

FUND SUMMARIES

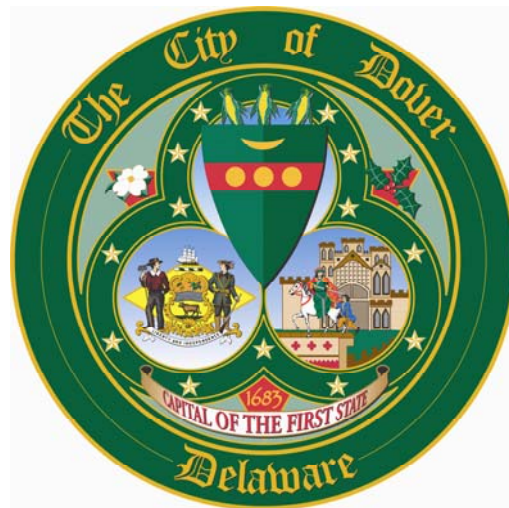
THE FOLLOWING SUBSECTIONS ARE INCLUDED:

GENERAL FUND

PROPERTY TAX REVENUES

WATER/WASTEWATER FUND

ELECTRIC FUND



GENERAL FUND

GENERAL FUND

ORIGIN, PURPOSE, AND ISSUES

The General Fund is the operating fund of the City and is used to account for all revenues and expenditures accounted for in the designated funds. This fund contains those City departments that provide traditional municipal services but which do not generate sufficient fee-for-service revenues to be self-supporting and are, therefore, financed principally by various tax liens and nonspecific fund transfer. The variety and diversity of the departments included in the fund results in the title – General. The General Fund receives fees under Intrafund Service Receipts. Allocations are based on documented calculations for services rendered.

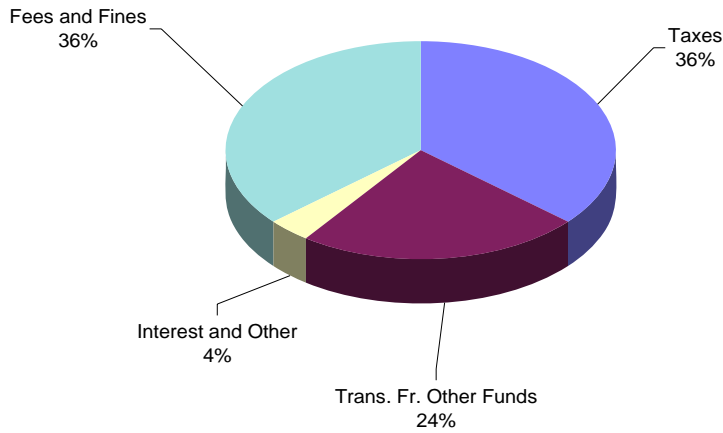
REVENUE HIGHLIGHTS

- Property taxes are valued at 100 percent of appraised value. The tax rate used for Fiscal Year 2008 remains at \$.33 for every \$100 of assessed value. Property values were reassessed in Fiscal Year 2005. The Council set the Fiscal Year 2006 rate at \$.33 per \$100 of assessed value. Assessed value is projected to be \$2.7 billion. Property tax revenues are projected to increase 2.1% or \$198,602. The increase is attributed to growth and corrections to our tax records.
- Rental inspections fees are proposed to increase with this budget. This increase will generate approximately \$100,000.
- Transfer tax revenues for Fiscal Year 2007 remain unchanged at \$2.9 million. This reflects our historical revenue experience. Fiscal Year 2008 revenue has been revised downward to reflect current economic conditions throughout the State.
- Civil Traffic Penalties are projected downward from revised estimates in Fiscal Year 2007. We are anticipating a \$450,000 decline in the revenue from original estimates. The cause of the decline continues to be investigated by the City, but is unknown at this time. Revenues for Fiscal Year 2008 are projected to remain at revised Fiscal Year 2007 estimates of \$500,000.
- Transfers from the Water/Wastewater Fund (\$540,000) represent 4.5 percent of Water/Wastewater Fund revenues plus an additional \$25,000 for funding of an emergency preparedness position. The Electric transfer (\$6,601,269) represents approximately 6.5 percent of Electric Fund Revenues plus an additional \$25,000 for funding of an emergency preparedness position. Financial policies allow transfers of up to eight percent of utility fund revenues. These transfers are viewed as returns on our tax payers' investment in the utilities. They serve to keep taxes low.
- Grants to the General Fund were revised downward for Fiscal Year 2008. This is due to reduced recreation grants as the Pitts Recreation Center nears completion and reduced Homeland security grants.
- The Fiscal Year 2007 revised carry-forward balance exceeds the eight percent minimum balance requirement by \$921,408. In the Fiscal Year 2008 proposed budget, the carry-forward balance meets the necessary eight percent fund balance minimum.
- The Contingency Fund balance equals \$711,180 and meets the minimum two percent of operating revenues.

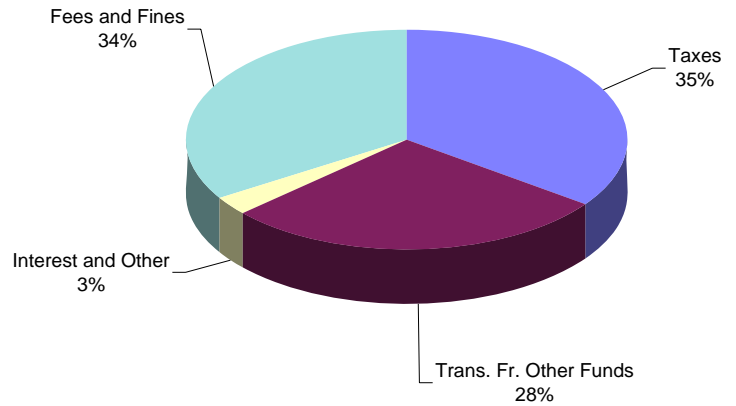
The General Fund is financed principally by various tax liens, franchise taxes, license and permit fees, fines, fund transfers, and miscellaneous revenue sources. Taxes are the largest single source of revenue for the General Fund. Property taxes and transfer taxes are 34.9 percent of the General Fund's revenue. Fees and fines make up 34 percent of the revenue in the General Fund. This consists of police fines, business licenses and permits, and the Intrafund Service Fees. Transfers from other funds contribute 28.3 percent of revenue to the General Fund. These transfers are from the Electric Revenue Fund, the Water/Wastewater Fund, Municipal Street Aid, and Civil Traffic Penalties.

The operating revenues total \$34.6 million. This represents a 2.4 percent increase from Fiscal Year 2007 revised estimates. Revenues, excluding prior year balances, are projected to increase 5.6 percent over Fiscal Year 2007 revenues. We propose to carry \$2.8 million into Fiscal Year 2009 as a beginning balance.

GENERAL FUND REVENUE
Fiscal Year 2006 - 2007



GENERAL FUND REVENUE
Fiscal Year 2007 - 2008



OPERATING EXPENSE HIGHLIGHTS

- Increased costs are budgeted citywide for health care and pension. Base rates for health care rose approximately five percent.
- Pension rates as a percentage of salary rose approximately two percent to 29.32 percent. Our lump sum contribution to the police pension plan remains at \$95,000. These increases resulted in increased costs to all funds of \$118,514 (health) and \$413,849 (pension).
- A 3.5 percent increase is budgeted in Fiscal Year 2008 for the FOP bargaining unit as per their contract. The IUE bargaining unit is currently being negotiated.
- An increase is budgeted citywide for non-bargaining employees in this budget. Increases will be based on performance under the new Pay-For-Performance plan adopted by Council in Fiscal Year 2004. See the Pay for Performance section of this budget for further details.
- There are nine new full-time and six new part-time positions proposed for the General Fund.
 - For planning purposes two positions are budgeted for the Tax Office; Residential Assessment Technician and Commercial Assessment Technician. A final decision as to whether re-evaluation efforts will be conducted by additional staff or contractual services will be made at a later date. These positions will complete the reorganization of the tax office and provide staffing to support reassessment and re-evaluation efforts in the future.
 - Two part-time staff members are proposed for the Library; Library Clerk and Library Page. This staff is needed to handle the increased volume at the library.
 - One full-time Recreation Center Coordinator and four part-time positions are proposed for the Pitts Recreation Center. These positions will not be needed until mid-year and are budgeted accordingly.
 - An Inspector I is budgeted for the Inspections Department to increase the number of inspectors on the Community Enhancement Team. This position will be funded with the proposed increase in related inspection fees and will not be filled until the new fees are approved.
 - A LAN Technician is added to the Information Technologies Department to improve the support of an increasing number of computerized systems that include mobile data units, the City's telephone system and an increasing number of personal computers. This position will also provide additional support to the Police Department.
 - An additional custodian is budgeted in Facilities Management for the additional workload of the Pitts Recreation Center. This position will not be needed until mid-year, and it is budgeted accordingly.
 - Two police officers are planned to staff a sex crimes unit. These officers are planned to be hired in the Spring of 2008. The new unit will take over all sex offender management responsibilities and allow the Community Policing Unit to attend to community concerns and various programs.
 - An emergency preparedness position is added to manage the City's emergency preparedness functions and to maintain compliance with State and Federal guidelines so eligibility for grant revenues is maintained.
- There are also three promotions. The Planning division is reclassifying the Senior Planner to Principal Planner. The Information Technologies Department is promoting a LAN Analyst to Senior LAN Analyst. The Central Services Division is reclassifying the Secretary II position to an Administrative Assistant position.
- The Engineering and Inspections Division is moved from an allocated division in the General Fund to a division funded from Water and Wastewater. This change is due to the reorganization of the City's Water/Wastewater utility and the Electric Utility into one department – Public Utilities. The Public Works Administration division is moved from an allocated division in the General Fund to a division funded solely from the General Fund. This

change is due to the reorganization of the City's Public Works and Inspections departments into one department – Public Services.

- Attrition has been budgeted in larger departments. This was accomplished by reducing salaries by one to two percent.
- A transfer of \$399,350 has been budgeted for transfer to the Library Reserve. This represents Payment In Lieu of Taxes projected.

MAJOR GENERAL FUND CAPITAL PROJECTS FOR FISCAL YEAR 2008

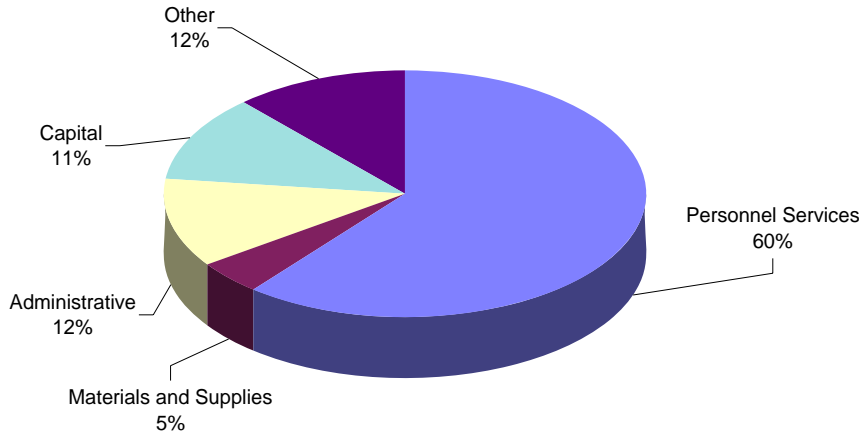
In Fiscal Year 2007, Council approved the creation of the Governmental Capital Projects Fund. This fund was established for the purpose of Governmental Fund asset, construction, and procurements. Optimally, the amount set aside for future asset replacements should equal the annual depreciation of the current assets. All capital projects for the General Fund will be budgeted in this fund.

Appropriations for projects included in this fund are received from the General Fund and /or debt proceeds for each fiscal year's Capital Investment Plan. The City will also appropriate non-recurring revenues, project savings, and project reimbursements to fund this account, or if the balance is less than the \$500,000 minimum, \$200,000 per annum until such time the minimum is replenished. All vehicle and equipment purchases under \$25,000 will be budgeted on a pay as you go basis.

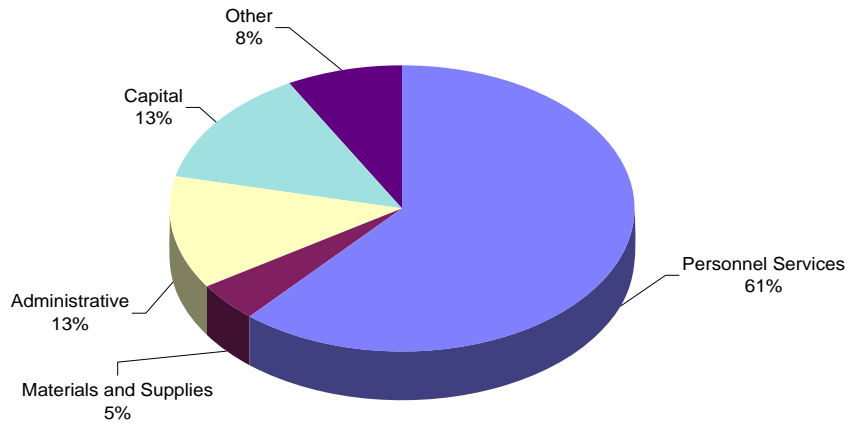
- Work toward a West Side Recreation Center will continue during Fiscal Year 2008. Planning, specification, design, and construction documents were completed during Fiscal Year 2007. Construction began in Fiscal Year 2007 and is expected to be completed during mid-year of Fiscal Year 2008. This is fully funded from grants and the Parkland Fund. This will involve \$1,987,200 being transferred from the Parkland Fund to the General Fund for this purpose.
- The annual contribution to Robbins Hose is included per the revised schedule from Fiscal Year 2007. The Fiscal Year 2008 contribution includes payments for capital equipment of \$162,910 and \$35,000 for the mortgage on Station #2. Robbins Hose has requested that two additional projects be funded. Robbins Hose needs to replace telephony equipment and an alert dispatching system. The cost of the telephony project is estimated to be \$55,000. The second new request is an alert dispatching system in the communications center (\$30,000) that will upgrade a 15 year-old system. The upgraded system will enable the dispatcher to immediately access residential or business emergency information.
- The Street and Alley Program for Fiscal Year 2008 will rehabilitate approximately five percent of the street and alley network at an estimated cost of \$1.35 million. This program identifies maintenance costs for 78.86 miles of streets and 15.24 miles of alleys. The City's contribution from the General Fund is budgeted at \$350,000 with \$1 million funding from the Community Transportation Fund. \$65,000 has been budgeted for Concrete Construction and Replacement.
- The iSeries Computer System is scheduled to be replaced for a total cost of \$120,000. This is part of our technology life cycle process. The last hardware upgrade to our current iSeries was November 2002. The iSeries is a critical component of City operations as it houses one of the City's core applications HTE. The system is proposed to be leased for three years. The Information Technologies Department has budgeted \$100,000 to expand internet online services. This project includes a citizen management response component that will track citizen requests and concerns. Upgrading and replacement of the inner city fiber optic loop is budgeted for \$122,000. This project will create a redundant fiber loop between Reed Street and Buttner Place, while also bridging the larger data loop (making a north and a south loop) via Division Street. It is critical to the reliability of our phone and data network.
- Citywide vehicle and equipment replacement is projected to be approximately \$1.6 million for Fiscal Year 2008. Before each vehicle is recommended for replacement, it is inspected by Fleet Maintenance.

- General Fund vehicle and equipment replacement is projected to be approximately \$1.1 million for Fiscal Year 2008. \$502,800 is budgeted to replace three trash trucks. Before each vehicle is recommended for replacement, it is inspected by Fleet Maintenance.

GENERAL FUND EXPENDITURES
Fiscal Year 2006 - 2007



GENERAL FUND EXPENDITURES
Fiscal Year 2007 - 2008

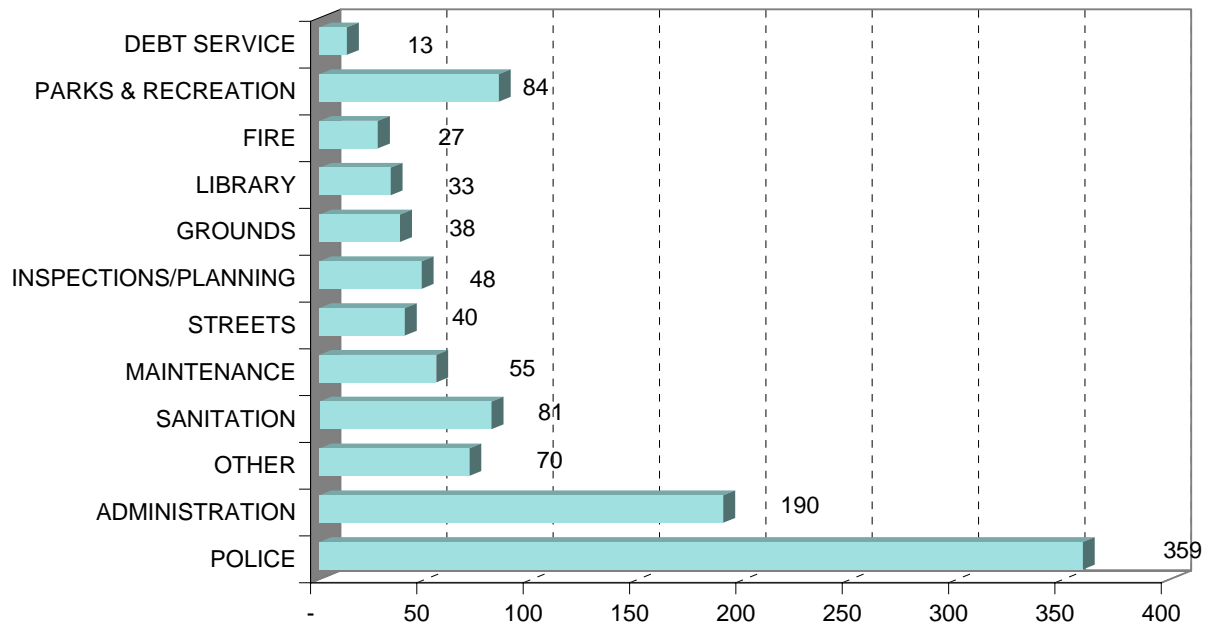


Personnel Services are 61 percent of expenditures in the General Fund. Materials and Supplies and Administrative expenses account for 18% of the General Fund. These are expenses for printing, contractual services, legal expenses, etc. Capital Expenses are 13 percent of the General Fund. Other expenses such as transfers to reserves, debt, street lighting, and retirees' health care make up 8 percent of General Fund expenses.

Compared to Fiscal Year 2007, the City is spending more on Capital projects in Fiscal Year 2008 and transferring less funds to reserves

The following chart displays cost per capita for City services. These costs are based on an estimated population of 33,829.

PROJECTED COST PER CAPITA BY FUNCTION
Fiscal Year 2007 - 2008



THE VALUE OF CITY SERVICES

Based on an average assessed home value of \$145,000, each household will pay \$478.50 in City taxes for the year, or \$39.88 per month, to support these City services:

- ▶ 24-hour police protection
- ▶ 24-hour 911 service
- ▶ library facilities
- ▶ 26 park facilities
- ▶ recreational programming for all age groups
- ▶ building inspection and permit services
- ▶ code enforcement services
- ▶ customer information and assistance
- ▶ comprehensive land-use planning
- ▶ housing assistance for targeted populations



In comparison, the cost of cable TV with standard service is \$54.95 per month or \$659.40 per year.

Your tax-supported City services are a great value!

For less than the comparable monthly cable television bill, City residents receive all their tax-supported services at an average cost of \$39.88 per month!

GENERAL FUND CASH RECEIPT SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
RECEIPTS					
PRIOR YEAR BALANCE	3,223,548	4,232,792	5,437,696	3,542,086	-34.9%
FINES AND POLICE REVENUE	759,726	760,000	706,020	725,000	2.7%
911 FEE	63,713	64,000	64,000	64,000	0.0%
INVESTMENT INCOME	263,223	290,000	290,000	300,000	3.4%
LIBRARY REVENUES	58,905	49,500	59,900	61,697	3.0%
KENT COUNTY BOOK REIMBURSEMENT	392,800	350,000	320,000	329,600	3.0%
BUSINESS LICENSES	1,318,621	1,310,000	1,350,000	1,320,000	-2.2%
PERMITS AND OTHER LICENSES	1,147,224	1,000,000	1,341,500	1,227,343	-8.5%
DEMOLITION REVENUE	-	-	160,000	-	-100.0%
MISCELLANEOUS CHARGES	120,433	93,054	93,054	38,750	-58.4%
POLICE EXTRA DUTY	250,985	350,000	350,000	300,000	-14.3%
PROPERTY TAXES	8,792,652	9,148,680	9,254,909	9,453,511	2.1%
RECREATION REVENUE	98,254	95,500	102,200	140,000	37.0%
FRANCHISE FEE	416,595	410,000	422,000	422,000	0.0%
TRASH FEES	1,076,967	1,088,540	1,112,540	1,191,411	7.1%
DSWA TRASH FEE REBATE	167,477	170,000	170,000	170,000	0.0%
RENT REVENUE - GARRISON FARM	35,533	28,213	28,213	28,213	0.0%
COURT OF CHANCERY FEES	792,280	710,000	761,000	761,000	0.0%
INTERNET REVENUE	12,951	10,000	10,000	5,400	-46.0%
CURBSIDE RECYCLING	8,869	24,000	24,000	-	-100.0%
RECEIPTS SUBTOTAL	19,000,756	20,184,279	22,057,032	20,080,011	-9.0%
INTERFUND SERVICE RECEIPTS					
INTRAFUND SERVICE RECEIPTS WATER/WASTEWATER	1,045,326	1,176,357	1,112,461	1,095,941	-1.5%
INTRAFUND SERVICE RECEIPTS ELECTRIC	3,652,063	3,869,378	3,732,641	3,803,581	1.9%
INTERFUND SERVICE RECEIPTS SUBTOTAL	4,697,389	5,045,735	4,845,102	4,899,522	1.1%
GRANTS:					
POLICE RELATED	342,576	43,000	40,000	40,000	0.0%
STATE GRANT - TRAIL MAINTENANCE	1,200	-	-	-	0.0%
CAPITAL SCHOOL DISTRICT REVENUE	-	106,285	152,753	130,609	-14.5%
RECREATION GRANTS	300,000	300,000	335,000	20,000	-94.0%
INSURANCE AGENCY FIRE SAFETY GRANT	-	5,500	5,500	-	-100.0%
MISC GRANT REVENUE	9,500	-	-	-	0.0%
HOMELAND SECURITY GRANT	164,872	69,650	169,650	-	-100.0%
SALE OF LAND	59,850	-	-	-	0.0%
GRANTS SUBTOTAL	877,998	524,435	702,903	190,609	-72.9%
TRANSFERS FROM:					
TRANSFER TAX	3,048,064	2,900,000	2,900,000	2,650,222	-8.6%
MUNICIPAL STREET AID	659,910	660,000	656,504	660,000	0.5%
CIVIL TRAFFIC PENALTIES	936,540	950,000	500,000	500,000	0.0%
WATER/WASTEWATER	535,785	535,000	535,000	565,000	5.6%
ELECTRIC	5,716,956	5,700,000	4,700,000	6,601,269	40.5%
PARKLAND RESERVE	124,504	964,800	974,800	1,987,200	103.9%
WEYANDT HALL SALE	-	-	-	-	0.0%
CAPITAL ASSET RESERVE	-	-	324,824	-	-100.0%
DELAWARE PREVENTION NETWORK	9,000	-	-	-	-
TRANSFERS FROM SUBTOTAL	11,030,759	11,709,800	10,591,128	12,963,691	22.4%
TOTALS	35,606,902	37,464,249	38,196,165	38,133,833	-0.2%

GENERAL FUND EXPENSE SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
DEPARTMENT EXPENSES:					
CITY CLERK	333,612	308,362	244,689	290,879	18.9%
COUNCIL	112,990	119,218	117,494	132,014	12.4%
TAX ASSESSOR	195,383	273,777	221,612	332,606	50.1%
FIRE	948,785	1,299,787	1,137,347	644,773	-43.3%
GROUNDS MAINTENANCE	1,054,767	1,168,150	1,098,239	1,151,527	4.9%
LIBRARY	953,761	1,087,627	1,012,635	1,132,283	11.8%
RECREATION	705,241	1,728,179	1,813,458	717,058	-60.5%
PLANNING	201,563	338,564	297,362	416,090	39.9%
INSPECTIONS	957,385	1,191,003	1,223,379	1,113,413	-9.0%
POLICE	10,844,255	11,639,643	11,505,056	11,460,515	-0.4%
POLICE EXTRA DUTY	361,242	425,000	425,000	335,190	-21.1%
STREETS	1,081,869	1,359,197	1,303,986	846,290	-35.1%
SANITATION	2,257,821	2,453,231	2,246,285	2,233,490	-0.6%
CITY MANAGER	563,970	642,239	630,607	711,036	12.8%
INFORMATION TECHNOLOGY	859,120	941,400	942,129	779,732	-17.2%
FINANCE	649,802	715,733	669,261	780,540	16.6%
PUBLIC SERVICES - ADMINISTRATION	318,900	317,485	237,276	432,176	82.1%
FACILITIES MANAGEMENT	824,260	1,402,610	1,355,050	1,071,055	-21.0%
PUBLIC WORKS - ENGINEERING	289,208	312,126	302,068	-	-100.0%
CENTRAL SERVICES	678,110	759,832	727,860	705,203	-3.1%
FLEET MAINTENANCE	672,608	676,695	675,762	690,862	2.2%
CUSTOMER SERVICES	951,557	1,036,712	1,039,318	1,212,370	16.7%
HUMAN RESOURCES	306,782	399,475	354,997	421,407	18.7%
MAYOR	112,081	114,661	114,841	139,055	21.1%
DEPARTMENT SUBTOTALS	26,235,072	30,710,706	29,695,711	27,749,564	-6.6%
OTHER EXPENSES:					
DEBT SERVICE	438,719	441,232	441,232	437,468	-0.9%
TRANSFER TO CONTINGENCY	-	8,007	-	34,500	0.0%
DSWA RECYCLING PROGRAM	9,894	24,000	24,000	-	-100.0%
INSURANCE	429,139	465,980	465,980	546,857	17.4%
RETIRES HEALTH CARE	645,457	763,982	763,982	683,321	-10.6%
STREET LIGHTS	545,426	746,200	520,000	575,000	10.6%
OTHER EXPENSE SUBTOTAL	2,068,635	2,449,401	2,215,194	2,277,146	2.8%
GRANTS					
IT EMERGENCY PREPAREDNESS PLAN	-	-	100,000	-	-100.0%
GRANTS SUBTOTAL	-	-	100,000	-	-100.0%
TRANSFERS					
TRANSFER TO OPEB	250,000	250,000	250,000	-	-100.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	-	262,455	262,455	89,850	-65.8%
TRANSFER TO PENSION COLA	-	139,749	139,749	44,925	-67.9%
TRANSFER TO CAPITAL ASSET RESERVE	150,000	-	-	-	0.0%
TRANSFER TO CAPITAL FUND - PROJECTS	-	-	-	4,680,362	0.0%
TRANSFER TO CAPITAL FUND - RESERVE	-	-	-	-	0.0%
TRANSFER TO STREET PROGRAM	250,000	-	-	-	0.0%
TRANSFER TO PARKLAND/RECREATION RESERVE	1,193,323	350,000	360,000	-	-100.0%
TRANSFER TO LIBRARY RESERVE	-	583,500	1,620,970	399,350	-75.4%
UNCOLLECTIBLES - TRASH AND OTHER	10,000	10,000	10,000	10,000	0.0%
INVENTORY WRITE OFFS	12,176	-	-	-	0.0%
TRANSFERS SUBTOTAL	1,865,499	1,595,704	2,643,174	5,224,487	97.7%
CURRENT YEAR BALANCE	5,437,696	2,708,438	3,542,086	2,882,636	-18.6%
TOTALS	35,606,902	37,464,249	38,196,165	38,133,833	-0.2%

* SEE DETAIL EXPLANATIONS OF EXPENDITURES IN EACH DEPARTMENT FOR FURTHER INFORMATION.

GOVERNMENTAL CAPITAL PROJECTS FUND

CASH RECEIPTS ESTIMATE

	FOR INFORMATIONAL PURPOSES ONLY			2007/08 BUDGET	%CHANGE 2006/07
	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED		
BEGINNING BALANCE - PROJECTS	164,272	326,228	324,824	-	-100.0%
BEGINNING BALANCE - RESERVE	10,552	14,680	-	-	
INTEREST EARNINGS	-	-	-	-	0.0%
TRANSFER FROM RESERVE	-	-	-	-	0.0%
TRANSFER FROM GENERAL FUND FOR PROJECTS	1,829,113	3,942,879	3,468,101	4,680,362	35.0%
TRANSFER FROM GENERAL FUND FOR RESERVE	150,000	-	-	-	0.0%
TOTALS	2,153,937	4,283,787	3,792,925	4,680,362	23.4%

EXPENSE SUMMARY

	FOR INFORMATIONAL PURPOSES ONLY			2007/08 BUDGET	%CHANGE 2006/07
	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED		
CITY CLERK	-	6,100	-	-	0.0%
COUNCIL	174	-	-	-	0.0%
TAX ASSESSOR	-	-	-	45,000	0.0%
FIRE	358,006	656,000	506,000	282,910	-44.1%
GROUNDS MAINTENANCE	41,410	63,040	22,102	129,913	487.8%
LIBRARY	-	10,000	2,458	-	-100.0%
RECREATION	210,487	1,181,300	1,280,300	2,135,700	66.8%
PLANNING	-	-	-	-	0.0%
INSPECTIONS	14,622	89,000	32,000	96,000	200.0%
POLICE	241,182	468,452	399,128	343,720	-13.9%
STREETS	552,053	594,788	542,017	511,000	-5.7%
SANITATION	215,160	286,299	111,440	502,800	351.2%
CITY MANAGER	10,702	-	-	10,300	0.0%
INFORMATION TECHNOLOGY	124,665	62,000	75,100	367,400	389.2%
FINANCE	4,638	-	-	-	0.0%
PUBLIC SERVICES - ADMINISTRATION	-	-	-	40,100	0.0%
FACILITIES MANAGEMENT	29,881	510,900	480,900	59,800	-87.6%
CENTRAL SERVICES	9,697	15,000	16,656	21,000	26.1%
FLEET MAINTENANCE	16,436	-	-	34,719	0.0%
CUSTOMER SERVICES	-	-	-	-	0.0%
HUMAN RESOURCES	-	-	-	-	0.0%
MAYOR	-	-	-	-	0.0%
DEPARTMENT SUBTOTAL	1,829,113	3,942,879	3,468,101	4,580,362	32.1%
TRANSFER TO GENERAL FUND	-	-	324,824	-	-100.0%
CURRENT YEAR BALANCE- PROJECTS	-	-	-	100,000	0.0%
CURRENT YEAR BALANCE- CAPITAL ASSET RESERVE	324,824	340,908	-	-	0.0%
TOTALS	2,153,937	4,283,787	3,468,101	4,680,362	35.0%

GENERAL CAPITAL ASSET REPLACEMENT FUND

ORIGIN AND PURPOSE

This fund was established in 2002 for the purpose of providing funds for the replacement and expansion of the City's long-term assets (i.e., infrastructure, buildings).

SOURCE OF FUNDS

Appropriations for projects included in this fund are received from the General Fund.

CASH RECEIPTS ESTIMATE

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
BEGINNING BALANCE	164,272	326,228	324,824	-	-100.0%
INTEREST EARNINGS	10,552	14,680	-	-	0.0%
TRANSFER FROM GENERAL CONTINGENCY	-	-	-	-	0.0%
TRANSFER FROM GENERAL FUND	150,000	-	-	-	0.0%
TOTALS	324,824	340,908	324,824	-	-100.0%

EXPENSE SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
TRANSFER TO GENERAL FUND	-	-	324,824	-	-100.0%
CARRY FORWARD TO NEXT YEAR	324,824	340,908	-	-	0.0%
TOTALS	324,824	340,908	324,824	-	-100.0%

GENERAL CONTINGENCY FUND

ORIGIN AND PURPOSE

This fund was established by Council action to serve as a "rainy day" source of funds in case of a General Fund emergency.

SOURCE OF FUNDS

Transfer from the General Fund

COMMENTS

The General Contingency Fund must equal two percent of the current year operating revenues for the General Fund or \$704,247. The interest is retained in the fund. Only City Council can authorize expenditures from the fund.

CASH RECEIPTS ESTIMATE

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
BEGINNING BALANCE	788,109	820,209	816,680	647,680	-20.7%
INTEREST EARNINGS	28,571	36,909	31,000	29,000	-6.5%
TRANSFER FROM GENERAL FUND	-	8,007	-	34,500	0.0%
TOTALS	816,680	865,125	847,680	711,180	-16.1%

EXPENSE SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
TRANSFER TO GENERAL FUND	-	-	-	-	0.0%
TRANSFER TO OPEB	-	100,000	100,000	-	
TRANSFER TO LIBRARY FUND	-	100,000	100,000	-	
CARRY FORWARD TO NEXT YEAR	816,680	665,125	647,680	711,180	9.8%
TOTALS	816,680	865,125	847,680	711,180	-16.1%

DEPARTMENT ALLOCATIONS

Beginning in Fiscal Year 2004, all previously classified Intergovernmental Service Fund divisions except Construction (classified as a Water/Wastewater division) are budgeted in the General Fund. This eliminated the Intergovernmental Service Fund.

In Fiscal Year 2008, organizational changes occurred in the Public Utilities department, and two divisions were classified as allocated. The Electric Administration division and the System Operations divisions were allocated to reflect the services they supply to the Water/Wastewater Fund. Also, due to the reorganization, the Public Services (formerly Public Works) Administration division and the Public Utilities Water/Wastewater Engineering and Inspections (formerly Public Works Engineering) division are no longer allocated. Public Services Administration is fully funded from the General Fund and Public Utilities/Wastewater Engineering and Inspections is fully funded from the Water/Wastewater Fund.

These allocations were derived from detailed calculations and are a truer representation of services rendered and reimbursed.

SOURCE OF REVENUES

FUND 110 ALLOCATIONS

Fiscal Year 2007 REVISED

	GENERAL	WATER/SEWER	ELECTRIC
CITY CLERK	19.8%	15.9%	64.3%
COUNCIL	19.8%	15.9%	64.3%
MAYOR	19.8%	15.9%	64.3%
GROUNDS	84.0%	4.0%	12.0%
CITY MANAGER	19.8%	15.9%	64.3%
INFORMATION TECHNOLOGY	55.8%	13.6%	30.6%
TREASURER/FINANCE	19.8%	15.9%	64.3%
PUBLIC WORKS - ADMIN	59.1%	40.9%	0.0%
FACILITIES MANAGEMENT	63.1%	5.4%	31.5%
CENTRAL SERVICES - WHSE	8.6%	7.1%	84.3%
FLEET MAINTENANCE	51.6%	18.1%	30.3%
CUSTOMER SERVICES	19.2%	20.5%	60.3%
HUMAN RESOURCES	70.9%	9.7%	19.4%
INSURANCE	36.6%	14.2%	49.2%

DEPARTMENT ALLOCATIONS*(continued)***FUND 110 ALLOCATIONS**

Fiscal Year 2008

	GENERAL	WATER/SEWER	ELECTRIC
CITY CLERK	19.6%	14.2%	66.2%
COUNCIL	19.6%	14.2%	66.2%
MAYOR	19.6%	14.2%	66.2%
GROUNDS	82.0%	4.0%	14.0%
CITY MANAGER	36.0%	13.6%	50.4%
INFORMATION TECHNOLOGY	55.6%	13.4%	31.0%
TREASURER/FINANCE	39.0%	12.4%	48.6%
FACILITIES MANAGEMENT	62.4%	6.2%	31.4%
CENTRAL SERVICES - WHSE	10.3%	8.3%	81.4%
FLEET MAINTENANCE	59.2%	18.9%	21.9%
CUSTOMER SERVICES	20.7%	20.0%	59.3%
HUMAN RESOURCES	76.5%	9.0%	14.5%
INSURANCE	38.4%	12.5%	49.1%
ELECTRIC ADMINISTRATION	0.0%	24.7%	75.3%
SYSTEMS OPERATIONS	0.0%	18.0%	82.0%

GENERAL FUND REVENUES FISCAL YEAR 2008

REVENUE TYPE: PROPERTY TAX

CRITICAL ASSUMPTION: Property taxes are valued at 100 percent of appraised value. The tax rate is \$.33 for every \$100 of assessed value and remains unchanged. Revenues are projected to increase. We believe this may be due to growth and corrections to our tax records.

2005-2006 Actual	2006-2007 Budget	2006-2007 Revised	2007-2008 City Manager Budget	2007-2008 Difference	% Change
\$8,792,652	\$9,148,680	\$9,254,909	\$9,453,511	\$198,602	2.1%

REVENUE TYPE: TRANSFER TAX

CRITICAL ASSUMPTION: Real estate transfer taxes are one and a half percent of real estate transfer prices. They fluctuate with the real estate market. Revenue for Fiscal Year 2007 remains unchanged. Revenues for Fiscal Year 2008 are projected to decline as a result of the current real estate market for our area.

2005-2006 Actual	2006-2007 Budget	2006-2007 Revised	2007-2008 City Manager Budget	2007-2008 Difference	% Change
\$3,048,064	\$2,900,000	\$2,900,000	\$2,650,222	-\$249,778	-8.6%

REVENUE TYPE: INTEREST

CRITICAL ASSUMPTION: Interest income is adjusted in Fiscal Year 2006 to reflect current interest rates. This revenue is dependent upon working capital availability and interest rates.

2005-2006 Actual	2006-2007 Budget	2006-2007 Revised	2007-2008 City Manager Budget	2007-2008 Difference	% Change
\$263,223	\$290,000	\$290,000	\$300,000	\$10,000	3.4%

REVENUE TYPE: LICENSE, PERMIT, AND FINES

CRITICAL ASSUMPTION: Business licenses are cyclical with the economy and specifically with construction activity. Business License fees were increased in June 2004. Revenue in Fiscal Year 2007 is revised to increase over original estimates. This adjustment was made to reflect current revenue trends. In Fiscal Year 2008, revenue is projected to decline from Fiscal Year 2007 estimates.

Permit fees are sensitive to the economy with respect to the construction industry and individual property owners' disposable income. Also, collection is a function of enforcement. Most of the permit fees were increased in June 2004. There will be an increase to rental inspection fees with this budget. This increase is expected to generate \$101,343. Revenue in Fiscal Year 2007 is expected to increase from original estimates as a result of several large projects during this time. Fiscal Year 2008 revenue is expected to decrease 5.3 percent from revised Fiscal Year 2007 revenue estimates and reflects a return to more normal construction activity.

2005-2006 Actual	2006-2007 Budget	2006-2007 Revised	2007-2008 City Manager Budget	2007-2008 Difference	% Change
\$2,465,845	\$2,310,000	\$2,691,500	\$2,547,343	\$-144,157	-5.3%

REVENUE TYPE: USER FEES AND OTHER

CRITICAL ASSUMPTION: These revenues are directly proportional to usage. Fiscal Year 2007 revenues are expected to decrease over original estimates by \$145,856. This is primarily due to the Civil Traffic Penalties decline of \$450,000. The full cause of the decline is unknown at this time and is currently being investigated. Some of the decline can be attributed to awareness and timing of receipts/collections. These adjustments were made to reflect current revenue streams. Revenues for Fiscal Year 2008 are expected to decrease also due to the decline in Civil Traffic Penalties. A projected increase in Fines and Police revenue, and trash fee revenues increasing from growth in our customer base offset the decrease. Other revenue is expected to remain stable.

2005-2006 Actual	2006-2007 Budget	2006-2007 Revised	2007-2008 City Manager Budget	2007-2008 Difference	% Change
\$4,835,283	\$ 4,742,807	\$ 4,460,927	\$4,315,071	\$-145,856	-3.3%

R REVENUE TYPE: GRANTS

CRITICAL ASSUMPTION: Revised revenue estimates for Fiscal Year 2007 project an increase of \$178,468 in grants over original estimates. This is primarily because the City received Homeland Security grants it had not anticipated for projects and Recreation grants for the John W. Pitts Recreation Center. In Fiscal Year 2008, grant revenue is expected to decrease \$512,294. This is primarily due to reduced amounts of Recreation grants as the Pitts Center nears completion and Homeland Security Grants. Municipal Street Aid funds are expected to remain stable.

2005-2006 Actual	2006-2007 Budget	2006-2007 Revised	2007-2008 City Manager Budget	2007-2008 Difference	% Change
\$827,148	\$524,435	\$702,903	\$190,609	\$-512,294	-72.5%

REVENUE TYPE: TRANSFERS

CRITICAL ASSUMPTION: Transfers from enterprise funds for Fiscal Year 2007 were decreased to mitigate a mid-year electric rate increase. These transfers are expected to increase in Fiscal Year 2008. Transfers from the Water/Wastewater Fund (\$565,000) represent 4.5 percent of Water/Wastewater Fund revenues plus \$25,000 for a new emergency preparedness position. The Electric transfer (\$6,601,269) represents 6.5 percent of Electric Fund Revenues plus \$25,000 for funding a new emergency preparedness position. Financial policies allow transfers of up to 8 percent of utility fund revenues. The transfers are viewed as returns on our taxpayers' investment in the utilities. They serve to keep taxes low. Additionally, money is budgeted (\$1,987,200) to be transferred from the Parkland Reserve for work on the John W. Pitts Recreation Center.

2005-2006 Actual	2006-2007 Budget	2006-2007 Revised	2007-2008 City Manager Budget	2007-2008 Difference	% Change
\$7,037,155	\$7,859,800	\$7,191,128	\$9,813,469	\$2,622,341	36.5%

REVENUE TYPE: FRANCHISE FEES

CRITICAL ASSUMPTION: The City collects a franchise fee from Comcast Cablevision and Cavalier each year. Fiscal Year 2007 revenues are projected to increase. This is to reflect current revenue. Fiscal Year 2008 revenue is projected to remain stable with revised Fiscal Year 2007 receipts. Verizon has requested a franchise agreement with the City; however no additional revenue has been budgeted until better information is known.

2005-2006 Actual	2006-2007 Budget	2006-2007 Revised	2007-2008 City Manager Budget	2007-2008 Difference	% Change
\$416,595	\$410,000	\$422,000	\$422,000	\$0	0%

REVENUE TYPE: INTRAFUND SERVICE RECEIPTS

CRITICAL ASSUMPTION: Beginning in Fiscal Year 2004, all previously classified Intergovernmental Service Fund divisions except Construction (classified as a Water/Wastewater division) were moved to the General Fund.

Services provided by these divisions to the Electric Fund and Water Fund will be billed monthly based on pre-determined allocation percentages. Intrafund Service Receipts is added to account for the billed allocations. It is estimated that \$1,112,461 will be billed to the Water/Wastewater Fund for services and that \$3,732,641 will be billed to the Electric Fund in Fiscal Year 2007. It is estimated that in Fiscal Year 2008, \$1,095,941 will be billed to the Water/Wastewater Fund for services and that \$3,803,581 will be billed to the Electric Fund.

2005-2006 Actual	2006-2007 Budget	2006-2007 Revised	2007-2008 City Manager Budget	2007-2008 Difference	% Change
\$4,697,389	\$5,045,735	\$4,845,102	\$4,899,522	\$52,420	1.1%

CITY OF DOVER
GENERAL FUND REVENUES AND OTHER FINANCING TREND DATA
LAST TEN FISCAL YEARS

Revenues:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Beginning Balance	\$1,430,011	\$1,973,939	\$2,252,671	\$2,810,398	\$2,827,370	\$380,166	\$2,266,936	\$2,890,843	\$2,865,516	\$3,223,548
Fines and Other Police Revenue	494,460	538,272	644,025	593,272	635,711	658,869	650,004	619,493	858,604	823,439
Franchise Fees	400,565	254,889	182,093	–	–	–	331,515	462,859	395,821	416,595
Right-of-Way Revenue	–	–	–	57,763	169,262	56,339	–	–	–	–
Court of Chancery Fees	–	–	–	–	–	–	–	559,260	710,380	792,280
Internet Revenue	–	–	–	–	–	10,613	17,903	20,779	17,205	12,951
Interest Earnings and Transfers	304,712	367,927	319,866	346,200	336,533	217,917	146,113	219,515	139,444	263,223
Library Revenue - General	44,763	42,645	47,375	36,332	34,601	33,536	42,251	37,357	50,852	58,905
Library Revenue - Co. Reimbursement	170,625	264,786	264,786	285,745	286,090	290,607	292,451	295,800	295,800	392,800
Library Trust Receipt	–	–	–	–	–	105,410	–	–	–	–
Licenses and Permits	1,299,799	1,403,271	1,595,404	1,514,171	2,141,937	1,888,673	1,934,820	2,017,287	2,251,092	2,465,845
Misc. Service Charges	89,651	124,221	192,292	128,749	215,266	49,991	98,447	55,184	55,310	120,433
Police Extra Duty Fees	100,073	115,130	173,977	194,381	345,324	389,503	393,601	307,426	303,195	250,985
Property Taxes	5,506,275	5,687,602	5,698,657	6,081,831	6,021,821	6,190,763	7,076,050	7,183,124	7,370,318	8,792,652
Recreation Revenue	67,910	85,115	89,115	94,181	88,460	88,865	92,699	102,483	101,296	98,254
Rent Revenue	–	–	–	–	65,610	15,250	28,214	28,214	28,213	35,533
Electric Fund Appropriation	3,975,000	3,975,000	3,975,000	3,975,000	3,975,000	3,975,000	4,525,000	4,701,664	5,463,008	5,716,956
Electric Imp. and Ext. Fund Appropriation	–	–	–	–	–	1,887,950	–	–	–	–
Water/Sewer Fund Appropriation	225,000	225,000	–	225,000	–	900,000	450,000	831,000	848,016	535,785
Senior Surrey Fees	(35)	–	–	–	–	–	–	–	–	–
Transfer Tax	921,517	931,731	1,163,148	1,205,779	987,753	1,207,241	2,663,963	1,627,172	2,379,548	3,048,064
Curbside Recycling	–	–	–	–	–	–	–	–	–	8,869
Sanitation Fees	–	–	–	207,084	920,115	1,059,007	1,080,356	1,083,894	1,081,064	1,244,444
Transfer from Reserve	87,170	159,000	112,454	–	–	–	–	859,816	1,040	124,504
Sale of Land	290,000	–	–	–	–	–	66,263	2,800	13,000	59,850
Intrafund Service Receipts - Water/WW	–	–	–	–	–	–	–	846,864	932,708	1,045,326
Intrafund Service Receipts - Electric	–	–	–	–	–	–	–	3,151,045	3,536,040	3,652,063
Grants:										
Emergency Related	–	–	–	–	–	–	124,360	48,655	–	164,872
Municipal Street Aid	418,858	560,950	705,936	848,294	845,221	822,385	803,446	794,301	792,242	659,910
Police Department	259,883	201,212	194,208	369,219	114,270	96,611	–	248,070	611,801	1,279,116
Recreation Related	22,469	92,839	54,597	–	74,865	3,007	–	20,000	25,000	300,000
State Revenue Sharing/Other	–	455,682	5,119	337,964	–	–	21,203	–	–	–
Misc. Grant Revenue	–	–	–	–	–	–	–	1,258	9,900	19,700
Delaware River and Bay Authority	–	–	15,910	–	–	–	–	–	–	–
Downtown Amenities	–	–	–	–	253,983	–	–	–	–	–
DelDOT Enhancements	–	–	–	–	–	57,056	–	–	–	–
TOTAL REVENUES	\$16,108,706	\$17,459,211	\$17,686,633	\$19,311,363	\$20,339,192	\$20,384,759	\$23,105,595	\$29,016,163	\$31,136,413	\$35,606,902

CITY OF DOVER
GENERAL FUND EXPENDITURES, OTHER USES TREND DATA
LAST TEN FISCAL YEARS

Expenditures:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Facilities Management	\$211,520	\$244,256	\$232,706	\$249,224	\$251,784	\$338,644	\$388,957	\$871,691	\$958,764	\$824,260
City Clerk	96,146	106,051	76,918	80,892	96,564	105,075	103,961	243,852	301,129	333,612
City Manager	97,150	84,224	89,555	117,662	111,332	91,399	101,439	310,272	358,401	563,970
Information Technology	169,508	194,556	146,747	128,127	132,062	135,569	180,100	675,002	741,812	859,120
Grounds	417,779	197,941	196,315	229,654	246,111	267,376	295,385	952,009	989,042	1,054,767
Engineering	38,932	40,446	45,023	44,359	48,286	47,030	56,703	225,658	253,299	289,208
Finance	128,205	137,125	147,273	140,523	181,055	157,672	172,862	526,973	598,639	649,802
Fire	560,130	575,037	579,802	631,868	765,747	582,435	775,129	858,193	911,534	948,785
Comm. Services Admin.	115,587	491	–	–	–	–	–	–	–	–
Vehicle Maintenance	427,573	506,702	552,450	492,592	667,421	449,159	502,044	533,699	581,669	672,608
Mayor and Council	34,768	36,327	72,738	69,261	79,580	87,893	111,910	223,890	221,958	225,071
Fire Marshal	–	–	–	–	–	–	–	–	–	–
Parks and Recreation	280,819	389,207	365,043	380,175	394,915	413,409	482,936	486,789	617,624	705,241
Planning Commission	112,087	70,305	82,768	105,011	123,374	96,863	123,716	196,907	202,516	201,563
Police	6,238,664	7,111,440	7,084,608	7,504,239	8,082,681	8,646,777	9,016,043	9,952,938	10,472,023	11,205,497
Inspections	512,667	506,594	528,968	562,472	752,168	729,450	769,831	811,805	898,687	957,385
Public Works Admin.	62,841	65,086	68,108	71,091	74,125	81,657	78,312	273,982	306,773	318,900
Senior Surrey	–	–	–	–	–	–	–	–	–	–
Central Services Admin.	22,184	29,274	34,256	37,271	37,061	48,152	38,109	659,788	755,866	678,110
Streets	481,646	585,706	1,035,061	983,226	1,293,463	1,020,123	1,046,294	1,122,311	1,237,428	1,081,869
Tax Assessor	102,007	107,321	109,297	161,067	114,360	164,012	120,745	154,792	301,445	195,383
Sanitation	1,396,094	1,580,601	1,419,315	1,602,953	1,807,335	1,657,753	2,025,888	2,202,051	1,940,866	2,257,821
Library	684,390	698,001	765,926	742,208	779,665	759,169	791,726	910,126	909,005	953,761
Administrative Services	40,722	37,017	39,779	38,139	39,744	41,327	38,759	849,620	1,072,083	951,557
Human Resources	64,887	60,879	61,903	67,628	68,297	88,830	102,472	236,467	271,823	306,782
Insurance	112,193	116,043	83,535	123,649	113,220	105,400	128,127	523,069	431,871	429,139
Construction	95,739	106,651	90,587	112,622	138,867	78,830	85,304	–	–	–
Other Charges:										
Other Appropriations	71,017	56,500	56,500	75,013	126,282	79,352	183,831	1,456	–	500,000
Park Construction	85,817	57,006	54,822	73,895	–	–	–	–	–	1,193,323
Approp. to Street Lights	–	–	–	–	–	–	–	470,110	534,682	545,426
Approp./Capital Outlays	–	40,000	20,000	60,000	60,000	20,000	–	–	–	150,000
Internet Service	–	–	–	–	10,493	7,622	–	–	–	–
Copier Expense	–	–	–	–	–	–	–	–	4,863	–
N. Dover Athletic Comp.	–	–	–	–	40,000	–	–	–	–	–
Transfer/Contingency Fund	–	50,000	50,000	50,000	50,000	–	250,000	–	–	–
Transfers to Reserves	–	–	–	–	–	105,410	796,372	634,774	974,970	–
Transfers to Grant Funds	–	–	–	–	–	–	–	867	–	–
Approp. to Other Funds	280,000	400,000	269,331	243,810	329,234	–	6,515	–	–	–
Environmental Related	4,639	14,196	3,494	35,568	61,227	30,000	–	–	–	–
Emergency Expense	–	–	–	–	–	–	–	–	–	–
Acct. Rec. Uncollectibles	–	–	–	–	–	–	–	–	10,000	10,000
Inventory Write-Offs	–	–	–	–	–	–	–	14,256	7,114	12,176
Retiree Benefits	177,131	198,607	218,417	243,187	306,106	375,173	456,025	541,715	590,587	654,457
Police Pension	–	–	–	–	226,863	–	–	–	–	–
Workers Comp. Fund	–	–	–	–	–	616,449	296,914	–	16,000	–
Trash Container Expense	25,006	43,360	47,246	–	–	–	–	–	–	9,894
Consulting	33,543	68,627	11,099	51,561	150,000	–	–	–	–	–
Debt Service/Principal	360,000	375,000	390,000	405,000	425,000	445,000	465,000	485,000	330,000	–
Debt Service/Interest	350,848	322,100	304,514	282,905	301,625	244,813	223,543	198,509	110,372	335,000
Debt Svc/Bond Issue Costs	–	–	–	–	–	–	–	122,387	–	–
Debt Service/Bond Proceeds	–	–	–	–	–	–	–	(3,430,000)	–	–
Debt Svc/Pmt to Bond Agent	–	–	–	–	–	–	–	3,244,281	–	–
TOTAL EXPENDITURES	\$13,892,239	\$15,212,677	\$15,334,104	\$16,196,852	\$18,486,047	\$18,117,823	\$20,214,952	\$26,085,239	\$27,912,865	\$30,169,206

PROPERTY TAX REVENUES

The City Council levies and collects taxes according to the City Charter. The City's property tax is levied each year in June. If additional monies are required during the year, a public meeting of the electors of the City is held. At this meeting, resolutions are prepared stating explicitly any necessary additional sums. Resolutions must be put to a citywide vote and can only be approved through a majority vote.

All taxes are due to the City before July 31 of each year. For taxes not paid on or before July 31, a penalty of 1.5 percent (18 percent per annum) is charged for every month or fraction of a month after July 31.

In the months of February, May, August, and November, a quarterly tax billing is issued on new construction within the City that was not taxed in the annual assessment. These taxes must be paid within 30 days of billing. Unpaid taxes accrue a penalty of 1.5 percent per month.

The following table provides important dates with reference to property taxes.

Beginning of fiscal year for taxes	July 1
Tax rate levied	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	Two years from date of billing

**CITY OF DOVER
PROPERTY ASSESSMENT PROJECT**

ASSESSED VALUE AS OF DECEMBER 31, 2007	\$ 2,582,989,394
Additional assessed valuation for new construction	50,000,000
Previous and current building permits	<u>75,000,000</u>
TOTAL ASSESSED VALUE	\$ 2,707,989,394

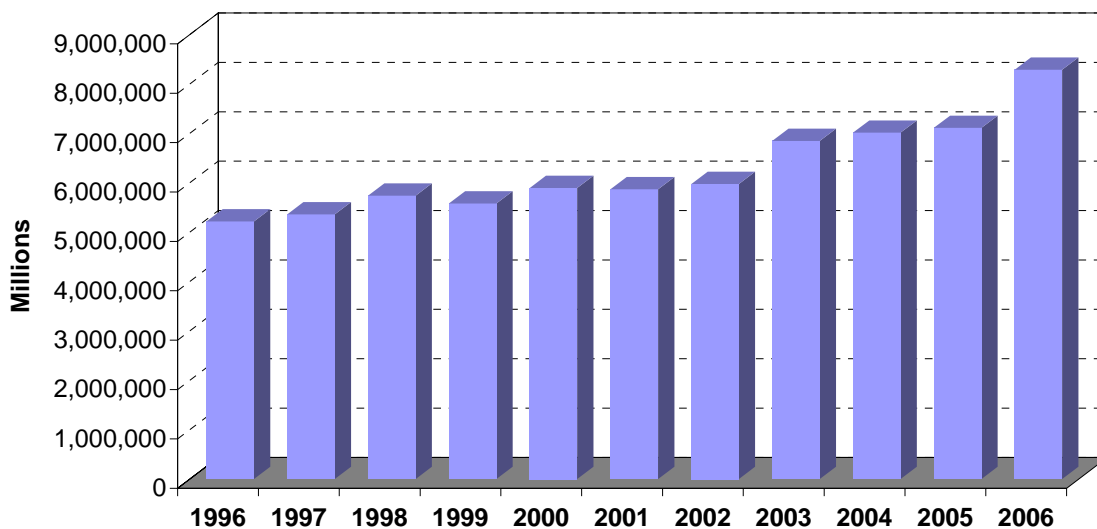
**CITY OF DOVER
PROJECTED PROPERTY TAX RECEIPTS
ACCRUAL METHOD OF ACCOUNTING
7/01/07 - 6/30/08**

Using a tax of \$0.33 per \$100 of assessment, the estimated gross 7/01/04 billing will be	\$ 8,936,365
Penalties	67,800
Estimated Quarterly Billing	<u>-</u>
PROJECTED PROPERTY TAX RECEIPT SUBTOTAL	\$ 9,004,165
<u>Pay In Lieu of Taxes</u>	
Luther Towers \$29,687; State of Delaware \$333,473; Dover Housing \$36,186	399,346
Farmland Roll Back Taxes	<u>50,000</u>
PROJECTED PROPERTY TAX RECEIPTS FOR FY 2008	\$ 9,453,511
\$0.01 of tax rate equates to \$270,799	
PROJECTED DOVER REALTY TRANSFER TAX RECEIPTS	\$ 2,650,222
\$176,681,467 times 1.5% minus estimated exemptions	

<p>NOTES</p> <p>1. Section 48 of the City of Dover Charter provides that the amount of money to be raised through property taxes shall not exceed two percent (2%) of the total taxable assessment.</p> <p>2. The table at right includes receipt of property taxes and penalties. It excludes payments in lieu of taxes and farmland roll back taxes.</p>	<p>CITY OF DOVER PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS</p>		
	FISCAL YEAR	TOTAL TAX LEVY	COLLECTION
	1997	5,360,356	-
	1998	5,738,198	5,735,872
	1999	5,578,321	5,575,695
	2000	5,894,545	5,891,917
	2001	5,866,188	5,863,538
	2002	5,974,417	5,971,767
	2003	6,842,874	6,839,708
	2004	7,011,906	7,001,887
	2005	7,109,977	7,104,119
	2006	8,287,539	8,149,491

Source: City of Dover Financial Reports

PROPERTY TAXES LEVIED LAST TEN FISCAL YEARS



CITY OF DOVER		
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS		
<u>REAL PROPERTY</u>		
FISCAL YEAR	ASSESSED VALUE (60% OF APPRAISED VALUE	ESTIMATED ACTUAL VALUE
1997	794,721,300	1,957,555,667
1998	810,141,900	2,042,611,000
1999	835,281,800	2,091,237,167
2000	859,585,100	2,638,419,000
2001	876,493,100	2,236,706,000
2002	903,205,600	2,812,786,833
2003	1,705,751,800	2,209,978,500
2004	1,734,815,100	2,576,251,900
2005	1,764,347,700	2,605,638,000
2006	2,527,380,500	3,146,043,800
Source: Tax Assessor's Office, City of Dover		

NOTES

1. There is no tax on personal properties. Therefore, no figures are presented.
2. In 2003, the City changed assessed values to 100 percent of estimated actual values from 60 percent. In doing so, the tax rate was lowered from \$.685 to \$.411 to stay revenue neutral.
3. In 2005, the City property values were reassessed, effective for tax year 2006. The tax rate was lowered from \$.411 to \$.330.

CITY OF DOVER
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
WITH THE CAPITAL SCHOOL DISTRICT
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

FISCAL YEAR	CITY OF DOVER GENERAL FUND	KENT COUNTY	CAPITAL SCHOOL DISTRICT	VO-TECH SCHOOL DISTRICT	TOTAL
1997	0.685	0.260	0.871	0.111	1.927
1998	0.685	0.260	0.871	0.107	1.923
1999	0.685	0.250	0.879	0.105	1.919
2000	0.685	0.250	0.936	0.073	1.944
2001	0.685	0.250	0.936	0.073	1.944
2002	0.685	0.250	1.022	0.095	2.052
2003	0.411	0.250	1.120	0.087	1.868
2004	0.411	0.250	1.173	0.087	1.921
2005	0.411	0.250	1.173	0.087	1.921
2006	0.330	0.250	1.075	0.118	1.921

Sources: Tax Assessor's Office, City of Dover

NOTES

1. The City of Dover Charter provides that the amount of money to be raised through property taxes shall not exceed two percent of the total taxable assessment.
2. Kent County property tax rates reflect the 1987 reappraisal of properties in Kent County.
3. The City of Dover changed from 60 percent of assessed value to 100 percent and accordingly lowered the tax rate in 2003.

CITY OF DOVER
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
WITH THE CAESAR RODNEY SCHOOL DISTRICT
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

FISCAL YEAR	CITY OF DOVER GENERAL FUND	KENT COUNTY	CAESAR RODNEY SCHOOL DISTRICT	VO-TECH SCHOOL DISTRICT	TOTAL
1997	0.685	0.260	0.810	0.111	1.866
1998	0.685	0.260	0.860	0.107	1.912
1999	0.685	0.250	0.860	0.105	1.900
2000	0.685	0.250	0.884	0.073	1.892
2001	0.685	0.250	0.986	0.073	1.994
2002	0.685	0.250	1.030	0.095	2.060
2003	0.411	0.250	1.130	0.087	1.778
2004	0.411	0.250	1.161	0.087	1.909
2005	0.411	0.250	1.161	0.087	1.909
2006	0.330	0.250	1.459	0.118	2.157

Sources: Tax Assessor's Office, City of Dover

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 two percent of the total taxable assessment.
2. Kent County Property tax rates reflect the 1987 reappraisal of properties in Kent County.
3. The City of Dover changed from 60 percent of assessed value to 100 percent and accordingly lowered the tax rate in 2003.
4. The City of Dover reassessed property values and rolled back the tax rate in 2006.

CITY OF DOVER
PRINCIPAL TAX PAYERS
JUNE 30, 2006

TAX PAYER	TYPE OF BUSINESS	ASSESSED VALUATION	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop., Inc.	Race Track, Video Lottery, Hotel	\$86,824,600	3.44%
Dover Mall LP	Shopping Center	58,653,300	2.32%
Kraft Foods	Manufacturer - Food	20,624,800	0.82%
Robino Bay Court Plaza	Shopping Center	19,062,300	0.75%
Country Village Association	Apartments	15,691,800	0.62%
Berks City Real Estate Assoc.	Boscov's	14,784,400	0.58%
Millers Dover Downs	Shopping Center	14,528,900	0.57%
Dover South Coast Partnership	North Dover Shopping Center	14,470,300	0.57%
K.W. Lands GP	Hotels	11,382,100	0.45%
United Dominion Realty Trust	Cedar Chase/Dover Country Club Apartments	11,015,800	0.44%
TOTAL		\$267,038,300	10.57%
Sources: Tax Assessor's Office, City of Dover			

NOTE

Total taxable assessed valuation is \$2,527,308,500.

CITY OF DOVER
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT	DEBT PAYABLE FROM ENTERPRISE REVENUES	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1997	27,630	794,721,300	7,505,000	900,000	6,605,000	0.83%	239.05
1998	27,630	810,141,900	6,980,000	750,000	6,230,000	0.77%	225.48
1999	27,630	835,281,800	6,440,000	600,000	5,840,000	0.70%	211.36
2000	27,630	859,585,100	5,885,000	450,000	5,435,000	0.63%	196.71
2001	32,135	876,493,100	5,310,000	300,000	5,010,000	0.57%	155.90
2002	32,135	903,205,600	4,715,000	150,000	4,565,000	0.51%	142.06
2003	⁽²⁾ 32,043	1,705,751,800	4,100,000	–	4,100,000	0.24%	138.95
2004	⁽²⁾ 32,043	1,734,815,100	3,805,000	–	3,805,000	0.22%	118.75
2005	⁽²⁾ 32,043	⁽³⁾ 1,764,347,700	3,475,000	–	3,475,000	0.20%	108.45
2006	⁽²⁾ 32,043	⁽³⁾ 2,527,308,500	3,140,000	–	3,140,000	0.12%	97.99

Source: City of Dover Financial Records and Tax Assessor's Office

NOTES

1. This table includes all long-term general obligation bonded debt only.
2. As a result of Count Question Resolution Process, the Census Bureau revised the 2000 population for the City of Dover to 32,043 people.
3. Assessed value reflects the net billable tax base and does not include the exempt value of \$598,387,800 and exemption for senior citizens of \$20,047,500.
4. In 2003, the City changed assessed values to 100 percent of estimated actual value from 60 percent. In doing so, the tax rate was lowered from \$.685 to \$.411 to stay revenue neutral.
5. In 2005, the City property values were reassessed, effective for tax year 2006. The tax rate was lowered from \$0.411 to \$0.330.

WATER/WASTEWATER FUND WATER/WASTEWATER CAPITAL PROJECTS FUND

WATER/WASTEWATER FUND

ORIGIN, PURPOSE, AND ISSUES

This fund was established to provide production and distribution of potable water and the transmission of wastewater.

- During Fiscal Year 2006, the Water/Wastewater Fund has continued to face two major issues. The first issue, and the one of which most are aware, is brown water. The City began experiencing brown water shortly after chlorination began by mandate of the State of Delaware. The City began receiving brown water complaints in December 2002. Eliminating the brown water has been recognized by the Water Department as its highest priority. The department developed a ten-point plan to remedy the problem, and money has been budgeted to implement the infrastructure phase of the plan. In Fiscal Year 2006 the Division Street Water Main replacement project was initiated. This replaced old eight-inch and 14-inch cast iron pipe with a new 16-inch pipe. Replacing this pipe was an important part of the City's Program to eliminate brown water. In Fiscal Year 2005, the Water Department retained the services of Black and Veatch, a consulting firm, to conduct a water quality study on the water system to assist in identifying specific areas of the City's water system that may need to be upgraded or replaced to address quality concerns. The results of this study were available at the end of Fiscal Year 2006 and allowed the Department to update the action plan to remedy the problem and to improve long-term planning for the system. Implementation of some of the projects identified by the study started in Fiscal Year 2007. The key project identified in the study, designing the contact time piping for each of the well sites is anticipated to begin at the end of Fiscal Year 2007. Construction at the remaining well sites is proposed to occur during Fiscal Years 2008 and 2009. Over \$2.5 million has been budgeted in these two years to address water quality improvements.
- The second issue, inflow/infiltration, has resulted in higher volumes of wastewater being transported to Kent County for treatment. Wet weather in 2003 highlighted the fact that we have an aging wastewater system that requires more attention to the condition of the old pipe network and more monitoring of sump pump connections to the system. All customers are impacted by inflow/infiltration since these are costs that are not assigned to an individual customer. This higher volume is unmetered and, therefore, the City cannot recover the costs through direct billing of our customers.

To address the problem, in 2006 the City contracted with a video pipe inspection company to clean, video inspect, smoke test, and provide digital reports of any problems detected in the sanitary sewer system. Testing began in the Fairview area of Dover and will continue to include Division Street, Loockerman Street, and the St. Jones River interceptor. This project is being completed in Fiscal Year 2007.

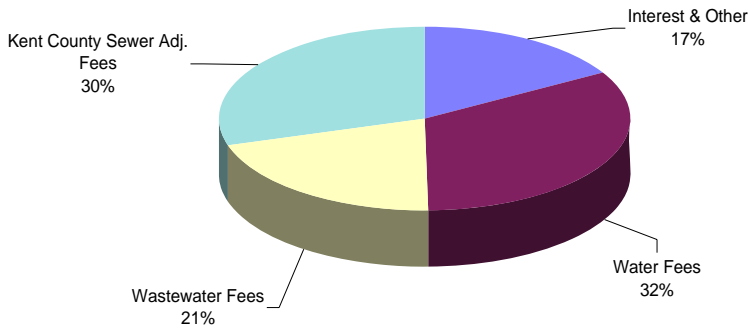
In 2008, this information will be reviewed by staff to determine locations where repairs are required and illegal connections from storm drains, roof drains, yard drains and sump pumps need to be removed. The City has also aggressively inspected properties in an effort to eliminate illegal connections to the sanitary sewer system. These illegal connections result in increased inflow into the sanitary sewer system. Relining and replacement of pipe will occur in Fiscal Year 2008 through 2012 at a cost of over \$1 million.

- Inflow/Infiltration has resulted in a projected deficit for Kent County Sewer Adjustment charges. The efforts made to date to remedy inflow/infiltration have resulted in a decline of the deficit. In Fiscal Year 2006 the Kent County Sewer Adjustment Charge deficit was \$1.3 million. The deficit is projected to be \$1.1 million at the end of Fiscal Year 2007 and \$.9 million by year end of Fiscal Year 2008.

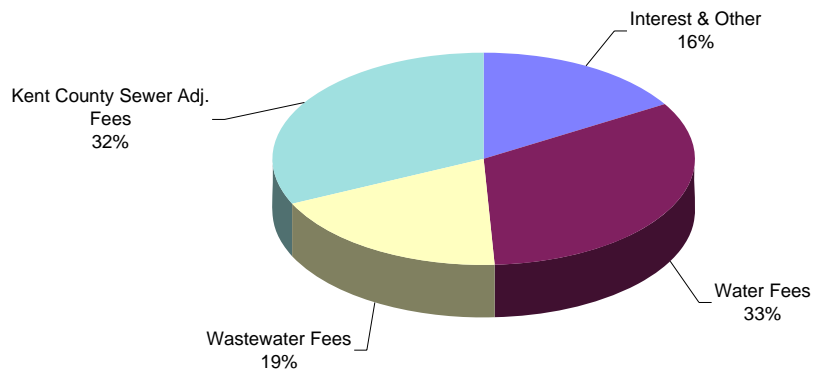
REVENUE HIGHLIGHTS

- Fiscal Year 2008 Water fees are projected to be \$4.4 million - 3.5 percent higher than Fiscal Year 2007 revenues. Wastewater fees are expected to decrease by 4.2 percent to \$2.5 million. Wastewater Adjustments fees are projected to be \$3.9 million – an increase of one percent.

WATER/WASTEWATER FUND REVENUE
Fiscal Year 2006 - 2007



WATER/WASTEWATER FUND - REVENUE
Fiscal Year 2007 - 2008



OPERATING EXPENSE HIGHLIGHTS

The Operating Budget totals \$14.5 million.

- For Water and Wastewater, we propose to carry \$3.3 million from the Water/Wastewater Fund as a beginning balance into Fiscal Year 2008 from Fiscal Year 2007. A current year balance of \$996,830 for Water and Wastewater is proposed to carry forward from Fiscal Year 2008. It exceeds the required eight percent of revenues. The decrease in fund balance for this fund results from transferring the funds to the Water Wastewater Capital Projects Fund where the funds will be used for capital projects or be retained in that fund. The Kent County Sewer Adjustment Fee balance deficit is projected to decline because we are taking corrective actions to resolve inflow and infiltration.
- The Contingency Fund balance equals \$240,039 and meets the required two percent of revenue.

This Water/Wastewater Fund Budget includes the following:

- The transfer to the General Fund equals 4.5 percent of the fund's revenues plus an additional \$25,000 for funding an emergency preparedness position and is proposed to be \$565,000. This transfer is viewed as returns on our taxpayers' investment in the City's utilities. Transfers are based on the availability of funds in the transferring fund and a need in the General Fund.
- An appropriation of \$2.7 million is made to the Water/Wastewater Improvement and Extension Fund for Water capital improvements.
- An appropriation of \$775,300 is made to the Water/Wastewater Improvement and Extension Fund for Wastewater capital improvements.
- The Engineering and Inspections Division is moved from an allocated division to a division funded from Water and Wastewater. This change is due to the reorganization of the City's Water/Wastewater Utility and the Electric Utility into one department – Public Utilities. This division reports to and is headed by the Water/Wastewater Manager who reports to the Public Utilities Director
- Five new positions are added to the Water/Wastewater Fund Budget.
- An additional Civil Engineer I is added to Engineering and Inspections. This engineer will provide needed support to deal with the water quality concerns, inflow/infiltration problems, and problems associated with aging infrastructure.
- With the addition of a GIS Technician the Water and Wastewater Utilities will be able to move forward with improved data collection and management methods, as well as, enhanced mapping efforts and system tracking. In the past, these tasks were performed by engineering staff. Due to other more critical workload requirements, the engineering staff no longer supports this function, and the program has been put on hold. The addition of this position will allow the engineering staff to be utilized more appropriately and effectively and for the GIS program to move forward.
- A Public Utilities Construction Inspector is requested to meet the current work load. Currently, with the increase in construction volume and the current level of staffing, inspections and testing requires 48 to 72 hours advance notice for scheduling. In the past, a contractor could call to schedule inspections and testing 24 hours in advance.
- A Water Service Worker is requested for the Water and Wastewater divisions. Currently there is only one water service worker. The Water/Wastewater Utility is behind in the meter reading technology upgrade program and the hydrant flow testing program. The addition of a second permanent full time worker will assist in bringing both programs up to date.
- The Water Plant is requesting an additional operator. This operator is required to ensure the effective implementation of unidirectional flushing of the City's water system.

MAJOR WASTEWATER FUND PROJECTS FOR FISCAL YEAR 2008

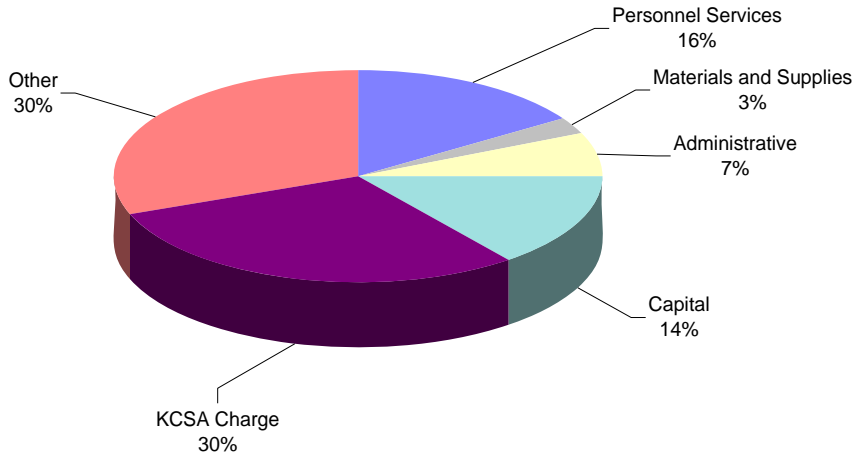
- The Meter Reading Technology Upgrade project continues. Both Water and Wastewater have budgeted \$183,150 each for further implementation of this project. This project will convert approximately 2,800 touch read water meters to radio reading technology and will significantly increase meter reading efficiency by reducing manpower costs over the long run.
- The Inflow/Infiltration Removal Project will identify and correct areas in the sanitary sewer collection system that are deteriorating and allowing groundwater to enter the sanitary sewer system through cracked pipes and/or joints. In addition, video investigation will help identify sump pump connections to the system which will have to be removed by individual property owners. The project is expected to span the next five years and cost approximately \$1.6 million with \$100,000 being spent in Fiscal Year 2008.
- The South Governor's Avenue Sewer Main Upgrade will repair and/or replace approximately 2,600 linear feet of 8, 10, and 12-inch diameter sewer main within the right-of-way of South Governors Avenue between Webb's Lane and Water Street. These repairs have become necessary due to changes in the scope of the DelDOT restoration project for South Governors Avenue. Work will also include manhole restoration. This project will focus on replacement and/or repair to sections of sewer main outside the scope of work for the DelDOT project because of the deteriorated condition of the current facilities.
- The Lafferty Lane Package Pump Station Replacement will replace the current pump station installed in 1987. This will prevent the need for costly repairs to maintain operation of the older station. The budgeted cost of the project is \$230,000.
- The Dover East Pumping Station and Force Main Replacement includes replacement of the existing pumping station, wet well improvements, and the six-inch cast iron force main installed in 1973. The station has exceeded its life expectancy of 25-30 years and is in need of a capacity upgrade due to the increased growth in the basin. The projected cost of this project is \$335,000.

MAJOR WATER FUND PROJECTS FOR FISCAL YEAR 2008

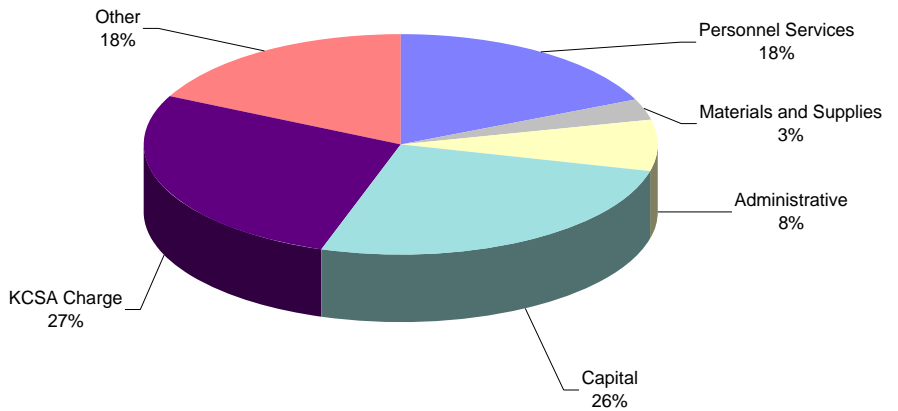
- Water Quality Improvements was first identified by staff and the 2004 Water Master Plan. The project has since been refined with the Fiscal Year 2006 Water Quality Evaluation. Projects included in this category are additional water system monitoring; replacement or relining of old unlined cast iron water main within the City's water distribution system; design and installation of piping at deep wells to improve contact time; installation of on-line analyzers to monitor water quality parameters at all source water locations; system upgrades to improve system control; and utilization of a consultant to develop a water quality modeling component to the existing hydraulic model to perform corrosion coupon testing and to provide additional design and evaluation services as needed. The project is expected to continue for at least the next five years spending a minimum of approximately \$7.7 million. The Fiscal Year 2008 budget is \$915,000.
- South Governors Avenue Water Main Upgrade will construct approximately 8,500 linear feet of 12-inch diameter Class 52 ductile iron pipe within the right-of-way of South Governors Avenue from Webb's Lane to Water Street. The new pipe will replace old cast iron pipes of varying diameter, as well as, increase the transmission capacity of the water infrastructure in this area of the City. The project budget is \$1.5 million with \$1.3 million in State reimbursement.
- Wellhead VFD Upgrades will purchase and install Variable Frequency Drives at deep well facilities. This project will provide additional production draw control and reduce water hammer and flow reversals resulting from wells turning on and off which can lead to water quality concerns. The project is a four-year project which is estimated to cost \$383,400. In Fiscal Year 2008, we have budgeted \$122,000.
- Emergency generators will provide emergency power to wells for continued water production and reliability in the event of power disruptions. This project will be spread over two years. In Fiscal Year 2008 \$140,000 is budgeted. In Fiscal Year 2010, \$150,000 is budgeted. A Homeland Security Grant is being explored for this project.

- Remote Control and Monitor Wells will replace existing water meters with new flow meters to improve accuracy, totalization, compatibility, and monitoring ability with SCADA system. The project is budgeted for \$139,700 in Fiscal Year 2008 and \$150,100 in Fiscal Year 2010.
- Water/Wastewater Fund vehicle and equipment replacement is projected to be approximately \$469,376 for Fiscal Year 2008. Before each vehicle is recommended for replacement, it is inspected by Fleet Maintenance.

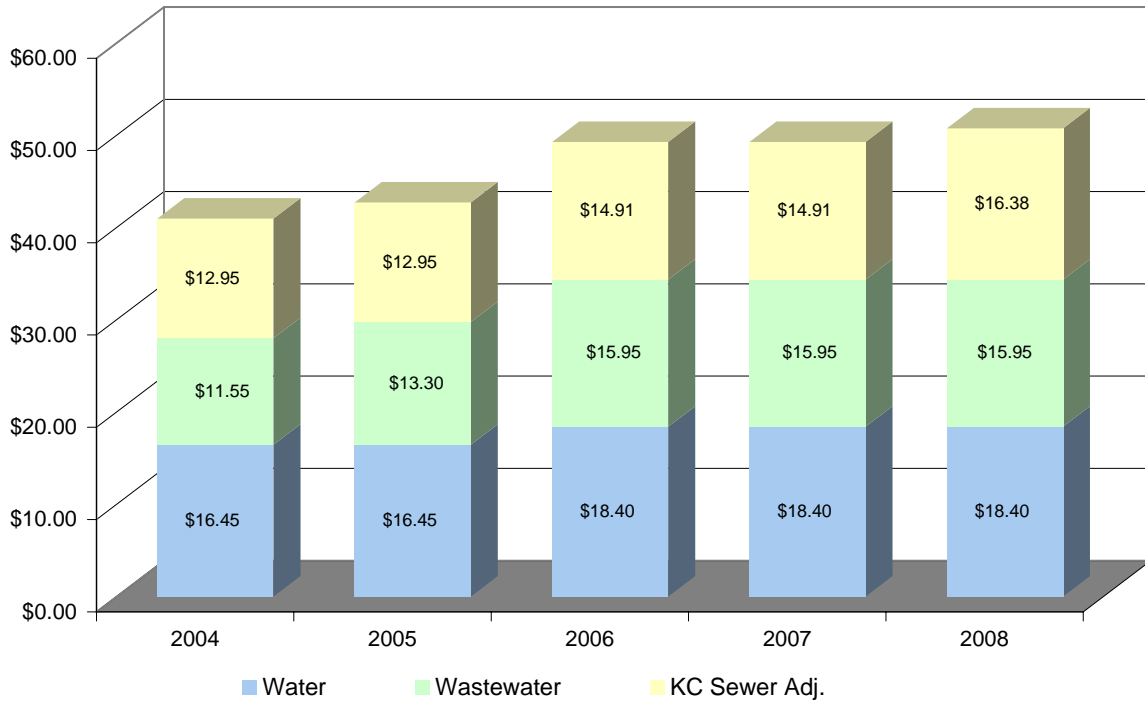
WATER/WASTEWATER FUND EXPEDITURES
Fiscal Year 2006 - 2007



WATER/WASTEWATER FUND EXPEDITURES
Fiscal Year 2007 - 2008



**AVERAGE RESIDENTIAL WATER BILL
Fiscal Year Comparison 2004 - 2008**



Based on 7,000 gallon bill.

WATER/WASTEWATER FUND

REVENUES

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
BASE REVENUE:					
PRIOR YEAR BALANCE - WATER	1,935,331	2,065,305	2,041,746	2,037,928	-0.2%
PRIOR YEAR BALANCE - WASTEWATER	786,706	968,218	808,997	1,289,956	59.5%
PRIOR YEAR BALANCE - KCSA	(1,587,113)	(1,642,113)	(1,349,486)	(1,109,481)	-17.8%
WATER FEES	4,289,413	4,222,500	4,222,500	4,371,900	3.5%
WASTEWATER FEES	2,605,428	2,618,250	2,618,250	2,508,600	-4.2%
WASTEWATER ADJUSTMENT FEES	3,865,684	3,761,010	3,904,341	4,264,357	9.2%
WATER TANK SPACE LEASING	304,799	303,000	303,000	242,798	-19.9%
IMPACT FEES	851,467	750,000	750,000	746,500	-0.5%
INTEREST EARNINGS	68,853	78,000	100,000	90,000	-10.0%
INTEREST TRANSFERS	-	-	-	-	0.0%
MISCELLANEOUS SERVICE FEE	117,237	98,750	98,750	98,750	0.0%
REVENUE SUBTOTAL	13,237,805	13,222,920	13,498,098	14,541,308	7.7%
	-				
GRANTS AND REIMBURSEMENTS:					
STATE REIMBURSEMENT	-	-	-	-	0.0%
GRANT REVENUE	-	-	-	-	0.0%
GRANTS AND REIMBURSEMENTS SUBTOTAL	-	-	-	-	0.0%
TRANSFERS FROM:					
TRANSFER FROM CAPITAL ASSET RESERVE	-	-	-	-	0.0%
TRANSFER FROM CONTINGENCY	-	-	-	-	0.0%
TRANSFERS FROM SUBTOTAL	-	-	-	-	0.0%
TOTALS	13,237,805	13,222,920	13,498,098	14,541,308	7.7%

* SEE REVENUE ESTIMATES OF THIS BOOKLET FOR FURTHER EXPLANATION.

WATER/WASTEWATER FUND

EXPENSE SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
DIRECT EXPENSES:					
ENGINEERING & INSPECTION	-	-	-	646,464	0.0%
WATER CONSTRUCTION	541,080	569,216	567,475	521,595	-8.1%
WATER DEPARTMENT	775,977	962,106	947,688	956,975	1.0%
WATER TREATMENT PLANT	701,537	796,627	796,218	968,057	21.6%
WASTEWATER DEPARTMENT	759,353	835,162	838,567	1,159,137	38.2%
METER READING	58,791	67,077	66,277	63,293	-4.5%
KENT COUNTY TREATMENT CHARGE	3,628,056	3,853,000	3,664,336	4,065,467	5.9%
DIRECT EXPENDITURE SUBTOTAL	6,464,794	7,083,188	6,880,561	8,380,988	21.8%
OTHER EXPENSES:					
DEBT SERVICE - WATER	935,377	922,832	276,275	79,060	-71.4%
DEBT SERVICE - WASTEWATER	668,442	660,244	232,447	101,817	-56.2%
RETIREEES HEALTH CARE	117,872	151,220	151,220	113,730	-24.8%
INTRAFUND SERVICE FEES	1,045,326	1,176,357	1,112,461	1,363,424	22.6%
OTHER EXPENSES SUBTOTAL	2,767,017	2,910,653	1,772,403	1,658,031	-6.5%
TRANSFER TO:					
GENERAL FUND FROM WATER	267,893	267,500	267,500	282,500	5.6%
GENERAL FUND FROM WASTEWATER	267,892	267,500	267,500	282,500	5.6%
WATER CAPITAL PROJECTS	693,525	551,701	576,701	2,660,500	361.3%
WASTEWATER CAPITAL PROJECTS	389,642	115,272	389,642	775,300	99.0%
TRANSFER TO OPEB	50,000	50,000	50,000	-	-100.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	-	50,225	50,225	20,400	-59.4%
TRANSFER TO PENSION COLA	-	39,850	39,850	10,200	-74.4%
IMPACT FEE RESERVE	235,785	89,756	89,756	384,650	328.6%
CAPITAL ASSET RESERVE WATER	300,000	150,000	745,557	-	-100.0%
CAPITAL ASSET RESERVE WASTEWATER	300,000	150,000	150,000	-	-100.0%
TRANSFER TO SUBTOTAL	2,504,737	1,731,804	2,626,731	4,416,050	68.1%
CURRENT YEAR BALANCES					
CURRENT YEAR BALANCE WATER	2,041,746	1,976,441	2,037,928	430,356	-78.9%
CURRENT YEAR BALANCE WASTEWATER	808,997	1,254,937	1,289,956	566,474	-56.1%
CURRENT YEAR BALANCE KCSA	(1,349,486)	(1,734,103)	(1,109,481)	(910,591)	-17.9%
CURRENT YEAR BALANCE SUBTOTALS	1,501,257	1,497,275	2,218,403	86,239	-96.1%
TOTALS	13,237,805	13,222,920	13,498,098	14,541,308	7.7%

* SEE DETAIL EXPLANATION OF EXPENDITURES IN EACH DEPARTMENT FOR FURTHER INFORMATION.

WATER/WASTEWATER FUND REVENUES FISCAL YEAR 2008

REVENUE TYPE: DIRECT USER FEES

CRITICAL ASSUMPTION: Revenues from user fees have been revised down to reflect a transfer from Wastewater to the Wastewater Adjustment Fees to cover the increased cost of Wastewater Adjustment Fees from Kent County. The amount transferred is based on the estimated revenue raised from the rate increases over the past two years (45 cents per Tgal). The estimated amount transferred for Fiscal Year 2008 is \$637,500. Consumption for Fiscal Year 2007 is projected to increase approximately one percent from Fiscal Year 2007 which reflects growth in residential service.

<u>2005-2006 Actual</u>	<u>2006-2007 Budget</u>	<u>2006-2007 Revised</u>	<u>2007-2008 City Manager Budget</u>	<u>2007-2008 Difference</u>	<u>% Change</u>
\$6,894,841	\$6,840,750	\$6,840,750	\$6,880,500	\$39,750	0.6%

REVENUE TYPE: INTEREST AND OTHER

CRITICAL ASSUMPTION: Interest revenue for Fiscal Year 2007 is revised to reflect actual revenue streams. Interest revenue for Fiscal Year 2008 is expected to decrease. Water tank space leasing is anticipated to decline in Fiscal Year 2008. With the Telecom mergers one of our leases will be terminated.

<u>2004-2005 Actual</u>	<u>2005-2006 Budget</u>	<u>2005-2006 Revised</u>	<u>2006-2007 City Manager Budget</u>	<u>2006-2007 Difference</u>	<u>% Change</u>
\$490,889	\$479,750	\$501,750	\$431,548	\$-70,202	-13.9%

REVENUE TYPE: IMPACT FEES

CRITICAL ASSUMPTION: In Fiscal Year 2007, impact fees remain as budgeted. They are estimated to remain at about the same levels in Fiscal Year 2008. The cost per EDU remained at \$1,900 in Fiscal Year 2007. No change is planned in Fiscal Year 2008. The revenue from impact fees is used to pay debt service first, and the balance not needed is transferred to a reserve where it is used to pay for extensions of sewer service.

<u>2005-2006 Actual</u>	<u>2006-2007 Budget</u>	<u>2006-2007 Revised</u>	<u>2007-2008 City Manager Budget</u>	<u>2007-2008 Difference</u>	<u>% Change</u>
\$851,467	\$750,000	\$750,000	\$746,500	\$-3,500	0.5%

REVENUE TYPE: KENT COUNTY SEWER ADJUSTMENT FEES

CRITICAL ASSUMPTION: This revenue is a pass-through item and relates to the charge from Kent County and the level of usage. The fee for wastewater treatment remains at \$2.13/thousand gallons in Fiscal Year 2007. The increase in Fiscal Year 2006 is due to transferring \$660,150 from Wastewater revenues. We project that \$668,250 will be transferred in Fiscal Year 2007. These transfers are made to cover the increased costs from Kent County not covered in the Wastewater Adjustment Rate.

<u>2005-2006 Actual</u>	<u>2006-2007 Budget</u>	<u>2006-2007 Revised</u>	<u>2007-2008 City Manager Budget</u>	<u>2007-2008 Difference</u>	<u>% Change</u>
\$3,865,684	\$3,761,010	\$3,904,341	\$3,943,384	39,043	1.0%

WATER/WASTEWATER CAPITAL PROJECTS FUND

ORIGIN AND PURPOSE

This fund was established in 1991 for the purpose of providing long-term financing of the expansion and improvement of the water/wastewater system.

SOURCE OF FUNDS

Appropriations for projects included in this fund are received from the Water/Wastewater Fund.

COMMENTS

The projects included in this fund are detailed in the Water/Wastewater Fund budget. This fund reflects only projects funded from the Water/Wastewater Operating Fund.

CASH RECEIPTS

	<u>2005/06</u> <u>ACTUAL</u>	<u>2006/07</u> <u>BUDGET</u>	<u>2006/07</u> <u>REVISED</u>	<u>2007/08</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
PRIOR YEAR BALANCE - WATER	370,078	44,148	142,798	827	-99.4%
PRIOR YEAR BALANCE - WASTEWATER	121,621	258,767	135,206	16,502	-87.8%
PRIOR YEAR BOND PROCEED BALANCE SERIES 2003	542,214	-	-	-	0.0%
PRIOR YEAR BOND PROCEEDS - WASTEWATER	903,455	-	240,083	-	-100.0%
TRANS FR WATER/WASTEWATER FOR WATER	693,525	564,201	576,701	2,660,500	361.3%
TRANS FR WATER/WASTEWATER FOR WASTEWATER	389,642	127,772	389,642	775,300	99.0%
TRANSFER FROM IMPACT FEE RESERVE	75,000	850,000	428,979	850,000	98.1%
TRANSFER FROM CAPITAL ASSET RESERVE -WATER	321,000	-	-	-	0.0%
TRANSFER FROM CAPITAL ASSET RESERVE -WASTEWATER	-	-	-	-	0.0%
MISCELLANEOUS RECEIPTS	-	-	-	-	0.0%
DEVELOPER CONTRIBUTIONS	108,767	-	-	-	0.0%
STATE GRANTS/REIMBURSEMENTS	82,082	-	-	140,000	0.0%
INTEREST INCOME	18,019	20,000	24,000	22,000	-8.3%
TOTALS	3,625,403	1,864,888	1,937,409	4,465,129	130.5%

EXPENSE SUMMARY

	<u>2005/06</u> <u>ACTUAL</u>	<u>2006/07</u> <u>BUDGET</u>	<u>2006/07</u> <u>REVISED</u>	<u>2007/08</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
WATER	1,802,380	574,525	699,672	2,237,476	219.8%
WASTEWATER	1,084,337	1,233,715	1,189,408	1,496,250	25.8%
WATER METER READING	-	5,648	-	5,648	0.0%
WATER TREATMENT PLANT	33,630	31,000	31,000	17,700	-42.9%
WATER CONSTRUCTION	78,202	-	-	39,450	0.0%
ENGINEERING & INSPECTION	-	-	-	52,000	0.0%
TRANSFER TO IMPACT FEE RESERVE	108,767	-	-	-	0.0%
CURRENT YEAR BALANCE - WATER	142,798	10,000	827	453,001	54676.4%
CURRENT YEAR BALANCE - WASTEWATER	375,289	10,000	16,502	163,604	891.4%
TOTALS	3,625,403	1,864,888	1,937,409	4,465,129	130.5%

WATER/WASTEWATER CAPITAL ASSET RESERVE FUND

ORIGIN AND PURPOSE

This fund was established in 2002 for the purpose of providing funds for the replacement and expansion of the City's long-term assets (i.e., infrastructure, buildings).

SOURCE OF FUNDS

Appropriations for projects included in this fund are received from the Water/Wastewater Fund.

CASH RECEIPTS ESTIMATE

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
BEGINNING BALANCE	2,417	293,546	292,784	1,617,841	452.6%
INTEREST EARNINGS	-	27,604	34,500	46,000	33.3%
TRANSFER FROM WATER/WASTEWATER FUND	600,000	300,000	895,557	-	0.0%
TRANSFER FROM WATER/WASTEWATER CONTINGENCY	-	395,000	395,000	-	-100.0%
TOTALS	602,417	1,016,150	1,617,841	1,663,841	2.8%

EXPENSE SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
TRANSFER TO WATER/WASTEWATER I & E FUND	321,000	-	-	-	0.0%
CARRY FORWARD TO NEXT YEAR	281,417	1,016,150	1,617,841	1,663,841	2.8%
TOTALS	602,417	1,016,150	1,617,841	1,663,841	2.8%

WATER/WASTEWATER CONTINGENCY FUND

ORIGIN AND PURPOSE

This fund was established in Fiscal Year 1985 to serve as a "rainy day" source of funds in case of a water/wastewater emergency.

SOURCE OF FUNDS

Transfer from the Water/Wastewater Fund

COMMENTS

The Water/Wastewater Contingency Fund maintains a minimum balance of two percent of the current year operating revenues or \$240,039. Interest is retained in the fund. Only the City Council can authorize expenditures from the fund.

CASH RECEIPTS ESTIMATE

	<u>2005/06</u> <u>ACTUAL</u>	<u>2006/07</u> <u>BUDGET</u>	<u>2006/07</u> <u>REVISED</u>	<u>2007/08</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
PRIOR YEAR BALANCE	588,877	613,495	613,887	228,687	-62.7%
INTEREST EARNINGS	11,778	24,540	9,800	11,352	15.8%
TRANSFER FROM WATER/WASTEWATER	-	-	-	-	0.0%
TOTALS	600,655	638,035	623,687	240,039	-61.5%

BUDGET SUMMARY

	<u>2005/06</u> <u>ACTUAL</u>	<u>2006/07</u> <u>BUDGET</u>	<u>2006/07</u> <u>REVISED</u>	<u>2007/08</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
TRANSFER TO WATER	-	-	-	-	0.0%
TRANSFER TO WASTEWATER	-	-	-	-	0.0%
TRANSFER TO CAPITAL ASSET RESERVE	-	395,000	395,000	-	
CURRENT YEAR BALANCE	600,655	243,035	228,687	240,039	5.0%
TOTALS	600,655	638,035	623,687	240,039	-61.5%

ELECTRIC FUND ELECTRIC CAPITAL PROJECTS FUND RESERVE FUNDS

ELECTRIC REVENUE FUND

ORIGIN, PURPOSE, AND ISSUES

This fund was established to provide electric energy to the greater Dover community. The Electric Revenue Fund accounts for all operating activities necessary to provide electric service. This includes, but is not limited to, administration, energy procurement, transmission and distribution, engineering services, financing, and related debt service. The operations of the Electric Revenue Fund are financed and operated in a manner similar to private business enterprises where expenses of providing services are recovered primarily through user charges. Summaries of the funds are found on Pages 95 through 107. Activities of Electric Administration, Engineering, and Transmission and Distribution and Systems Operations can be found in the Electric section of the budget on Pages 373 through 382.

The Electric Improvement and Extension Fund is required by the Electric Bond Covenants for the purpose of accounting for the long-term financing of the expansion and improvement of the electric system. The Fund Summary for this fund follows the Electric Fund Summary. Appropriations for this fund are received from the Electric Fund, Depreciation Reserve Fund, Future Capacity Fund, reimbursements from the State of Delaware for State-related projects, and revenue bonds. Details about projects from this Fund are found in the Administration, Engineering, and Transmission and Distribution descriptions on Pages 383 through 393.

The City of Dover established three reserve funds for the Electric Fund. These funds are the Electric Depreciation Reserve Fund, Future Capacity Fund, and Insurance Stabilization Fund. Each of these is described in greater detail on Pages 115, 116, and 117 respectively.

Beginning in Fiscal Year 2004, an Electric Rate Stabilization Fund was established to offset the costs of the power cost adjustment to our customers. The fund will receive transfers from Duke Contract revenue. Interest will be retained in the fund. This fund is described in greater detail on Page 118.

REVENUE HIGHLIGHTS

- Revenues are projected to cover the increased costs of purchased power. The total rate revenue increase required is 9.75 percent. This is lower than the 14 percent we originally anticipated and is the result of lower than expected power costs and a decision to forecast two years instead of five years. We believe it is more prudent to forecast two years instead of five because of energy market fluctuations. Overall customer rates will increase by 9.75 percent. Each individual rate class may experience different percentage increases.

Revenues were also needed to cover the subsidized portion of the energy increase (\$8 million) from Fiscal Year 2007. In Fiscal Year 2007 Dover used \$5 million from the Rate Stabilization Fund to mitigate the increase costs of power rather than pass this increase on to its customers. Dover also used \$3 million from its Depreciation Reserve Fund to finance capital projects for the same reasons.

Effective July 1, 2007 City of Dover rates for residential customers are shown in the table below. We believe our rates remain competitive. It is our intention to provide our customers with the best value available.

MONTHLY RESIDENTIAL RATES	
Customer Charge	\$5.00
Energy per KWH	\$0.1343

OPERATING EXPENSE HIGHLIGHTS

- Power supply costs are expected to increase 17 percent over Fiscal Year 2007 costs. When these increases are netted with PJM credits and capacity credits the increase for overall power needs is approximately 1.3 percent.
- Electric Administration division became an allocated division. This division supports the Water/Wastewater Fund and the Electric Fund administratively and the cost of the division is now shared by Water/Wastewater Fund and the Electric Fund. Water/wastewater service fees are budgeted at \$267,483 for the administration and system operations expense services.
- System Operations division was created so that the cost of this service could be better allocated between the Electric and Water/Wastewater funds. This division includes the costs of the dispatch center operation.
- The transfer to the General Fund was reduced in Fiscal Year 2007 to lessen the impact of the rate increase. In Fiscal Year 2008 the transfer to the General Fund returns to 6.5 percent of Electric Fund revenues and is budgeted at \$6,601,269. This transfer amount includes an additional \$25,000 for funding of an emergency preparedness position in the General Fund. Financial policy allows a transfer of up to eight percent.
- We propose to carry \$7.8 million from the Electric Fund as a beginning balance into Fiscal Year 2008 from Fiscal Year 2007. A current year balance of \$7.9 million is projected to be carried forward from the Electric Fund as a beginning balance into Fiscal Year 2009. Fund balances meet the minimum requirement of 8 percent of revenues minus fund balance.
- The Contingency Fund balance equals \$878,652 and falls slightly below (\$109,837) the required minimum one percent of operating revenues minus fund balances.

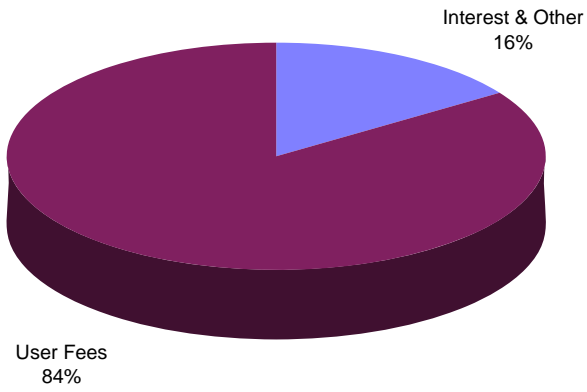
This Electric Fund Budget includes the following:

- The budget transfers \$3 million to the Electric Capital Projects Fund for capital projects.
- The budget also transfers \$1 million to the Rate Stabilization Reserve Account for mitigating power cost fluctuations.
- The IBEW bargaining unit negotiated a new three year contract. The Fiscal Year 2008 increase is 3 percent with Fiscal Year 2009 and Fiscal Year 2010 negotiated increases being 3.5 percent and 4 percent respectively.
- No additional positions are budgeted for Electric divisions. There is a promotion budgeted that moves an administrative assistant into the new position of Department Budget and Support Staff Supervisor.

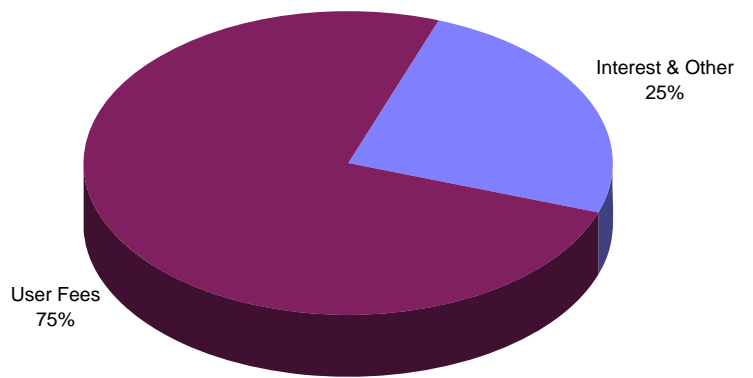
MAJOR ELECTRIC FUND PROJECTS FOR FISCAL YEAR 2008

- The Fiscal Year 2008 capital budget proposes \$1 million of new development upgrades to occur. This is an ongoing blanket project that provides for the purchase of materials to install new lines to new service locations.
- The Radio Read Meter Change Out program involves replacing all mechanical meters with radio read meters. This project will enable employees to read the entire electric system in just three days. Bills will be more accurate, there will be no need to estimate bills, and less testing will need to be done. This program will also eliminate access problems and workers compensation injuries such as debris, poison ivy, dog bites, etc. The project, which began in Fiscal Year 2005, is planned to be carried out through Fiscal Year 2008, spending a total of \$1.8 million. \$545,000 is budgeted for Fiscal Year 2008.
- The Lebanon Transformer project would replace the transformer at the Lebanon Substation as part of the long-range plan. Maintenance and repair costs on the 35 year-old transformer have increased over time. Its reliability has fallen below an acceptable level. The existing unit will not be capable of supplying the

ELECTRIC FUND REVENUE
Fiscal Year 2006 - 2007



ELECTRIC FUND REVENUE
Fiscal Year 2007 - 2008

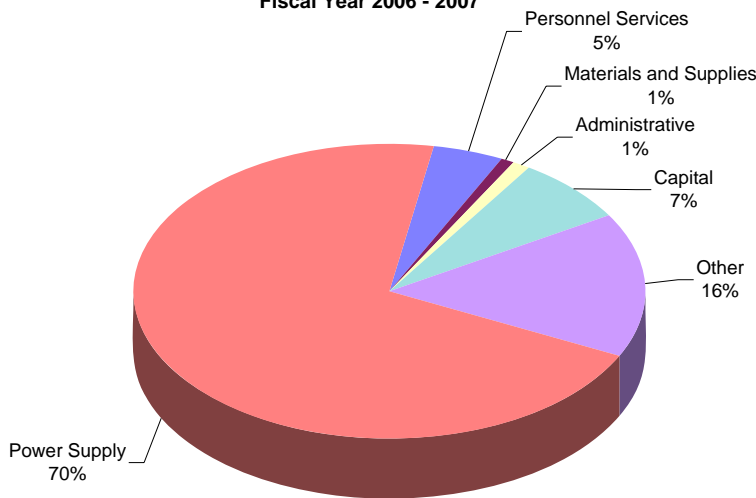


additional load of the Dover Air Force Base housing. The cost of replacement is estimated to be \$851,850 with the last \$637,950 being spent in Fiscal Year 2008.

- The Governors Avenue project is the State Project Road Improvement Project 20-045-02. DelDOT will be making road improvements to Governors Avenue from Webbs Lane to Water Street. All poles and wires will be replaced with underground equipment. The State is requiring all utilities to relocate. This will benefit the City by providing reliability through buried lines. The cost is estimated to be \$2.1 million. The State of Delaware will reimburse the City for \$710,318.
- The next phase of the 69 KV Feeders 3 and 4 project involves building two new feeders to the St. Jones Substation location which will provide a starting point for future phases. This project would install 69 KV Feeders 3 and 4 from Cartanza Substation to the existing 69 KV loop. The 69 KV lines feed all the substations which, in turn, feed all the distribution circuits. If one line would fail due to weather, and/or accidents, 50 percent of the City would be without power. The project will be carried out in phases through 2011 and is estimated to cost \$14.7 million. The Fiscal Year 2008 phase is budgeted at \$9.1 million and will be funded through debt issuance.
- College Road Distribution Substation involves the redesign of the substation. This will provide additional capacity for future growth and redundancy and load reduction for the Division Street and Dover Downs substations. The project will cost approximately \$3 million to complete and should be finished in Fiscal Year 2008. The Fiscal Year 2008 budget is \$2.4 million.
- Electric Fund vehicle and equipment replacement is projected to be approximately \$63,000 for Fiscal Year 2008. Before each vehicle is recommended for replacement, it is inspected by Fleet Maintenance

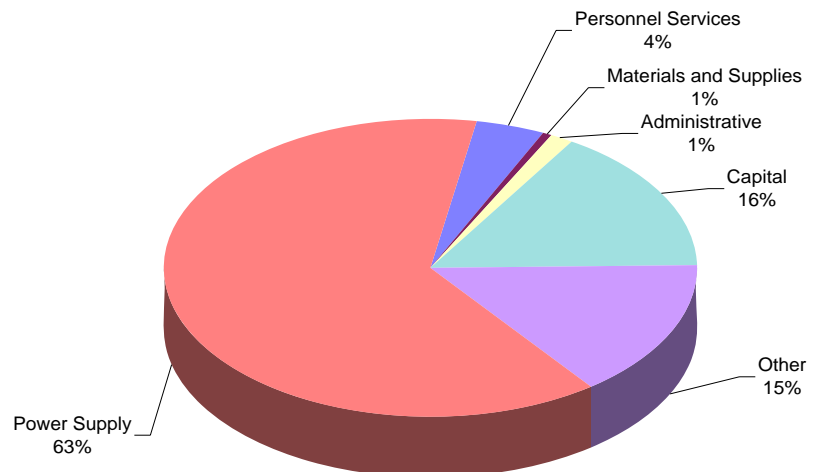
ELECTRIC FUND EXPENDITURES

Fiscal Year 2006 - 2007



ELECTRIC FUND EXPENDITURES

Fiscal Year 2007 - 2008



ELECTRIC REVENUE FUND

REVENUES

	2005/06	2006/07	2006/07	2007/08	%CHANGE
	ACTUAL	BUDGET	REVISED	BUDGET	2006/07
BASE REVENUE:					
PRIOR YEAR BALANCE	4,066,090	4,974,107	5,455,085	7,822,873	43.4%
DIRECT SALES TO CUSTOMER	56,137,985	81,578,240	80,415,390	93,650,644	16.5%
PURCHASE POWER ADJUSTMENT	6,613,657	-	2,655,400	-	-100.0%
UTILITY TAX	1,092,711	1,937,446	1,428,100	1,599,100	12.0%
MISCELLANEOUS REVENUE	879,163	584,900	2,424,900	1,894,900	-21.9%
RENT REVENUE	223,539	145,505	204,467	186,816	-8.6%
DUKE CONTRACT REVENUE	2,922,033	-	-	800,000	0.0%
TRANSFER FROM RATE STABILIZATION	-	5,000,000	5,000,000	-	-100.0%
INTRAFUND SERVICE RECEIPTS WATER/WASTEWATER	-	-	-	267,483	0.0%
INTEREST EARNINGS	261,720	420,000	419,000	450,000	7.4%
TOTALS	72,196,898	94,640,198	98,002,342	106,671,816	8.8%

ELECTRIC REVENUE FUND

EXPENSE SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
DIRECT EXPENSES:					
PURCHASED POWER	42,293,895	67,329,000	-	-	0.0%
POWER SUPPLY	-	-	63,753,400	60,764,531	-4.7%
POWER SUPPLY MANAGEMENT	-	-	3,056,200	3,255,038	6.5%
PJM CHARGES - LOAD	-	-	-	2,684,707	0.0%
CAPACITY CHARGES	-	-	-	11,493,950	0.0%
SUB-TOTAL POWER SUPPLY	-	-	66,809,600	78,198,226	17.0%
PLANT OPERATIONS	-	-	5,483,923	6,258,151	14.1%
GENERATIONS FUELS	-	-	-	2,858,979	0.0%
PJM CREDITS	-	-	(1,520,923)	(3,696,990)	143.1%
CAPACITY CREDITS	-	-	-	(11,933,536)	0.0%
GENERATION SUBTOTAL	-	-	3,963,000	(6,513,396)	-264.4%
TRANSITION COSTS	-	-	92,000	-	-100.0%
TRANSMISSION/DISTRIBUTION	3,029,993	3,282,637	3,344,777	3,541,793	5.9%
ELECTRICAL ENGINEERING	1,704,204	2,001,295	2,029,626	1,806,923	-11.0%
ADMINISTRATION	883,961	562,322	590,202	744,423	26.1%
METER READING	303,029	323,111	312,553	318,995	2.1%
SYSTEMS OPERATIONS	-	-	-	464,503	0.0%
UTILITY TAX	1,092,711	1,937,446	1,428,100	1,599,100	12.0%
DIRECT EXPENDITURE SUBTOTALS	49,307,793	75,435,811	78,569,858	80,160,567	2.0%
OTHER EXPENSES:					
ALLOW FOR UNCOLLECTIBLES	125,000	125,000	-	100,000	0.0%
RETIREEES HEALTH CARE	462,655	526,400	526,400	464,620	-11.7%
INTRAFUND SERVICE FEES	3,652,063	3,869,378	3,732,641	3,803,581	1.9%
DEBT SERVICE	2,200,220	2,149,048	2,200,257	3,379,104	53.6%
OTHER EXPENSES SUBTOTAL	6,439,938	6,669,826	6,459,298	7,747,305	19.9%
TRANSFER TO:					
CAPITAL PROJECTS FUND	2,829,840	-	-	2,925,000	0.0%
GENERAL FUND	5,716,956	5,700,000	4,700,000	6,601,269	40.5%
GREEN ENERGY	-	-	134,350	134,350	0.0%
INTEREST ON DEPOSITS	32,496	25,000	25,000	35,000	40.0%
INVENTORY WRITE OFFS	-	-	-	100,000	0.0%
TRANSFER TO OPEB	100,000	100,000	100,000	-	-100.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	-	89,271	89,271	39,750	-55.5%
TRANSFER TO PENSION COLA	-	101,692	101,692	19,875	-80.5%
RATE STABILIZATION RESERVE	2,314,790	500,000	-	1,000,000	0.0%
WORKER'S COMP FUND	-	-	-	-	0.0%
TRANSFER TO SUBTOTAL	10,994,082	6,515,963	5,150,313	10,855,244	110.8%
CURRENT YEAR BALANCE	5,455,085	6,018,598	7,822,873	7,908,700	1.1%
TOTALS	72,196,898	94,640,198	98,002,342	106,671,816	8.8%

* Debt Service in FY 2006 and 2007 has been reduced in order to return our bond reserve balances to normal levels.

ELECTRIC FUND REVENUES FISCAL YEAR 2008

REVENUE TYPE: DIRECT SALES

CRITICAL ASSUMPTION: Revenues for Fiscal Year 2007 were revised upward to reflect a mid-year adjustment to our rates. System kWh sales are expected to increase one percent in Fiscal Year 2008 from Fiscal Year 2007 estimates. Revenues are projected to cover the increased costs of purchased power. A 9.75 percent rate increase is expected. Utility tax is included in this revenue source. This revenue is offset by a utility tax expense. This is a tax collected from commercial entities in the State of Delaware and is paid to the State by utilities..

2005-2006 <u>Actual</u>	2006-2007 <u>Budget</u>	2006-2007 <u>Revised</u>	2007-2008 City Manager <u>Budget</u>	2007-2008 <u>Difference</u>	<u>% Change</u>
\$63,844,353	\$83,515,686	\$84,498,890	\$95,249,744	\$10,750,854	12.7%

REVENUE TYPE: INTEREST AND OTHER

CRITICAL ASSUMPTION: Interest revenue is expected to remain at current levels. Rent revenue is budgeted down because we will not be renewing some leases. This vacant space will be used by City departments. This revenue is offset by building operating expenses. Miscellaneous revenue is revenue received for general work requested by customers, penalties for late payments, and connection fees, etc. Included in Fiscal Year 2007 and Fiscal Year 2008 is the sale of emissions credits. These sales are projected at \$1.475 for revised Fiscal Year 2007 and approximately \$1 million in Fiscal Year 2008. Fiscal Year 2007 revenue included a one time transfer of \$5 million from the rate stabilization fund. The decline in this category is attributed to this.

2005-2006 <u>Actual</u>	2006-2007 <u>Budget</u>	2006-2007 <u>Revised</u>	2007-2008 City Manager <u>Budget</u>	2007-2008 <u>Difference</u>	<u>% Change</u>
\$4,286,455	\$6,150,405	\$8,048,367	\$3,599,199	-\$4,449,168	-55.3%

ELECTRIC CAPITAL PROJECTS FUND

ORIGIN AND PURPOSE

This fund is required by the Electric Bond Covenants for the purpose of providing long-term financing of the expansion and improvement of the electric system.

SOURCE OF FUNDS

Appropriations for this fund are received from the Electric Revenue, Depreciation Reserve, Insurance Stabilization, Future Capacity Funds, and reimbursements from the State of Delaware.

COMMENTS

All projects in this fund are itemized in each fund budget.

CASH RECEIPTS

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	2,928,337	2,471,378	2,709,730	13,954	-99.5%
INTEREST EARNINGS	110,841	214,000	157,000	160,000	1.9%
INTEREST TRUSTEE	-	-	-	-	0.0%
RECEIPT FROM DEPRECIATION RESERVE	-	3,374,792	2,620,238	4,288,392	63.7%
TRANSPORTATION ENHANCEMENT GRANT	-	-	39,500	-	-100.0%
STATE REIMBURSEMENT FOR PROJECTS	64,000	645,749	-	710,318	0.0%
BOND ISSUE 2008	-	-	-	19,500,000	0.0%
TRANSFER FROM ELECTRIC	2,829,840	-	-	2,925,000	0.0%
TOTALS	5,933,018	6,705,919	5,526,468	27,597,664	399.4%

EXPENSE SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
POWER PLANT	-	-	-	377,000	0.0%
TRANSMISSION AND DISTRIBUTION	1,664,349	1,656,654	1,970,654	1,634,250	-17.1%
ELECTRICAL ENGINEERING	1,558,939	4,972,724	3,436,360	16,046,710	367.0%
ADMINISTRATION	-	16,300	73,500	8,000	-89.1%
METER READING	-	60,241	32,000	28,241	-11.7%
CURRENT YEAR BALANCE	2,709,730	-	13,954	153,463	999.8%
CURRENT YEAR BALANCE -BOND				9,350,000	
TOTALS	5,933,018	6,705,919	5,526,468	27,597,664	399.4%

ELECTRIC CONTINGENCY FUND

ORIGIN AND PURPOSE

This fund was established by Council action to serve as a "rainy day" source of funds in case of an Electric Fund emergency.

SOURCE OF FUNDS

Transfer from the Electric Fund and Depreciation Reserve Fund

COMMENTS

The Electric Contingency Fund must equal one percent or \$988,489 of Electric Fund operating revenue. Interest is retained in the fund. Only City Council can authorize expenditures from the fund.

The fund was initially established by transferring money from the Depreciation Reserve Fund. Future funds will come from the Electric Fund.

CASH RECEIPTS ESTIMATE

	<u>2005/06</u> <u>ACTUAL</u>	<u>2006/07</u> <u>BUDGET</u>	<u>2006/07</u> <u>REVISED</u>	<u>2007/08</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
BEGINNING BALANCE	1,101,614	1,155,094	1,150,123	840,652	-26.9%
INTEREST EARNINGS	22,033	51,979	31,000	38,000	22.6%
TRANSFER FROM INSURANCE STABILIZATION	-	-	-	-	0.0%
TRANSFER FROM ELECTRIC REVENUE	-	-	-	-	0.0%
TOTALS	1,123,647	1,207,073	1,181,123	878,652	-25.6%

EXPENSE SUMMARY

	<u>2005/06</u> <u>ACTUAL</u>	<u>2006/07</u> <u>BUDGET</u>	<u>2006/07</u> <u>REVISED</u>	<u>2007/08</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
TRANSFER TO ELECTRIC FUND	-	-	-	-	0.0%
TRANSFER TO RATE STABILIZATION FUND	-	340,471	340,471	-	-100.0%
CARRY FORWARD TO NEXT YEAR	1,123,647	866,602	840,652	878,652	4.5%
TOTALS	1,123,647	1,207,073	1,181,123	878,652	-25.6%

ELECTRIC DEPRECIATION RESERVE FUND

ORIGIN AND PURPOSE

This fund was established in 1981 to provide funds for the replenishment of assets which wear out because of time, usage, or technical reasons. The amount of depreciation less the principal paid on the debt service in a given year is the funding level goal.

SOURCE OF FUNDS

This fund receives an appropriation from the Electric Revenue Fund as a transfer. Interest earned is also credited to this fund.

CASH RECEIPTS ESTIMATE

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	15,018,941	15,720,450	15,652,798	13,450,200	-14.1%
INTEREST EARNINGS	300,379	707,420	534,000	576,000	7.9%
TOTALS	15,319,320	16,427,870	16,186,798	14,026,200	-13.3%

BUDGET SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
TRANSFER TO IMPROVEMENT AND EXTENSION	-	3,374,792	2,620,238	4,288,392	63.7%
TRANSFER TO INSURANCE STABILIZATION	-	-	116,360	-	-100.0%
CURRENT YEAR BALANCE	15,319,320	13,053,078	13,450,200	9,737,808	-27.6%
TOTALS	15,319,320	16,427,870	16,186,798	14,026,200	-13.3%

FUTURE CAPACITY FUND

ORIGIN AND PURPOSE

This fund was established in 1982 to provide funds for such projects as capacity supply studies, load management programs, possible purchase of an additional unit, cooperative supply alternatives, and engineering or design work for a possible new unit. It was the original goal that this fund reach five million dollars by 1990.

SOURCE OF FUNDS

Funds are received from the Electric Revenue Fund as a transfer. Interest earnings remain in the fund.

CASH RECEIPTS

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	8,304,162	8,606,106	8,569,070	8,893,070	3.8%
INTEREST EARNINGS	82,219	344,244	324,000	401,000	23.8%
TOTALS	8,386,381	8,950,350	8,893,070	9,294,070	4.5%

BUDGET SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
TRANSFER TO IMPROVEMENT AND EXTENSION	-	-	-	-	0.0%
CURRENT YEAR BALANCE	8,386,381	8,950,350	8,893,070	9,294,070	4.5%
TOTALS	8,386,381	8,950,350	8,893,070	9,294,070	4.5%

INSURANCE STABILIZATION FUND

ORIGIN AND PURPOSE

The City of Dover Electric Utility has several specialized insurance policies. These policies are budgeted in the Electric Revenue Budget. To provide for the funding of the deductibles in case of a claim, the City established an Insurance Stabilization Fund in June 1981. The goal is to maintain a minimum of \$350,000 in the fund.

SOURCE OF FUNDS

This fund receives an appropriation from the Electric Revenue Fund as needed. Interest earned is kept in the fund.

CASH RECEIPTS

	<u>2005/06</u> <u>ACTUAL</u>	<u>2006/07</u> <u>BUDGET</u>	<u>2006/07</u> <u>REVISED</u>	<u>2007/08</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
PRIOR YEAR BALANCE	720,170	225,518	224,140	350,000	56.2%
RECEIPT FROM ELECTRIC DEPRECIATION RESERVE FUND	-	-	116,360	-	-100.0%
INTEREST EARNINGS	4,285	8,768	9,500	10,500	10.5%
TOTALS	724,455	234,286	350,000	360,500	3.0%

BUDGET SUMMARY

	<u>2005/06</u> <u>ACTUAL</u>	<u>2006/07</u> <u>BUDGET</u>	<u>2006/07</u> <u>REVISED</u>	<u>2007/08</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
TRANSFER TO ELECTRIC REVENUE CONTINGENCY	505,937	-	-	-	0.0%
CURRENT YEAR BALANCE	218,518	234,286	350,000	360,500	3.0%
TOTALS	724,455	234,286	350,000	360,500	3.0%

ELECTRIC RATE STABILIZATION FUND

ORIGIN AND PURPOSE

Beginning in Fiscal Year 2005, a rate stabilization fund was established to offset the costs of the power cost adjustment to our customers. In 2007 the purpose of the fund was re-established to provide for price fluctuations in the power markets.

SOURCE OF FUNDS

The funding source for this reserve shall consist of the following potential sources: (a) one-time nonrecurring operating revenues, (b) all or some of positive carry-forward balance variance, (c) annual appropriations if available. The balance shall be maintained at a minimum of three percent not to exceed ten percent of the purchase power cost in any given year.

CASH RECEIPTS

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	525,817	5,025,136	5,003,510	377,981	-92.4%
RECEIPT FROM ELECTRIC REVENUE FUND	2,314,790	500,000	-	1,000,000	0.0%
RECEIPT FROM ELECTRIC CONTINGENCY	-	340,471	340,471	-	-100.0%
INTEREST EARNINGS	10,517	20,000	34,000	20,000	-41.2%
TOTALS	2,851,124	5,885,607	5,377,981	1,397,981	-74.0%

BUDGET SUMMARY

	2005/06 ACTUAL	2006/07 BUDGET	2006/07 REVISED	2007/08 BUDGET	%CHANGE 2006/07
TRANSFER TO ELECTRIC	-	5,000,000	5,000,000	-	-100.0%
CURRENT YEAR BALANCE	2,851,124	885,607	377,981	1,397,981	269.9%
TOTALS	2,851,124	5,885,607	5,377,981	1,397,981	-74.0%