy A. Slavin	4 Years	May 2021
First District		
Matthew J. Lindell	1 Month	May 2019
Tanner Wm. Polce	2 Months	May 2021
Second District		
William F. Hare	6 Years	May 2021
Brian E. Lewis	2 Years	May 2019
Third District		
Scott W. Cole	2 Years	May 2019
Fred A. Neil	2 Years	May 2021
Fourth District		
David L. Anderson	6 Years	May 2021
Roy Sudler, Jr.	2 Years	May 2019

* Council President

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

CITY OF DOVER, DELAWARE
LIST OF APPOINTED OFFICIALS
JUNE 30, 2017

	Length of Time in Position	Length of Time with the City
City Clerk/Assistant Treasurer – Traci A. McDowell	11 Years	30 Years
Acting City Manager/Civil Defense Director – Donna S. Mitchell	3 Months	17 Years
City Solicitor – Nicholas H. Rodriguez	49 Years	49 Years
Deputy City Solicitor – William W. Pepper	27 Years	27 Years
Council President – Timothy A. Slavin	2 Years	4 Years
City Assessor – Cheryl A. Bundeck	8 Years	25 Years
Acting City Building Inspector – David S. Hugg III	2 Months	2 Months
Acting City Planner – David S. Hugg III	2 Months	2 Months
Acting Controller/Treasurer – Lori Peddicord	2 Months	3 Years
Fire Chief – Carleton Carey, Jr.	1 Year	-
Fire Marshal – Jason A. Osika	1 Year	15 Years
Police Chief – Marvin C. Mailey	1 Month	23 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

Board of Adjustment

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

Board of Assessment Appeals

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

Compensation Commission

Thomas J. Leary, Chair
James Brockton
Jean C. Taylor
Clarence (Bud) Wagner II
Vacancy
Controller/Treasurer, Donna S. Mitchell
Human Resources Director, Kimberly Hawkins

Construction and Property Maintenance Code Board of Appeals

Councilman David L. Anderson
Councilman Brian E. Lewis
Councilman Fred A. Neil
Charles Martin
Adam M. Perza

Dover Fourth of July Celebration Committee

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

Dover Housing Authority

Mark Harmon
Enrico LePore
Cherritta L. Matthews
Audrey Daniels
Phillip McGinnis
Sandra Mifflin-Taylor

Dover Public Library Advisory Commission

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

Dover/Kent County MPO Council

Mayor Robin R. Christiansen

Downtown Dover Partnership Board of Directors

Gregory V. Moore (President)
Acting City Manager, Donna S. Mitchell
Acting City Planner, David S. Hugg III
Councilman David L. Anderson
Councilman William F. Hare
Councilman Fred A. Neil
Mayor Robin R. Christiansen
State of Delaware Representative - Vacancy
Diane Laird, Office of Economic Development
Timothy A. Slavin, Office of the Secretary of State
Brian Bushweller, State Senator - 17th District
Sean M. Lynn, State Representative - 31st District

Downtown Dover Partnership Board of Directors

Anita Evans
Lucy Findlay
Michael Harrington
Maxine Lewis
Mitch May
Todd Stonesifer
Erin L. Thwaites
Wendie Vestfall
Chief Executive Officer of Bayhealth Foundation, Vacancy
President of Wesley College, Robert E. Clark, II

Economic Development Committee

Mayor Robin R. Christiansen, Chair
Acting City Manager, Donna S. Mitchell
Councilman William F. Hare
Councilman Scott W. Cole
Gregory V. Moore
Acting City Planner, David S. Hugg III
Clayton E. Hammond II
Kishor C. Sheth

Election Board

First District: Anita L. McDowell Boyer
Second District: Cherritta L. Matthews
Third District: Curtis E. Raymond, Interim Chair
Fourth District: M. Milford Caldwell
Traci A. McDowell, City Clerk (Liaison Member)

Ethics Commission

Thomas C. Jackson, Chair
Robin F. Case
Gary Coy
Andrew S. Moreland
Nancy J. Shevock

General Employee Pension Plan Board of Trustees

Councilman David L. Anderson
Councilman Brian E. Lewis
Acting City Manager, Donna S. Mitchell
Acting Controller/Treasurer, Lori Peddicord
Robert Gedney
Kristen Mullaney
Teresa Tieman, Chair

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
Eric S. Czerwinski, Professional
Ann Baker Horsey, Professional/Resident
C. Terry Jackson II, Professional/Resident
Richard Scrafford, Professional

Human Relations Commission

At-Large: Sara Herbert
First District: Paul Fleming
First District: Vacancy
Second District: Vacancy
Second District: Theodore Henderson, Chair
Third District: Alan Gaddis
Third District: Wanda Mullen
Fourth District: Rita Mishoe Paige
Fourth District: Vacancy

Kent County Tourism Board of Directors

Councilman Fred A. Neil

Kent Economic Partnership Board of Directors

Councilman David L. Anderson

Legislative, Finance and Administration Committee

Councilman William F. Hare, Chair
Daniel T. Shevock
Courtney Stewart

Other Post-Employment Benefits (OPEB) Board

Councilman Scott W. Cole
Councilman Matthew J. Lindell
Acting City Manager, Donna S. Mitchell, Chair
Acting Controller/Treasurer, Lori Peddicord
Human Resources Director, Kim Hawkins

Parks, Recreation and Community Enhancement

Councilman Roy Sudler, Jr., Chair
M. Milford Caldwell, Jr.
Ann Baker Horsey

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: Dean Holden
Third District: Fred Tolbert, Chair
Fourth District: John H. Baldwin, Sr.
Fourth District: Kenneth Roach

Police Pension Plan - Retirement Committee

Councilman David L. Anderson
Councilman Brian E. Lewis
Councilman Brian E. Lewis
Chief of Police, Marvin C. Mailey
(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
Vacancy (At-Large Alternate)

Safety Advisory and Transportation Committee

Councilman Brian E. Lewis, Chair
William T. Garfinkel
Dana Shelton

Silver Lake Commission

Dean E. Holden, Chair
Nicholas A. Adams
Tricia K. Arndt
James A. Burcham
Zachery C. Carter
Lyle Allen Jones

St. Jones Greenway Commission

James Burcham
Michael P. Mercer
Acting City Parks and Recreation Director, David S. Hugg III

Technical Advisory Committee of the Dover/Kent County MPO

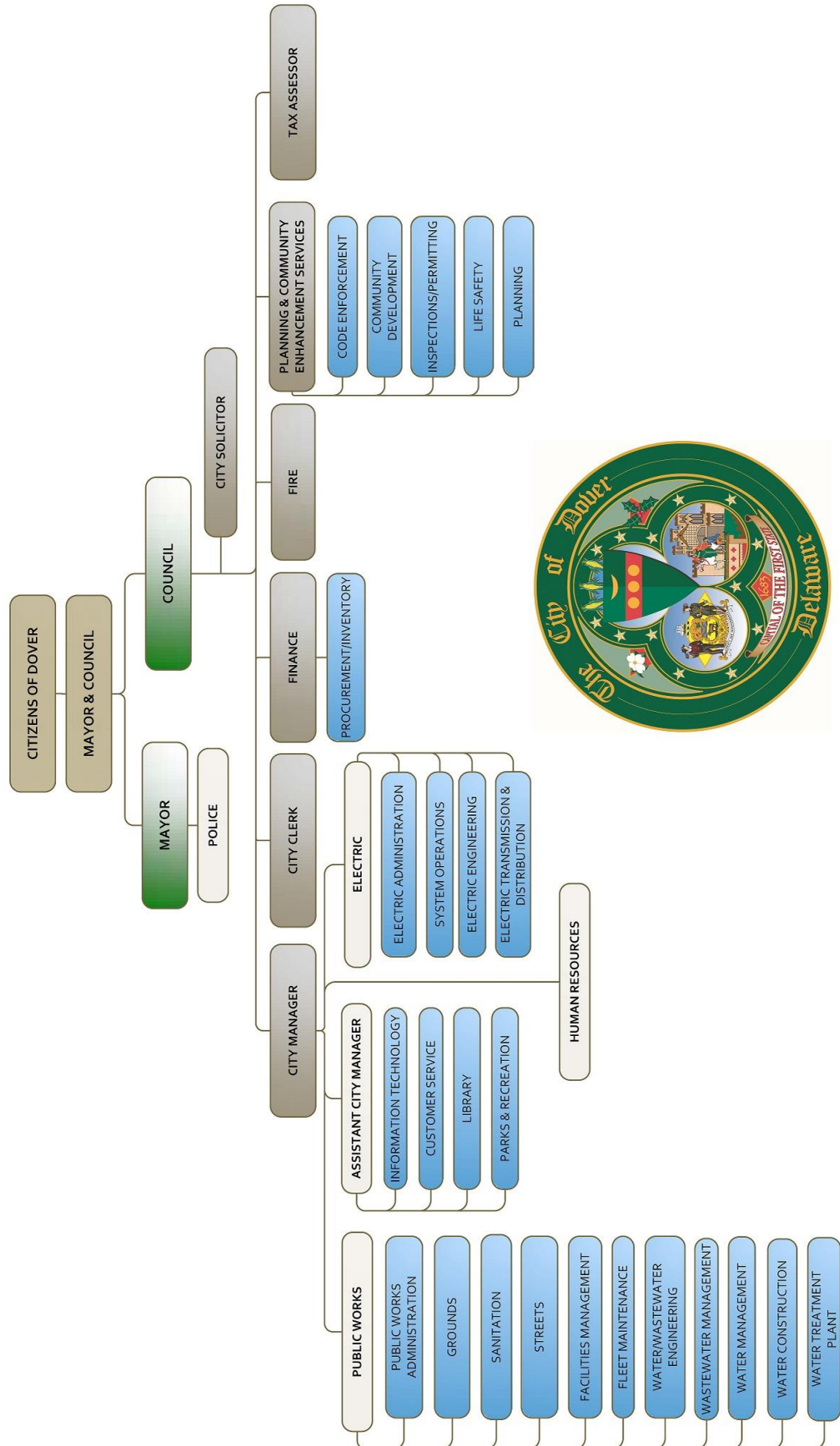
Public Works Director, Sharon Duca
Acting Director of Planning and Community Development,
David S. Hugg III

Utility Committee

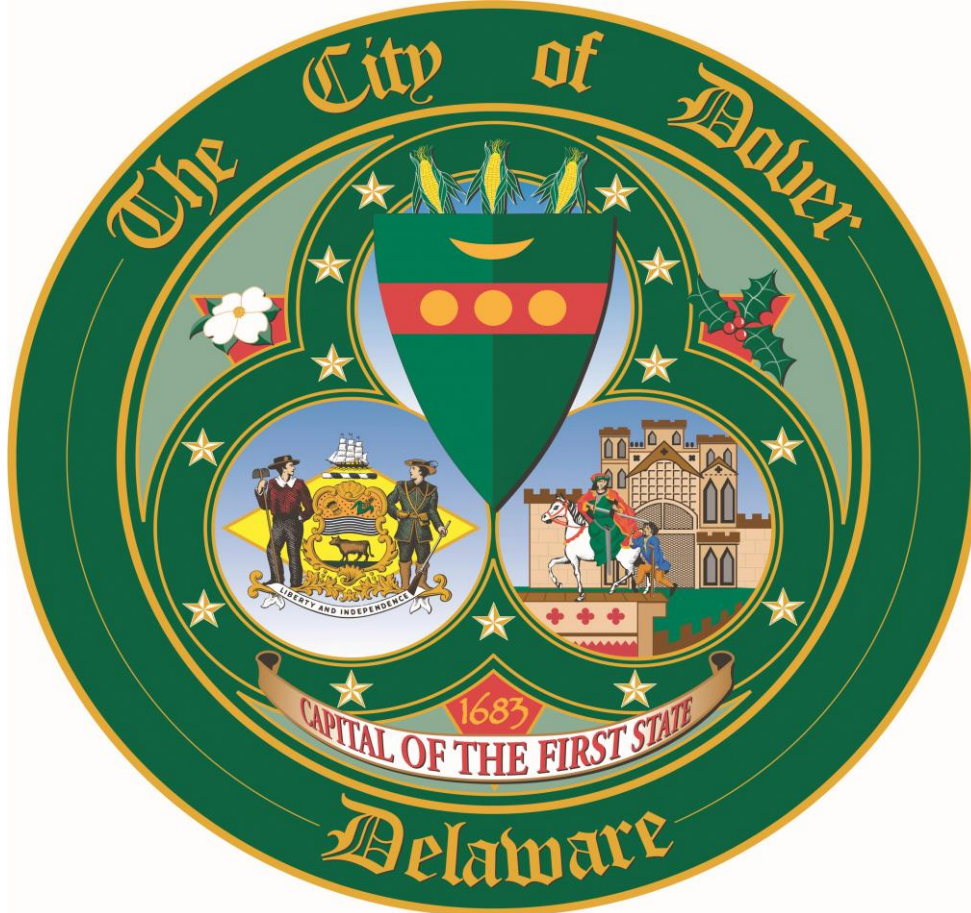
Councilman Scott W. Cole, Chair
Tricia Arndt
Lester L. Blakeman, Sr.

ORGANIZATION CHART

JUNE 30, 2017

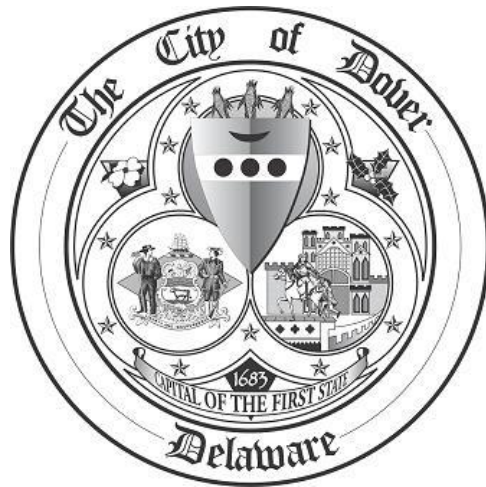


VISION



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

FINANCIAL SECTION



THIS SECTION INCLUDES THE FOLLOWING:

PART A

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

PART B

MANAGEMENT'S DISCUSSION AND ANALYSIS

PART C

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

PART D

REQUIRED SUPPLEMENTARY INFORMATION

PART E

SUPPLEMENTARY INFORMATION

Combined Fund Statements

Budgetary Schedules



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FINANCIAL SECTION

PART A

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS



CliftonLarsonAllen LLP
CLAconnect.com

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, 2017, 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. 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.



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

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, 2017, 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, 2017, the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of implementation, the City disclosed information and reported a restatement related to its Net Other Postemployment Benefits Liability as disclosed in Note 8 and 16. 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 contribution 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 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

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
January 31, 2018

FINANCIAL SECTION

PART B

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Dover Management’s Discussion and Analysis For the Year Ended June 30, 2017

The City of Dover management offers readers of the City of Dover financial statements this narrative overview and analysis of the financial activities of the City of Dover for the fiscal year ended June 30, 2017. Readers are encouraged to consider the information included in the management’s discussion and analysis along with additional information that we have presented in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

Governmental Accounting Standards Board Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions have been implemented during fiscal year 2017. The result of this implementation was an adjustment to both the Governmental and Business-Type Activities Net Position of negative \$31.1 million and negative \$14.5 million respectively.

Total assets of the City exceeded its liabilities by \$186.6 million (net position). Of this amount, (\$23.0) million was reported as a deficit in “unrestricted net position”, which represents the amount available to meet the City’s ongoing obligations to citizens and creditors. The general government reported an unrestricted deficit of \$44.1 million and the business type activities, Water/Wastewater and Electric funds, reported \$21.1 million of positive unrestricted net position. The difference between the unrestricted amounts and the total net position is \$209.6 million, \$44.5 million is restricted primarily for debt and capital construction purposes, and \$165.1 million is net investment in capital assets.

- The governmental activities experienced: an increase of \$0.1 million invested in capital assets, a decrease in restricted net assets of \$0.6 million, and a decrease of \$21.9 million in unrestricted net position. The current year resulted in a positive net position from operations of \$8.7 million; however, combined with the Net OPEB Liability adjustments related to the implementation of GASB 75 of a negative \$31.1 million, the overall change in net position was a negative \$22.4 million.
- The business-type activities experienced: an increase of \$0.1 million invested in capital assets, an increase in restricted net position of \$7.2 million and a decrease of \$5.8 million in unrestricted net position. The current year resulted in a positive net position from operations of \$15.9 million; however, combined with the Net OPEB Liability adjustments related to GASB 75 of negative \$14.5 million, the overall change in net position was a positive \$1.5 million.

Overview of the Financial Statements

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

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

- The first two statements are *government-wide financial statements* (pages 39-40) that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements (pages 41-49) are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental fund statements (pages 41-44) tell how general government services, like community services, planning, public safety, and public works, were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements (pages 45-47) offer short and long-term financial information about the activities the government operates like businesses, which for the City of Dover are the Electric and Water/Wastewater Funds.
 - The Fiduciary fund statements (pages 48-49) provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee, or fiduciary, for its Employee 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 51-108) that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information (pages 109-122) 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 123 through 146.

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

Major Features of City’s Government-wide and Fund Financial Statements

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	<i>Entire City government (except fiduciary funds)</i>	<i>The activities of the City that are not proprietary or fiduciary, such as public safety and public works</i>	<i>Activities the City operates similar to private businesses, such as electric, water and wastewater funds</i>	<i>Instances in which the City is the trustee or agent for someone else’s resources</i>
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	<i>Accrual accounting and economic resources focus</i>	<i>Modified accrual accounting and current financial resources focus</i>	<i>Accrual accounting and economic resources focus</i>	<i>Accrual accounting and economic resources focus</i>
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	<i>All assets deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term</i>	<i>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</i>	<i>All assets deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term</i>	<i>All assets and liabilities, both short-term and long-term</i>
Type of inflow/outflow information	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>	<i>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter</i>	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>

Government-wide Statements

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

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

Fund Financial Statements

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

The City has three kinds of funds:

- *Governmental Funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Since this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a separate page, which explains the relationship (or differences) between them.
- Governmental Fund Balance classifications are reported to the extent to which they are constrained as promulgated by Governmental Accounting Standards Board Statement No. 54.
- The City's General Fund is the only governmental fund considered to be a major fund under the requirements of Governmental Accounting Standards Board Statement No. 34.
- *Proprietary Funds* – Services, for which the City charges customers a fee, are generally

reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

- The City’s enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- The City’s two enterprise funds are both considered major funds under the requirements of GASB Statement No. 34.
- *Fiduciary Funds* – The City is responsible for assets that because of a trust arrangement can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the City’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operation.

Financial Analysis of the City as a Whole

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

The Net Position, of the City of Dover, as of June 30, 2016 and 2017 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2016*	2017	2016*	2017	2016*	2017
Assets						
Non-Capital Assets	\$ 14.8	\$ 15.2	\$ 86.9	\$ 96.4	\$ 101.7	\$ 111.6
Capital Assets	61.1	60.5	141.3	139.9	202.4	200.4
Total Assets	75.9	75.7	228.2	236.3	304.1	312.0
Deferred Outflow of Resources	3.2	4.7	1.4	1.3	4.6	6.0
Liabilities						
Current Liabilities	2.8	3.4	8.9	7.9	11.7	11.3
Non-Current Liabilities	42.2	57.7	46.0	51.1	88.2	108.8
Total Liabilities	45.0	61.1	54.9	59.0	99.9	120.1
Deferred Inflow of Resources	1.1	8.7	0.2	2.6	1.3	11.3
Net Position						
Net investment in Capital						
Assets	54.3	54.4	110.6	110.7	164.9	165.1
Restricted	0.9	0.3	37.0	44.2	37.9	44.5
Unrestricted	(22.2)	(44.1)	26.9	21.1	4.7	(23.0)
Total Net Position	\$ 33.0	\$ 10.6	\$ 174.5	\$ 176.0	\$ 207.5	\$ 186.6

* The City implemented GASB 75 effective July 1, 2016. The 2016 net position amounts have not been restated to reflect the implementation of GASB 75.

The Changes in Net Position, for the City of Dover, as of June 30, 2016 and 2017 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2016*	2017	2016*	2017	2016*	2017
Revenues:						
Program Revenues						
Charges for Services	\$ 10.5	\$ 10.7	\$ -	\$ -	\$ 10.5	\$ 10.7
Water/Wastewater Charges for Services	-	-	15.0	16.0	15.0	16.0
Electric Charges for Services	-	-	80.7	83.6	80.7	83.6
Operating Grants and Contributions	2.7	2.0	-	-	2.7	2.0
Capital Grants and Contributions	0.7	0.4	-	1.2	0.7	1.6
General Revenues						
Property Taxes	12.8	12.9	-	-	12.8	12.9
Transfer Taxes	2.2	1.6	-	-	2.2	1.6
Earnings on Investments-Other	0.3	0.1	1.1	0.4	1.4	0.5
Total Revenues	29.2	27.7	96.8	101.2	126.0	128.9
Expenses						
General Government	5.7	4.5	-	-	5.7	4.5
Public Safety	20.0	14.9	-	-	20.0	14.9
Public Works	8.1	7.6	-	-	8.1	7.6
Library and Recreation	2.2	2.9	-	-	2.2	2.9
Community and Economic Development	0.7	0.4	-	-	0.7	0.4
Central Services	1.5	1.4	-	-	1.5	1.4
Financial Administration	3.4	3.1	-	-	3.4	3.1
Interest Charges	0.1	0.1	-	-	0.1	0.1
Plus (less) Indirect Expense Allocation	(5.1)	(5.0)	5.1	5.0	-	-
Water/Wastewater	-	-	10.5	9.8	10.5	9.8
Electric	-	-	57.4	59.6	57.4	59.6
Total Expenses	36.6	29.9	73.0	74.4	109.6	104.3
Change in Net Position before Transfers	(7.4)	(2.2)	23.8	26.8	16.4	24.6
Transfers	16.3	10.9	(16.3)	(10.9)	-	-
Change in Net Position	8.9	8.7	7.5	15.9	16.4	24.6
Net Position, beginning of year	24.1	33.0	167.0	174.6	191.1	207.6
Prior Period Adjustment - Net OPEB Liability	-	(31.1)	-	(14.5)	-	(45.6)
Net Position, Beginning of Year restated	24.1	1.9	167.0	160.1	191.1	162.0
Net Position, End of Year	\$ 33.0	\$ 10.6	\$ 174.5	\$ 176.0	\$ 207.5	\$ 186.6

* The City implemented GASB 75 effective July 1, 2016. The 2016 revenue and expense amounts have not been restated to reflect the implementation of GASB 75.

Governmental Activities

The preceding table shows changes in net position for the year ended June 30, 2017 compared to the year ended June 30, 2016. Governmental net position decreased by \$22.4 million; this is a decrease of \$31.3 million over the prior years' positive change in net position.

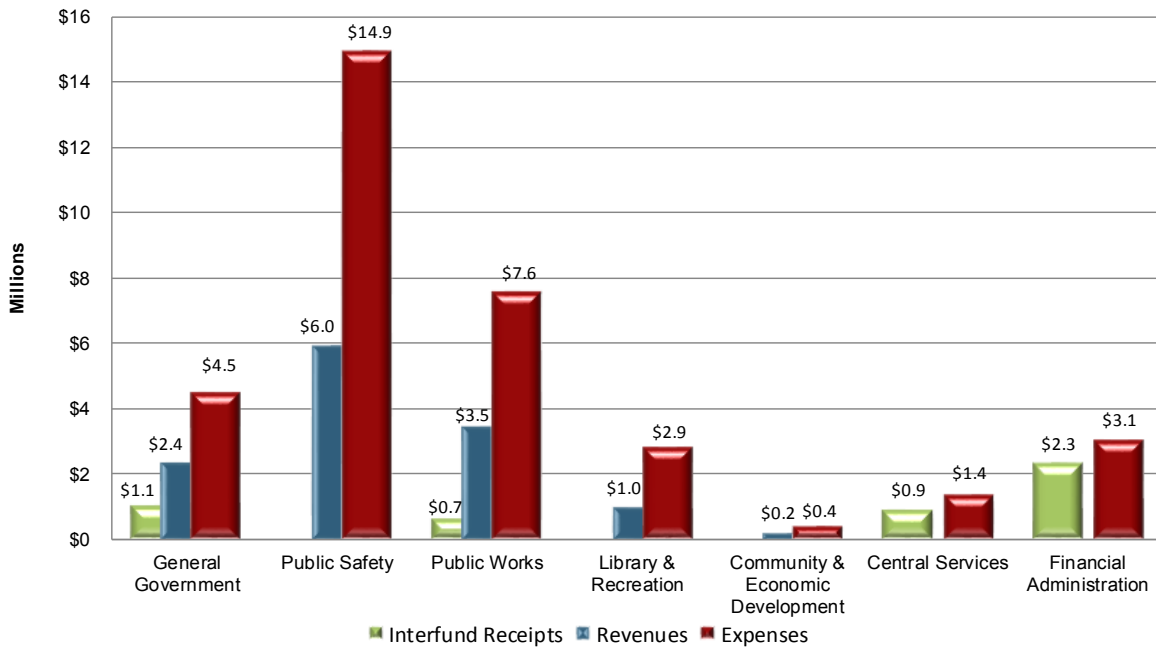
The beginning net position as of July 1, 2016 for governmental activities was restated by (\$31.1) million, to adjust the Net OPEB liability for early implementation of GASB 75. In the past, the OPEB expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of OPEB expense which is more reflective of the benefit amounts employees earned during the year.

The \$22.4 million decrease in net position previously mentioned is primarily a result of the GASB 75 Net OPEB Liability restatement in the amount of negative \$31.1 million offset by a positive \$8.7 million in current year operations. The \$8.7 million increase in net position is a decrease from prior years' change in net position of \$8.9 million. Total revenues of \$27.7 million were less than the prior year by \$1.5 million. The decrease in revenues is due to decreases in: operating grants and contributions, capital grants and contributions, transfer taxes and earnings on investments-other totaling \$1.8 million. The decreases were offset by increases in charges for services and property taxes totaling \$0.3 million.

Total expenses in the amount of \$29.9 million reflects an overall decrease from the prior year. The decrease in expenses of \$6.7 million from the prior year is due to decreases in all functions of government except for library and recreation which had an increase of \$0.7 million and central services and interest charges which remained constant. The decreases are primarily due to the change in the reporting requirements in recording the Net OPEB Liability and associated expenses. Additionally, the current year had a decrease in transfers-in of \$5.4 million from the prior year, as the prior year had a one-time adjustment for recording pension liability and expenses.

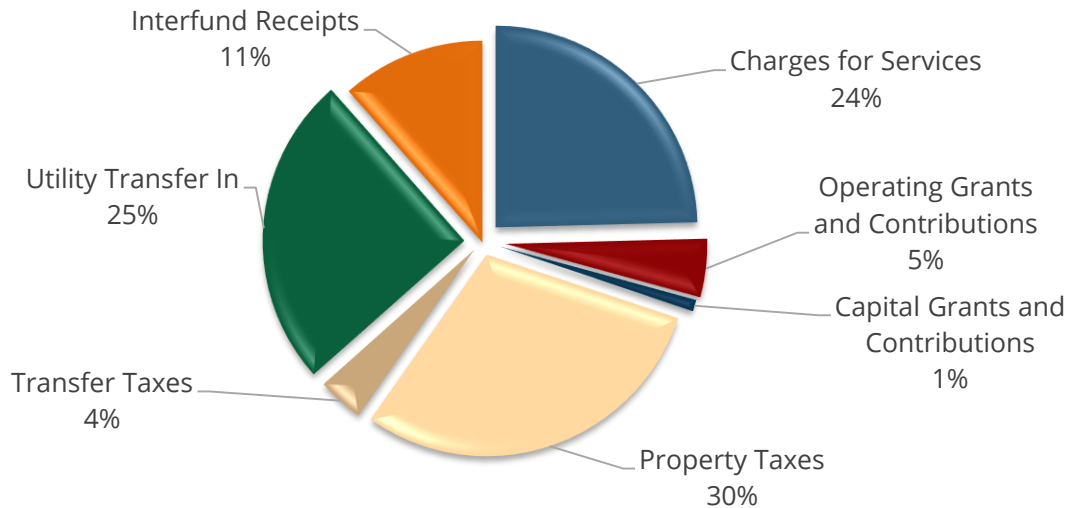
The chart that follows allocates revenues to program costs as applicable. It shows that some City functions are in part self-supporting either through customer charges or inter-fund charges through the utilities (presented in millions of dollars):

Expenses, Program Revenue & Interfund Receipts - Governmental Activities



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

Revenues by Source - Governmental Activities



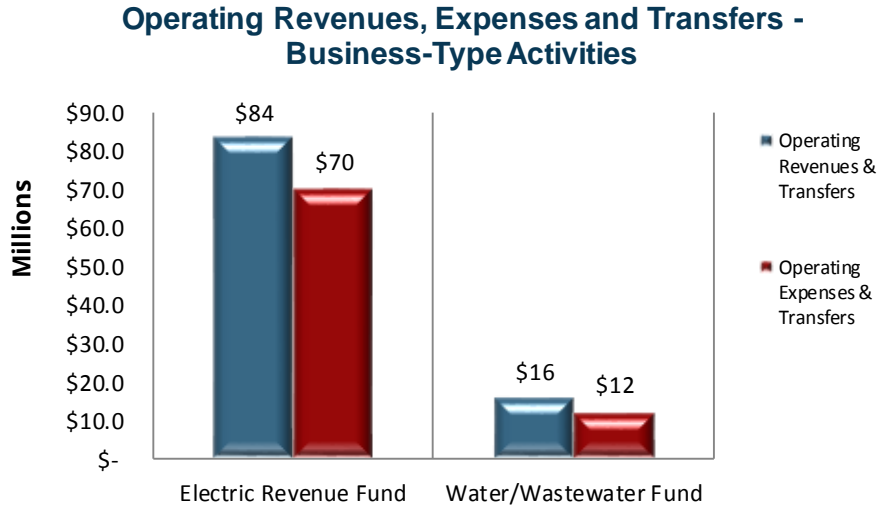
Business-Type Activities

The business-type activities saw an increase in net position of \$1.5 million. Both the water/wastewater and electric utilities experienced an increase in charges for services of \$1.0 million and \$2.9 million, respectively. There was \$1.2 million in capital grants and contributions received for the utilities in the current year. The indirect expense allocation decreased by \$0.1 million as well as the expense for the water/wastewater utility in the amount of \$0.7 million, conversely the expense for the electric utility increased by \$2.2 million which resulted in a combined net increase in expense of \$1.4 million. Transfers out to the general fund included \$0.9 million from the water/wastewater utility and \$10.0 million from the electric utility.

The beginning net position as of July 1, 2016 for business-type activities was restated by (\$14.5) million, to report the Net OPEB liability for early implementation. In the past, the OPEB expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of Net OPEB liability and expense which is more reflective of the benefit amounts employees earned during the year.

The water/wastewater utility realized a positive change in net position of \$4.8 million. The utility experienced an increase in operating income of \$1.0 million from the previous year. The increase in operating income was due to an increase in water fee revenue of \$0.3 million related to higher usage and an increase in water and wastewater impact fees of \$0.8 million offset by small decreases in wastewater fees, ground water adjustment fees and the wastewater treatment fees totaling \$0.1 million. Expenses in the water/wastewater fund decreased by \$0.7 million due to a decrease in water/wastewater services. The depreciation expense for water/wastewater increased by \$0.2 million. Contractor contributions increased by \$1.2 million from the prior year and attributed to the positive change in net position. Finally, the transfers out decreased by \$1.9 million mainly due to the prior year's one-time adjustment for recording pension liability and expense.

The electric utility realized a positive change in net position of \$11.2 million. The revenues increased by \$2.9 million attributed to an increase in power usage by customers and in General Service billing for installation of electrical infrastructure and meters to private companies. Expenses in the Electric Fund increased in total by \$2.2 million including power supply and generation in the amount of \$1.1 million, discount to customers in the amount of \$1.8 million, and retiree's healthcare in the amount of \$0.6 million. The offsetting decreases were attributed to the following: \$0.2 million indirect expense allocation, \$0.5 million for the general and administration function, \$0.2 million for depreciation, \$0.2 million for engineering function and \$0.3 million for the Transmission and Distribution function. Finally, the transfers out decreased by \$3.3 million mainly due to the prior year's onetime adjustment for net pension liability.



The chart above does not include Contractor Contributions.

Financial Analysis of the City’s Funds

Governmental Funds

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

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

The combined fund balances of the City’s governmental funds as of June 30, 2017, were \$10.4 million. This represented an increase of \$0.5 million during the year. Approximately 54% of the combined fund balances, \$5.5 million, constitutes unassigned fund balance, which is available to meet the City’s current and future needs. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for operational spending because it is constrained by legally enforceable contracts, other governmental agreements and legislation, City Council resolution or it is not convertible to cash within a reasonable period of time. Further detail of fund balances is presented in the Notes to the Basic Financial Statements in Note 7.

The General Fund is the primary operating fund of the City, accounting for such activities as general government, public safety, public works, library, recreation, planning, community and economic development, central services and financial administration. The General Fund balance as of June 30, 2017, was \$10.1 million. Revenue decreased by \$0.2 million due to a decrease in miscellaneous services of \$0.2 million, investment income of \$0.1 million and other decreases in library revenue county reimbursement, sanitation fees and grants received totaling \$0.1 million, offset by increases totaling \$0.2 million in fines, library revenue-general, licenses and permits, property taxes and court of chancery fees. Expenditures decreased \$1.7 million mainly due to a decrease in street program capital outlay of \$1.8 million since the Garrison Oak Tech Park street infrastructure was completed in the prior year and \$0.6 million in employee pension unfunded liability expense. Other decreases were across the general government,

recreation services, public safety and law enforcement and financial administration functions totaling \$0.3 million. The previously mentioned decreases were offset by increases across the following functions: library services for adding passport services and a new custodial contract and public works for purchasing 4 new trucks in the grounds division and an in public works administration for salaries and fringes all totaling \$0.4 million. Additional increases were for retiree health care for \$0.5 million and other expenditures in engineering services, garage and stores, insurance, community and economic development, street lights and debt service totaling \$0.2 million.

Proprietary Funds

The City’s proprietary funds provide the same type of information found in the government- wide financial statements, but in more detail.

As of June 30, 2017, the water/wastewater fund has a net position of \$55.5 million, of which \$2.5 million is unrestricted. The fund’s net position increased \$4.8 million during the year as explained on page 29. As of June 30, 2017, the electric revenue fund has a net position of \$120.6 million, of which \$18.6 million is unrestricted. This fund experienced an increase in net position of \$11.2 million during the year as explained on page 29.

General Fund Budgetary Highlights

During this fiscal year, the City Council amended the budget one time. This budget amendment or supplemental appropriation ordinance was primarily for the following purposes:

1. To re-appropriate budget balances for ongoing capital projects.
2. To amend the grant budgets, reserve accounts for the actual results from the prior fiscal year and all carried forward budget balances for the major operating funds from the prior fiscal year, as well as program revenues and expenses based on changes in program revenues, expenses based on actual amounts.

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

The General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget & Actual is included in Part D – Required Supplementary Information (pages 112-113).

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 128).

The Combining Statements – Combining General Fund Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances of the General Fund and the General Capital Projects Fund is included in Part E – Supplementary Information (page 126 & 127).

The Final General Fund Budget incorporated the following two changes to the Original Budget. The Budget Balance carried forward from the prior fiscal year was higher by \$0.9 million

than was projected. Revenues had an increase of approximately \$0.1 million. The increase was for inter-fund service receipts attributed to an increase in staffing in the Customer Service department that is partially paid for by the utilities through the inter-fund service receipts.

Budgeted expenditures were revised to reflect an aggregate increase of \$0.9 million. The increases were reflective of an appropriation to the Capital Asset Reserve in the amount of \$0.2 million and a transfer to Capital Fund for Projects in the amount of \$0.5 million to cover an acquisition of nuisance properties located on Water Street. Additionally, there were increases in staffing within the Customer Services and Library departments in the amount of \$0.1 million. The net result of these changes was a \$0.2 million increase in the revised budget balance over the original budget balance (on a non-GAAP basis).

Actual revenues and other financing sources received were above the final budgeted amounts in the General Fund by \$0.2 million for the current fiscal year. The more significant positive variances were in permits and other licenses and court of chancery fees. These revenue increases were offset with revenue decreases in Fines & Police Revenue, inter-fund Services Receipts for Water/Wastewater and Electric and police pension grant receipts. Expenditures were approximately \$1.2 million under budget a result of several operating departments experiencing personnel savings through attrition as well as lower than budgeted transfer to the Police Pension Fund. The General Fund budget balance carry forward was \$1.4 million higher than 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 \$60.5 million and \$139.8 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net decrease of \$0.6 million for governmental activities and a net decrease of \$1.4 million for the business-type activities. The decrease in Governmental Activities is because current year depreciation was more than capitalized assets for the year. The decrease in Business-Type Activities is due to taking electric generating units 1 & 2 off-line. 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	
	2016	2017	2016	2017	2016	2017
Depreciable Assets, Net						
Buildings	\$ 24.1	\$ 23.6	\$ -	\$ -	\$ 24.1	\$ 23.6
Equipment	2.4	2.5	-	-	2.4	2.5
Vehicles	1.5	1.7	-	-	1.5	1.7
General Infrastructure	27.7	26.8	-	-	27.7	26.8
Utility, Plant, Buildings, and Infrastructure	-	-	136.0	134.9	136.0	134.9
Other	0.6	0.5	-	-	0.6	0.5
Non-depreciable Assets						
Land	4.2	4.7	1.6	1.6	5.8	6.3
Construction in Progress	0.6	0.7	3.7	3.4	4.3	4.1
	<u>\$ 61.1</u>	<u>\$ 60.5</u>	<u>\$ 141.3</u>	<u>\$ 139.9</u>	<u>\$ 202.4</u>	<u>\$ 200.4</u>

The chart below shows that the Net OPEB Liability for the Governmental Activities increased by \$16.5 million, and the Net OPEB Liability for the Business-Type Activities increased as well by \$7.8 million. The increases in Net OPEB Liabilities for both types of funds is due to the early implementation of Governmental Accounting Standards Board Statements 74 & 75. Additional detailed data for all debt of the City is presented in the Notes to the Basic Financial Statements in Note 5.

The City Charter limits the amount of general obligation debt the City can issue in any one year to .25% of the taxable assessed value of real property within the City. The aggregate of amounts borrowed for which the full faith and credit of the City is pledged cannot exceed 5.0% of assessed value of real property within the City boundaries. The City has used 3.9% of its debt limit. The City of Dover’s non-current liabilities as of June 30, 2016 and 2017 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Non-current liabilities						
Liability for Compensated Absences	\$ 2.0	\$ 2.4	\$ 0.8	\$ 0.7	\$ 2.8	\$ 3.1
Bonds (Net of Discount/Issuance Cost)	6.8	6.2	32.2	30.7	39.0	36.9
Net OPEB Liability	15.6	32.1	0.4	8.2	16.0	40.3
Net Pension Liability	17.8	17.0	12.5	11.5	30.3	28.5
	<u>\$ 42.2</u>	<u>\$ 57.7</u>	<u>\$ 45.9</u>	<u>\$ 51.1</u>	<u>\$ 88.1</u>	<u>\$ 108.8</u>

Economic Factors and Next Year’s Budgets and Rates

The City developed the fiscal year 2018 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 2017 were incorporated into the fiscal year 2018 budget.

- Property taxes and utility rates remained the same as the prior fiscal year.
- Trash fees (in City) were increased to \$21.00 per month.
- Trash fees (outside City) were increased to \$54.00 per month.
- A power cost adjustment credit was increased from \$0.00252 to \$0.00855 for the electric utility due to lower power supply cost.
- The City’s headcount remained constant at 450, however full-time positions increased by 4 and part-time positions decreased by 4 overall and were as follows: City Manager’s department decreased by 4.
- Increases in wages based on collective bargaining agreements were included.
- A 2.0% wage increase was included for non-bargaining employees.
- Benefit rate changes were included for health insurance, pension, OPEB and worker’s compensation for a total \$0.5 million.
- 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 1.7% or \$0.7 million and expenditures increasing by 1.5% or \$0.6 million. The net increase was made up of an increase in permits and other fees \$0.3 million, property taxes \$0.1 million, sanitation fees \$0.5 million due to increase in rates for current year, court of chancery fees \$0.3 million, inter-fund service receipts

\$0.2 million offset by decreases in police extra duty receipts \$0.2 million, transfer tax fees \$0.4 million and police pension grant \$0.1 million. The increased expenditures were attributed to salary and fringes in every department other than grounds, police extra duty, streets and city managers totaling \$1.2 million, appropriation to the police pension fund \$0.1 million, appropriation to the general pension fund \$0.1 million, uncollectible – trash and other \$0.1 million, and small increases in insurance, bank and credit card fees, street lighting expense and retirees healthcare totaling \$0.1 million offset by decreases in debt service due to the 2014 GO Bond series-A was redeemed \$0.2 million, transfer to capital fund – projects \$0.5 million and appropriation to the police pension – state grant \$0.1 million.

The Water/Wastewater Fund operating revenues are projected to remain neutral at \$15.4 million and expense projections increased 4.8% or \$0.7 million. The revenue is remaining neutral with a slight increase in water services and water tank space leasing of \$0.2 million or 2.3% offset by decreases in all other revenues including wastewater services, wastewater treatment services, groundwater inflow adjustment, water impact fees, wastewater impact fees, interest and miscellaneous service fees of \$0.2 million or 1.8%. The increase in expenses are related to the transfer to the Water/Wastewater capital project fund of \$0.6 million for both the Water and Wastewater departments totaling \$1.2 million. Additional increases to expense are for: Water Treatment Plant division for increase of salary and fringes and contractual services for UCMR monitoring, inter-fund service fees for increases in expense in allocated departments, retiree's healthcare all totaling \$0.2 million. The offsetting decreases to expense are in debt service \$0.1 million, Kent County Treatment charge \$0.2 million, transfer to the contingency reserves \$0.2 million and the transfer to electric capital project fund of \$0.2 million. The City continues to maintain competitive water and wastewater rates within the State of Delaware.

The Electric Fund overall revenues are projected to increase by 0.8% or \$0.6 million and expense projections increased by 9.1% or \$7.2 million. Revenue increases are due to Customer sales \$0.6 million attributed to higher sales, other revenue increases are for interest earnings due to actual interest realized in the preceding year and green energy all totaling \$0.2 million. Offsetting decreases in revenues are to utility tax receipts, miscellaneous revenues and rent revenue all totaling less than \$0.1 million. Expenses are increasing by \$7.2 million mainly due to an increase in the transfer to the Rate Stabilization reserve of \$4.0 million for fiscal year 2017 projected savings, transfer to electric capital project fund \$2.5 million, contractual services – RFP's \$0.1 million, retiree health care \$0.2 million due to retirements, internal service allocations \$0.1 million, OPEB appropriation towards unfunded liability \$1.0 million and pension appropriation towards unfunded liability \$1.0 million. Offsetting decreases are to: power supply & generation \$0.1 million, operating expenses \$0.1 million because legal and consulting services associated with power supply and generation, were moved to other expenses for RFP's and transfers to future capacity and depreciation reserves both decreased in total by \$1.5 million. The City also budgeted a distribution of earnings to customers of \$6.2 million or 5.5% of revenue, a result of lower cost of service than projected for fiscal year 2016.

The electric power supply cost decreased \$0.4 million but was offset by \$0.3 million decrease in capacity revenue, netting a decrease in power supply cost of \$0.1 million. Transfers to the capital project fund and rate stabilization reserve were included in the current budget for a total increase of \$6.5 million. The appropriation to the capital project fund increased \$2.5 million. The OPEB appropriation increased by \$1.0 million due to an increase in the Net OPEB Liability and the Pension appropriation increased by \$1.0 million due to an increase in the Pension Liability. Capital projects are budgeted to be financed with a \$5.0 million transfer from operating income, and \$0.4 million of developer charges for new development projects.

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

Contacting the City’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Lori Peddicord, Controller/Treasurer at 302-736-4452 (TTY/TDD Operator 1-800-855-1155).

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FINANCIAL SECTION

PART C

BASIC FINANCIAL STATEMENTS

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City of Dover, Delaware
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,388,615	\$ 10,235,834	\$ 13,624,449
Investments	9,396,693	29,227,685	38,624,378
Receivables, Net	865,436	6,300,242	7,165,678
Internal Balances	475,742	(475,742)	-
Due from Other Governments	109,146	-	109,146
Inventory	102,335	4,835,903	4,938,238
Prepaid Items	81,107	473,226	554,333
Restricted Cash and Cash Equivalents	742,474	2,961,652	3,704,126
Restricted Investments	18,538	42,797,754	42,816,292
Capital Assets, Not Being Depreciated	5,401,648	5,022,039	10,423,687
Capital Assets, Net of Depreciation	55,158,704	134,904,755	190,063,459
Total Assets	75,740,438	236,283,348	312,023,786
Deferred Outflows of Resources:			
Pension related Deferred Outflows	4,678,674	1,268,766	5,947,440
Liabilities:			
Accounts Payable and Accrued Liabilities	3,138,035	4,604,129	7,742,164
Unearned Revenue	107,316	495,182	602,498
Customer Deposits	-	2,198,351	2,198,351
Other	225,061	550,808	775,869
Non-Current Liabilities			
Due within One Year	1,540,730	1,818,447	3,359,177
Due in more than One Year	7,028,392	29,651,138	36,679,530
Due in more than One Year - OPEB	32,120,477	8,130,748	40,251,225
Due in more than One Year - Pension	17,003,794	11,470,957	28,474,751
Total Liabilities	61,163,805	58,919,760	120,083,565
Deferred Inflows of Resources:			
Pension related deferred inflows	2,143,190	930,230	3,073,420
OPEB related Deferred Inflows	6,560,058	1,660,566	8,220,624
Total Deferred Inflows of Resources	8,703,248	2,590,796	11,294,044
Net Position:			
Net Investment in Capital Assets	54,350,984	110,779,002	165,129,986
Restricted for:			
Capital Projects	70,913	44,176,110	44,247,023
Public Safety Grants	205,493	-	205,493
Verizon Grant	6,035	-	6,035
Library Grant	20,463	-	20,463
Community Development Grants	3,470	-	3,470
Other State Grants	100	-	100
Unrestricted	(44,105,399)	21,086,446	(23,018,953)
Total Net Position	\$ 10,552,059	\$ 176,041,558	\$ 186,593,617

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

2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Basic Financial Statements – Part C

City of Dover, Delaware
Statement of Activities
For the Year Ended June 30, 2017

	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs								
Governmental Activities								
General Government	\$ 4,518,720	\$ (1,061,777)	\$ 2,362,123	\$ -	\$ -	\$ (1,094,820)	\$ -	\$ (1,094,820)
Public Safety	14,947,553	-	5,171,989	788,610	-	(8,986,954)	-	(8,986,954)
Public Works	7,603,868	(661,108)	2,514,645	704,401	262,038	(3,461,676)	-	(3,461,676)
Library and Recreation	2,866,441	-	602,873	300,947	98,500	(1,864,121)	-	(1,864,121)
Community and Economic Development	449,356	-	-	231,564	-	(217,792)	-	(217,792)
Central Services	1,418,198	(944,700)	-	-	-	(473,498)	-	(473,498)
Financial Administration	3,087,199	(2,340,485)	-	-	-	(746,714)	-	(746,714)
Interest Charges	118,275	-	-	-	-	(118,275)	-	(118,275)
Total Governmental Activities	35,009,610	(5,008,070)	10,651,630	2,025,522	360,538	(16,963,850)	-	(16,963,850)
Business Type Activities								
Water/Wastewater	9,833,368	1,583,026	16,054,096	-	1,201,963	-	5,839,665	5,839,665
Electric	59,567,806	3,425,044	83,655,870	-	-	-	20,663,020	20,663,020
Total Business Type Activities	69,401,174	5,008,070	99,709,966	-	1,201,963	(16,963,850)	26,502,685	9,538,835
Total Primary Government	\$ 104,410,784	\$ -	\$ 110,361,596	\$ 2,025,522	\$ 1,562,501			
General Revenues								
Taxes								
Property Taxes						12,895,597	-	12,895,597
Transfer Taxes						1,634,707	-	1,634,707
Earnings on Investments						132,228	379,160	511,388
Total General Revenues						14,662,532	379,160	15,041,692
Transfers						10,875,000	(10,875,000)	-
Total General Revenues and Transfers						25,537,532	(10,495,840)	15,041,692
Changes in Net Position						8,573,682	16,006,845	24,580,527
Net Position Beginning - as Previously Reported						33,043,618	174,549,738	207,593,356
Prior Period Adjustment - OPEB Liability (see note 8)						(31,065,241)	(14,515,025)	(45,580,266)
Net Position Beginning, as Restated						1,978,377	160,034,713	162,013,090
Net Position Ending						\$ 10,552,059	\$ 176,041,558	\$ 186,593,617

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

City of Dover, Delaware
Governmental Funds Balance Sheet
June 30, 2017

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 2,825,171	\$ -	\$ 2,825,171
Restricted Cash and Cash Equivalents	462,391	280,083	742,474
Investments	7,972,206	-	7,972,206
Restricted Investments	18,538	-	18,538
Receivables, Net			
Accounts	675,486	126,800	802,286
Taxes	51,194	-	51,194
Due from Other Funds	572,697	3,679	576,376
Due from Other Governments	-	109,146	109,146
Prepaid Items	63,364	3,993	67,357
Inventory, at Cost	102,335	-	102,335
Total Assets	<u>\$ 12,743,382</u>	<u>\$ 523,701</u>	<u>\$ 13,267,083</u>
Liabilities:			
Accounts Payable	\$ 2,053,517	\$ 127,657	\$ 2,181,174
Unearned Revenue	99,431	7,885	107,316
Due to Other Funds	14,963	85,671	100,634
Other	225,061	-	225,061
Total Liabilities	<u>2,392,972</u>	<u>221,213</u>	<u>2,614,185</u>
Deferred Inflows of Resources:			
Unavailable Revenue	228,830	-	228,830
Fund Balances:			
Non-Spendable	187,294	3,993	191,287
Restricted	7,979	298,495	306,474
Committed	2,441,641	-	2,441,641
Assigned	1,956,061	-	1,956,061
Unassigned	5,528,605	-	5,528,605
Total Fund Balances	<u>10,121,580</u>	<u>302,488</u>	<u>10,424,068</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 12,743,382</u>	<u>\$ 523,701</u>	<u>\$ 13,267,083</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, 2017

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

Total fund balances for governmental funds (Page 41)	\$	10,424,068
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		60,560,352
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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	\$	228,830	228,830
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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	\$	4,678,674	
Deferred Inflows - Pension		(2,143,190)	
Deferred Inflows - OPEB		(6,560,058)	(4,024,574)

An internal service fund (page 45) is used by the City to charge the cost of the workers' compensation fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,246,280
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Accrual basis of bond interest paid		496
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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	\$	(332,152)	
Compensated Absences		(1,208,578)	
Police Officer separation agreement		(190,000)	
		(1,730,730)	
Long-Term-			
General Obligation Bonds	\$	(5,877,216)	
Compensated Absences		(1,151,176)	
Net Pension Liability		(17,003,794)	
Net OPEB Liability		(32,120,477)	
		(56,152,663)	(57,883,393)

Total net position of governmental activities (Page 39)	\$	10,552,059
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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, 2017

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues			
Fines	\$ 679,106	\$ 463,616	\$ 1,142,722
Library Revenue - General	67,647	-	67,647
Library Revenue County Reimbursement	312,914	-	312,914
Licenses and Permits	3,548,401	-	3,548,401
Sanitation Fees and Rebates	2,514,645	-	2,514,645
Recreation	-	53,301	53,301
Miscellaneous Services	1,679,390	-	1,679,390
Property Taxes	12,929,597	-	12,929,597
Transfer Taxes	-	1,634,707	1,634,707
Grants Received	585,558	1,800,502	2,386,060
Court of Chancery Fees	1,343,020	-	1,343,020
Investment Income	119,507	3,727	123,234
Total Revenues	23,779,785	3,955,853	27,735,638
Expenditures			
Current:			
General Government	2,023,756	2,812	2,026,568
Library Services	1,606,995	319,566	1,926,561
Public Safety and Law Enforcement	20,750,196	498,365	21,248,561
Public Works	1,837,056	282,130	2,119,186
Recreational Services	733,961	-	733,961
Streets and Sanitation Services	4,275,648	-	4,275,648
Engineering Services	219,198	-	219,198
Financial Administration	764,622	-	764,622
Garage and Stores	501,559	-	501,559
Insurance	295,923	-	295,923
Retiree Health Care	2,039,700	-	2,039,700
Community and Economic Development	150,000	299,356	449,356
Street Lights	811,992	-	811,992
Debt Service:			
Principal Retirement	573,497	-	573,497
Interest and Fiscal Charges	118,771	-	118,771
Total Expenditures	36,702,874	1,402,229	38,105,103
Excess (deficiency) of Revenues over Expenditures	(12,923,089)	2,553,624	(10,369,465)
Other Financing Sources (Uses)			
Transfers In	13,885,445	-	13,885,445
Transfers Out	-	(3,010,445)	(3,010,445)
Total other Financing Sources (Uses)	13,885,445	(3,010,445)	10,875,000
Net Change in Fund Balances	962,356	(456,821)	505,535
Fund Balances at Beginning of Year	9,159,224	759,309	9,918,533
Fund Balances at End of Year	\$ 10,121,580	\$ 302,488	\$ 10,424,068

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, 2017

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

Net change in fund balances--total governmental funds (Page 43)	\$	505,535
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	\$	2,973,131
Loss on assets disposed of during the year		(60,362)
Current year depreciation		<u>(3,460,455)</u>
		(547,686)
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.		573,497
Revenues that are not available to pay for current period expenditures are not reported as revenues in the funds.		(44,411)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		248,541
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		421,642
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	\$	(341,044)
Police separation agreement payout		(190,000)
Bond interest accrual		496
Increase in OPEB Liability - General Fund		<u>7,957,788</u>
		7,427,240
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.		(10,676)
Change in net position of governmental activities (Page 40)	<u>\$</u>	<u>8,573,682</u>

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

2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Basic Financial Statements – Part C

City of Dover, Delaware
Statement of Net Position - Proprietary Funds
June 30, 2017

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 2,845,846	\$ 7,389,988	\$ 10,235,834	\$ 563,444
Investments	7,875,977	21,351,708	29,227,685	1,424,487
Receivables, Net	960,762	5,339,480	6,300,242	11,956
Due from Other Funds-Charges	10,376	19,229	29,605	-
Inventory	124,819	4,711,084	4,835,903	-
Prepaid Items	-	473,226	473,226	13,750
Total Current Assets	<u>11,817,780</u>	<u>39,284,715</u>	<u>51,102,495</u>	<u>2,013,637</u>
Non-Current Assets:				
Restricted Assets				
Cash	442,798	2,518,854	2,961,652	-
Investments	5,308,213	37,489,541	42,797,754	-
Capital Assets, Not Being Depreciated	1,637,136	3,384,903	5,022,039	-
Capital Assets, Net of Depreciation	<u>57,720,672</u>	<u>77,184,083</u>	<u>134,904,755</u>	-
Total Non-Current Assets	<u>65,108,819</u>	<u>120,577,381</u>	<u>185,686,200</u>	-
Total Assets	<u>76,926,599</u>	<u>159,862,096</u>	<u>236,788,695</u>	<u>2,013,637</u>
Deferred Outflows of Resources:				
Pension Related Deferred Outflows	<u>258,820</u>	<u>1,009,946</u>	<u>1,268,766</u>	-
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Expenses	1,209,155	3,394,974	4,604,129	767,357
Due to Other Funds - Charges	186,205	319,142	505,347	-
Unearned Revenue	-	495,182	495,182	-
Accrued Interest Payable	108,831	441,977	550,808	-
Customer Deposits	-	2,198,351	2,198,351	-
Revenue Bonds Payable	798,689	730,000	1,528,689	-
Liability for Compensated Absences	<u>86,533</u>	<u>203,225</u>	<u>289,758</u>	-
Total Current Liabilities	<u>2,389,413</u>	<u>7,782,851</u>	<u>10,172,264</u>	<u>767,357</u>
Non-Current Liabilities:				
OPEB Liability	3,139,596	4,991,152	8,130,748	-
Net Pension Liability	3,858,274	7,612,683	11,470,957	-
Revenue Bonds Payable	11,312,399	17,890,000	29,202,399	-
Liability for Compensated Absences	<u>92,747</u>	<u>355,992</u>	<u>448,739</u>	-
Total Non-Current Liabilities	<u>18,403,016</u>	<u>30,849,827</u>	<u>49,252,843</u>	-
Total Liabilities	<u>20,792,429</u>	<u>38,632,678</u>	<u>59,425,107</u>	<u>767,357</u>
Deferred Inflows of Resources:				
Pension Related Deferred Inflows	290,160	640,070	930,230	-
OPEB Related Deferred Inflows	<u>641,208</u>	<u>1,019,358</u>	<u>1,660,566</u>	-
Total Deferred Inflows of Resources	<u>931,368</u>	<u>1,659,428</u>	<u>2,590,796</u>	-
Net Position				
Net Investment in Capital Assets	48,830,016	61,948,986	110,779,002	-
Restricted for Capital Construction	4,167,715	40,008,395	44,176,110	-
Unrestricted	<u>2,463,891</u>	<u>18,622,555</u>	<u>21,086,446</u>	<u>1,246,280</u>
Total Net Position	<u>\$ 55,461,622</u>	<u>\$ 120,579,936</u>	<u>\$ 176,041,558</u>	<u>\$ 1,246,280</u>

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

2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Basic Financial Statements – Part C

City of Dover, Delaware
Statement of Revenues, Expenses and
Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenues				
Charges for Services	\$ 14,270,657	\$ 81,946,194	\$ 96,216,851	\$ -
Miscellaneous Services/Income	1,746,311	1,668,084	3,414,395	938,395
Total Operating Revenues	16,016,968	83,614,278	99,631,246	938,395
Operating Expenses				
Water/Wastewater Services	7,031,099	-	7,031,099	-
General Administrative	1,683,223	4,646,177	6,329,400	786,595
Power Supply	-	43,554,438	43,554,438	-
Transmission/Distribution	-	2,983,697	2,983,697	-
Engineering	-	797,438	797,438	-
Metering	-	300,738	300,738	-
Systems Operations	-	435,112	435,112	-
Utility Tax	-	1,322,015	1,322,015	-
Depreciation	2,166,413	5,513,295	7,679,708	-
Contractual Services	-	-	-	16,118
Taxes	-	-	-	43,349
Retirees Health Care	192,400	709,300	901,700	-
Self Insurance-Workers' Compensation	-	-	-	112,003
Total Operating Expenses	11,073,135	60,262,210	71,335,345	958,065
Operating Income/Loss	4,943,833	23,352,068	28,295,901	(19,670)
Non-Operating Revenues (Expenses)				
Interest Earned:				
Operating Funds	108,498	329,604	438,102	-
Reserve Funds	81,993	476,090	558,083	21,998
Net Decrease in Fair Value of Investments	(111,956)	(505,069)	(617,025)	(13,004)
Interest and Fiscal Charges	(343,259)	(884,704)	(1,227,963)	-
Distribution to Customers	-	(1,845,936)	(1,845,936)	-
Gain on Sale of Assets	37,128	41,592	78,720	-
Total Non-Operating Revenue (expenses)	(227,596)	(2,388,423)	(2,616,019)	8,994
Income before Contributions and Transfers	4,716,237	20,963,645	25,679,882	(10,676)
Contractor Contributions - Infrastructure	1,201,963	-	1,201,963	-
Transfers In	-	231,200	231,200	-
Transfers Out	(1,106,200)	(10,000,000)	(11,106,200)	-
Total transfers	(1,106,200)	(9,768,800)	(10,875,000)	-
Change in Net Position	4,812,000	11,194,845	16,006,845	(10,676)
Total Net Position--Beginning	54,762,091	119,787,647	174,549,738	1,256,956
Prior period adjustment - OPEB Liability	(4,112,469)	(10,402,556)	(14,515,025)	-
Total Net Position--Beginning as Restated	50,649,622	109,385,091	160,034,713	1,256,956
Total Net Position--Ending	\$ 55,461,622	\$ 120,579,936	\$ 176,041,558	\$ 1,246,280

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

2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Basic Financial Statements – Part C

City of Dover, Delaware
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2017

	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	\$ 15,887,299	\$ 83,483,178	\$ 99,370,477	\$ -
Payments to Suppliers (including Purchased Power)	(6,538,805)	(47,949,635)	(54,488,440)	(161,798)
Payments to Employees	(2,284,539)	(4,636,016)	(6,920,555)	-
Payments of Personnel Related Costs	(1,439,305)	(2,523,960)	(3,963,265)	834,236
Internal Activity-Payments from (to) Other Funds	16,865	(301,379)	(284,514)	-
Other Receipts (Payments) including Claims Paid	4,083,351	9,050,335	13,133,686	(474,360)
Net Cash Provided by (used for) Operating Activities	9,724,866	37,122,523	46,847,389	198,078
Cash Flows from Noncapital Financing Activities				
Transfers Out	(1,106,200)	(10,000,000)	(11,106,200)	-
Transfers In	-	231,200	231,200	-
Distribution to Customers	-	(1,845,936)	(1,845,936)	-
Net Cash Used for Noncapital Financing Activities	(1,106,200)	(11,614,736)	(12,720,936)	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(2,723,857)	(2,363,378)	(5,087,235)	-
Principal Paid on Revenue Bond Maturities	(777,703)	(695,000)	(1,472,703)	-
Interest Paid on Capital Debt	(343,258)	(884,704)	(1,227,962)	-
Net Cash Provided by (used for) Capital and Related Financing Activities	(3,844,818)	(3,943,082)	(7,787,900)	-
Cash Flows from Investing Activities				
Interest on Investments	108,498	329,604	438,102	-
Redemption of Investment Securities	1,826,345	1,609,936	3,436,281	(19,132)
Purchase of Investment Securities	(6,271,135)	(9,914,031)	(16,185,166)	20,395
Interest on Restricted Cash	81,993	476,090	558,083	-
Net Cash Provided by (used for) Investing Activities	(4,254,299)	(7,498,401)	(11,752,700)	1,263
Net Increase in Cash and Cash Equivalents	519,549	14,066,304	14,585,853	199,341
Cash and cash equivalents June 30 (incl. \$499,187 for W/WW fund and \$1,668,369 for Electric fund reported in restricted accounts)	2,769,095	(4,157,462)	(1,388,367)	364,103
Cash and cash equivalents July 1 (including \$442,798 for W/WW fund and \$2,518,854 for Electric fund reported in restricted accounts)	\$ 3,288,644	\$ 9,908,842	\$ 13,197,486	\$ 563,444
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income/(Loss)	\$ 4,943,833	\$ 23,352,068	\$ 28,295,901	\$ (19,670)
Adjustments to Reconcile Operating Income to Net Cash provided by (Used for) Operating Activities:				
Depreciation Expense	2,166,413	5,513,295	7,679,708	-
Changes in Assets and Liabilities				
(Increase)/Decrease in Receivables	(119,618)	(296,317)	(415,935)	1,044
(Increase)/Decrease in Due from Other Funds	(10,051)	(16,323)	(26,374)	-
(Increase)/Decrease in Inventory	70,672	225,170	295,842	-
(Increase)/Decrease in Prepaid Items	-	(120,538)	(120,538)	-
(Increase)/Decrease in NPA for pension	(446,164)	3,155,497	2,709,333	-
(Increase)/Decrease in deferred outflow of resources	31,982	64,174	96,156	-
Increase/(Decrease) in accounts payable and accrued expenses	(589,898)	(641,520)	(1,231,418)	216,704
Increase/(Decrease) in deferred revenue	-	99,659	99,659	-
Increase/(Decrease) in due to other funds	16,865	(51,379)	(34,514)	-
Increase/(Decrease) in Customer Deposits	-	81,881	81,881	-
Increase/(Decrease) in Liability for Compensated Absences	(26,582)	(66,268)	(92,850)	-
Increase/(Decrease) in Net OPEB Liability	3,139,596	4,991,152	8,130,748	-
Increase/(Decrease) in Net pension liability	(340,670)	(683,550)	(1,024,220)	-
Increase/(Decrease) in deferred inflow of resources Pension	247,280	496,164	743,444	-
Increase/(Decrease) in deferred inflow of resources OPEB	641,208	1,019,358	1,660,566	-
Net Cash Provided by Operating Activities	\$ 9,724,866	\$ 37,122,523	\$ 46,847,389	\$ 198,078
Non-Cash Investing, Capital and Financing Activities:				
Change in Fair Value of Investments	\$ (111,956)	\$ (505,069)	\$ (617,025)	\$ (13,004)
Capital Contributions - Infrastructure	1,201,963	-	1,201,963	-

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

2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Basic Financial Statements – Part C

City of Dover, Delaware
Statement of Net Position
Fiduciary Funds
June 30, 2017

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
Assets			
Cash and Cash Equivalents	\$ 3,123,156	\$ 1,280,064	\$ 733,221
Investments at Fair Value - Mutual Funds	50,204,270	28,248,757	-
Receivables	-	-	3,579
Prepaid Items	-	-	3,188
Total Assets	<u>53,327,426</u>	<u>29,528,821</u>	<u>739,988</u>
Liabilities			
Accounts Payable	719,881	474,975	47,108
Due to Agencies	-	-	692,880
Total Liabilities	<u>719,881</u>	<u>474,975</u>	<u>\$ 739,988</u>
Net Position			
Net Position Restricted for Pension and Retiree			
Health Benefits	<u>\$ 52,607,545</u>	<u>\$ 29,053,846</u>	

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

2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Basic Financial Statements – Part C

City of Dover, Delaware
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Pension Trust Funds	OPEB Trust Fund
Additions:		
Net Investment Income	\$ 5,784,037	\$ 3,073,693
City's Contribution-Payroll Based	2,876,657	1,559,528
City's Contribution-Lump Sum	670,000	3,043,200
Employee Contribution	202,175	-
State Grants	444,317	-
Other	4,029	-
Total Additions	<u>9,981,215</u>	<u>7,676,421</u>
Deductions:		
Benefit Payments	5,274,236	2,662,737
General Administration	<u>22,656</u>	<u>3,000</u>
Total Deductions	<u>5,296,892</u>	<u>2,665,737</u>
Change in Net Position	4,684,323	5,010,684
Net Position - Beginning	<u>47,923,222</u>	<u>24,043,162</u>
Net Position - Ending	<u><u>\$ 52,607,545</u></u>	<u><u>\$ 29,053,846</u></u>

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

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Notes to Financial Statements

Year Ended June 30, 2017

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Year Ended June 30, 2017

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NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

1. FINANCIAL REPORTING ENTITY

A. The City of Dover, Delaware

The City of Dover was incorporated in 1829 and is a municipal corporation governed by an elected mayor and a nine-member council. The accompanying financial statements present the financial position and operating results for fiscal year ended June 30, 2017.

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. SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

The government-wide statement of activities presents a comparison between direct program expenses and program revenues for each function of the City's governmental activities and for each of the City's identifiable business-type activities. Direct expenses are those that are specifically associated with a program, function or activity. Program revenues include a) charges paid by the recipients or beneficiaries of goods or services offered by the programs and b) grants and contributions that are restricted 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 insure sufficient reserves for claims for the Workers' Compensation Fund.

Special Revenue Funds

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

Fiduciary Funds

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

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

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

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

B. Basis of Accounting and Measurement Focus

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

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Their revenues are recognized when they become measurable and available as net current assets.

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

Property taxes are recognized in the fiscal period for which they are levied provided they are "available"- i.e., they are collected in the current period or are expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City considers all

revenues reported in the governmental funds to be available if the revenues are collected within sixty-days after year-end, except for trash collection, which has a thirty-day collection period.

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 utilizes the accrual basis of accounting for reporting its 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 42 & 44. The types of transactions included in program revenues in the government-wide statement of activities include charges for services, operating grants and capital grants.

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

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

C. New Pronouncements

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was issued in June 2015 and is effective for periods beginning after June 15, 2017. This statement's objectives are to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. It also replaces statements No. 45 and No. 57 and establishes new accounting and financial reporting requirements for OPEB plans. The City implemented GASB 75 during the year ended June 30, 2017, as disclosed in note 8.

GASB Statement No. 83, "Certain Asset Retirement Obligations" was issued in November 2016 and is effective for periods beginning after June 15, 2018. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

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 enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship.

GASB Statement No. 85, "Omnibus 2017" was issued in March 2017 and is effective for periods after June 15, 2017. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

GASB Statement No. 86, "Certain Debt Extinguishment Issues" was issued in May 2017 and is effective for periods after June 15, 2017. The requirements of this Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt, were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance.

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. It is anticipated that this standard will not have a material effect on the financial 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

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.”

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 for the General Fund, Water/Wastewater Fund and Electric Fund are 13.1%, 19.9% & 28% 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.

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 State collected revenues on behalf of the City or other State revenues provided for in the State of Delaware Code. These receipts are thereafter transferred to the General Fund in support of public safety, City maintenance of State roads and other public services.

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

G. Inventories and Prepaid Items

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

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

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

H. Cash and Investments

The City's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of United States Government and its agencies notes and bonds, corporate bonds and common stocks and open-end mutual funds. The fair value of investments is determined by 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	\$355,032
Water/Wastewater Fund	105,704
Electric Revenue Fund	1,118,623

J. Restricted Assets

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

Restricted assets as of June 30, 2017 total \$46,520,418 including cash and cash equivalents of \$3,704,126 and \$42,816,292 in investments. Of this amount, \$761,012 is attributed to governmental activities and \$45,759,406 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 will sometimes report 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 for pension and Other Post-Employment Benefit (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 16 and 18, 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.

N. Fund Balances and Net Position

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

- The non-spendable fund balance classification includes amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- The restricted fund balance classification includes amounts that can be spent only for specific purposes because of the City Charter, the City Code, State or Federal laws, or externally imposed conditions by grantors or creditors.
- The committed fund balance classification includes amounts that can be used only for specific purposes determined by the formal action by City Council through a motion or an adopted City Ordinance which is approved by City Council's majority vote the highest level of decision-making authority.
- The assigned fund balance classification includes amounts authorized and established by City Council. The City's financial policies as adopted by City Council includes the purpose and description of all classes of fund balance. Modifications require City Council approval.
- The unassigned fund balance classification includes amounts that have not met the criteria of the afore-mentioned fund balance classifications. The unassigned fund balance is available for expenditures as they are incurred. The general fund is the only fund that reports a positive unassigned fund balance amount.

The City considers restricted, committed, or assigned amounts to have been spent when a related expenditure is incurred.

Proprietary funds report net position in three categories:

- 1) Net investment in capital assets;
- 2) Restricted
- 3) Unrestricted

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

O. Estimates

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

P. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government'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 bank collateralizes the City of Dover's deposits over and above those covered by the \$250,000 FDIC Insurance limit with specific securities, which are 'marked to market' daily against the aggregate balances. The market value of the collateral is at a minimum of or equal to 102% of the amount of applicable deposits. Collateral consists solely of either full faith and credit obligations of the United States Government or fixed rate obligations of agencies or instruments of the United States Government.

On June 30, 2017, the carrying amount of unrestricted cash and cash equivalents totaled \$13,624,449, and the bank cash balances totaled \$14,259,116. The carrying amount of restricted cash totaled \$3,704,126 and the bank cash balances on restricted accounts totaled \$3,352,045, \$1,604,016 of the bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. Fiduciary funds cash and cash equivalents included \$1,002,246 of cash deposits, \$198,410 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. Fiduciary fund deposits of \$5,136,441 are excluded.

B. Investments

The City Council has adopted an investment policy which is reviewed every two years and updated as needed for best practices. The Pension Boards have their own distinct investment policy over the Pension Trust funds since the objectives differ from those of the City. The City investments are segregated from the Pension Trust investments for clarity. As of June 30, 2017, the City had the following investments:

i. Investments Held by Third Party Custodian

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

- 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, 2017:

Investment Type	Weighted (Years)	June 30, 2017	Fair Value Measurements Using:	
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Government-Wide:				
Investments by fair value level				
Debt securities:				
U.S. Government Treasuries	3.26	\$ 17,770,028	\$ -	\$ 17,770,028
Federal Agency Bond / Note	1.90	19,429,482	2,749,560	16,679,922
Municipal Obligations	1.84	5,714,474	-	5,714,474
Corporate Bonds	2.41	22,038,146	-	22,038,146
U.S. Government CMO's	1.76	1,808,291	-	1,808,291
Supra-National Agency Bond / Note	2.36	3,040,124	-	3,040,124
Federal Agency Mortgage-Backed Security	9.67	556,684	-	556,684
Total Investments by fair value level		\$ 70,357,228	\$ 2,749,560	\$ 67,607,668
Other Investments:				
Accrued Interest Earned		377,135		
Money Market Mutual Funds & Equity Stock (Amortized cost)		156,535		
Commercial Paper (Amortized cost)		1,485,038		
Certificate of Deposit (Amortized cost)		9,064,735		
Total other investments		11,083,443		
Total Government-Wide Investments		\$ 81,440,670		

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 365 days to 90 days. Short-term cash flow balances are invested up to one year. The portfolio's weighted average maturity is 2.31 years.

Credit risk: The City's investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. As of June 30, 2017, the City's fixed income and short-term investments had the following risk characteristics as compared to the Standard & Poor's:

<u>Authorized Investments</u>	<u>Policy Minimum Rating Category</u>	<u>Portfolio Ratings</u>	<u>Percent Allocation</u>
U.S. Government	N/A	AA+	22.70%
U.S. Government Agency	N/A	AA+	28.20%
Certificates of Deposit and Time Deposits	Short-Term A-1 Long-Term AA	Short-Term A to A-1+ Long-Term AA-	11.60%
Corporate Debt	Issued by a US Corporation		
Commercial Paper	A-1	A-1 to A-1+	1.90%
Corporate Notes/Bonds	A	A to AAA	28.30%
Repurchase Agreements	Short-Term A-1 Long-Term AA	N/A	
Registered Investment Companies (money market funds)	AAAm	AAAm	
Municipal Obligations	A	A+ to AA	7.30%

Concentration of credit risk: As of June 30, 2017 Fannie Mae represented 11.4% of the portfolio and Federal Home Loan Bank represented 12.1% of the portfolio. No other issuer exceeded 5% of the portfolio.

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

The Pension Trust and OPEB Trust have their investments exclusively in open-end mutual funds. The fair value is measured using the net asset value (NAV) in a manner consistent with the measurement principles for investment companies calculated as of June 30, 2017.

Investment Type	June 30, 2017			
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	\$ 2,195,378	\$ 895,331	\$ 1,049,515	\$ 4,140,224
Fixed Income:				
Short-term bond funds	983,060	528,673	1,728,029	3,239,762
Intermediate-term bond funds	1,966,136	594,765	1,440,289	4,001,190
Long-term bond funds	1,964,588	660,310	1,438,824	4,063,722
Inflation protected bond funds	1,961,659	659,362	1,149,412	3,770,433
High Yield bond funds	2,375,746	731,916	1,739,905	4,847,567
Nontraditional bond funds	1,965,374	660,588	1,439,474	4,065,436
Total Fixed Income	11,216,563	3,835,614	8,935,933	23,988,110
Equities:				
Large cap value funds	4,329,755	1,455,254	3,465,124	9,250,133
Large cap growth funds	5,508,603	1,798,167	3,747,126	11,053,896
Mid-cap value funds	1,182,055	397,288	2,020,080	3,599,423
Mid-cap blend funds	1,181,720	383,045	-	1,564,765
Small value funds	2,746,444	923,148	2,586,293	6,255,885
Foreign large growth funds	2,361,914	793,850	1,441,582	4,597,346
World stock funds	2,355,060	791,588	1,437,415	4,584,063
Diversified emerging market funds	3,551,350	1,193,575	2,601,025	7,345,950
Real estate funds	3,142,897	1,056,380	2,014,179	6,213,456
Total Equities	26,359,798	8,792,295	19,312,824	54,464,917
Total investments measured at the NAV	\$ 37,576,361	\$ 12,627,909	\$ 28,248,757	\$ 78,453,027

The City recorded the following OPEB and Pension investments as of June 30, 2017:

Investment Type	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)
Other Postemployment Benefits (OPEB) & Pension Funds		
Investments by fair value level		
Mutual Funds	\$ 78,453,027	\$ 78,453,027
Other Investments at amortized Cost		
Money Market Mutual Funds	4,140,224	
	<u>\$ 82,593,251</u>	<u>\$ 78,453,027</u>

Limits on investments are as follows:

Category Allocation	Target Percentage		
	Employee's Plan	Police Plan	OPEB Trust
Cash & Short Term Bonds	7.00%	8.00%	8.00%
Non-traditional Bonds	5.00%	5.00%	5.00%
Inflation Protected Bonds	5.00%	5.00%	4.00%
Intermediate Term Bonds	5.00%	4.50%	5.00%
Long Term Bonds	5.00%	5.00%	5.00%
High Yield Bond	6.00%	5.50%	6.00%
Large Cap Value	11.00%	11.00%	12.00%
Large Cap Growth	14.00%	14.00%	13.00%
Mid Cap	6.00%	6.00%	7.00%
Small Cap	7.00%	7.00%	9.00%
Real Estate Investment	8.00%	8.00%	7.00%
Foreign Equity	12.00%	12.00%	10.00%
Emerging Markets	9.00%	9.00%	9.00%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

4. CAPITAL ASSETS

A summary of the capital asset activity for the year ended June 30, 2017 is presented below and on the following page:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,284,369	\$ 403,932	\$ -	\$ 4,688,301
Construction in progress	538,674	512,785	338,112	713,347
Total capital assets, not being depreciated	4,823,043	916,717	338,112	5,401,648
Capital assets, being depreciated:				
Buildings	29,196,537	140,538	-	29,337,075
Furniture and fixtures	826,322	-	-	826,322
Equipment	8,194,103	526,472	189,507	8,531,068
Vehicles	5,554,343	703,986	568,996	5,689,333
Lights	641,630	14,017	-	655,647
Improvements other than buildings	52,870,803	1,009,513	-	53,880,316
Total capital assets, being depreciated	97,283,738	2,394,526	758,503	98,919,761
Less accumulated depreciation for:				
Buildings	(5,076,426)	(623,557)	-	(5,699,983)
Furniture and fixtures	(417,679)	(65,337)	-	(483,016)
Equipment	(5,791,532)	(382,161)	185,798	(5,987,895)
Vehicles	(4,055,158)	(451,764)	512,342	(3,994,580)
Lights	(497,384)	(10,991)	-	(508,375)
Improvements other than buildings	(25,160,563)	(1,926,645)	-	(27,087,208)
Total accumulated depreciation	(40,998,742)	(3,460,455)	698,140	(43,761,057)
Total capital assets, being depreciated, net	56,284,996	(1,065,929)	60,363	55,158,704
Governmental activities capital assets, net	\$ 61,108,039	\$ (149,212)	\$ 398,475	\$ 60,560,352

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Electric Revenue Fund				
Capital assets, not being depreciated				
Land	\$ 1,458,066	\$ -	\$ -	\$ 1,458,066
Construction in progress	2,265,262	1,583,228	1,921,653	1,926,837
Total capital assets, not being depreciated	3,723,328	1,583,228	1,921,653	3,384,903
Capital assets, being depreciated				
Buildings	17,881,414	65,544	300	17,946,658
Production	66,252,450	1,492,815	4,166,402	63,578,863
Transmission	36,684,541	407,712	-	37,092,253
Distribution	65,068,946	826,704	359,507	65,536,143
Administration	1,783,987	-	23,465	1,760,522
Vehicles	649,439	112,632	25,670	736,401
Total capital assets, being depreciated	188,320,777	2,905,407	4,575,344	186,650,840
Less accumulated depreciation for:				
Buildings	(13,030,240)	(448,489)	-	(13,478,729)
Production	(46,936,655)	(2,059,014)	4,166,402	(44,829,267)
Transmission	(15,095,269)	(1,289,819)	-	(16,385,088)
Distribution	(31,134,017)	(1,632,851)	197,795	(32,569,073)
Administration	(1,647,784)	(46,239)	23,465	(1,670,558)
Vehicles	(522,830)	(36,882)	25,670	(534,042)
Total accumulated depreciation	(108,366,795)	(5,513,294)	4,413,332	(109,466,757)
Total capital assets, being depreciated, net	79,953,982	(2,607,887)	162,012	77,184,083
Total electric revenue fund capital assets, net	83,677,310	(1,024,659)	2,083,665	80,568,986
Water/Wastewater Fund				
Capital assets, not being depreciated				
Land	163,240	-	-	163,240
Construction in progress	1,405,393	1,367,588	1,299,085	1,473,896
Total capital assets, not being depreciated	1,568,633	1,367,588	1,299,085	1,637,136
Capital assets, being depreciated				
Plant, wells, pumping stations, and storage	22,724,199	763,644	-	23,487,843
Distribution mains, hydrants, and accessories	22,599,935	827,025	-	23,426,960
Sewage plant mains, and pumping stations	38,766,085	1,752,631	-	40,518,716
Vehicles and equipment	5,441,841	516,071	208,318	5,749,594
Total capital assets, being depreciated	89,532,060	3,859,371	208,318	93,183,113
Less accumulated depreciation for:				
Plant, wells, pumping stations, and storage	(8,047,734)	(524,792)	-	(8,572,526)
Distribution mains, hydrant, and accessories	(7,380,606)	(426,336)	-	(7,806,942)
Sewage plant mains, and pumping stations	(14,210,380)	(934,481)	-	(15,144,861)
Vehicles and equipment	(3,857,820)	(280,805)	200,513	(3,938,112)
Total accumulated depreciation	(33,496,540)	(2,166,414)	200,513	(35,462,441)
Total capital assets, being depreciated, net	56,035,520	1,692,957	7,805	57,720,672
Total water/wastewater fund capital assets, net	57,604,153	3,060,545	1,306,890	59,357,808
Business-type activities capital assets, net	\$ 141,281,463	\$ 2,035,886	\$ 3,390,555	\$ 139,926,794

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

Governmental activities:	
General government	\$ 2,644
Central services	95,346
Public safety	450,046
Public works	2,230,364
Library and recreation	641,339
Financial administration	40,716
Total depreciation expense - governmental activities	<u>\$ 3,460,455</u>

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

- Water and Wastewater Fund miscellaneous assets totaling \$4,138.
- Electric Fund Distribution and Underground Transformer assets totaling \$13,424.
- General Fund Copiers and totaled vehicle assets totaling \$47,246

5. LONG -TERM OBLIGATIONS

A. Summary of Bonded Indebtedness by Issue

	<u>Original</u>	<u>Remaining</u>	<u>Interest</u>	<u>Maturity</u>	<u>Arbitrage</u>	<u>Purpose</u>
<u>Governmental Activities</u>						
2012 General Obligation Bonds	\$ 3,500,000	\$ 2,930,618	2.60%	6/25/13 - 5/25/19	No	Construction of New Library, Street Paving Program
2014 General Obligation Bonds Series A	\$ 3,660,000	\$ 3,278,750	Variable = (65% of Daily LIBOR rate) plus .666%	11/14/14 - 5/14/22	No	Street and storm water infrastructure at the Garrison Oak Technology Park, police and fire radios, and firefighter's breathing apparatus
<u>Business Type Activities</u>						
<u>Water/Wastewater Bonds</u>						
2000 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$ 750,000	\$ 149,243	3.60%	10/1/00 - 4/1/20	No	Wastewater Pump Station # 7 - Leipsic
2009 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$ 5,581,059	\$ 4,349,516	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	\$ 1,825,236	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	\$ 652,093	2.00%	6/1/12 - 12/1/31	No	Pump station replacements/upgrades and sanitary sewer main relining
2013 Revenue Bonds	\$ 6,125,000	\$ 5,135,000	3.58%	7/1/14 - 7/1/33	Yes	Water and Wastewater capital project financing, refund 2003 Series WWW bonds
(Coverage ratio on Water/Wastewater Bonds requires net revenues to be at least 1.2 times the maximum annual debt service)						
<u>Electric Revenue Bonds</u>						
2008 Revenue Bonds	\$ 22,200,000	\$ 18,620,000	4.81%	7/1/09 - 7/1/33	Yes	Expansion and upgrades of electric system
(Coverage ratio on Electric Bonds requires net revenues to be at least 1.25 times the maximum annual debt service)						

B. Status as of June 30, 2017 – General Obligation Bonds

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

2012 Series	\$ 2,930,618
2014 Series A	3,278,750
	<u>\$ 6,209,368</u>

The total General Obligation Bonds outstanding amount includes \$332,152 payable within one year.

C. Change in Long-Term Debt

The following tables summarize the debt transactions for the year ended June 30, 2017:

i. General Long-Term Debt

Item	Balance 7/01/16*	Additions	Reductions	Balance 6/30/17	Payable within One Year
Compensated Absences	\$ 2,018,710	\$ 1,764,548	\$ 1,423,504	\$ 2,359,754	\$ 1,208,578
General Obligation Bonds	6,782,865	-	573,497	6,209,368	332,152
Net OPEB Liability	39,334,748	-	7,214,271	32,120,477	-
Net Pension Liability	19,733,532	-	2,729,738	17,003,794	-
Sub-total of General Long-Term Debt	<u>\$ 67,869,855</u>	<u>\$ 1,764,548</u>	<u>\$ 11,941,010</u>	<u>\$ 57,693,393</u>	<u>\$ 1,540,730</u>

ii. Enterprise Funds Debt – Water/Wastewater Fund

Item	Balance 7/01/16*	Additions	Reductions	Balance 6/30/17	Payable within One Year
Compensated Absences	\$ 205,862	\$ 134,007	\$ 160,589	\$ 179,280	\$ 86,533
Revenue Bonds-Water and Wastewater	5,465,000	-	330,000	5,135,000	340,000
State of Delaware Municipal Revenue Bond - Wastewater	5,487,091	-	336,239	5,150,852	344,297
State of Delaware Municipal Revenue Bond - Water	1,936,700	-	111,464	1,825,236	114,392
Net OPEB Liability	3,844,750	-	705,154	3,139,596	-
Net Pension Liability	4,198,944	-	340,670	3,858,274	-
Sub-total of Water/ Wastewater Fund	<u>\$ 21,138,347</u>	<u>\$ 134,007</u>	<u>\$ 1,984,116</u>	<u>\$ 19,288,238</u>	<u>\$ 885,222</u>

iii. Enterprise Funds Debt – Electric Revenue Fund

Item	Balance 7/01/16*	Additions	Reductions	Balance 6/30/17	Payable within One Year
Compensated Absences	\$ 625,485	\$ 289,510	\$ 355,778	\$ 559,217	\$ 203,225
Revenue Bonds	19,315,000	-	695,000	18,620,000	730,000
Net OPEB Liability	6,112,167	-	1,121,015	4,991,152	-
Net Pension Liability	8,296,233	-	683,550	7,612,683	-
Sub-total of Electric Revenue Fund	34,348,885	289,510	2,855,343	31,783,052	933,225
Sub-total of Enterprise Fund Debt	55,487,232	423,517	4,839,459	51,071,290	1,818,447
Grand Totals of Long-Term Debt	<u>\$ 123,357,087</u>	<u>\$ 2,188,065</u>	<u>\$16,780,469</u>	<u>\$ 108,764,683</u>	<u>\$ 3,359,177</u>

* Balance at 7/1/16 for Net OPEB Liability was restated for the implementation of GASB 75.

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, 2017.

D. Debt Service Requirements

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

i. Governmental Activities:

Fiscal Year	2012 General Obligation Bonds		2014 General Obligation Bonds Series A		Total
	Principal	Interest	Principal	Interest	
2018	\$ 149,152	\$ 75,459	\$ 183,000	\$ 25,491	\$ 433,102
2019	2,781,466	65,567	183,000	24,031	3,054,064
2020	-	-	183,000	22,632	205,632
2021	-	-	183,000	21,111	204,111
2022	-	-	2,546,750	18,038	2,564,788
Total	<u>\$ 2,930,618</u>	<u>\$ 141,026</u>	<u>\$ 3,278,750</u>	<u>\$ 111,303</u>	<u>\$ 6,461,697</u>

ii. Business-type Activities

Water/Wastewater/Electric Revenue Funds

Fiscal Year	2000 Municipal Revenue Bonds (Wastewater)			2009 Municipal Revenue Bonds (Wastewater)			2010 Municipal Revenue Bonds (Water)			2011 Municipal Revenue Bonds (Wastewater)			2013 Revenue Bonds Water/Wastewater		
	Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest	
2018	\$ 47,984	\$ 4,945		\$ 261,358	\$ 85,690		\$ 114,392	\$ 46,897		\$ 34,955	\$ 23,170		\$ 340,000	\$ 167,643	
2019	49,727	3,202		266,611	80,437		117,397	43,892		36,225	21,900		355,000	157,219	
2020	51,532	1,396		271,970	75,078		120,481	40,808		37,541	20,584		360,000	146,493	
2021	-	-		277,437	69,611		123,646	37,643		38,905	19,219		375,000	135,469	
2022	-	-		283,013	64,035		126,895	34,395		40,318	17,806		385,000	124,069	
2023	-	-		288,702	58,346		130,228	31,061		41,783	16,341		395,000	112,369	
2024	-	-		294,505	52,543		133,649	27,640		43,302	14,823		410,000	100,294	
2025	-	-		300,424	46,624		137,160	24,129		44,875	13,250		215,000	90,919	
2026	-	-		306,463	40,585		140,764	20,526		46,505	11,619		220,000	84,256	
2027	-	-		312,623	34,425		144,461	16,828		48,195	9,930		225,000	77,106	
2028	-	-		318,906	28,142		148,257	13,033		49,946	8,178		235,000	69,281	
2029	-	-		325,316	21,732		152,151	9,138		51,761	6,364		245,000	60,269	
2030	-	-		331,855	15,193		156,148	5,141		53,642	4,483		255,000	50,269	
2031	-	-		338,526	8,522		79,607	1,039		55,592	2,534		265,000	39,869	
2032	-	-		171,807	1,718		-	-		28,548	514		275,000	29,069	
2033	-	-		-	-		-	-		-	-		285,000	17,869	
2034	-	-		-	-		-	-		-	-		295,000	6,084	
Total	\$ 149,243	\$ 9,543		\$ 4,349,516	\$ 682,681		\$ 1,825,236	\$ 352,170		\$ 652,093	\$ 190,715		\$ 5,135,000	\$ 1,468,547	

(Continued)

ii. Business-type Activities (Continued)

Water/Wastewater/Electric Revenue Funds

2013 Revenue Bonds			2008 Revenue Bonds			Business- Type
Water/Wastewater			Electric			
<u>Principal</u>	<u>Interest</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Activities</u>	
\$ 340,000	\$ 167,643	2018	\$ 730,000	\$ 865,704	\$	2,722,738
355,000	157,219	2019	765,000	831,580		2,728,190
360,000	146,493	2020	800,000	798,706		2,724,589
375,000	135,469	2021	840,000	763,856		2,680,786
385,000	124,069	2022	880,000	726,756		2,682,287
395,000	112,369	2023	925,000	686,694		2,685,524
410,000	100,294	2024	970,000	644,056		2,690,812
215,000	90,919	2025	1,015,000	599,394		2,486,775
220,000	84,256	2026	1,065,000	551,928		2,487,646
225,000	77,106	2027	1,120,000	501,400		2,489,968
235,000	69,281	2028	1,175,000	446,125		2,491,868
245,000	60,269	2029	1,230,000	386,000		2,487,731
255,000	50,269	2030	1,290,000	323,000		2,484,731
265,000	39,869	2031	1,355,000	256,875		2,402,564
275,000	29,069	2032	1,420,000	187,500		2,114,156
285,000	17,869	2033	1,485,000	114,875		1,902,744
295,000	6,084	2034	1,555,000	38,875		1,894,959
\$ 5,135,000	\$ 1,468,547	Total	\$ 18,620,000	\$ 8,723,324	\$	42,158,068

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.	\$ 70,913
Grants-public safety	These represent the Police grants, ERLSP grant and Substance Abuse Prevention grant in the special revenue type funds.	205,493
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.	30,068
Total Restricted Net Position		<u>\$ 306,474</u>

Business Type Activities

Net restricted position for construction purposes - expendable		
Water/Wastewater	Restrictions on investments imposed by bond covenants	\$ 4,167,715
Electric	Restrictions on investments imposed by bond covenants	40,008,395
Total Restricted Net Position		<u>\$ 44,176,110</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, 2017 is as follows:

	General Fund	Other Governmental Funds	Total
Fund balances:			
Nonspendable:			
Inventory & Prepaids	\$ 165,700	\$ 3,993	\$ 169,693
Patronage Stock	16,594	-	16,594
Library Endowment	5,000	-	5,000
Subtotal Nonspendable:	<u>187,294</u>	<u>3,993</u>	<u>191,287</u>
Restricted for:			
Library Endowment Interest	1,944	-	1,944
Verizon cable franchise	6,035	-	6,035
Highway resurfacing	-	70,913	70,913
ERLSP	-	100	100
Neighborhood Stabilization Program	-	3,470	3,470
Substance Abuse Prevention	-	83,834	83,834
Municiple Street Aid	-	100	100
Library Grants	-	18,519	18,519
Police Grants	-	121,559	121,559
Subtotal Restricted for:	<u>7,979</u>	<u>298,495</u>	<u>306,474</u>
Committed to:			
Contingency	743,598	-	743,598
Parkland	336,260	-	336,260
Subtotal Committed to:	<u>2,441,641</u>	<u>-</u>	<u>2,441,641</u>
Assigned to:			
Capital Projects	1,956,061	-	1,956,061
Unassigned	<u>5,528,605</u>	<u>-</u>	<u>5,528,605</u>
Total fund balances	<u><u>\$ 10,121,580</u></u>	<u><u>\$ 302,488</u></u>	<u><u>\$ 10,424,068</u></u>

As noted in the Introductory section of this report (page 5), the City has established the "City of Dover, Delaware Financial Policies" booklet which is a standardized set of principles that the City follows and the Finance Department manages, to ensure that the minimum fund balance policies are followed.

8. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2017, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans other than Pension Plans" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". The implementation of these pronouncements had the following effect on net position as of June 30, 2016:

	Governmental Activities	Business type Activities	Water/Wastewater Fund	Electric Revenue Fund
Net position June 30, 2016, as previously reported	\$ 33,043,618	\$ 174,549,738	\$ 54,762,091	\$ 119,787,647
GASB 75 adjustment	(31,065,241)	(14,515,025)	(4,112,469)	(10,402,556)
Net position June 30, 2016, as restated	<u>\$ 1,978,377</u>	<u>\$ 160,034,713</u>	<u>\$ 50,649,622</u>	<u>\$ 109,385,091</u>

During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning Net OPEB Liability which is required to be reported by Governmental Accounting Standards Board Statement No. 74, OPEB Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to \$1,978,377 and \$160,034,713 respectively.

9. PROPERTY TAXES

Property taxes are levied under the authority of the City Charter on all real property located within the City limits. The City assessor 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, 2017, there were no material delinquent taxes.

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 85,671
	Water/ Wastewater Fund	168,055
	Electric Revenue Fund	318,971
Water/ Wastewater Fund	General Fund	10,205
	Electric Revenue Fund	171
Electric Revenue Fund	General Fund	1,079
	Water/Wastewater Fund	18,150
Non-Major Governmental Funds	General Fund	3,679
Total		<u>\$ 605,981</u>

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

B. Interfund Transfers

<u>Transfers Out</u>	<u>Transfers In -</u>	
	<u>General Fund</u>	<u>Electric Revenue Fund</u>
Non-Major Governmental Funds	\$ 3,010,445	\$ -
Water/ Wastewater Fund	875,000	231,200
Electric Revenue Fund	10,000,000	-
Total	<u>\$ 13,885,445</u>	<u>\$231,200</u>

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

11. RENTAL INCOME

The City currently has two lease agreements at the Garrison Oak Technical Park (GOTP) that are included in miscellaneous revenue in the General Fund. The first lease is with LS Power – White Oak Solar Energy LLC, which generated \$63,005 in rental income, and the second lease is with Garrison Energy Center which generated \$32,734 in rental income.

The City's Electric Revenue Fund owns a professional office building which houses the City's Customer Service, Finance and Information Technology Departments. At June 30, 2017, the City had a lease with one tenant for part of the remaining space available. Lease revenue is \$188,388 in the Electric Revenue Fund consisting of office space rental of \$80,497, substation rental of \$30,000 and pole attachment rentals of \$77,891.

The City maintains several water tower leases for a group of telecommunications companies. These are recorded as revenue of the Water/Wastewater Fund and total \$376,228 in the current fiscal year.

12. MATERIAL COMMITMENTS

- A. The City is the guarantor on one loan for the Dover Fire Department, a separate entity from the City of Dover. The City also budgets monies to assist the volunteer fire company with payments on firefighting apparatus. The current fiscal year includes \$145,614 in expenditures for Ladder #1 in the Governmental Capital Projects Fund budget.
- B. The City entered into a three-year management contract with The Energy Authority effective July 1, 2016 to provide a market-based approach for power supply management. The Energy Authority manages energy purchases and utilizes the City's generating assets to provide a level of rate stability as necessary to mitigate the effects of rising and volatile energy prices. Additional tasks The Energy Authority has contracted with the City are (1) 2016 Integrated Resource Planning Services and (2) Reactive Revenue Requirement Analysis and Filing Services.
- C. The City also entered into a management contract with North American Energy Services (NAES) to operate and maintain the generating assets of the electric utility in May 2006. The City extended the contract with NAES through June 30, 2020. The City has incorporated the budgets and financial activity of the plant into its procedures used for all other divisions of the electric utility. These procedures include a line item budget and adherence to City policies. All personnel are employed by NAES and personnel costs are billed to the City bi-weekly. Any capital improvements are included in the City's capital improvement plan. The contract also provides for a monthly management fee and a performance incentive based on budget and plant performance. The fiscal year 2017 annual cost for management and estimated incentives are \$781,759, 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 \$190,000 to a former employee of the City due to a separation agreement. The former employee is owed this money over the next 5 years.

13. FORWARD CONTRACTS

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

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

These agreements will enable the City to hedge the forward price of purchased power, natural gas or fuel oil for delivery as needed to meet its load requirements. No speculative transactions for volumes in excess of forecasted power and fuel needs are permitted. TEA also provides advisory services to the City for financial hedges in determining if they would be beneficial to mitigate market and credit risk. 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 Standard & Poor's or Baa2 as rated by Moody's). Any counterparty that is unrated by either S & P or Moody's must be approved by the ERMC prior to the execution of any trading activities.

Credit risk is mitigated 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, 2017 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	\$ 8,804	\$ 1,196	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	\$ 14,117	\$ 883	No Collateral if exposure under specified threshold
EDF Trading North America, LLC	BBB	\$ 18,000	\$ 17,900	\$ 100	Threshold is \$ 18 million unless guarantor's credit rating falls below Baa3
Exelon Generation Company, LLC	BBB	\$ 30,000	\$ 29,394	\$ 606	No Collateral if exposure under specified threshold
Constellation Energy Services, Inc.	NR	No threshold	\$ 0	\$ 0	Lesser of guaranty or threshold, currently no guaranty
Macquarie Energy, LLC	A	\$ 15,000	\$ 11,655	\$ 3,345	Up to \$ 15,000 is guaranteed by Macquarie Bank Limited
Morgan Stanley Capital Group, Inc	BBB +	\$ 10,000	\$ 5,013	\$ 4,987	Unlimited guaranty from Morgan Stanley, threshold set by table in contract
NextEra Energy Power Marketing, LLC	BBB +	\$ 10,000	\$ 5,478	\$ 4,522	Up to \$ 10,000 is guaranteed by NextEra Energy Capital Holdings, Inc.
NJR Energy Services Company	NR	No threshold	\$ 0	\$ 2	No Specified threshold
P SEG Energy Resources & Trade, LLC	BBB +	No threshold	\$ 0	\$ 0	Guaranty terminated so threshold is zero
Sequent Energy Management, L.P.	BBB +	\$ 5,000	\$ 5,000	\$ 0	Unlimited guaranty from AGL Resources, threshold is \$ 5,000

14. INSURANCE

A. Health Insurance – State of Delaware

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

B. Workers' Compensation Fund – Self-Insurance

On July 1, 1990, the City began self-insuring its Workers' Compensation insurance. For this purpose, the City has established a separate fund. Claims are processed and administered by a third-party administrator. The City manages the revenue and expenditures in this fund and maintains all the records. The City maintains a fund balance to cover any incurred but not reported claims.

AMI Risk Consultants completed an updated valuation in fiscal year 2014. As of June 30, 2017, there is \$751,659 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, 2017.

Workers' Compensation activity is as follows:

	<u>2017</u>	<u>2016</u>
Claims payable, beginning of year	\$ 547,958	\$ 286,426
Claims incurred	786,684	526,215
Payment of claims	(582,983)	(264,683)
Claims payable, end of year	<u>\$ 751,659</u>	<u>\$ 547,958</u>

C. Other than Health or Workers' Compensation Insurance

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

15. COMPENSATED ABSENCES

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

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

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

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

16. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

The 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 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, 2017:

Retirees and beneficiaries receiving benefits	268
Terminated plan members entitled to but not yet receiving the benefits	7
Active plan members	<u>338</u>
Total	<u>613</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, 2021. The City and bargaining unit completed negotiations as of December 2017 with Council's approval during January 2018 meeting.
- The American Federation of State, County, and Municipal Employees (AFSCME), Council 81 contract period is October 30, 2014 through June 30, 2017. The City and bargaining unit are under negotiation for a new contract term as of the issuance of the City's financial reports.
- The Fraternal Order of Police Lodge #15 (FOP) union contract period is July 1, 2015 through June 30, 2018.
- The Dover Organization of Employees (DOE) union contract period is July 1, 2015 through June 30, 2018.

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:

SUMMARY OF PRINCIPAL PLAN PROVISIONS

(Continued)

1. Non-Union Employees:
 - a. None if retired prior to July 1, 1991
 - b. 0% for individual coverage and 25% for spouse coverage if retired on or after July 1, 1991 and prior to July 1, 2012
 - c. 15% for individual and spouse coverage if retired on or after July 1, 2012
2. DOE Employees:
 - a. None if retired prior to September 1, 1991
 - b. 0% for individual coverage and 25% for spouse coverage if retired on or after September 1, 1991 and prior to June 1, 2013
 - c. 15% for individual and spouse coverage if hired prior to December 22, 2015, upon direct retirement with an unreduced pension
 - d. 20% for individual coverage if hired on or after December 22, 2015, upon direct retirement with an unreduced pension. The retiree will have the option to purchase dependent coverage under the City's group rate plan at full cost to the employee/retiree.
3. IBEW Employees:
 - a. 0% for individual coverage and 25% for spouse coverage if hired prior July 1, 1986
 - b. 0% for individual coverage and 100% for spouse coverage if hired on or after July 1, 1986 and prior to July 1, 2014
 - c. 20% for individual coverage and 100% for spouse coverage if hired on or after July 1, 2014
4. AFSCME Employees:
 - a. 0% for individual coverage and 25% for spouse coverage if retire prior to July 1, 2015
 - b. 15% for individual and spouse coverage if hired prior to May 20, 2014 and retire on or after July 1, 2015
 - c. 20% for individual coverage and 100% for spouse coverage if hired on or after May 20, 2014
- D. Benefit Duration: Retiree coverage is provided for lifetime. Spouse coverage is provided for the spouse's lifetime.
- E. Medicare Part B Reimbursement: Eligible retirees receive reimbursement of the Medicare Part B premium. The Medicare Part B standard rate for 2016 was \$121.80; for 2017 the premiums are \$109 for the standard rate and \$134 for the premium rate. Spouses are not eligible for the reimbursement. Eligible retirees are:
 1. Non-union employees who were hired prior to July 28, 2009.
 2. IBEW employees who retired prior to July 1, 2009.
 3. DOE employees who retired prior to January 31, 2010.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Benefits for Police Officers:

- A. Covered Groups: Full-time FOP employees and their dependents are covered. Only provisions for members hired on after September 1, 1982 are shown.
- B. Eligibility: Satisfaction of either of the following eligibility requirements:
1. Unreduced Retirement: Attainment of the earlier of the following conditions:
 - a. Later of attainment of age 62 and completion of 10 years of service.
 - b. Completion of 20 years of service.
 - c. Later of completion of 10 years of service and 75 points (age plus service).
 2. Reduced Retirement: Not applicable.
 3. Vested Termination: None.
 4. Active Death: Surviving spouses of members eligible for an unreduced pension upon death.
- C. Premium Cost Sharing:
1. None if retired prior to July 1, 1991
 2. 0% for individual coverage and 25% for spouse coverage if retired on or after July 1, 1991 and prior to July 1, 2012
 3. 15% for individual and spouse coverage if retire on or after July 1, 2012.
 4. Employees hired on or after October 9, 2015, contribute 20% for individual coverage. The retiree will have the option to purchase dependent coverage under the City's group rate plan at full cost to the employee/retiree.
- D. Benefit Duration: Retiree coverage is provided for lifetime. Spouse coverage is provided for the spouse's lifetime.
- E. Medicare Part B Reimbursement: Eligible retirees receive reimbursement of the Medicare Part B premium. The Medicare Part B standard rate for 2016 was \$121.80; for 2017 the premiums are \$109 for the standard rate and \$134 for the premium rate. 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	\$ 3,485,231
Water/Wastewater Fund	349,838
Electric Revenue Fund	767,659
Total Benefit Provided	<u>\$ 4,602,728</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 2017, the City's average contribution rate was 24.1% of covered-employee payroll of \$19,100,537.

The components of the net OPEB liability of the City at June 30, 2017, are as follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Changes in Net OPEB Liability			
Balances as of June 30, 2016	\$ 73,334,826	\$ 24,043,162	\$ 49,291,664
Changes for the year:			
Service cost	1,654,915	-	1,654,915
Interest	4,681,587	-	4,681,587
Differences between expected and actual exp	(2,870,577)	-	(2,870,577)
Effect of assumption changes or inputs	(4,832,943)	-	(4,832,943)
Benefit payments	(2,662,737)	(2,662,737)	-
Employer contributions	-	4,602,728	(4,602,728)
Net investment income	-	3,073,693	(3,073,693)
Trust administrative expenses	-	(3,000)	3,000
Balances as of June 30, 2017	<u>\$ 69,305,071</u>	<u>\$ 29,053,846</u>	<u>\$ 40,251,225</u>

Actuarial Methods and Significant Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, 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, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial cost method	Entry Age Normal Level % of Salary
Amortization method	Level Dollars
Amortization period	30 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 9% 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	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 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, 2017 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	2.00%	0.50%
Fixed Income	31.00%	3.55%
Stocks	60.00%	8.26%
Short-term Investments	0.00%	0.00%
Real Estate	7.00%	7.96%
Alternatives	0.00%	0.00%
Long-Term Expected Rate of Return		6.50%

*The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice.

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, 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	\$ 49,834,131	\$ 40,251,225	\$ 32,446,160

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, 2017, 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	Net OPEB Liability
1% Decrease	\$ 32,116,534
Current Health Care Trend Rates	\$ 40,251,225
1% Increase	\$ 50,279,418

- The current pre-65 / post-65 health care trend rate starts at an initial rate of 9% / 8% (pre / post-65) decreasing by 0.5% annually to an ultimate rate of 4.5%.
- The 1% decrease in health care trend rates would assume an initial rate of 8% / 7% (pre / post-65) decreasing by 0.5% annually to an ultimate rate of 3.5%.
- The 1% increase in health care trend rates would assume an initial rate of 10% / 9% (pre / post-65) decreasing by 0.5% annually to an ultimate rate of 5.5%.

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

For the year ended June 30, 2017, the City recognized OPEB expense of \$3,782,913 as calculated in the following chart:

OPEB Expense

Service cost	\$ 1,654,915
Interest	4,681,587
OPEB plan administrative expenses	3,000
Projected earnings on OPEB plan investments	(1,624,863)
Current period recognition of deferred outflows/(inflows) of resources	
Differences between expected and actual experience	(239,215)
Differences between projected and actual earnings on plan investments	(289,766)
Changes of assumptions	(402,745)
Total OPEB Expense	<u><u>\$ 3,782,913</u></u>

At June 30, 2017, the City reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 2,631,362
Changes in assumptions	4,430,198
Net difference between projected and actual earnings on OPEB plan investments	<u>1,159,064</u>
Total Deferred Inflows of Resources	<u>\$ 8,220,624</u>

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

Fiscal Year Ending June 30:

2018	\$ (931,726)
2019	(931,726)
2020	(931,726)
2021	(931,726)
2022	(641,960)
Thereafter	(3,851,760)

Funded Status and Funding Progress

As of June 30, 2017, the City will disclose OPEB liabilities under GASB 74/75 for the current valuation. The prior valuation was disclosed under GASB 45. The most recent GASB 74/75 Actuarial Valuation, the plan was 41.9% funded. The total OPEB liability for benefits was \$69.3 million, and the actuarial value of assets was \$29.1 million, resulting in a net OPEB liability of \$40.3 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$19.1 million. The City continues to work with its collective bargaining units for alternative benefit plan options to reduce the Actuarial Determined Liability (ADC).

Actuarial Methods and Assumptions

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

In accordance with GASB 74/75, the actuarial cost method has been updated from the Projected Unit Credit linear proration to decrement to Entry Age Normal Level % of Salary. Investments are valued at market rates. The funded discount rate is 6.5%. Adjustments have been made to the City's July 1, 2016 OPEB liability, the healthcare coverage election rate for active employees with current coverage was decreased from 100% to 80% based on City experience and the mortality tables were also updated from the RP-2000 to SOA RPH-2016 using the Scale MP-2016 for all employees. Both of these changes caused a decrease in liabilities. Payroll growth rates were also updated to reflect the most recent tables from the

Delaware State Employee's Pension valuation as of June 30, 2016. The impact of these changes was also a slight decrease in liabilities.

According to the new Actuarial Standards of Practice (ASOP) number 6, that is effective for actuarial valuations with measurement dates on or after March 31, 2015, an implicit subsidy exists for health plans that commingle the experience of active participants and retirees in setting their premium rates and the non-Medicare retirees premium rates do not vary by age. Implicit subsidies for pre-Medicare benefits is the additional employer liabilities when the inherently higher health care costs for retired employees are not directly reflected in the determination of the premium rates. Pre-65 Medical / Rx trend rates have been reset to an initial rate of 9% decreasing by 0.5% annually to an ultimate rate of 4.5%. Post-65 Medical / Rx trend rates have been reset to an initial rate of 8% decreasing by 0.5% annually to an ultimate rate of 4.5%. This change caused a slight increase in liabilities.

17. DEFERRED COMPENSATION PLAN

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

In May 1994, the City offered to employees the 457 Deferred Compensation Plan as their pension plan in lieu of participation in the General Employee Pension Plan. At that time 41 employees opted out of the Defined Benefit Pension Plan and enrolled in the Deferred Compensation Plan. The ICMA 457 Deferred Compensation Plan has assets of \$8,664,178 (market value) as of June 30, 2017, with 142 active employees contributing \$449,759. The Nationwide plan has assets of \$3,569,844 (market value) as of June 30, 2017 with 19 active employees contributing \$90,844. 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, 2017, there are 338 employees eligible to enroll in the 457 Deferred Compensation Plan.

18. RETIREMENT PLANS

The City participates and/or manages four retirement plans on behalf of its employees. Three of the pension plans are defined benefit plans and one is a defined contribution plan. Two of the defined benefit plans are closed to new hires. All full-time employees are required to enroll in a pension plan. During fiscal year 2017 the total wages were \$22.4 million and the total pensionable wages were \$20 million for all full-time employees. The number of employees eligible for pension benefits as of June 30, 2017 is 338.

A. Defined Contribution Plan

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

The City provides a 3% match of the employees required contribution to the 401a Plan, and up to an additional 3% to the 401a Plan for a potential total contribution of 6%, if the employee contributes up to an additional 3% to their 457 Plan (see note 17 – Deferred Compensation Plan).

The Dover Organization of Employees (DOE) union contract renewed effective July 1, 2015 through June 30, 2018. The contract changed the mandatory minimum employee contribution (MMEC) as well as the City’s minimum matching contribution as follows:

Effective Date	Minimum Employee Contribution	City’s Match (Up To)
March 27, 2016	4%	7%
July 1, 2016	5%	8%

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, 2017, there were 157 full-time employees enrolled in the 401a plan. The City contributed a total of \$361,268 on wages of approximately \$6.3 million. Employees contributed \$266,156 to the 401a Money Purchase Plan. The market value of the 401a plan assets totaled \$5,734,375 as of June 30, 2017.

B. Defined Benefit Plans

The City participates in three defined benefit pension plans: City of Dover Police Pension Plan (closed), City of Dover General Employee Pension Plan (closed), and State of Delaware County and Municipal Police Pension Plan. The City of Dover Police Pension Plan, a single employer defined benefit plan, covers all uniformed police officers hired prior to September 1, 1982. The City of Dover General Employee Pension Plan, a single employer defined benefit plan, covers all eligible full-time permanent employees, other than police officers hired prior to September 29, 2009. The State of Delaware County and Municipal Police Pension Plan, a multi-employer cost sharing defined benefit plan, covers all uniformed police officers hired on or after September 1, 1982. The City makes employer contributions to all three plans.

The City holds on behalf of the Pension Boards of Trustees the assets of the two single-employer defined benefit plans and, accordingly, is required to prepare pension trust fund financial statements using the accrual basis of accounting. Investments are reported at fair value based on quoted market prices. Receivables and payables represent year end accruals of short-term receipts or charges. The administration of plan assets for both the Police Pension Plan and the General Employee Pension Plan is conducted by the Pension Boards as described in the subsequent disclosures.

Separate pension fund financial statements for each plan have not been issued; accordingly, they are presented as required by GASB Statement No. 34, as follows:

The City of Dover, Delaware
Combining Statement of Pension Trust Fund Net Position
June 30, 2017

	Police Pension	General Pension	Totals
ASSETS:			
Cash and cash equivalents	\$ 908,583	\$ 2,214,573	\$ 3,123,156
Investments at fair value - Mutual Funds	12,627,908	37,576,362	50,204,270
Total Assets	<u>13,536,491</u>	<u>39,790,935</u>	<u>53,327,426</u>
Net position held in trust for pension benefits	<u>\$ 13,243,119</u>	<u>\$ 39,364,426</u>	<u>\$ 52,607,545</u>

The City of Dover, Delaware
Combining Statement of Changes in Pension Trust Fund Net Position
For the Year Ended June 30, 2017

	Police Pension	General Pension	Totals
Additions			
Net investment income	\$ 1,433,258	\$ 4,350,779	\$ 5,784,037
City's contribution - payroll based	-	2,876,657	2,876,657
City's contribution - lump sum	670,000	-	670,000
Employee contribution	-	202,175	202,175
State contributions	444,317	-	444,317
Other	4,029	-	4,029
Total Additions to Net Position	<u>2,551,604</u>	<u>7,429,611</u>	<u>9,981,215</u>
Deductions			
Benefit payments	1,528,191	3,746,045	5,274,236
General administration	4,979	17,677	22,656
Total Deductions From Net Position	<u>1,533,170</u>	<u>3,763,722</u>	<u>5,296,892</u>
Change in net position	1,018,434	3,665,889	4,684,323
Net Position - Beginning	<u>12,224,685</u>	<u>35,698,537</u>	<u>47,923,222</u>
Net Position - Ending	<u><u>\$ 13,243,119</u></u>	<u><u>\$ 39,364,426</u></u>	<u><u>\$ 52,607,545</u></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, 2017, there are 47 retirees and beneficiaries receiving benefits.

Fully vested employees who have completed 20 to 25 years of continuous service are entitled to annual benefits equal to 2.5% of their average earnings for each year of continuous service. The maximum benefit is 62.5% of average earnings. If a participant terminates after completing 15 years of service, the participant will be eligible for a deferred benefit commencing at age 60 with a benefit accrued at the date of termination. In place of this vesting, participants may elect to receive their accumulated contributions.

Disability benefits are paid to a participant who is totally or partially disabled in the performance of his or her duties. The total duty-connected disability benefit is payable monthly and equal to

75% of the monthly rate of earning at the time of disability. The partial duty-connected disability benefit is the accrued benefit at the date of disability if not less than 50% of average earnings. Disability benefits cease if the participant recovers or dies. If the disabled participant reaches his normal retirement date, the benefit is reduced by one-third.

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

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

Plan Administration

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

Funding Policy

The City intends to continue to fund the actuarial determined contributions (ADC) as provided for in the actuarial valuation. The current year contributions are based on the parameters set forth in the interim actuarial valuation report as of June 30, 2017 in accordance with GASB Statement No. 67/68. The funding may be impacted by differences in actual experience and the actuarial assumptions. The employer contributions are considered by the actuaries in their determination of the actuarial determined contribution. In addition, the City has adopted in its financial policies to have any surplus in the budget balances of the prior year be transferred to the retirement benefit plans to further reduce the net pension liability.

The State contributes to the pension fund on behalf of the City based on 1) an allocation to the City based on a 0.25% surcharge on insurance policies issued in the state and the number of officers employed and 2) 75% matching grant for the annual cost of living increase (COLA) granted to police retirees on January 1 each year. For the fiscal year ending June 30, 2017, the State contributed \$444,317.

The ADC conforms to the entry age normal cost 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 progress of the net pension liability. The City's actuary is Nyhart of Indianapolis, Indiana. The ADC is being amortized using a level dollar method. The amortization period is 8 years for the 2017 fiscal year and will decline by 1 each year until 1 year.

Total contributions to the plan for the fiscal year ending June 30, 2017 were \$1.1 million, which would be 91.6% of the ADC.

The Actuarially Determined Contribution 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

As of June 30, 2017, the most recent measurement date for the actuarial valuation, the plan was 69.03% funded. The total pension liability for benefits was \$19.2 million, and the fiduciary net position was \$13.2 million, which resulted in a net pension liability (NPL) of \$6.0 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, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollars
Amortization period	Closed
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	6.5%
Discount rate	6.5%
Projected salary increases	none, no remaining active participants
Includes inflation at	none, no remaining active participants
Automatic Cost of living (retirees)	2.0%
Mortality	RP-2014 Blue Collar with generational improvements from 2006 based assumptions from 2016 SS Admin Trustee's Report

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, 2017 are summarized in the following table:

Police Pension Fund
Long-Term Expected Rate of Return

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return
Cash	4.00%	0.50%
Fixed Income	29.00%	3.55%
Stocks	59.00%	8.28%
Short-term Investments	0.00%	0.00%
Real Estate	8.00%	7.96%
Alternatives	0.00%	0.00%
Long-Term Expected Rate of Return		6.50%

*The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice.

Police Pension Fund
Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2016	\$ 19,387,871	\$ 12,224,685	\$ 7,163,186
Changes for the year:			
Interest on total pension liability	1,210,545	-	1,210,545
Effect of assumptions changes or inputs	115,749	-	115,749
Benefit payments	(1,528,191)	(1,528,191)	-
Employer contributions	-	1,118,346	(1,118,346)
Net investment income	-	1,433,258	(1,433,258)
Administrative expenses	-	(4,979)	4,979
Balances as of June 30, 2017	\$ 19,185,974	\$ 13,243,119	\$ 5,942,855

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	\$ 7,925,784	\$ 5,942,855	\$ 4,145,671

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

For the year ended June 30, 2017, the City recognized pension expense of \$636,069 calculated in the following chart:

Police Pension Expense		July 1, 2016 to June 30, 2017
Interest on total pension liability	\$	1,210,545
Projected earnings on pension plan investments		(781,123)
Administrative expenses		7,979
Member contributions		-
Current period recognition of deferred outflows/(inflows) of resources		
Changes of assumptions		115,749
Differences between projected and actual earnings on plan investments		85,919
Total Pension Expense	\$	<u>639,069</u>

As of June 30, 2017, the City reported deferred outflows/(inflows) of resources related to pension from the following sources:

	Police Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings	\$ 534,975
Deferred Inflows of Resources	
Net difference between projected and actual earnings	\$ (521,708)

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

	Police Pension Plan
Fiscal Year Ending June 30:	
2018	\$ 85,919
2019	85,917
2020	(28,142)
2021	(130,427)

ii. City of Dover General Employee Pension Plan

Plan Description

The City of Dover General Employee Pension Plan started on July 1, 1967, under the authority of the City Council, Municipal Code, Chapter 2, Article IV, Division 7, General Employee Pension Plan, Sections 2-321 through 2-370, and was made contributory on July 1, 1983. Employees contribute 3.5% of gross salary, exclusive of unscheduled overtime. An employee's pension right is vested upon completion of 10 years of continuous service. As of the interim valuation date, June 30, 2017, 107 employees and 205 retirees participate in the plan. The General Employee Pension Plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	205
Active employees	
Fully Vested	91
Non-Vested	16
Deferred vested	19

The percentage of covered payroll which employees contribute is stated in the City Code, and is considered by the actuaries in their determination of the actuarial determined contribution for service cost. For the year ended June 30, 2017, gross payroll earnings of \$6.2 million were reported to and covered by this plan.

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

attained age 55 and whose attained age plus years of continuous service is equal to or greater than 80 are eligible for early-unreduced retirement benefits under this plan.

The monthly benefits are 1/50 of the average actual monthly earnings multiplied by years and months of credited service upon retirement (highest 36 consecutive months in his/her final 10 years of continuous service). The monthly benefit shall not be less than \$200 per month. Benefits are paid for the lifetime of the participant. Upon the death of the participant, 50% of the payments to which the participant was or would have been entitled shall be made to his eligible survivor.

An employee may also take an early-reduced retirement on any date following the attainment of age 55 and the completion of 10 years of continuous service. However, the early retirement benefit is calculated in the same manner as the normal retirement benefit, at a reduced rate of one-half percent for each month computed from the date of early retirement to age 65 years. If an employee terminated before becoming vested in the plan, they are eligible to withdraw this total contribution with interest compounded annually.

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

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

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

Plan Administration

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

Funding Policy

The City intends to fund the actuarial determined contributions (ADC) as provided for in the actuarial valuation. The City uses the percentage of payroll determined by the actuary for its contributions. The funding may be impacted by differences in actual experience and the actuarial assumptions. The employer contributions are considered by the actuaries in their determination of the actuarial determined contribution. In addition, the City has adopted in its financial policies to have any surplus in the personnel related budget balances of the prior year be transferred to the retirement benefit plans to further reduce the net pension obligation.

The City makes payroll based contributions for active members in the plan. The Actuarially Determined Contribution is based on a closed 15-year level dollar amortization of the Unfunded Actuarial Accrued Liability (UAAL). The Schedule of Changes in the Net Pension Liability, and a Schedule of Employer Contributions are presented as Required Supplementary Information (RSI) following the notes to the financial statements.

Net Pension Liability

As of June 30, 2017, the most recent measurement date for the interim actuarial valuation, the plan was 65.10% funded. The total pension liability for benefits was \$60.5 million, and the fiduciary net position was \$39.4 million, which resulted in a net pension liability (NPL) of \$21.1 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$5.6 million and the ratio of the NPL to the covered payroll was 374.39%.

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.50%. 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, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	Closed; smooths gains and losses over a 5-year period
Asset valuation method	Fair Market Value
Actuarial Assumptions:	
Investment rate of return	6.5%
Discount rate	6.5%
Projected salary increases	3.0%
Includes inflation at	2.5%
Mortality	RP-2014 Blue Collar with generational improvements from 2006 based on 2016 SS Admin Trustee's Report

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, 2017 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	4.50%	0.50%
Fixed Income	28.50%	3.62%
Stocks	59.00%	8.28%
Real Estate	8.00%	7.96%
Long-Term Expected Rate of Return		6.50%

*The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice.

**General 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, 2016	\$ 58,807,821	\$ 35,698,537	\$ 23,109,284
Changes for the year:			
Service cost	433,052	-	433,052
Interest on total pension liability	3,728,910	-	3,728,910
Effect of economic/demographic gains or losses	40,689	-	40,689
Effect of assumptions changes or inputs	1,200,614	-	1,200,614
Benefit payments	(3,746,045)	(3,746,045)	-
Employer contributions	-	2,876,657	(2,876,657)
Member contributions	-	202,175	(202,175)
Net investment income	-	4,350,779	(4,350,779)
Administrative expenses	-	(17,677)	17,677
Balances as of June 30, 2017	\$ 60,465,041	\$ 39,364,426	\$ 21,100,615

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	\$ 28,536,637	\$ 21,100,615	\$ 14,478,931

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

For the year ended June 30, 2017, the City recognized pension expense of \$2,514,584 as calculated in the following chart:

General Employee Pension Expense

	July 1, 2016 to June 30, 2017
Service cost	\$ 433,052
Interest on total pension liability	3,728,910
Administrative expenses	17,677
Member contributions	(202,175)
Projected earnings on pension plan investments	(2,298,146)
Current period recognition of deferred outflows/(inflows) of resources	
Differences between expected and actual experience	(173,917)
Differences between projected and actual earnings on plan investments	165,696
Changes of assumptions	843,487
Total Pension Expense	\$ 2,514,584

As of June 30, 2017, 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	\$ 1,226,461
Differences between expected and actual experience	30,517
Net difference between projected and actual earnings	1,438,325
Total Deferred Outflows of Resources	<u>\$ 2,695,303</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ (203,957)
Net difference between projected and actual earnings	(1,642,106)
Total Deferred Inflows of Resources	<u>\$ (1,846,063)</u>

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

	General Employee Pension Plan
Fiscal Year Ending June 30:	
2018	\$ 664,853
2019	409,233
2020	185,679
2021	(410,525)

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, 2017, city membership in this plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	57
Active employees:	
Fully Vested 5 years	53
Non-Vested	41

The following are brief descriptions of the Plan. For a more complete description, please refer to the DPERS CAFR on the web at <http://accounting.delaware.gov/2016cafr.pdf>.

County and Municipal Police and Firefighters' Pension Plan

Retirement

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

Disability Benefits

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

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

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

Survivor Benefits

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

Contributions:

Employer – Determined by Board of Pension Trustees. Employer contributions were 13.77%, 13.8% and 14.2% of earnings for the Fiscal Year 2017, 2016 and 2015, respectively. The City's contributions to the plan for years ended June 30, 2015, 2016 and 2017 were \$933,750, \$977,587 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 \$7.18 million this fiscal year.

Member – 7% of compensation.

Basis of Presentation

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

Employer Allocation Percentage Methodology

The amounts assigned to each employer in the Schedule of Pension Amounts by Employer is each employer's proportional share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense (the Collective Pension Amounts) determined in accordance with Governmental Accounting Standards Board No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)*. Management has elected to allocate the employer's proportionate shares of the collective pension amounts based on the percentage of actual employer contributions as documented in the Schedule of Employer Allocations. The City's proportionate share percentage is 9.0042% for the current fiscal year, 9.9607% for the prior year and the change is a decrease of 0.9565%.

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

At June 30, 2017, the City reported a net pension liability of \$1,431,281 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2017 were as follows (dollar values expressed in thousands):

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

Year	(1) Total proportionate share of the pension liability	(2) Plan fiduciary proportionate share of the net position	(3) The Employers' proportionate share of the net pension liability (asset) (1)-(2)
2016	\$ 27,030	\$ 25,599	\$ 1,431
2015	26,679	27,204	(525)
2014	23,298	24,340	(1,042)

The City recognized pension expense of \$1,398,082 for the year ended June 30, 2017, associated with membership within the Delaware State Police Pension Plan. As of June 30, 2017, 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	\$ 244,375
Projected and actual plan investment differences	1,480,278
Change in proportion	15,679
City contributions subsequent to the measurement date	976,828
Total Deferred Outflows of Resources	<u>\$ 2,717,160</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ (243,760)
Changes in assumptions	(376,291)
Change in proportion	(85,597)
Total Deferred Inflows of Resources	<u>\$ (705,648)</u>

The City's contributions of \$976,828 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, 2018. The additional amounts shown as Deferred Outflows of Resources totaling \$1,740,332 should be recognized (amortized) over the average of the expected remaining service lives of all plan members, which is 10 years.

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:	
2018	\$ 251,496
2019	251,496
2020	251,496
2021	251,496
2022	251,496
Thereafter	(222,796)

The components of collective pension expense for the year ending June 30, 2016 are as follows:

County and Municipal Police & Firefighter's Pension Expense

	<u>June 30, 2016</u>
Service cost	\$ 1,276,255
Member contributions	(479,744)
Administrative expenses	12,156
Interest on the total pension liability	1,830,554
Projected earnings on plan investments	(1,818,578)
Changes in benefit terms	395,374
Recognition of deferred outflow and inflows of resources:	
Changes in assumptions in the measurement of total pension liability	(41,779)
Differences between expected and actual experience	90
Differences between projected and actual earnings on plan investments	223,754
Total Pension Expense	<u>\$ 1,398,082</u>

The proportionate share of the total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. These actuarial valuations used the following actuarial assumptions:

Actuarial Assumptions

Investment rate of return/Discount rate ¹	7.2%
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. The assumptions used were based on the results of an actuarial experience study conducted in 2016. 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.

Key assumption changes include a reduction in the inflation assumption from 3.0% to 2.5% and a change to use updated mortality tables. 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 weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Plan's current and expected asset allocation are summarized in the following table:

**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%	34.0%
International equity	5.7	14.7
Fixed income	2.0	25.0
Alternative investments	7.8	20.9
Cash and equivalents	-	5.4

Discount Rate

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

Sensitivity Analysis of Net Pension Liability to Changes in the Discount Rate

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

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

	<u>1% Decrease 6.20%</u>	<u>Current Discount Rate 7.20%</u>	<u>1% Increase 8.20%</u>
City of Dover's proportionate share of the net pension liability (asset)	\$ 5,694	\$ 1,431	\$ (2,043)

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

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, 2017:

	2017			
	Police	General	DPERS	Total
Net Pension Liabilities	5,942,855	21,100,615	1,431,281	28,474,751
Deferred Outflows of Resources	534,975	2,695,304	2,717,161	5,947,440
Deferred Inflows of Resources	521,708	1,846,064	705,648	3,073,420
Pension Expense	639,069	2,514,584	1,398,082	4,551,735

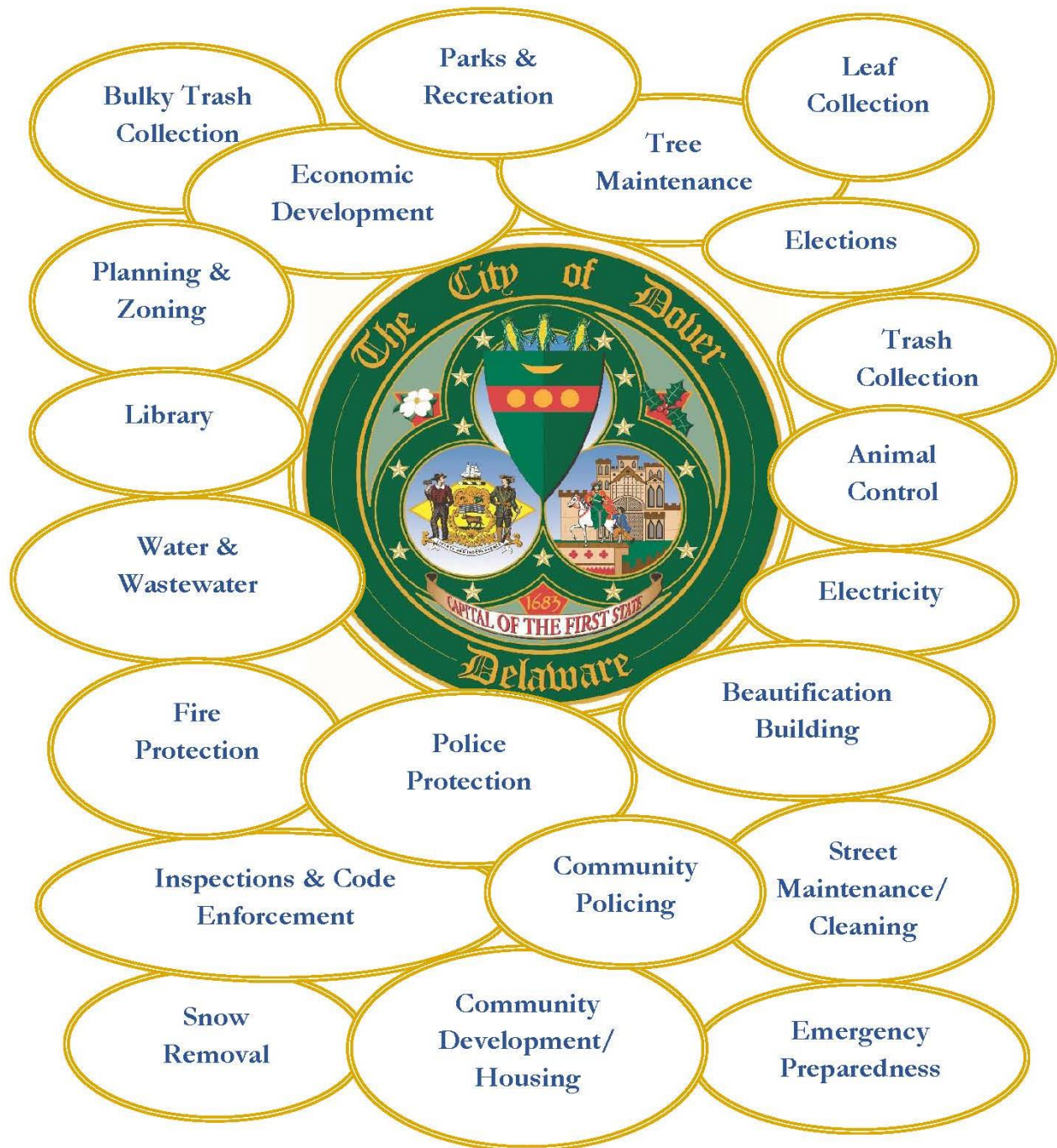
FINANCIAL SECTION

PART D

REQUIRED SUPPLEMENTARY INFORMATION

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SERVICES TO OUR RESIDENTS AND CUSTOMERS



2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Required Supplementary Information – Part D

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance	\$ 4,493,900	\$ 5,424,800	\$ 5,424,751	\$ (49)
REVENUES:				
Fines & Police Revenue	700,000	700,000	615,769	(84,231)
911 Fee	63,300	63,300	63,337	37
Interest Earnings	90,000	90,000	154,464	64,464
Library Revenues - General	70,300	70,300	67,647	(2,653)
Library Revenues - County Reimb.	312,600	312,600	312,914	314
Business Licenses	1,467,000	1,467,000	1,462,390	(4,610)
Permits & Other Licenses	1,662,100	1,662,100	2,069,711	407,611
Miscellaneous Revenues	56,800	56,800	117,085	60,285
Police Extra Duty Fees	525,000	525,000	497,167	(27,833)
Property Taxes	12,895,100	12,895,100	12,895,597	497
Recreation Revenue	150,000	150,000	169,011	19,011
Franchise Fees	680,000	680,000	690,749	10,749
Transfer Tax	1,672,700	1,672,700	1,633,559	(39,141)
Sanitation Fees	2,538,300	2,538,300	2,514,645	(23,655)
Garrison Farm Rent	94,500	94,500	95,739	1,239
Court of Chancery Fees	1,100,000	1,100,000	1,343,020	243,020
Interfund Service Receipts Water/Wastewater	1,653,800	1,673,400	1,583,025	(90,375)
Interfund Service Receipts Electric	3,564,900	3,625,900	3,425,044	(200,856)
Grants:				
Green Energy Grant	98,500	98,500	98,500	-
Miscellaneous Grants	25,000	25,000	11,390	(13,610)
Police Pension Grant	500,000	500,000	444,317	(55,683)
Transfer from Police Grant Funds	258,600	258,600	239,838	(18,762)
Transfer from Municipal Street Aid	673,100	673,100	673,432	332
Transfer from Civil Traffic Penalties	496,900	496,900	463,616	(33,284)
Transfer from Cable Franchise and CI Reserves	-	-	1,800	1,800
Transfer from Water/Wastewater Fund	875,000	875,000	875,000	-
Transfer from Electric Fund	10,000,000	10,000,000	10,000,000	-
Total Revenues	42,223,500	42,304,100	42,518,766	214,666
TOTAL BEGINNING BALANCE & REVENUES	\$ 46,717,400	\$ 47,728,900	\$ 47,943,517	\$ 214,617

(Continued)

2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Required Supplementary Information – Part D

(Continued)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES:				
Tax Assessor	\$ 244,000	\$ 247,400	\$ 216,255	\$ 31,145
Fire	721,700	721,700	686,942	34,758
Library	1,635,000	1,666,700	1,593,123	73,577
Recreation	750,900	757,300	728,665	28,635
Life Safety	485,200	490,000	436,248	53,752
Code Enforcement	421,100	437,200	417,072	20,128
Planning Commission	546,800	547,100	513,403	33,697
Public Inspections	697,900	693,300	652,999	40,301
Police	16,875,200	17,076,000	17,003,568	72,432
Streets	1,163,500	1,070,400	944,399	126,001
Sanitation	2,032,800	2,044,200	2,017,216	26,984
Engineering	207,000	207,000	219,198	(12,198)
Allocated Expenditures:				
City Clerk	412,300	416,200	414,556	1,644
Council	141,100	141,100	118,768	22,332
Grounds Maintenance	1,201,300	1,210,700	1,051,229	159,471
City Manager	792,400	795,400	784,898	10,502
Information Technology	716,300	720,000	655,014	64,986
Finance	1,011,100	1,020,000	1,014,522	5,478
Public Services-Administration	680,000	682,300	635,504	46,796
Facilities Management	607,100	651,000	632,830	18,170
Procurement and Inventory	585,100	585,100	565,043	20,057
Fleet Maintenance	776,300	815,600	841,345	(25,745)
Customer Services	1,143,800	1,246,200	1,041,697	204,503
Human Resources	392,500	404,800	423,699	(18,899)
Mayor	74,000	74,000	76,423	(2,423)
Insurance	700,000	700,000	689,797	10,203
Contribution to Downtown Dover Partnership	150,000	150,000	150,000	-
Miscellaneous Grant Expense	25,000	25,000	15,815	9,185
Other Employment Expenses	400,700	115,400	-	115,400
Bank & Credit Card Fees	15,000	15,000	15,011	(11)
Retiree Benefits	2,039,700	2,039,700	2,039,700	-
Subtotal	37,644,800	37,765,800	36,594,939	1,170,861
Debt Service - Principal and Interest	685,300	685,300	692,268	(6,968)
Transfer to Capital Asset Reserve	-	253,400	253,400	-
Transfer to Capital Fund for Projects	1,859,400	2,344,400	2,344,400	-
Transfer to Police Pension Fund	670,000	670,000	670,000	-
Transfer to Uncollectible Reserve	50,000	50,000	50,000	-
Transfer to Inventory Reserve	10,000	10,000	10,000	-
Appropriation to Police Pension Fund	500,000	500,000	444,317	55,683
Street Lights	804,000	804,000	811,992	(7,992)
Total Expenditures	42,223,500	43,082,900	41,871,316	1,211,584
Budget Balance	4,493,900	4,646,000	6,072,201	(1,426,201)
Total Budget Balance & Expenditures	\$ 46,717,400	\$ 47,728,900	\$ 47,943,517	\$ (214,617)
Budget Balance - Working Capital			\$ 6,072,201	
Perspective and GAAP (Non-GAAP) Differences:				
Reserve for Encumbrances			(121,429)	
Fair Value of Investment Adjustment			(27,637)	
Deferred Revenues - Non-spendable			(228,830)	
Inventory & Prepaids - Non-spendable			(165,700)	
Unassigned Fund Balance			\$ 5,528,605	

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

	Fiscal Year Ending June 30,			
	2017	2016	2015	2014
Total Pension Liability				
Interest on total pension liability	\$ 1,211	\$ 1,281	\$ 1,311	\$ 1,325
Effect of economic/demographic (gains) or losses	-	(836)	286	25
Effect of assumption changes or inputs	116	-	932	-
Benefit payments	(1,528)	(1,528)	(1,557)	(1,548)
Net change in total pension liability	(201)	(1,083)	972	(198)
Total pension liability, beginning	19,387	20,471	19,499	19,697
Total pension liability, ending (a)	\$ 19,186	\$ 19,388	\$ 20,471	\$ 19,499
Fiduciary Net Position				
Employer contributions	\$ 1,118	\$ 1,093	\$ 1,386	\$ 1,229
Investment income net of investment expenses	1,433	279	283	1,583
Benefit payments	(1,528)	(1,528)	(1,557)	(1,548)
Administrative expenses	(4)	(4)	(6)	(20)
Net change in plan fiduciary net position	1,019	(160)	106	1,244
Fiduciary net position, beginning	12,225	12,385	12,279	11,035
Fiduciary net position, ending (b)	\$ 13,244	\$ 12,225	\$ 12,385	\$ 12,279
Net pension liability, ending = (a) - (b)	\$ 5,942	\$ 7,163	\$ 8,086	\$ 7,220
Fiduciary net position as a % of total pension liability	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
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
2009	520,505	725,492	(204,987)	-	N/A
2008	358,807	721,202	(362,395)	-	N/A
2007	485,055	746,985	(261,930)	-	N/A

**Police Pension Plan
Net Pension Liability**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Total pension liability	\$ 19,185,974	\$ 19,387,871
Fiduciary net position	13,243,119	12,224,685
Net pension liability	5,942,855	7,163,186
Fiduciary net position as a % of total pension liability	69.03%	63.05%
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.

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2016
Actuarial cost method	Entry Age Normal
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	none, no remaining active participants
Automatic Cost of living (retirees)	2.0%
Mortality	RP-2014 Blue Collar with fully generational Improvements from 2006 based on assumptions From the 2016 Social Security Admin Trustee's Report

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

	Fiscal Year Ending June 30			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 433	\$ 401	\$ 459	\$ 484
Interest on total pension liability	3,729	3,719	3,861	3,810
Effect of economic/demographic (gains) or losses	41	(267)	(422)	111
Effect of assumption changes or inputs	1,200	-	1,956	-
Benefit payments	(3,746)	(3,718)	(3,700)	(3,654)
Net change in total pension liability	1,657	135	2,154	751
Total pension liability, beginning	58,808	58,673	56,519	55,768
Total pension liability, ending (a)	<u>\$ 60,465</u>	<u>\$ 58,808</u>	<u>\$ 58,673</u>	<u>\$ 56,519</u>
Fiduciary Net Position				
Employer contributions	\$ 2,877	\$ 3,090	\$ 3,420	\$ 3,473
Member contributions	202	202	209	212
Investment income net of investment expenses	4,351	850	955	4,153
Benefit payments	(3,746)	(3,718)	(3,700)	(3,654)
Administrative expenses	(18)	(16)	(19)	(20)
Net change in plan fiduciary net position	3,666	408	865	4,164
Fiduciary net position, beginning	35,699	35,291	34,426	30,263
Fiduciary net position, ending (b)	<u>\$ 39,365</u>	<u>\$ 35,699</u>	<u>\$ 35,291</u>	<u>\$ 34,427</u>
Net pension liability, ending = (a) - (b)	<u>\$ 21,100</u>	<u>\$ 23,109</u>	<u>\$ 23,382</u>	<u>\$ 22,092</u>
Fiduciary net position as a % of total pension liability	65.10%	60.70%	60.15%	60.91%
Covered payroll	\$ 5,636	\$ 5,504	\$ 5,864	\$ 5,971
Net pension liability as a % of covered payroll	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
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%
2009	2,356,529	2,491,393	(134,864)	8,716,361	28.58%
2008	2,269,802	2,908,080	(638,278)	8,006,103	36.32%

**General Employee Pension Plan
Net Pension Liability**

	June 30, 2017	June 30, 2016
Total pension liability	\$ 60,465,041	\$ 58,807,821
Fiduciary net position	39,364,426	35,698,537
Net pension liability	21,100,615	23,109,284
Fiduciary net position as a % of total pension liability	65.10%	60.70%
Covered payroll	5,635,987	5,504,387
Net pension liability as a % of covered payroll	374.39%	419.83%

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.

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Amortization period	Closed; smooths gains and losses over a 5-year period
Asset valuation method	Fair Market Value

Actuarial Assumptions:

Investment rate of return	6.5%
Discount rate	6.5%
Projected salary increases	3.0%
Includes inflation at	2.5%
Mortality	RP-2014 Mortality Table with fully generational Improvements from 2006 based on assumptions From the 2016 Social Security Admin Trustee's Report

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		
	2016	2015	2014
City's proportion of the net pension liability(asset)	9.0042%	9.6070%	9.6334%
City's proportionate share of the net pension liability(asset)	\$ 1,431,281	\$ (524,958)	\$ (1,042,117)
City's covered payroll	\$ 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-employee payroll	20.11%	(7.44%)	(15.83%)
Plan fiduciary net position as a percentage of the total pension liability	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		
	2016	2015	2014
Contractually required contribution	\$ 977,587	\$ 933,750	\$ 990,588
Contributions in relation to the contractually required contribution	(977,587)	(933,750)	(990,588)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 7,117,770	\$ 7,060,453	\$ 6,582,053
Contributions as a percentage of covered-employee payroll	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, 2017
(In thousands)

Total OPEB Liability

Service cost	\$ 1,655
Interest	4,682
Effect of economic/demographic (gains) or losses	(2,871)
Effect of assumption changes or inputs	(4,833)
Benefit payments	<u>(2,663)</u>
Net change in total OPEB liability	(4,030)
Total OPEB liability, beginning	<u>73,335</u>
Total OPEB liability, ending (a)	<u><u>\$ 69,305</u></u>

Fiduciary Net Position

Employer contributions	\$ 4,603
Investment income net of investment expenses	3,074
Benefit payments	(2,663)
Administrative expenses	<u>(3)</u>
Net change in plan fiduciary net position	5,011
Fiduciary net position, beginning	<u>24,043</u>
Fiduciary net position, ending (b)	<u><u>\$ 29,054</u></u>
Net OPEB liability, ending = (a) - (b)	<u><u>\$ 40,251</u></u>
Fiduciary net position as a % of total OPEB liability	41.90%
Covered employee payroll	\$ 19,101
Net OPEB liability as a % of covered payroll	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
Fiscal Year Ending June 30, 2017
(In Thousands)

	2017
Actuarially determined contribution (ADC)	\$ 4,644
Contributions in relation to the ADC	(4,603)
Contributions deficiency / (excess)	<u>\$ 41</u>
 Covered-employee payroll	 \$ 19,101
Contributions as a percentage of covered-employee payroll	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.

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Methods and Significant Assumptions

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal Level % of Salary
Amortization method	Level Dollars
Remaining amortization period	30 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 9% 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	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 for all employees

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

GOVERNMENTAL BUDGETS

A. Budgetary Basis of Accounting

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

General Fund actual revenues were higher than the final budget by \$214,666 with increases in franchise fees, interest earnings, library revenues – county reimbursement, permits and other licenses, property taxes, recreation revenues, and court of chancery fees. The major sources of decreases in revenues was attributed to police fines, transfer tax, sanitation fees, inter-fund transfer receipts, miscellaneous grants, police pension grant receipts, transfers from police grant funds and civil traffic penalties. Expenditures were lower than budget by \$1,211,584 due to lower than budgeted expense across several functions a result of personnel reductions through attrition and retirements. The net result is an increase of \$1,426,201 to the General Fund ending fund balance.

B. Budget Amendments

During this fiscal year, the City Council amended the budget one time. This budget amendment or supplemental appropriation ordinance was primarily for the following purposes:

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

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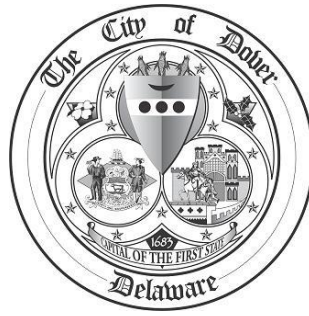
FINANCIAL SECTION

PART E

SUPPLEMENTARY INFORMATION

Combined Fund Schedules
Budgetary Schedules

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FINANCIAL STATEMENTS

GENERAL FUND COMBINING SCHEDULES

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

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

The City of Dover, Delaware
Combining General Fund Balance Sheet
June 30, 2017

	General Fund	General Capital Projects Fund	Total General Funds
Assets:			
Cash and Cash Equivalents	\$ 2,285,434	\$ 539,737	\$ 2,825,171
Restricted Cash and Cash Equivalents	-	462,391	462,391
Investments	4,957,703	3,014,503	7,972,206
Restricted Investments	18,538	-	18,538
Receivables, net			
Accounts	675,486	-	675,486
Taxes	51,194	-	51,194
Due from Other Funds	408,553	164,144	572,697
Prepaid Items	63,364	-	63,364
Inventory, at Cost	102,335	-	102,335
Total Assets	<u>\$ 8,562,607</u>	<u>\$ 4,180,775</u>	<u>\$ 12,743,382</u>
Liabilities:			
Accounts Payable	\$ 1,473,417	\$ 580,100	\$ 2,053,517
Deferred Revenue	41,606	57,825	99,431
Due to Other Funds	4,788	10,175	14,963
Other	225,061	-	225,061
Total Liabilities	<u>1,744,872</u>	<u>648,100</u>	<u>2,392,972</u>
Deferred Inflows of Resources:			
Unavailable revenue	228,830	-	228,830
Total Deferred Inflows of Resources	<u>228,830</u>	<u>-</u>	<u>228,830</u>
Fund Balances:			
Non-Spendable			
Inventory and Prepaids	165,700	-	165,700
Library Endowment	5,000	-	5,000
Patronage Stock	16,594	-	16,594
Restricted			
Library Endowment	1,944	-	1,944
Verizon Cable Franchise	6,035	-	6,035
Committed			
Contingency	743,598	-	743,598
Parkland Reserve	-	336,260	336,260
Encumbrances	121,429	1,240,354	1,361,783
Assigned			
Capital Projects	-	1,956,061	1,956,061
Unassigned	5,528,605	-	5,528,605
Total Fund Balances	<u>6,588,905</u>	<u>3,532,675</u>	<u>10,121,580</u>
Total Liabilities and Fund Balances	<u>\$ 8,562,607</u>	<u>\$ 4,180,775</u>	<u>\$ 12,743,382</u>

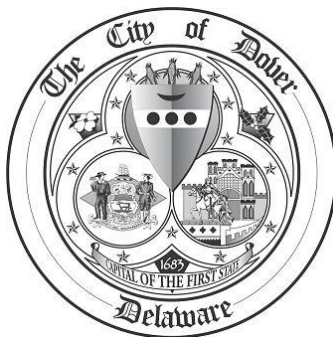
The City of Dover, Delaware
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances of the General Fund (Non-GAAP Basis)
For the Year Ended June 30, 2017

	General Fund	General Capital Projects Fund	Total General Funds
Revenues			
Fines	\$ 679,106	\$ -	\$ 679,106
Library Revenue- General	67,647	-	67,647
Library Revenue County Reimbursement	312,914	-	312,914
Licenses and Permits	3,532,101	-	3,532,101
Sanitation Fees and Rebates	2,514,645	-	2,514,645
Miscellaneous Services	1,569,751	115,529	1,685,280
Property Taxes	12,895,597	-	12,895,597
Grants Received	554,207	31,350	585,557
Court of Chancery Fees	1,343,020	-	1,343,020
Investment Income	139,453	17,004	156,457
Total Revenues	23,608,441	163,883	23,772,324
Expenditures			
Current:			
General Government	1,562,040	461,716	2,023,756
Library Services	1,593,123	13,872	1,606,995
Public Safety and Law Enforcement	20,311,146	439,049	20,750,195
Public Works	1,658,456	178,602	1,837,058
Recreational Services	728,665	5,296	733,961
Streets and Sanitation Services	2,961,615	1,314,032	4,275,647
Engineering services	219,198	-	219,198
Financial Administration	764,622	-	764,622
Garage and Stores	461,688	39,871	501,559
Insurance	295,923	-	295,923
Retiree Health Care	2,039,700	-	2,039,700
Community and Economic Development	150,000	-	150,000
Street Lights	811,992	-	811,992
Debt Service:			
Principal Retirement	573,497	-	573,497
Interest and Fiscal Charges	118,771	-	118,771
Total Expenditures	34,250,436	2,452,438	36,702,874
Excess (deficiency) of Revenues over Expenditures	(10,641,995)	(2,288,555)	(12,930,550)
Other Financing Sources and Uses			
Reserve Transfers	(251,600)	109,300	(142,300)
Interfund Transfers	11,541,045	2,344,400	13,885,445
Total other Financing Sources and Uses	11,289,445	2,453,700	13,743,145
Net Change in Fund Balances	647,450	165,145	812,595
Fund Balances at Beginning of Year	5,424,751	1,472,016	6,896,767
Fund Balances at End of Year	\$ 6,072,201	\$ 1,637,161	\$ 7,709,362
Perspective and GAAP (Non-GAAP) Differences:			
Fair Value of Investment Adjustment	\$ (27,637)	\$ (16,797)	\$ (44,434)
Deferred Revenues - Non-spendable	(228,830)	-	(228,830)
Inventory & Prepaids - Non-spendable	(165,700)	-	(165,700)
Encumbrance Reserve	(121,429)	(1,240,354)	(1,361,783)
Capital Asset - Assigned	-	(380,010)	(380,010)
Unassigned Fund Balance	\$ 5,528,605	\$ -	\$ 5,528,605

**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, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 383,900	\$ 1,472,100	\$ 1,472,016	\$ (84)
REVENUES:				
State Grant - Other	105,000	105,000	31,350	(73,650)
Transfer from General Fund for Projects	1,859,400	2,344,400	2,344,400	-
Transfer from Parkland Reserve	80,000	80,000	-	(80,000)
Income from Sale of Assets	-	109,100	93,907	(15,193)
Interest Earnings	5,000	5,000	17,004	12,004
Miscellaneous Receipts	-	16,700	185,712	169,012
Total Revenues	2,049,400	2,660,200	2,672,373	12,173
TOTAL BEGINNING BALANCE & REVENUES	\$ 2,433,300	\$ 4,132,300	\$ 4,144,389	\$ 12,089
EXPENDITURES:				
City Clerk	\$ -	\$ -	\$ 8,741	\$ (8,741)
Fire	145,700	145,700	145,614	86
Grounds Maintenance	58,200	149,900	149,735	165
Library	-	15,000	13,872	1,128
Life Safety	29,500	29,500	-	29,500
Police	299,800	299,800	293,435	6,365
Procurement and Inventory	-	-	12,480	(12,480)
Public Services - Administration	-	4,400	4,354	46
Recreation	165,000	165,000	5,296	159,704
Streets	1,026,000	2,027,600	1,056,066	971,534
Sanitation	261,500	261,500	257,966	3,534
City Manager	-	502,800	452,975	49,825
Facilities Management	27,700	27,200	24,513	2,687
Fleet Maintenance	31,000	31,000	27,391	3,609
Subtotal	2,044,400	3,659,400	2,452,438	1,206,962
Transfer to Parkland Reserve	-	-	5,000	(5,000)
Transfer to Capital Asset Reserve	-	-	49,790	(49,790)
Total Expenditures	2,044,400	3,659,400	2,507,228	1,152,172
Budget Balance - Working Capital	388,900	472,900	1,637,161	(1,164,261)
Budget Balance & Expenditures	\$ 2,433,300	\$ 4,132,300	\$ 4,144,389	\$ (12,089)
Budget Balance - Working Capital			\$ 1,637,161	
Perspective and GAAP (Non-GAAP) Differences:				
Fair value of investment adjustment			(16,797)	
Assigned to Capital assets			1,576,051	
Committed to Parks & Recreation improvements			336,260	
Reserve for Encumbrances			(1,240,354)	
Total Fund Balances			\$ 2,292,321	



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

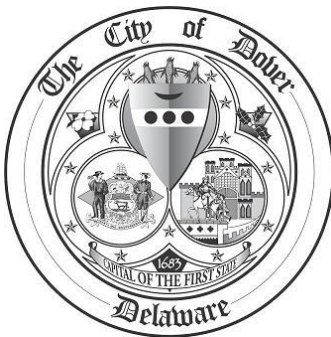
The City of Dover Public Library receives various grants from the State of Delaware, Kent County, and the Federal Government. Activities associated with these grants are recorded in this fund.

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, 2017

	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	\$ 81,528	\$ 31,254	\$ 103	\$ 3,749	\$ 37,214	\$ 94,114	\$ 100	\$ 32,021	\$ 280,083
Receivables	-	-	-	-	126,800	-	-	-	126,800
Due from other funds-charges	-	3,679	-	-	-	-	-	-	3,679
Prepaid items	-	387	-	-	-	3,606	-	-	3,993
Due from other governments	59,629	-	-	4,847	-	-	44,670	-	109,146
TOTAL ASSETS	\$ 141,157	\$ 35,320	\$ 103	\$ 8,596	\$ 164,014	\$ 97,720	\$ 44,770	\$ 32,021	\$ 523,701
LIABILITIES AND FUND BALANCE:									
Liabilities:									
Vouchers Payable	\$ 7,862	\$ 16,414	\$ -	\$ -	\$ 93,101	\$ 10,280	\$ -	\$ -	\$ 127,657
Deferred Revenue	3,038	-	-	4,847	-	-	-	-	7,885
Due to other funds-charges	8,698	-	3	279	-	-	44,670	32,021	85,671
Total Liabilities	19,598	16,414	3	5,126	93,101	10,280	44,670	32,021	221,213
Fund Balances:									
Nonspendable	-	387	-	-	-	3,606	-	-	3,993
Restricted	121,559	18,519	100	3,470	70,913	83,834	100	-	298,495
Total Fund Balances	121,559	18,906	100	3,470	70,913	87,440	100	-	302,488
TOTAL LIABILITIES AND FUND BALANCES	\$ 141,157	\$ 35,320	\$ 103	\$ 8,596	\$ 164,014	\$ 97,720	\$ 44,770	\$ 32,021	\$ 523,701

CITY OF DOVER, DELAWARE
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES
YEAR ENDED JUNE 30, 2017

	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	\$ 344,292	\$ 300,947	\$ 673,051	\$ 192,144	\$ 262,038	\$ 28,030	\$ -	\$ -	\$ 1,800,502
Recreation revenue	-	-	-	-	-	53,301	-	-	53,301
Police fines	-	-	-	-	-	-	463,616	-	463,616
Transfer taxes	-	-	-	-	-	-	-	1,634,707	1,634,707
Investment income (loss)	2,553	-	381	-	306	-	-	487	3,727
TOTAL REVENUES	346,845	300,947	673,432	192,144	262,344	81,331	463,616	1,635,194	3,955,853
EXPENDITURES:									
Program expenditures	498,365	319,566	-	206,012	282,130	93,344	-	2,812	1,402,229
TOTAL EXPENDITURES	498,365	319,566	-	206,012	282,130	93,344	-	2,812	1,402,229
Excess (deficiency) of revenues over (under) expenditures	(151,520)	(18,619)	673,432	(13,868)	(19,786)	(12,013)	463,616	1,632,382	2,553,624
OTHER FINANCING SOURCES (USES):									
Transfers-out	(239,838)	-	(673,432)	-	-	-	(463,616)	(1,633,559)	(3,010,445)
Net Change in fund balances	(391,358)	(18,619)	-	(13,868)	(19,786)	(12,013)	-	(1,177)	(456,821)
FUND BALANCE AT BEGINNING OF YEAR	512,917	37,525	100	17,338	90,699	99,453	100	1,177	759,309
FUND BALANCE AT END OF YEAR	\$ 121,559	\$ 18,906	\$ 100	\$ 3,470	\$ 70,913	\$ 87,440	\$ 100	\$ -	\$ 302,488

CITY OF DOVER, DELAWARE
POLICE GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 295,300	\$ 513,000	\$ 512,917	\$ (83)
Interest earned	-	-	2,553	2,553
Grants received	319,000	519,200	347,330	(171,870)
TOTAL REVENUES & BEGINNING BALANCE	614,300	1,032,200	862,800	(169,400)
EXPENDITURES:				
Personnel	81,100	81,100	43,042	(38,058)
Program expenses/supplies	284,000	519,000	328,721	(190,279)
Telephone/fax	16,000	16,000	18,045	2,045
Training/Conference/Food/Travel	17,000	58,100	35,229	(22,871)
Consulting/audit fees	1,000	1,000	-	(1,000)
Contractual services	5,000	83,000	73,328	(9,672)
TOTAL EXPENDITURES	404,100	758,200	498,365	(259,835)
Other financing uses:				
Operating transfers - out	(82,000)	(250,000)	(239,838)	10,162
BALANCE CARRIED TO NEXT YEAR	\$ 128,200	\$ 24,000	\$ 124,597	\$ 100,597

CITY OF DOVER, DELAWARE
LIBRARY GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 17,300	\$ 37,600	\$ 37,525	\$ (75)
Grants received: State	305,500	297,100	297,027	(73)
Grants received: Other	-	-	1,000	1,000
Grants received: Federal	2,500	2,500	2,920	420
TOTAL REVENUES & BEGINNING BALANCE	325,300	337,200	338,472	1,272
EXPENDITURES:				
Program expenditures/supplies (Fed Grant)	2,500	2,500	3,000	500
Program expenditures/supplies (State Grant)	27,500	30,000	25,871	(4,129)
Office Supplies	30,800	30,800	28,512	(2,288)
Printing/duplicating	12,500	14,000	13,592	(408)
Postage	100	200	116	(84)
Books	150,600	150,300	148,908	(1,392)
Furniture/Fixtures	10,500	12,500	10,299	(2,201)
Audio visual supplies	77,200	77,200	73,181	(4,019)
Training/conference/food/travel	5,300	6,000	4,427	(1,573)
Office equipment repairs	6,300	6,300	4,084	(2,216)
Office equipment lease	2,000	2,000	1,939	(61)
Computer software	-	1,000	917	(83)
Computer hardware	-	4,400	4,720	320
TOTAL EXPENDITURES	325,300	337,200	319,566	(17,634)
BALANCE CARRIED TO NEXT YEAR	\$ -	\$ -	\$ 18,906	\$ 18,906

**CITY OF DOVER, DELAWARE
MUNICIPAL STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 100	\$ 100	\$ 100	\$ -
State Grant - Operations	673,100	673,100	673,051	(49)
Interest Earned	-	-	381	381
TOTAL REVENUES & BEGINNING BALANCE	673,200	673,200	673,532	332
Other financing uses:				
Operating transfers-out	(673,100)	(673,100)	(673,432)	(332)
BALANCE CARRIED TO NEXT YEAR	\$ 100	\$ 100	\$ 100	\$ -

CITY OF DOVER, DELAWARE
HOUSING PROGRAMS - CDBG & NSP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2017

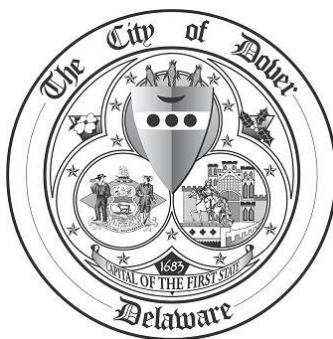
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance CDBG	\$ 2,100	\$ 2,100	\$ 2,013	\$ (87)
Beginning balance NSP	-	-	15,325	15,325
Federal grant received	236,500	279,700	196,991	(82,709)
TOTAL REVENUES & BEGINNING BALANCE	238,600	281,800	214,329	(67,471)
EXPENDITURES:				
Prior year closing cost/down payment program	900	900	-	900
Prior year MHDC home repair	22,300	22,300	22,273	27
Prior year Milford housing H/O rehab	13,400	13,400	13,386	
Prior year Connection Community Supply	2,500	2,500	2,439	61
Prior year Ncall Research Inc.	1,000	1,000	991	9
Prior year Habitat for Humanity	3,000	3,000	2,953	47
Current year closing cost/down payment program	50,000	80,000	69,102	10,898
Current year Connection Community Supply	7,200	7,300	506	6,794
Current year Dover interfaith ministry	22,000	22,000	22,000	-
Current year MHDC home repair	25,000	25,000	10,083	14,917
Current year Habitat for Humanity	30,000	-	-	-
Current year Milford housing H/O rehab	55,000	55,000	19,168	35,832
Current year salaries	47,300	47,300	34,090	13,210
NSP salaries	-	-	1,402	(1,402)
NSP expense	-	-	7,619	(7,619)
TOTAL EXPENDITURES	279,600	279,700	206,012	73,688
CDBG BALANCE CARRIED TO NEXT YEAR	\$ (41,000)	\$ 2,100	\$ 2,013	\$ 87
NSP BALANCE CARRIED TO NEXT YEAR	\$ -	\$ -	\$ 6,304	\$ (6,304)

CITY OF DOVER, DELAWARE
STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 92,100	\$ 90,700	\$ 90,699	\$ (1)
Grants received: State	500,000	500,000	262,038	(237,962)
Interest earned	-	-	306	306
TOTAL REVENUES & BEGINNING BALANCE	592,100	590,700	353,043	(237,657)
EXPENDITURES:				
Program expenditures grant related	500,000	505,500	282,130	(223,370)
TOTAL EXPENDITURES	500,000	505,500	282,130	223,370
BALANCE CARRIED TO NEXT YEAR	\$ 92,100	\$ 85,200	\$ 70,913	\$ (14,287)

CITY OF DOVER, DELAWARE
SUBSTANCE ABUSE PREVENTION PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 60,300	\$ 99,500	\$ 99,453	\$ (47)
Grants revenue	28,000	28,000	28,030	30
Recreation revenue	33,000	50,000	53,301	3,301
TOTAL REVENUES & BEGINNING BALANCE	121,300	177,500	180,784	3,284
EXPENDITURES:				
Temporary help/benefits	60,200	60,200	57,630	(2,570)
Program expenditures/supplies	55,000	55,000	35,714	(19,286)
TOTAL EXPENDITURES	115,200	115,200	93,344	(21,856)
BALANCE CARRIED TO NEXT YEAR	\$ 6,100	\$ 62,300	\$ 87,440	\$ 25,140



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, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Water	\$ 566,500	\$ 881,300	\$ 881,297	\$ (3)
Beginning Balance - Wastewater	\$ 663,200	719,200	719,132	(68)
TOTAL BEGINNING BALANCES	1,229,700	1,600,500	1,600,429	(71)
REVENUES:				
Water fees	5,800,000	5,800,000	5,776,109	(23,891)
Wastewater fees	3,800,000	3,800,000	3,718,736	(81,264)
Wastewater Treatment Fees	3,000,000	3,000,000	2,912,661	(87,339)
Groundwater adjustment	1,938,000	1,938,000	1,863,151	(74,849)
Miscellaneous services	63,000	63,000	86,136	23,136
Water tank space rent	366,200	366,200	376,228	10,028
Interest earnings	20,000	20,000	15,655	(4,345)
Sewer Impact Fees	228,000	228,000	611,800	383,800
Water Impact Fees	252,000	252,000	672,147	420,147
Total Revenues	15,467,200	15,467,200	16,032,623	565,423
TOTAL BEGINNING BALANCES & REVENUES	\$ 16,696,900	\$ 17,067,700	\$ 17,633,052	\$ 565,352
EXPENSES:				
Engineering & Inspection	\$ 516,500	\$ 521,900	\$ 468,009	53,891
Water	655,400	670,200	632,138	38,062
Water Treatment Plant	1,727,400	1,744,000	1,766,528	(22,528)
Wastewater	962,400	983,500	902,857	80,643
Kent County Treatment Fee	4,130,000	4,130,000	3,720,047	409,953
Interfund Service Fees	1,653,800	1,673,400	1,583,025	90,375
Retirees Health Care	192,400	192,400	192,400	-
OPEB Unfunded Liability	-	101,800	101,800	-
Debt Service - Water	590,300	590,300	521,226	69,074
Debt Service - Wastewater	636,900	636,900	611,408	25,492
Other Employment Expenses	21,200	3,300	-	3,300
Bank & CC Fees	25,000	25,000	24,979	21
Bond Issuance Cost	40,000	40,000	-	40,000
Other Appropriations:				
Transfer to Water I/E	1,000,000	980,000	980,000	-
Transfer to Wastewater I/E	1,000,000	980,000	980,000	-
Transfer to Impact Fee Reserve - Water	-	-	312,560	(312,560)
Transfer to Impact Fee Reserve - Wastewater	-	-	458,643	(458,643)
Transfer to General Fund from Water	500,000	500,000	500,000	-
Transfer to General Fund from Wastewater	375,000	375,000	375,000	-
Transfer to Contingency Reserve Water	60,000	60,000	60,000	-
Transfer to Contingency Reserve Wastewater	110,000	131,100	131,100	-
Transfer to Electric I/E	231,200	231,200	231,200	-
Total Expenses	14,427,500	14,570,000	14,552,920	17,080
Budget Balance - Water	1,103,100	1,331,500	1,680,473	(348,973)
Budget Balance - Wastewater	1,166,300	1,166,200	1,399,659	(233,459)
Total Budget Balances - Working Capital	2,269,400	2,497,700	3,080,132	(582,432)
TOTAL BUDGET BALANCES & EXPENSES	\$ 16,696,900	\$ 17,067,700	\$ 17,633,052	\$ (565,352)

CITY OF DOVER, DELAWARE
WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance -Water	\$ 1,179,900	\$ 3,584,500	\$ 4,855,807	\$ 1,271,307
Beginning Balance -Wastewater	952,600	3,129,800	1,858,376	(1,271,424)
TOTAL BEGINNING BALANCES	2,132,500	6,714,300	6,714,183	(117)
REVENUES:				
Interest earnings	25,000	25,000	99,619	74,619
Investment Management Fees	(5,000)	(5,000)	(6,776)	(1,776)
Income from sale of assets	-	-	37,128	37,128
Transfer from Water WW for Water	1,000,000	980,000	980,000	-
Transfer from Water WW for Wastewater	1,000,000	980,000	980,000	-
Transfer from Water Impact Fee Reserve	190,800	190,800	100,580	(90,220)
Transfer from Wastewater Impact Fee Reserve	211,200	211,200	38,682	(172,518)
State Loan Fund-Water	2,400,000	2,400,000	-	(2,400,000)
State Loan Fund-Wastewater	884,000	884,000	-	(884,000)
Total Revenues	5,706,000	5,666,000	2,229,233	(3,436,767)
TOTAL BEGINNING BALANCES & REVENUES	\$ 7,838,500	\$ 12,380,300	\$ 8,943,416	\$ (3,436,884)
EXPENSES:				
Engineering & Inspection	\$ 30,400	\$ 30,400	\$ 26,831	\$ 3,569
Water	1,338,800	3,908,100	1,067,067	2,841,033
Wastewater	2,021,200	4,004,700	1,920,157	2,084,543
Water Treatment Plant	1,200,000	1,200,000	84,808	1,115,192
Total Expenses	4,590,400	9,143,200	3,098,863	6,044,337
Budget Balance - Water	2,226,700	2,042,000	4,836,082	(2,794,082)
Budget Balance - Wastewater	1,021,400	1,195,100	1,008,471	186,629
Total Budget Balances - Working Capital	3,248,100	3,237,100	5,844,553	(2,607,453)
TOTAL BUDGET BALANCES & EXPENSES	\$ 7,838,500	\$ 12,380,300	\$ 8,943,416	\$ 3,436,884

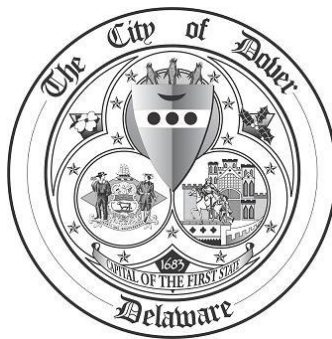
2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Supplementary Information – Part E

CITY OF DOVER, DELAWARE
ELECTRIC REVENUE FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 13,302,200	\$ 19,896,400	\$ 19,896,366	\$ (34)
REVENUES:				
Direct base sales	77,193,200	77,193,200	80,624,181	3,430,981
Purchased power adjustment	-	-	(1,845,936)	(1,845,936)
Rental income	223,000	223,000	188,388	(34,612)
Miscellaneous services	548,600	548,600	601,854	53,254
Utility tax	1,287,900	1,287,900	1,322,014	34,114
Green Energy	128,000	128,000	131,788	3,788
Interest earned - operating	47,900	47,900	217,958	170,058
Total Revenues	79,428,600	79,428,600	81,240,247	1,811,647
TOTAL BEGINNING BALANCE & REVENUES	\$ 92,730,800	\$ 99,325,000	\$ 101,136,613	\$ 1,811,613
EXPENSES:				
Power Supply & Generation				
Hedged Energy	\$ 16,557,600	\$ 16,557,600	\$ 20,338,793	\$ (3,781,193)
Power Supply Management	931,000	931,000	834,996	96,004
Capacity Charges	10,160,600	10,160,600	10,483,145	(322,545)
Dover Sun Park Energy	2,313,900	2,313,900	2,443,675	(129,775)
Solar Renewal Energy Credits	363,400	363,400	347,662	15,738
Renewable Energy Credits	673,400	673,400	207,025	466,375
RGGI	129,300	129,300	38,140	91,160
PJM Charges - Energy	12,357,900	12,357,900	5,355,344	7,002,556
PJM Charges - Transmission & Fees	7,603,800	7,603,800	5,674,932	1,928,868
Total Power Supply	51,090,900	51,090,900	45,723,712	5,367,188
Plant Operations	6,280,700	6,280,700	5,889,771	390,929
Generation Fuels	302,600	302,600	1,260,590	(957,990)
Capacity Credits	(7,355,100)	(7,355,100)	(7,362,685)	7,585
PJM Spot Market Energy	(804,900)	(804,900)	(1,425,961)	621,061
PJM Credits	(360,000)	(360,000)	(679,113)	319,113
Total Generation	(1,936,700)	(1,936,700)	(2,317,398)	380,698
Utility Tax	1,287,900	1,287,900	1,322,015	(34,115)
Administration	929,700	934,200	798,795	135,405
Transmission/Distribution	3,605,700	3,616,300	3,577,338	38,962
Electrical Engineering	1,247,900	1,250,900	1,071,541	179,359
Systems Operations	651,700	662,100	635,939	26,161
Meter Reading	378,600	379,600	381,696	(2,096)
Provision for Uncollectible	250,000	250,000	250,000	-
Retirees Health Care	600,000	600,000	600,000	-
OPEB Trust Contribution	-	109,300	109,300	-
Green Energy Payment to DEMEC	128,000	128,000	131,788	(3,788)
Bank & CC Fees	275,000	275,000	296,905	(21,905)
Interest on Deposits	21,000	21,000	16,480	4,520
Intrafund Service Fees	3,564,900	3,625,900	3,425,044	200,856
Other Appropriations:				-
Electric Capital Project Fund	2,500,000	2,500,000	2,500,000	-
General Fund	10,000,000	10,000,000	10,000,000	-
Debt Service	1,618,000	1,618,000	1,610,945	7,055
Future Capacity Reserve	750,000	2,750,000	2,750,000	-
Rate Stabilization Fund	1,250,000	3,250,000	3,250,000	-
Depreciation Reserve	750,000	2,750,000	2,750,000	-
Other Employment Expenses	58,900	29,400	-	29,400
TOTAL EXPENSES	79,021,500	85,191,800	78,884,100	6,307,700
Budget Balance - Working Capital	13,709,300	14,133,200	22,252,513	(8,119,313)
TOTAL BUDGET BALANCE & EXPENSES	\$ 92,730,800	\$ 99,325,000	\$ 101,136,613	\$ (1,811,613)

CITY OF DOVER, DELAWARE
ELECTRIC IMPROVEMENT AND EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 5,540,500	\$ 9,314,400	\$ 9,314,351	\$ (49)
TOTAL BEGINNING BALANCES	5,540,500	9,314,400	9,314,351	(49)
REVENUES:				
Transfer from Electric Revenue Fund	2,500,000	2,500,000	2,500,000	-
Grants Revenue	-	-	20,000	20,000
Miscellaneous Receipts	5,000	5,000	-	(5,000)
Interest Earnings	40,000	40,000	111,646	71,646
Income from Sale of Assets	-	28,000	41,592	13,592
General Service Billing	900,000	900,000	726,054	(173,946)
Transfer from Water/Wastewater Fund	231,200	231,200	231,200	-
Total Revenues	3,676,200	3,704,200	3,630,492	(73,708)
TOTAL BEGINNING BALANCES & REVENUES	\$ 9,216,700	\$ 13,018,600	\$ 12,944,843	\$ (73,757)
EXPENSES:				
Power Plant	\$ 1,842,800	\$ 2,389,100	\$ 905,624	\$ 1,483,476
Transmission/Distribution	1,975,000	2,170,400	628,567	1,541,833
Engineering	910,700	1,736,300	968,755	767,545
Meter Reading	41,800	64,800	17,993	46,807
Administration	-	23,000	-	23,000
ERP System	1,000,000	1,000,000	58,252	941,748
Total Expenses	5,770,300	7,383,600	2,579,191	4,804,409
Budget Balance - Improvement & Extension Fund	3,446,400	5,635,000	10,365,652	(4,730,652)
Total Budget Balances - Working Capital	3,446,400	5,635,000	10,365,652	(4,730,652)
TOTAL BUDGET BALANCES & EXPENSES	\$ 9,216,700	\$ 13,018,600	\$ 12,944,843	\$ 73,757



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.

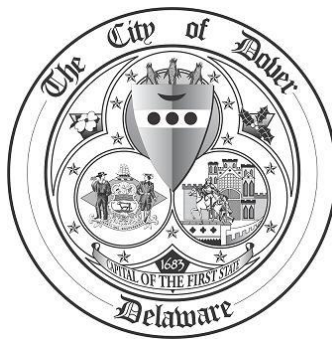
Budgetary schedule is included for public review of budgetary compliance.

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

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

YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Beginning Balance	\$ 1,256,300	\$ 1,251,900	\$ 1,256,956	\$ 5,056
Interest Earned	25,000	25,000	20,395	(4,605)
City Contribution	855,400	855,400	834,236	(21,164)
Miscellaneous Revenue	-	-	104,159	104,159
TOTAL REVENUES	\$ 2,136,700	\$ 2,132,300	\$ 2,215,746	\$ 83,446
OPERATING EXPENSES:				
Program Expenses	\$ 475,000	\$ 475,000	\$ 786,595	\$ (311,595)
Contractual Services	25,000	25,000	16,118	8,882
Insurance	105,500	105,500	112,003	(6,503)
State of Delaware - Self-Insurance Tax	39,000	39,000	43,349	(4,349)
TOTAL EXPENSES	\$ 644,500	\$ 644,500	\$ 958,065	\$ (313,565)
BUDGET BALANCE - CARRY FORWARD	\$ 1,492,200	\$ 1,487,800	\$ 1,257,681	\$ (230,119)



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

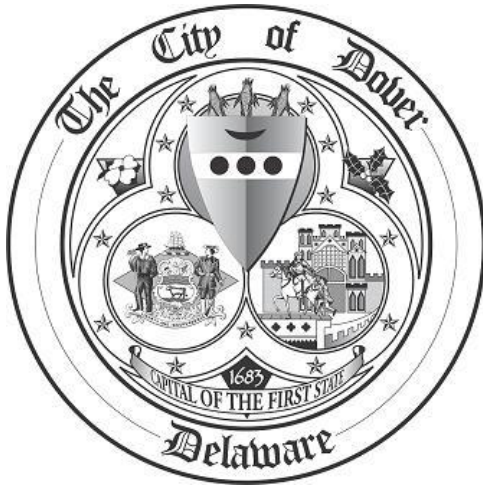
The Fourth of July Celebration Committee is designed to provide recreation enjoyment and educational events commemorating the birth of our nation.

CITY OF DOVER, DELAWARE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	BALANCE		BALANCE	
	JUNE 30, 2016	ADDITIONS	DEDUCTIONS	JUNE 30, 2017
DOWNTOWN DOVER PARTNERSHIP				
ASSETS:				
Cash	\$ 548,327	\$ 713,714	\$ 563,631	\$ 698,410
Receivables	134	3,856	411	3,579
Prepaid Items	94	987	94	987
Total Assets	\$ 548,555	\$ 718,557	\$ 564,136	\$ 702,976
LIABILITIES:				
Vouchers Payable	16,442	\$ 255,914	\$ 252,680	\$ 19,676
Deposit Payable	27,432	-	-	27,432
Due to Agencies	504,681	151,187	-	655,868
Total Liabilities	\$ 548,555	\$ 407,101	\$ 252,680	\$ 702,976
4TH OF JULY CELEBRATION COMMITTEE				
ASSETS:				
Cash	\$ 28,302	\$ 11,542	\$ 5,033	\$ 34,811
Prepaid items	500	2,201	500	2,201
Total Assets	\$ 28,802	\$ 13,743	\$ 5,533	\$ 37,012
LIABILITIES:				
Vouchers Payable	\$ -	\$ 4,543	\$ 4,543	\$ -
Due to Agencies	28,802	11,542	3,332	37,012
Total Liabilities	\$ 28,802	\$ 16,085	\$ 7,875	\$ 37,012
TOTAL-ALL AGENCY FUNDS				
ASSETS:				
Cash & Investments	\$ 576,629	\$ 725,256	\$ 568,664	\$ 733,221
Receivables	134	3,856	411	3,579
Prepaid Items	594	3,188	594	3,188
Total Assets	\$ 577,357	\$ 732,300	\$ 569,669	\$ 739,988
LIABILITIES:				
Vouchers Payable	\$ 16,442	\$ 260,457	\$ 257,223	\$ 19,676
Deposit Payable	27,432	-	-	27,432
Due to Agencies	533,483	162,729	3,332	692,880
Total Liabilities	\$ 577,357	\$ 423,186	\$ 260,555	\$ 739,988

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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.

2017 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net investment in capital assets	\$ 54,350,984	\$ 54,325,174	\$ 51,485,408	\$ 50,738,483	\$ 49,577,021	\$ 49,642,124	\$ 38,839,995	\$ 35,742,504	\$ 35,752,624	\$ 35,255,463
Restricted	306,474	932,728	556,553	612,054	721,682	482,780	1,774,167	1,250,342	1,758,470	1,602,932
Unrestricted	(44,105,399)	(22,214,284)	(27,947,709)	(7,142,570)	(4,791,553)	(6,759,433)	(99,435)	4,820,682	9,536,814	15,155,129
Total governmental activities net position	10,552,059	33,043,618	24,094,252	44,207,967	45,507,150	43,365,471	40,514,727	41,813,528	47,047,708	52,013,520
Business-type activities										
Net investment in capital assets	110,779,002	110,647,045	108,565,514	101,670,949	100,079,972	98,303,263	97,270,906	96,660,480	91,471,776	101,154,934
Restricted	44,176,110	37,026,527	36,751,850	36,123,755	34,665,736	33,836,315	34,148,330	31,302,487	34,372,050	23,758,183
Unrestricted	21,086,446	26,876,166	21,732,221	36,098,998	39,534,763	33,947,753	23,286,232	19,318,633	18,614,907	16,263,139
Total business-type activities net position	176,041,558	174,549,738	167,049,585	173,893,702	174,280,471	166,087,331	154,705,468	147,281,600	144,458,733	141,176,256
Primary government										
Net investment in capital assets	165,129,986	164,972,219	160,050,922	152,409,432	149,656,993	147,945,387	136,110,901	132,402,984	127,224,400	136,410,397
Restricted	44,482,584	37,959,255	37,308,403	36,735,809	35,387,418	34,319,095	35,922,497	32,552,829	36,130,520	25,361,115
Unrestricted	(23,018,953)	4,661,882	(6,215,488)	28,956,428	34,743,210	27,188,320	23,186,797	24,139,315	28,151,521	31,418,264
Total primary government net position	\$ 186,593,617	\$ 207,593,356	\$ 191,143,837	\$ 218,101,669	\$ 219,787,621	\$ 209,452,802	\$ 195,220,195	\$ 189,095,128	\$ 191,506,441	\$ 193,189,776

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.

2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Statistical Section

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government										
Public safety	\$ 3,459,376	\$ 4,648,999	\$ 3,374,955	\$ 1,288,977	\$ 1,474,045	\$ 1,180,327	\$ 1,248,124	\$ 1,510,308	\$ 1,855,983	\$ 1,384,276
Public works	14,947,553	19,919,050	21,336,042	19,219,986	17,989,463	17,638,304	16,848,343	16,357,692	15,929,187	15,120,737
Library and recreation	6,942,760	7,381,557	3,848,402	6,594,829	6,099,484	8,135,172	6,257,946	7,115,319	7,539,463	4,355,206
Community and economic development	2,864,008	2,183,802	3,079,426	2,942,800	2,313,048	2,377,363	2,731,492	2,265,205	2,417,236	2,108,664
Central services	449,356	551,879	444,474	676,554	939,966	773,208	1,173,546	2,228,744	724,555	497,914
Financial administration	473,498	483,426	443,072	512,586	454,816	469,385	599,498	544,611	550,886	586,274
Other post-employment benefits	746,714	1,249,012	1,247,976	1,368,048	1,122,830	1,146,524	2,463,426	2,353,180	2,557,465	1,425,074
Interest on long-term debt	-	-	-	3,348,267	5,119,778	6,534,630	6,142,627	2,843,480	2,441,541	-
Total governmental activities expenses	118,275	118,565	174,912	122,812	114,785	90,161	75,397	78,581	87,491	82,657
Business-type activities										
Water and sewer	11,416,394	11,925,299	11,322,958	11,397,992	10,905,358	11,068,607	10,912,722	11,971,445	11,196,913	10,387,198
Electric	62,992,850	61,054,151	67,562,077	74,481,048	74,595,585	77,625,673	90,296,244	90,940,056	94,475,940	88,442,048
Total business-type activities	74,409,244	72,979,450	78,885,035	85,879,040	85,500,943	88,694,280	101,208,966	102,911,501	105,672,853	98,829,246
Total primary government expenses	104,410,784	109,515,740	112,834,294	121,953,899	121,129,158	127,039,354	138,749,365	138,208,621	139,776,660	124,390,048
Program Revenues										
Governmental activities:										
Charges for services:										
General government										
Public safety	2,362,123	2,336,389	2,116,233	2,137,574	2,483,437	4,043,168	1,503,243	1,307,296	1,426,972	1,603,935
Public works	5,171,989	4,920,783	4,558,200	4,676,162	4,240,847	4,803,827	4,692,687	4,309,516	4,358,641	4,571,911
Library and recreation	2,514,645	2,527,478	2,578,892	2,595,648	2,624,877	1,903,623	2,173,434	1,340,729	1,396,801	1,334,492
Operating grants and contributions	602,873	667,996	696,179	699,622	656,001	632,824	632,861	650,283	715,404	788,875
Capital grants and contributions	2,025,522	2,759,367	2,298,936	2,159,616	2,914,696	2,654,051	5,032,926	3,813,842	2,758,194	2,511,244
Total governmental activities program revenues	360,538	675,784	166,379	1,226,559	2,107,444	6,292,303	856,338	169,130	1,090,838	647,724
Total governmental activities program revenues	13,037,690	13,887,797	12,414,819	13,495,181	15,007,302	20,329,796	14,881,489	11,590,796	11,746,850	11,458,181

(Continued)

(Table 2 Continued - Changes in Net Position)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Program Revenues										
Business-type activities:										
Charges for services:										
Water and sewer	16,054,096	14,976,213	14,875,806	13,268,213	13,387,706	13,775,833	14,033,678	11,531,595	11,319,027	12,158,812
Electric	83,655,870	80,695,910	79,802,674	79,489,192	90,685,693	93,529,401	101,902,619	100,278,474	101,420,982	96,858,790
Capital contributions	1,201,963	44,955	1,516,932	401,947	-	441,285	997,750	392,855	-	2,078,040
Total business-type activities program revenues	100,911,929	95,717,078	96,195,412	93,159,352	104,073,399	107,746,519	116,934,047	112,202,924	112,740,009	111,095,642
Total primary government program revenues	113,949,619	109,604,875	108,610,231	106,654,533	119,080,701	128,076,315	131,815,536	123,793,720	124,486,859	122,553,823
Net (expense)/revenue:										
Governmental activities	(16,963,850)	(22,648,493)	(21,534,440)	(22,579,678)	(20,620,913)	(18,015,278)	(22,658,910)	(23,706,324)	(22,356,957)	(14,102,621)
Business-type activities	26,502,685	22,737,628	17,310,377	7,280,312	18,572,456	19,052,239	15,725,081	9,291,423	7,067,156	12,266,396
Total primary government net revenue (expense)	9,538,835	89,135	(4,224,063)	(15,299,366)	(2,048,457)	1,036,961	(6,933,829)	(14,414,901)	(15,289,801)	(1,836,225)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	12,895,597	12,846,774	11,176,763	11,094,479	11,126,395	11,050,198	10,904,908	10,029,584	10,075,401	9,557,982
Transfer taxes	1,634,707	2,191,915	1,713,505	1,543,626	1,107,686	1,373,103	1,461,983	867,692	1,197,425	3,515,422
Investment earnings	132,228	263,667	92,479	142,390	36,793	141,925	137,218	268,748	585,264	726,683
Transfers	10,875,000	16,295,503	10,500,000	8,500,000	10,491,718	8,300,796	8,856,000	7,306,120	5,533,055	7,166,269
Total governmental activities	25,537,532	31,597,859	23,482,747	21,280,495	22,762,592	20,866,022	21,360,109	18,472,144	17,391,145	20,966,356
Business-type activities:										
Investment earnings	379,160	1,058,028	544,624	832,919	112,402	630,420	554,787	837,564	1,748,376	2,652,414
Transfers	(10,875,000)	(16,295,503)	(10,500,000)	(8,500,000)	(10,491,718)	(8,300,796)	(8,856,000)	(7,306,120)	(5,533,055)	(7,166,269)
Total business-type activities	(10,495,840)	(15,237,475)	(9,955,376)	(7,667,081)	(10,379,316)	(7,670,376)	(8,301,213)	(6,468,556)	(3,784,679)	(4,513,855)
Total primary government	15,041,692	16,360,384	13,527,371	13,613,414	12,383,276	13,195,646	13,058,896	12,003,588	13,606,466	16,452,501
Change in Net Position										
Government activities	8,573,682	8,949,366	1,948,307	(1,299,183)	2,141,679	2,850,744	(1,298,801)	(5,234,180)	(4,965,812)	6,863,735
Business-type activities	16,006,845	7,500,153	7,355,001	(386,769)	8,193,140	11,381,863	7,423,868	2,822,867	3,282,477	7,752,541
Total primary government	\$ 24,580,527	\$ 16,449,519	\$ 9,303,308	\$ (1,685,952)	\$ 10,334,819	\$ 14,232,607	\$ 6,125,067	\$ (2,411,313)	\$ (1,683,335)	\$ 14,616,276

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.

Table 3

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315,580	\$ 709,817	\$ 528,145
Unreserved	-	-	-	-	-	-	-	7,242,323	8,305,396	9,387,795
Non-spendable	187,294	195,134	202,620	207,884	227,457	198,175	191,567	-	-	-
Restricted	7,979	173,769	127,706	129,476	131,237	83,356	85,070	-	-	-
Committed	2,441,641	1,059,197	1,041,130	723,300	936,899	920,475	3,484,203	-	-	-
Assigned	1,956,061	2,735,602	3,839,571	3,163,431	3,519,012	658,890	614,559	-	-	-
Unassigned	5,528,605	4,995,522	3,991,442	3,435,079	3,391,714	3,007,983	3,385,209	-	-	-
Total general fund	10,121,580	9,159,224	9,202,469	7,659,170	8,206,319	4,868,879	7,760,608	7,557,903	9,015,213	9,915,940
All other governmental funds										
Special revenue funds										
Unreserved	-	-	-	-	-	-	-	872,309	881,332	5,180,097
Non-spendable	3,993	350	181	2,447	-	13,099	4,203	-	-	-
Restricted	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	302,488	759,309	429,028	485,025	713,794	583,904	1,057,936	872,309	881,332	5,180,097
Total fund balances	\$10,424,068	\$ 9,918,533	\$ 9,631,497	\$ 8,144,195	\$ 8,920,113	\$ 5,452,783	\$ 8,818,544	\$ 8,430,212	\$ 9,896,545	\$15,096,037

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

Table 4

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Fines	\$ 1,142,722	\$ 1,128,211	\$ 1,161,876	\$ 1,011,156	\$ 912,004	\$ 1,202,615	\$ 1,665,496	\$ 1,418,354	\$ 1,323,041	\$ 1,262,180
Library revenue	380,561	419,677	480,823	498,553	471,065	475,822	444,455	465,387	514,458	517,697
Licenses and permits	3,548,401	3,525,992	2,893,990	2,952,015	2,548,913	2,816,866	2,417,363	2,424,768	2,599,948	2,916,749
Sanitation fees and rebates	2,514,645	2,527,478	2,578,892	2,595,648	2,624,877	1,903,623	2,173,434	1,340,729	1,396,801	1,333,436
Recreation	53,301	65,145	66,038	49,144	40,446	44,522	44,292	36,100	47,079	34,111
Miscellaneous services	1,679,390	1,874,534	1,650,153	1,831,683	2,470,200	3,940,294	1,480,845	1,247,096	1,278,251	1,351,160
Taxes	14,564,304	15,085,481	12,930,532	12,655,035	12,333,520	12,462,532	12,366,891	10,897,276	11,272,826	13,073,404
Grants	2,386,060	3,449,238	2,489,239	3,416,319	5,119,089	8,909,758	5,551,175	4,482,259	3,513,365	3,148,194
Court of chancery fees	1,343,020	1,239,300	1,118,680	1,034,460	917,700	863,220	766,340	675,390	738,240	883,880
Investment income	123,234	234,885	77,769	122,490	45,198	117,405	112,722	237,631	513,873	638,782
Total revenues	27,735,638	29,549,941	25,447,992	26,166,503	27,483,012	32,736,657	27,023,013	23,224,990	23,197,882	25,159,593
Expenditures										
General government	2,026,568	2,116,749	1,425,786	1,271,523	1,107,122	1,093,772	1,348,911	1,525,854	1,661,742	1,319,774
Library services	1,926,561	1,720,021	1,675,989	1,697,982	5,514,217	13,518,569	4,369,578	1,951,347	2,150,585	1,391,974
Public safety	21,248,561	21,240,506	20,218,519	19,130,832	18,048,642	17,001,619	16,139,953	15,948,298	15,680,044	15,068,451
Public works	2,119,186	2,146,917	1,708,658	2,572,965	1,758,405	2,074,061	2,535,060	2,504,061	3,219,659	2,928,236
Recreational services	733,961	783,976	865,938	683,363	651,341	827,230	834,124	746,868	869,134	2,699,725
Streets and sanitation services	4,275,648	6,081,813	6,574,262	4,634,091	2,990,430	3,280,165	3,383,465	3,181,025	3,279,188	3,675,282
Engineering services	219,198	166,579	26,996	-	-	-	-	-	-	-
Financial administration	764,622	919,086	979,112	1,002,539	909,877	902,009	866,314	895,570	1,009,240	1,055,619
Garage and stores	501,559	465,843	419,597	415,593	431,542	503,036	490,113	526,286	491,450	486,966
Insurance	295,923	280,901	278,682	272,895	241,395	198,241	203,343	197,723	199,643	176,947
Retiree health care lump sum	2,039,700	1,567,700	1,636,500	1,636,500	1,620,600	1,614,241	1,297,509	1,006,397	3,285,857	758,185
Employee pension unfunded liability	-	594,300	543,000	121,000	1,693,500	1,545,000	1,544,978	-	-	134,775
Street lights	811,992	804,246	775,197	774,533	878,760	986,430	968,562	956,860	937,013	917,438
Community and economic development	449,356	551,879	444,474	676,554	939,966	773,208	1,173,546	2,228,744	724,555	497,914

(Continued)

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenditures										
Debt service										
Principal	573,497	553,824	848,069	429,239	296,003	275,000	270,000	260,000	365,000	350,000
Interest	118,771	118,565	114,243	122,812	73,071	52,734	65,225	68,410	77,319	87,468
Other charges (issuance of debt)	-	-	60,668	-	1,029	27,255	-	-	-	-
Total expenditures	38,105,103	40,112,905	38,595,690	35,442,421	37,155,900	44,672,570	35,490,681	31,997,443	33,930,429	31,548,754
Excess of revenues over (under) expenditures	(10,369,465)	(10,562,964)	(13,147,698)	(9,275,918)	(9,672,888)	(11,935,913)	(8,467,668)	(8,772,453)	(10,732,547)	(6,389,161)
Other financing sources (uses)										
Bond proceeds	-	-	4,135,000	-	2,648,500	851,500	-	-	-	-
Transfers in	13,885,445	14,339,821	13,500,366	11,458,445	12,666,208	10,959,204	12,420,329	9,156,575	12,683,925	12,369,176
Transfers out	(3,010,445)	(3,489,821)	(3,000,366)	(2,958,445)	(2,174,490)	(2,658,408)	(3,564,329)	(1,850,455)	(7,150,870)	(5,202,907)
Total other financing sources (uses)	10,875,000	10,850,000	14,635,000	8,500,000	13,140,218	9,152,296	8,856,000	7,306,120	5,533,055	7,166,269
Net change in fund balances	\$ 505,535	\$ 287,036	\$ 1,487,302	\$ (775,918)	\$ 3,467,330	\$ (2,783,617)	\$ 388,332	\$ (1,466,333)	\$ (5,199,492)	\$ 777,108
Debt service as a percentage of noncapital expenditures	1.97%	1.96%	3.09%	1.74%	1.14%	1.07%	0.85%	1.05%	1.42%	1.49%
Capital outlay included in total expenditures (1)	\$ 2,973,131	\$ 5,753,588	\$ 7,500,186	\$ 3,777,578	\$ 4,872,122	\$ 13,927,288	\$ 5,296,536	\$ 2,434,391	\$ 2,698,627	\$ 4,559,625

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
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
2009	10,075,401	1,197,425	11,272,826
2008	9,557,982	3,515,422	13,073,404

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
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
2009	4,124,562,920	1,225,269,600	2,899,293,320	4,124,562,920	70.29%	0.3300
2008	3,406,762,915	616,277,700	2,790,485,215	3,406,762,915	81.91%	0.3300

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

Table 7

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

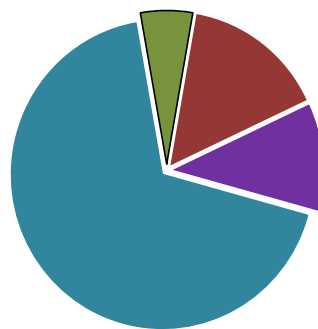
Fiscal Year	Direct	Overlapping			Total Direct & Overlapping
	City of Dover	Kent County	Capital School District	Vo-Tech School District	
2017	\$ 0.4050	\$ 0.300	\$ 1.807	\$ 0.1484	\$ 2.660
2016	0.4050	0.300	1.812	0.1415	2.658
2015	0.3378	0.300	1.822	0.1372	2.597
2014	0.3378	0.300	1.850	0.1372	2.625
2013	0.3378	0.300	1.909	0.1372	2.684
2012	0.3378	0.300	1.832	0.1351	2.605
2011	0.3378	0.300	1.832	0.1351	2.605
2010	0.3300	0.310	1.769	0.1304	2.539
2009	0.3300	0.310	1.543	0.1219	2.305
2008	0.3300	0.250	1.480	0.1219	2.182

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

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

Property Tax Rates - FY 2017
All Direct & Overlapping Governments



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

Table 8

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

TAX PAYERS	2017 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	2008 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop, Inc.	\$147,924,900	1	3.29%	\$112,541,900	1	4.03%
Dover Mall LP/Dover Commons	89,824,700	2	2.00%	75,714,000	2	2.71%
Dover Medical Center	27,069,300	3	0.60%	-	-	-
Dover South Coast Partnership	23,071,400	4	0.51%	14,470,300	8	0.52%
Kraft-General Foods Corp.	21,534,700	5	0.48%	20,624,800	3	0.74%
Leander Lakes LLC	17,559,000	6	0.39%	11,015,800	-	0.39%
GM Country Club, LLC	15,788,600	7	0.35%	11,415,800	-	0.41%
Multi Residential M, LLC	14,415,500	8	0.32%	-	-	-
Blue Hen Apt, LLC	13,813,100	9	0.31%	-	-	-
Millers Dover Downs	13,573,400	10	0.30%	14,837,900	7	0.53%
Dover Bay Court Plaza	-	-	-	19,062,300	4	0.68%
Berks City Real Estate, LLC	-	-	-	18,034,400	5	0.65%
Dover East Estates	-	-	-	11,647,200	9	0.42%
K.W. Lands/Sheraton/Hampton	-	-	-	15,691,800	10	0.56%
	\$ 384,574,600		8.56%	\$325,056,200		11.65%
Total taxable assessed valuation for current year is				\$ 4,493,113,000		
Total taxable assessed valuation for ten years ago is				\$ 2,790,485,215		

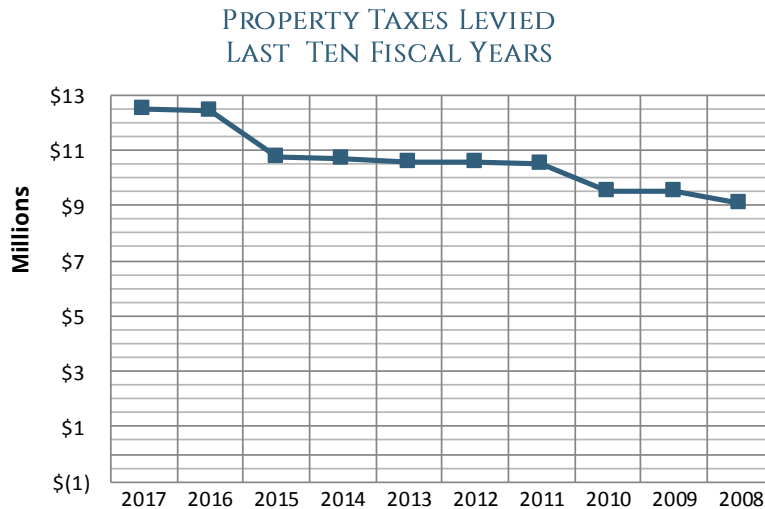
Source: Tax Assessor's Office, City of Dover

Table 9

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

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy	Collection as Percentage of Levy	Collected in Subsequent Years	Total Collections to Date	Collection as Percentage of Levy
2017	\$ 12,478,630	\$ 12,401,338	99.4%	\$ -	\$ 12,401,338	99.38%
2016	12,437,857	12,204,948	98.1%	229,236	12,434,184	98.13%
2015	10,737,703	10,612,272	98.8%	124,801	10,737,073	99.99%
2014	10,696,886	10,493,954	98.1%	202,895	10,696,849	100.00%
2013	10,594,623	10,398,888	98.2%	195,698	10,594,586	100.00%
2012	10,549,631	10,280,930	97.5%	268,664	10,549,594	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%
2009	9,512,522	9,206,158	96.8%	306,364	9,512,522	100.00%
2008	9,074,777	8,937,384	98.5%	137,393	9,074,777	100.00%

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							
2017	\$ 6,209,368	\$ 12,111,088	\$ 18,620,000			\$ 36,940,456	4.5%	980	37,686	
2016	6,782,865	12,888,791	19,315,000			38,986,656	4.6%	1,041	37,453	
2015	7,336,689	13,650,787	21,680,000			42,667,476	5.4%	1,134	37,618	
2014	4,049,758	14,412,347	23,940,000			42,402,105	5.4%	1,130	37,540	
2013	4,478,997	10,926,717	26,110,000			41,515,714	5.1%	1,138	36,492	
2012	2,085,815	10,865,354	27,995,025			40,946,194	5.0%	1,129	36,267	
2011	1,499,143	7,913,384	30,033,446			39,445,973	4.9%	1,070	36,047	
2010	1,758,971	3,765,547	34,543,730			40,068,248	5.7%	1,112	36,559	
2009	2,008,800	4,126,124	36,690,524			42,825,448	6.3%	1,200	35,997	
2008	2,363,628	4,769,332	16,439,872			23,572,832	3.7%	690	35,503	

Source: City of Dover Financial Records

Population Source: Delaware Population Consortium Annual Population Projections

Table 11

**City of Dover, Delaware
Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year	Population	Net Taxable Assessed Value	Gross Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2017	37,686	\$3,104,441,800	\$6,209,368	\$6,209,368	0.20%	164.77
2016	37,453	\$3,061,687,700	\$6,782,865	\$6,782,865	0.22%	181.10
2015	37,618	3,169,706,860	7,336,689	7,336,689	0.23%	195.03
2014	37,540	3,159,893,860	4,049,758	4,049,758	0.13%	107.88
2013	36,492	3,181,496,360	4,478,997	4,478,997	0.14%	122.74
2012	36,267	3,169,307,760	2,085,815	2,085,815	0.07%	57.51
2011	36,047	3,136,639,060	1,499,143	1,499,143	0.05%	41.59
2010	36,559	2,907,011,120	1,550,000	1,550,000	0.05%	42.40
2009	35,997	2,899,293,320	1,550,000	1,550,000	0.05%	43.06
2008	35,503	2,790,485,215	2,080,000	2,080,000	0.07%	58.59

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

NOTES

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

Table 12

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures ⁽¹⁾	Ratio of Debt Service to Total General Expenditures
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%
2009	365,000	77,319	442,319	33,766,292	1.31%
2008	350,000	87,468	437,468	35,703,156	1.23%

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, 2017**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 6,209,368	100%	\$ 6,209,368
Kent County ⁽¹⁾	58,483,764	0%	N/A
Capital School District ⁽²⁾	55,616,655		N/A
TOTAL	\$ 120,309,787		\$ 6,209,368

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

NOTES

1. Kent County: Total debt for Kent County is \$58,483,763.53 as of June 30, 2017. Although Kent County's bonds are general obligation bonds, \$54,411,247.58 is payable from the Kent County Sewer Fund(s) or other committed sources.
2. Capital School District: As of June 30, 2017, the net outstanding debt was \$55,616,655. Percentage and amount applicable to the City is not available.

Table 14

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 157,816	\$ 155,396	\$ 158,485	\$ 157,995	\$ 159,075	\$ 158,465	\$ 156,832	\$ 145,351	\$ 144,965	\$ 697,621
Net (Taxable) Assessed Value on Books	3,156,311	3,107,912	3,207,154	3,159,894	3,181,496	3,169,308	3,136,639	2,907,011	2,899,293	2,790,485
Total net debt applicable to limit	6,209	6,783	7,337	4,050	4,479	1,550	1,820	2,080	2,445	2,795
Legal Debt Margin	\$ 151,606	\$ 148,613	\$ 151,149	\$ 153,945	\$ 154,596	\$ 156,915	\$ 155,012	\$ 143,271	\$ 142,520	\$ 694,826
Total Net Debt applicable to limit as a percentage of debt limit	3.93%	4.36%	4.63%	2.56%	2.82%	0.98%	1.16%	1.43%	1.69%	0.40%
Legal Debt Margin Calculation for Fiscal Year 2016										
Net (Taxable) Assessed Value on Books			\$ 3,156,311							
Debt Limit - 5 Percent of Total Assessed Value			\$ 157,816							
DEBT (For which the City's full faith and credit has been pledged)										
Gross Bonded Debt			6,209							
LEGAL DEBT MARGIN			\$ 151,606							

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
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
2009	101,562,292	89,853,449	11,708,843	1,840,000	1,753,447	3,593,447	3.26
2008	97,354,991	82,132,360	15,222,631	1,780,000	828,076	2,608,076	5.84

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 2017 is as follows:</p> <table border="0" style="margin-left: 20px;"> <tr> <td colspan="2">Gross Revenue:</td> </tr> <tr> <td style="padding-right: 20px;">Operating Revenues</td> <td style="text-align: right;">\$ 83,614,278</td> </tr> <tr> <td style="padding-right: 20px;">Interest Earned-Operating Funds</td> <td style="text-align: right;">329,604</td> </tr> <tr> <td style="padding-right: 20px;">Total Gross Revenue</td> <td style="text-align: right; border-top: 1px solid black;">\$ 83,943,882</td> </tr> </table> <p>3. Direct operating expenses do not include depreciation expense.</p> | Gross Revenue: | | Operating Revenues | \$ 83,614,278 | Interest Earned-Operating Funds | 329,604 | Total Gross Revenue | \$ 83,943,882 | <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 July 2008, the City issued Electric Revenue bonds in the amount of \$22,200,000. Fiscal year 2009 includes \$1,026,999 of interest related to this bond issue.</p> <p>6. 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> |
| Gross Revenue: | | | | | | | | | |
| Operating Revenues | \$ 83,614,278 | | | | | | | | |
| Interest Earned-Operating Funds | 329,604 | | | | | | | | |
| Total Gross Revenue | \$ 83,943,882 | | | | | | | | |

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
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
2009	11,067,901	9,510,814	1,557,087	797,708	1.95
2008	11,594,402	8,763,407	2,830,995	797,748	3.55

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 provide \$4,005,960 for two capital projects.

Table 17

**City of Dover, Delaware
Top 10 Water and Wastewater Utility Customers
Fiscal Year Ended June 30, 2017**

Customer	Water Consumption (Tgal)	% of Total Consumption	Revenue Billed	% of Total Revenue
Garrison Energy Center, LLC	328,533	18.6%	\$ 985,599	17.06%
Procter & Gamble, Co.	57,486	3.3%	172,458	2.99%
Delaware State University	49,568	2.8%	148,704	2.57%
Dover Downs, Inc.	43,011	2.4%	129,033	2.23%
Kraft Foods Global, Inc.	32,817	1.9%	98,451	1.70%
Kent General Hospital	28,600	1.6%	85,800	1.49%
Tidewater Utilities	26,207	1.5%	78,621	1.36%
Bayhealth Medical Center	18,059	1.0%	54,177	0.94%
Edgewell Personal Care Brand	14,460	0.8%	43,380	0.75%
Dover East Estates, LLP	14,301	0.8%	42,903	0.74%
Totals for Top 10 Customers	613,042	34.7%	1,839,126	31.84%
All Other	1,153,022	65.29%	3,936,983	68.16%
Total for System	1,766,064	100.00%	\$ 5,776,109	100.00%

Customer	Wastewater Consumption (Tgal)	% of Total Consumption	Revenue Billed	% of Total Revenue
Dover Downs, Inc.	43,111	3.4%	\$ 178,911	3.10%
Kraft Foods Global, Inc.	38,875	3.1%	161,331	2.79%
Procter & Gamble, Co.	30,067	2.4%	124,778	2.16%
Kent General Hospital	28,430	2.2%	117,985	2.04%
HBI Inc - Vendor Service Line	23,827	1.9%	98,882	1.71%
Garrison Energy Center, LLC	21,300	1.7%	88,395	1.53%
NRG Energy Center Dover, LLC	16,730	1.3%	69,430	1.20%
Bayhealth Medical Center	15,293	1.2%	63,466	1.10%
Dover East Estates, LP	14,401	1.1%	59,764	1.03%
State of Delaware	14,169	1.1%	58,801	1.02%
Totals for Top 10 Customers	246,203	19.3%	842,832	14.59%
All Other	1,027,884	80.68%	4,739,055	85.41%
Total for System	1,274,087	100.00%	\$ 5,581,887	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, 2017**

Customer	Kwh	% of Total Kwh	Revenue Billed	% of Total Revenue
Dover Air Force Base	94,855,431	12.9%	\$ 5,210,392	6.6%
Kraft Foods Global Inc	71,835,930	9.7%	3,830,916	4.8%
Edgewell Personal Care Brands	61,299,296	8.3%	3,781,903	4.8%
Delaware State University	44,097,297	6.0%	2,529,049	3.2%
Bay Health/Kent General	39,798,622	5.4%	2,250,755	2.8%
Dover Downs Inc	36,276,246	4.9%	2,077,228	2.6%
State of Delaware	24,036,367	3.3%	1,637,062	2.1%
Proctor and Gamble Company	20,668,954	2.8%	1,106,253	1.4%
Capital School District	15,082,048	2.0%	1,146,828	1.4%
Wesley College	<u>10,185,069</u>	<u>1.4%</u>	<u>630,117</u>	<u>0.8%</u>
Totals for Top 10 Customers	418,135,260	56.7%	24,200,502	30.5%
All Other	318,879,069	43.3%	55,212,592	69.5%
Total for System	737,014,329	100.0%	\$ 79,413,094	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
2017	37,686	\$ 827,207,700	\$ 21,950	30.0	6,523	6.2%
2016	37,453	842,783,433	22,213	30.2	6,486	5.7%
2015	37,618	730,354,200	19,445	31.3	6,665	7.4%
2014	37,540	788,039,680	20,992	29.8	6,527	6.4%
2013	36,492	821,361,936	22,508	31.1	6,344	9.6%
2012	36,267	828,258,924	22,697	33.2	6,984	9.3%
2011	36,047	818,158,759	22,379	31.3	7,185	9.9%
2010	36,559	712,212,015	19,445	32.9	7,117	10.2%
2009	35,997	712,212,015	19,445	32.9	6,996	10.2%
2008	35,503	702,100,615	19,445	32.9	6,977	5.7%

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, 2011-2015 American Community Survey 5-Year Estimates

Median Age Source: 2011-2015 American Community Survey 5-Year Estimates

Capital School Enrollment Source: Includes kindergarten through 12th grade, as of Summer 2017

Unemployment Rate Source: Delaware Department of Labor Statistics Not Seasonally Adjusted, June 2017

Table 20

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

Name	2016 4th Quarter			2007 4th Quarter		
	Numbers of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Government	18,866	1	28.2%	18,390	1	28.8%
Retail trade	9,702	2	14.5%	10,425	2	16.3%
Health care & social assistance	9,666	3	14.5%	7,639	3	12.0%
Accommodation & food services	5,613	4	8.4%	4,723	4	7.4%
Manufacturing	4,953	5	7.4%	3,699	5	5.8%
Arts, entertainment, & recreation	2,707	6	4.1%	2,122	9	3.3%
Construction	2,527	7	3.8%	3,428	6	5.4%
Transportation & warehousing	2,408	8	3.6%	2,786	7	4.4%
Admin and waste services	2,144	9	3.2%	2,399	8	3.8%
Professional & technical services	1,945	10	2.9%	1,468	10	2.3%
	60,531		90.6%	57,079		89.3%
Total - All Industries	66,800			63,907		

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessor	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.5	4.5	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	4.0	4.0	4.0	4.0	3.0	5.0	5.0	5.0	5.0	5.0
Customer Services	13.0	14.0	14.0	15.0	14.0	14.0	15.0	16.0	16.0	16.0
Facilities Management	5.0	7.0	7.0	7.0	9.0	12.0	13.0	13.0	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	6.0	8.0	6.0	6.0	6.0	6.0	6.0	6.0
Fleet Maintenance	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Information Technology	4.0	4.0	5.0	5.0	5.0	5.0	7.0	8.0	8.0	8.0
Library	13.0	13.0	14.0	13.0	13.0	12.0	17.5	18.0	18.0	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	5.0	5.0	5.0	5.0	5.0	6.0	8.0	8.0	8.0	8.0
Police Civilian	33.0	33.0	31.0	31.0	29.0	29.0	29.0	29.0	29.0	29.0
Police Law Enforcement	101.0	101.0	93.0	93.0	93.0	93.0	91.0	90.0	93.0	93.0
Procurement & Inventory	3.0	3.0	3.0	4.0	4.0	6.0	6.0	8.0	8.0	8.0
Public Works, Administration	6.0	6.0	5.0	5.0	6.0	5.0	4.0	4.0	4.0	5.0
Planning, Inspections	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	16.0
Planning, Life Safety	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	-
Economic Development	-	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-
Public Works, Engineering	3.0	3.0	3.0	-	-	-	-	-	-	-
Planning	6.0	6.0	5.0	4.5	4.5	5.0	5.0	6.0	6.0	5.0
Planning, Code Enforcement	5.0	5.0	5.0	5.0	4.0	4.0	4.5	5.0	5.0	-
Community Development	-	-	-	0.5	0.5	1.0	1.0	1.0	1.0	1.0
Public Works, Grounds Maintenance	13.0	13.0	13.0	14.0	14.0	14.0	15.0	16.0	16.0	16.0
Public Works, Sanitation	10.0	10.0	11.0	11.0	11.0	13.0	12.0	13.0	13.0	13.0
Public Works, Streets	8.0	8.0	8.0	8.0	10.0	11.0	11.0	11.0	11.0	11.0
General Fund Total	271.0	277.0	269.0	270.0	269.0	279.0	289.0	298.5	301.5	298.5
Public Utilities, Electric Administration	5.0	4.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Public Utilities, Electric Engineering	10.0	10.0	10.0	10.0	10.0	10.0	10.0	12.5	12.5	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	3.0	3.0	3.0	3.0	3.0	4.0	4.0	5.0
Public Utilities, Electric Transmission & Distribution	24.0	24.0	24.0	24.0	24.0	25.0	25.0	28.0	28.0	28.0
Electric Fund Total	48.0	47.0	45.0	45.0	45.0	47.0	47.0	53.5	53.5	54.5
Public Utilities, Construction	-	-	3.0	3.0	5.0	6.0	6.0	7.0	7.0	7.0
Public Utilities, Wastewater Engineering	5.0	5.0	5.0	5.0	6.0	6.0	6.0	8.0	8.0	8.0
Public Utilities, Wastewater Management	11.0	11.0	11.0	11.0	10.0	10.0	9.0	11.0	11.0	11.0
Public Utilities, Water Management	6.0	6.0	4.0	4.0	5.0	4.0	4.0	5.0	5.0	5.0
Public Utilities, Water Treatment Plant	13.0	13.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0
Water Meter Reading	-	-	-	-	-	-	-	1.0	1.0	1.0
Water/Wastewater Fund Total	35.0	35.0	34.0	34.0	36.0	36.0	35.0	42.0	42.0	42.0
Total Full-Time Equivalents	354.0	359.0	348.0	349.0	350.0	362.0	371.0	394.0	397.0	395.0

Source: City of Dover Budget

Table 22

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

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Land area - Acres	15,191.7	15,191.7	14,914.5	14,909.33	14,909.33	14,909.33	14,909.33	14,909.33	14,904.90	14,904.90
Land area - Square Miles	23.74	23.74	23.3	23.29	23.29	23.29	23.29	23.29	22.586	22.586
Total Miles of Street	169.08	168.01	167.78	164.49	164.08	162.81	158.94	159.62	159.62	159.62
City Maintained Miles of Streets	109.73	108.66	108.43	105.14	104.73	103.46	101.59	100.27	100.27	100.27
State Maintained Miles of Streets	59.35	59.35	59.35	53.35	59.35	59.35	57.35	59.35	59.35	59.35
Dover Population - U. S. Census data	37,786	37,522	36,054	37,089	36,047	36,047	36,047	32,043	32,043	32,043
Dover Population - City Count	37,686	37,453	37,618	37,540	36,492	36,267	36,047	36,559	35,997	35,503
Registered Voters	23,942	24,170	22,837	22,779	21,998	22,362	21,454	21,897	21,897	20,181
Electric Utility:										
Generating Units	2	4	4	4	4	4	4	4	4	4
Co-Generating Unit	0	0	1	1	1	1	1	1	1	1
Total Units	2	4	5	5	5	5	5	5	5	5
Generating Capacity	147 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw
Co-Generating Capacity	0 mw	0 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw
Area of Service	67.77 sq. mi.	67.77 sq. mi.	67.77 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.
Substations	15	15	15	15	15.00	15.00	15.00	15	15	15
High Peak Load	165.9 mw	158.5 mw	158 mw	164.162 mw	171 mw	172 mw	162.6 mw	164.082 mw	155.656 mw	175 mw
Customers:										
Residential	20,155	20,065	20,143	19,900	19,990	19,908	19,782	19,785	19,682	19,137
Commercial	3,424	3,310	3,343	3,412	3,412	3,354	3,386	3,370	3,497	3,664
Primary	37	37	36	37	37	39	38	36	37	37
69 KV Industrial	5	5	4	5	4	4	4	4	4	4
Municipal - Total number of meters	0	0	0	0	0	0	0	0	0	0
Total Customers Sales \$	\$79,413,094	\$76,657,592	\$78,406,554	\$78,187,300	\$88,329,610	\$91,947,980	\$99,513,157	\$98,081,648	\$99,642,490	\$94,037,212
Total Customers Sales kWh	737,014,329	705,214,632	715,001,017	714,150,305	723,106,532	710,327,722	734,102,972	708,530,322	719,949,121	731,024,065
Power Supply										
\$	\$43,406,314	\$42,292,251	\$49,645,951	\$57,003,103	\$55,367,147	\$58,758,032	\$68,852,937	\$72,508,956	\$73,549,910	\$68,648,786
kWh	773,550,000	740,871,000	756,867,000	762,254,000	752,869,000	738,190,000	768,254,000	751,250,000	751,171,000	782,081,000
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	160	100	100	100	120	80	100
Equipment	10	10	16	15	15	15	14	14	14	18

(Continued)

2017 Comprehensive Annual Financial Report for the City of Dover, Delaware
Statistical Section

Table 22
Table 22 (Continued)

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Parks and Recreation:										
Major Parks	3	3	3	3	3	3	3	3	3	3
Small Parks	25	24	24	24	24	24	22	22	22	22
Police Department:										
Station	1	1	1	1	1	1	1	1	1	1
Uniformed Personnel	99	100	89	94	93	93	93	90	92	92
Automobiles	80	80	76	77	75	78	67	66	66	66
Motorcycles	7	7	7	7	7	7	7	7	7	7
Motor Boats	0	0	0	0	0	0	0	1	1	1
Bicycles	7	7	12	12	12	12	4	4	4	4
Specialty Vehicles	7	7	7	7	7	7	7	7	6	6
Trailers	3	2	2	2	2	2	3	3	3	3
Golf Carts	6	6	5	0	0	0	0	0	0	0
Public Library:										
Books	103,187	106,493	106,125	100,262	97,801	93,050	103,091	138,931	121,312	119,992
Audiovisual Materials (VCRs, DVDs, CDs, Cassettes, Recorded Books)	26,158	22,345	22,366	21,008	16,929	15,265	14,409	15,572	15,356	11,917
Members	40,412	41,221	41,348	37,531	34,308	32,717	33,466	36,534	39,354	37,587
Magazines Subscriptions	147	161	174	191	187	217	178	201	193	287
Newspapers	11	12	10	10	11	11	19	19	19	29
Circulation of Books	377,314	412,969	449,746	463,113	444,333	407,611	400,130	375,632	428,633	408,827
Electronic Downloads - Books	28,397	30,811	24,801	17,219	11,770	2,635	0	0	0	0
Water Utility:										
Supply - Wells	21	21	22	22	22	22	22	22	22	22
Storage Tanks	7	7	6	6	6	6	6	6	6	6
Total Storage Capacity (Gallons)	5,250,000	5,250,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Water Mains (miles)	225	225	225	223	222	217.5 miles	215.7 miles	215.7 miles	215.7 miles	196 miles
Average Day (Gallons Pumped)	5,288,271	4,521,047	4,521,047	4,197,984	4,245,153	4,405,923	4,656,334	4,474,063	4,429,115	4,974,526
Peak Day (Gallons)	8,605,000	7,466,000	7,048,000	6,305,000	7,169,000	8,620,000	8,620,000	6,756,000	8,058,000	9,278,000
Total Water Production (Gallons Pumped)	1,930,219,000	1,833,877,000	1,650,329,000	1,532,284,000	1,553,727,000	1,608,161,895	1,699,562,000	1,633,033,000	1,616,627,000	1,815,702,000
Total Water Consumption (Gallons Billable)	1,766,064,000	1,648,819,000	1,441,559,000	1,374,855,000	1,345,432,000	1,455,934,265	1,539,590,000	1,466,943,000	1,531,526,000	1,554,000,000
Average Day (Gallons Billable)	4,838,531	4,517,312	3,949,476	3,766,726	3,686,115	3,988,861	4,218,055	4,019,022	4,195,962	4,257,534
Number of Metered Customers	12,556	12,376	12,365	12,341	12,373	12,385	12,330	13,863	13,375	13,229
Number of New Connections	180	11	24	0	0	55	0	488	146	284
Wastewater Utility:										
Pumping Stations	42	45	41	40	40	40	42	42	42	42
Sanitary Sewer Mains (Miles)	191.00 miles	191.00 miles	191.00 miles	187.59 miles	186.87 miles	186.87 miles	185 miles	185 miles	185 miles	185 miles
Average Day (Gallons Pumped)	4,592,821	4,706,133	4,897,731	3,415,901	4,312,742	4,379,033	4,230,819	5,385,060	4,220,493	4,277,219
Wastewater Discharge (Gallons Pumped)	1,676,379,600	1,717,738,575	1,787,672,000	1,246,804,000	1,574,151,000	1,602,726,000	1,544,249,000	1,965,547,000	1,540,480,000	1,561,185,000
Wastewater Discharge (Gallons Billable)	1,274,087,000	1,258,961,000	1,264,140,000	17,861,000,000	1,242,238,000	1,316,656,000	1,303,587,000	1,328,195,000	1,410,347,000	1,458,043,000
Average Day (Gallons Billable)	3,490,649	3,449,208	3,463,397	3,415,901	3,403,392	3,607,277	3,571,471	3,638,890	3,863,964	3,994,638
Number of New Connections	179	0	22	0	5	55	0	488	146	Not Available
Water Treatment Plant:										
Capacity	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD
Sales to Customers:										
Water Fees	\$5,776,109	\$5,457,061	\$4,889,046	\$4,459,808	\$4,551,840	\$4,707,918	\$4,945,385	\$4,274,966	\$4,070,523	\$4,203,972
Wastewater Fees	\$3,718,736	\$3,745,497	\$3,735,855	\$3,562,400	\$3,564,615	\$3,722,985	\$3,694,020	\$3,015,856	\$2,351,885	\$2,589,539
Wastewater Treatment Fees	\$2,912,660	\$2,936,831	\$2,952,857	\$2,930,333	\$2,926,616	\$3,050,127	\$3,058,656	\$3,100,547	\$3,733,644	\$4,109,166
Inflow & Infiltration Surcharge	\$1,863,151	\$1,878,057	\$1,831,784	\$1,316,209	\$1,314,033	\$1,290,968	\$1,171,376	\$0	\$0	\$0

Sources: Various City departments

Table 23

**City of Dover, Delaware
Summary of Insurance
As of June 30, 2017**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS	
<u>Property</u>		
Blanket Building & Contents (Special Form, RC, Agreed Amount)	\$159,301,144	\$10,000 Deductible
Personal Property of Others	\$250,000	
Earthquake	\$2,000,000	\$50,000 Deductible
Flood Zones X or C	\$2,000,000	\$50,000 Deductible
Flood Zones (Zones unidentifiable)		\$100,000 Deductible
Zones located A, B Shaded X, V & D are excluded		
Blanket Business Earnings & Expense	\$200,000	
Business Income from Dependent Properties	\$250,000	
Accounts Receivable	\$250,000	
Civil Authority - 30 days		
Claims Data Expense	\$25,000	
Covered Leasehold Interest	\$100,000	
Debris Removal (Additional Amount)	\$250,000	
Deferred Payments	\$25,000	
EDP Data & Media	\$50,000	
Employee Tools (\$2,500 item)	\$25,000	
Expediting Expenses	\$250,000	
Exhibitions (Property Damage)	\$50,000	
Extra Expense	\$25,000	
Fine Arts	\$250,000	
Fire Department Services Charge	Included	
Fire Protective Equipment Discharge	Included	
Fungus, Wet Rot, Bacteria	\$25,000	
Green Building Alternatives	1% / Max. \$100,000 each building	
Green Building Reengineering & Recertification	\$25,000	
Loss of Master Key	\$25,000	
Newly Acquired or Constructed		
-Buildings Each	\$2,000,000 each building	
-Personal Property at each loc.	\$1,000,000	
Non-Owned Detached Trailers	\$25,000	
Ord & Law Coverage A	\$250,000	
Ord & Law Coverage B	\$250,000	
Ord & Law Coverage D	Included up to Extra Expense Limit	
Outdoor Property	\$250,000	
Outside Signs –Described – Premium	\$100,000	
Personal Affects	\$250,000	
Personal Property at Undescribed Premises	\$50,000	

(Continued)

Table 23 – Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Personal Property in Transit out of	
Coverage Territory	\$25,000
Pollution cleanup & removal	\$100,000
Preservation of Property-Direct	\$250,000
-Direct loss or damage to moved Prop.	Included
Reward Coverage	\$25,000
Stamps, Tickets and Letters of Credit	\$5,000
Stored Water	\$25,000
Theft or Damage to Rented Property	Included
Undamaged Parts of Stock in Process	\$50,000
Valuable Papers on Premises	\$100,000
Valuable Papers off Premises	\$100,000
Appurtenant Buildings and Structures	\$100,000
Overseas Business Travel Personal Property	\$25,000
Utility Service Direct Damage	\$50,000
Confiscated Property	\$100,000
Street Lights – Each Item	\$2,500
Street Lights – Per Occur	\$50,000
Street Signs – Each Item	\$2,500
Street Signs – Per Occur	\$50,000
Traffic Signs and Lights - Each	\$2,500
Traffic Signs and Lights - Per Occur	\$50,000
Stadium Lights – Each Item	\$2,500
Stadium Lights – Per Occur	\$50,000
Spoilage Coverage Extension	\$10,000
Sewer or Drain Backup	\$250,000

Boiler & Machinery

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

Inland Marine

Contractors Equipment – Replacement Cost - 90% Co-Insurance

Employee Tools	\$94,725	Not to exceed \$18,000 per item
Unlisted Items/equipment	\$100,000	Not to exceed \$5,000 per item
Leased or Rented Items	\$100,000	Not to exceed \$100,000 per item
New Acquired contractors equipment	\$250,000	
Rental Cost (per Item)	\$5,000	
Loss to any one Replacement Item	\$100,000	
Listed Items	\$175,170	
Basic Deductible	\$1,000	
Employee Tool Deductible	\$250	
Flood Deductible	\$50,000	

(Continued)

Table 23 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS	
Earthquake Deductible	\$50,000	
Windstorm Deductible	\$10,000	
<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	\$35,000	\$500 Deductible
Robbery or Safe Burglary of Other Property	\$25,000	\$500 Deductible
Outside the Premises	\$30,000	\$500 Deductible
Computer Fraud	\$100,000	\$1,000 Deductible
Money Orders & Counterfeit Currency	\$100,000	\$1,000 Deductible

Faithful Performance of Duty Coverage Endorsement – Governmental Employees

Liability Coverage:

Commercial General Liability

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

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

Employee Benefit Plans Administration Liability - Claims Made

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

Law Enforcement Liability - Occurrence

Aggregate Limit	\$3,000,000
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

(Continued)

Table 23 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
<u>Public Entity Management Liability</u> - Claims Made	
Retroactive Date: 7/1/1996	
Aggregate Limit	\$3,000,000
Each Wrongful Act Limit	\$1,000,000
Deductible	\$25,000
<u>Employment Practices Liability</u> - Claims Made	
Retroactive Date: 7/1/1996	
Aggregate Limit	\$2,000,000
Each Wrongful Employment	
Practice Offense Limit	\$1,000,000
Deductible	\$25,000
Business Auto Policy	
Coverage:	
<u>Automobile</u>	
Liability	\$1,000,000
Personal Injury Protection	\$300,000
Uninsured/Underinsured Motorist	\$40,000
(Physical Damage Applies to Police & Specified Electric & Sanitation Trucks)	\$500 Comp Deduct/\$1,000 Collision Deduct
Non-owned Liability	\$1,000,000
Hired Auto Liability	\$1,000,000
Employees as Additional Insured	
Hired Auto Physical Damage	\$90,000
Hired Car Physical Damage Deductibles	
Comprehensive Deductible	\$250
Collision Deductible	\$250
Statutory Cap Limits of Coverage Endorsement	
Delaware Statutory Cap Limit	\$300,000
Excess Crime Policy	
Coverage:	
<u>Excess Crime</u>	
Employee Theft per Loss	\$500,000 excess of \$500,000
(Over Policy# 630OB165227)	

(Continued)

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 Wrongful Act Limit	\$6,000,000
Each Wrongful Employment Practice Offense Limit	\$6,000,000
Products & Completed Work Aggregate Limit	\$6,000,000
Personal and Advertising Injury Any One Person or Organization Limit	\$6,000,000
Each Occurrence Limit	\$6,000,000
Retained Limit Any One Occurrence or Event	\$10,000

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	\$50,000

(Continued)

Table 23 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Green Remediation Aggregate Limit	\$50,000
Green Standards Aggregate Limit	\$50,000
Deductibles	\$25,000 Each Pollution Event
Claims Made	
Retroactive Date 4/1/1997	
Includes: 2 Underground Storage Tanks-710 Williams St., Dover, DE & 2 Power Plants	

**Excess Workers' Compensation
Coverage:**

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

Workers' Compensation-TPA Services

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

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

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

Bond - Self Insured Workers' Compensation - State of Delaware

Limit: \$750,000

Bond - Public Officials Bond - Donna Mitchell – Treasurer

Limit: \$100,000

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

Limit: \$100,000

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

Locations: McKee Run Generating Plant

VanSant Station

Policy #1

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

Coverages:

50% policy limit: \$50,000,000 Per Occurrence

(Continued)

Table 23 - Continued

Table 25 - Continued	
TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
	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

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