

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; however these departments do not generate sufficient fee-for-service revenues to be self-supporting and are financed principally by various tax liens and nonspecific fund transfers. 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.

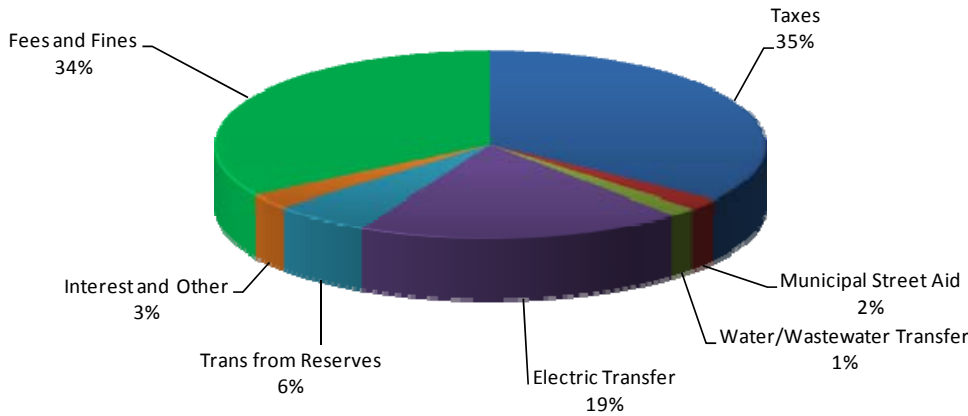
REVENUE HIGHLIGHTS

- Property taxes are valued at 100% of appraised value. The tax rate used for Fiscal Year 2009 remains at \$.33 for every \$100 of assessed value. Property values were reassessed in Fiscal Year 2005. City Council set the Fiscal Year 2006 rate at \$.33 per \$100 of assessed value. Total assessed value is projected to be \$3.0 billion. Property tax revenues are projected to increase 5.5% or \$519,393 in Fiscal Year 2009. This increase is attributed to growth and corrections to our tax records.
- Transfer tax revenues for Fiscal Year 2008 have been revised upward to reflect the sale of local apartment complexes. The Fiscal Year 2008 revenue is revised upward by approximately \$1 million. Fiscal Year 2009 revenue has been maintained at the original Fiscal Year 2008 estimate. When adjusted, for the larger unusual sales in Fiscal Year 2008, revenue trends indicate monthly revenue of \$213,000 or about \$2.6 million on an annual basis.
- Recreation revenue is projected to increase \$72,000 due to a full year of operations of the John W. Pitts Recreation Center.
- Civil Traffic Penalties are tracking as budgeted in Fiscal Year 2008. Fiscal Year 2009 has been budgeted at \$500,000.
- Transfers from the Water/Wastewater Fund (\$564,810) represent 4.5% of Water/Wastewater Fund revenues. Transfer from the Electric Fund (\$6,758,100) represents approximately 6.5% of Electric Fund revenues. Financial polices allow transfers of up to 6.5% of utility fund revenues. These transfers are viewed as returns on our tax payers' investment in the utilities. They serve to keep taxes low.
- The Fiscal Year 2008 revised carry-forward balance exceeds the 8% minimum balance requirement by \$1.2 million. In the Fiscal Year 2009 proposed budget, the carry-forward balance meets the necessary 8% fund balance minimum.
- The Contingency Fund balance equals \$679,754 and meets the minimum 2% of operating revenues.

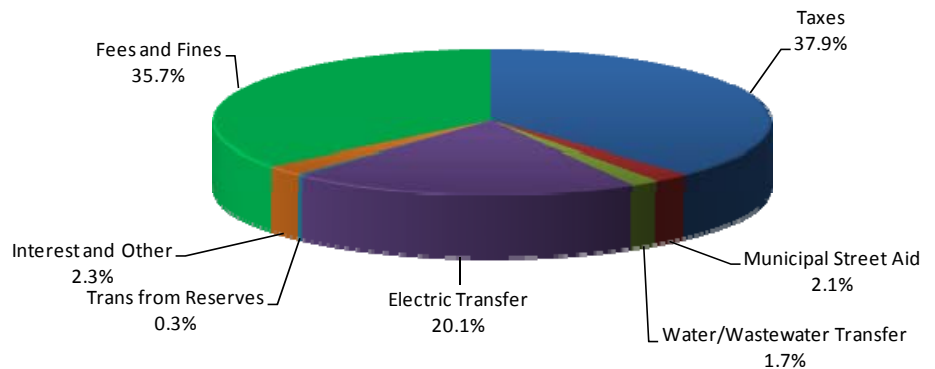
The General Fund is financed principally by various tax liens, franchise taxes, license and permit fees, fines, fund transfers, and miscellaneous revenue sources. Taxes are the largest single source of revenue for the General Fund. Property taxes and transfer taxes are 37.8% of the General Fund's revenue. Fees and fines make up 35.7% 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 24.2% 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.

Total operating revenues for the General Fund equal \$37.5 million. This represents a 1% decrease from Fiscal Year 2008 revised estimates. Revenues, excluding prior year balances, are projected to decrease 1% over Fiscal Year 2008 revenues. We propose to carry \$3.9 million into Fiscal Year 2009 as a beginning balance.

General Fund Revenue
Fiscal Year 2007 - 2008



General Fund Revenue
Fiscal Year 2008-2009



Personnel Services are 65% of the expenditures in the General Fund for Fiscal Year 2009. This is an increase from Fiscal Year 2008 when they were 61%. The increase can be attributed to the increase in staff for the Pitts Center and the newly formed Economic Development division. Materials and supplies are down by one percent from Fiscal Year 2008. They make up 17% of the Fiscal Year 2009 budget. These are expenses for printing, contractual services, legal expenses, etc.

Capital expenses make up 10% of the Fiscal Year 2009 budget and have decreased three percent from Fiscal Year 2008. This is due to the completion of the Pitts Center project. Other expenses, such as transfer to reserves, debt, street lighting, and retirees' health care make up eight percent of the Fiscal Year 2009 budget. Other expenses are down from Fiscal Year 2008 as less revenue was transferred to reserves.

OPERATING EXPENSE HIGHLIGHTS

- Increased costs are budgeted citywide for health care. Base rates for health care rose approximately 8%.
- This is the first year the City will fund Other Post Retirement Benefits (OPEB). The current funding level is 2.5% of payroll equaling \$500,000 city-wide.
- Pension rates as a percentage of salary are 28.35%, a slight decrease of .97%. Our lump sum contribution to the Police pension plan remains at \$95,000.
- A 4.0% increase is budgeted in Fiscal Year 2009 for the FOP bargaining unit as per their contract. The IUE and IBEW bargaining units are budgeted for 3.5% increases as per their contracts.
- An increase is budgeted citywide for all non-bargaining employees. Increases were not based on performance under the Pay-For-Performance plan adopted by Council in Fiscal Year 2004. The Pay-For-Performance plan was suspended until it can be examined further by Council. Non-bargaining increases were based on the bargaining units supervised or on the average of the bargaining units' increases. The average increase for non-bargaining employees was approximately 3.28 percent.
- There is \$400,000 budgeted to begin the tax re-assessment, as mandated by City Code and Charter.
- This budget also includes \$312,977 for the new Economic Development division, which was created to provide increased emphasis on economic development for Dover and to support the newly formed Downtown Dover Partnership.
- This is the first full year of operations for the John W. Pitts Recreation Center and \$280,000 has been budgeted.
- The Public Services Group has reorganized creating two new divisions – Life Safety and Code Enforcement. This change allows improved accountability for the budgets for these functions and organizes the group along functional lines. No additional funds were required for this change. The Life Safety group consists of the Emergency Planning Coordinator (formerly budgeted in Public Services Administration) and the staff of the Fire Marshal's Office (formerly budgeted in Inspections). The Code Enforcement (formerly budgeted in Inspections) division will include all Inspectors who perform property maintenance inspections versus building inspections. The Inspections division will continue to perform building inspections.
- There are three new full-time positions proposed for the General Fund. All three positions are part of the newly created Economic Development division and are needed to support the increased emphasis on economic development for Dover and the Downtown Dover Partnership. These positions include a marketing professional, the Main Street Manager, and an Administrative Assistant. The Main Street Manager position is currently occupied and will become the responsibility of the City.
- There are also four reclassifications/upgrades/promotions for non-bargaining positions in the General Fund. These changes are projected to cost approximately \$ 11,950.
 - The Library is promoting a Secretary I (IUE Grade 13) to an Administrative Assistant (PAS Grade 112) which better fits the position responsibilities.

- Public Services Administration is promoting the GIS Coordinator (PAS Grade 119) to GIS Manager (PAS Grade 122) because of additional responsibilities that are occurring as the GIS function expands and grows.
- Planning is reclassifying the Weed & Seed Coordinator (PAS Grade 110) to Community Prevention Manager (PAS Grade 116) which fits the actual duties being performed.
- The Planning division is establishing the positions of Senior Planner (PAS Grade 119), Planner II (PAS Grade 118) and Planner I (PAS Grade 117). These positions will provide a clearly defined career path for Planners as they gain knowledge, experience and certifications.
- The following positions were requested and approved for the budget, however due to budget constraints were not funded:
 - Budget Analyst (City Manager’s Office)
 - Accountant II (Finance)
 - Librarian I (Library)
 - Office Assistant (Parks & Recreation)
 - Account Clerk III (Public Services - Inspections)
 - Planning Assistant (Public Services - Planning)
- There are six reclassification/re-gradings for bargaining positions. These changes are projected to cost \$50,036.
 - Communications Operators (Police, IUE Grade 17 to 18)
 - Animal Control Officer (Police, IUE Grade 11 to 12)
 - Mechanic I to Mechanic II (Fleet Maintenance, IUE Grade 15 to 19)
 - Courier to Central Mailroom Clerk (Central Services, IUE Grade 12 to 13)
 - Storekeeper I (Central Services, IUE Grade 12 to 13)
 - Storekeeper II (Central Services, IUE Grade 14 to 15)
- Attrition has been budgeted in larger departments. This was accomplished by reducing salaries by 1 – 2%.
- \$1.9 million has been budgeted for transfer to the Governmental Capital Projects Fund.
- A transfer of \$200,000 will be made to the Capital Asset Reserve. This is in keeping with established financial policy.
- \$100,000 was transferred from the Worker’s Compensation Fund to the General Fund to provide for payments to City of Dover retirees.

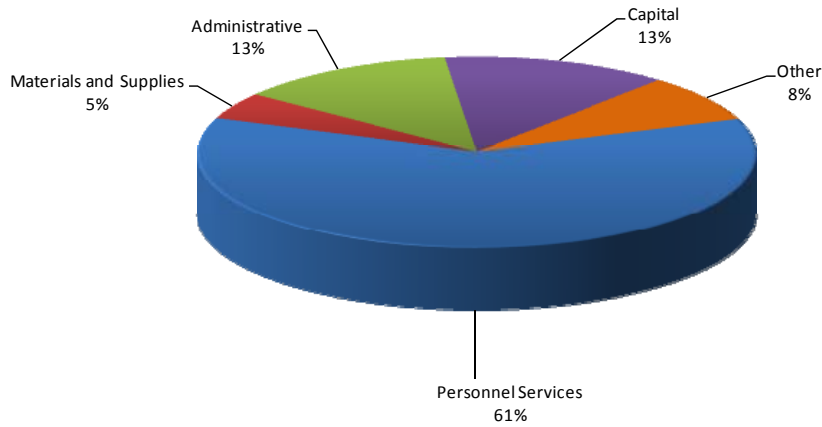
MAJOR GENERAL FUND CAPITAL PROJECTS FOR FISCAL YEAR 2009

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.

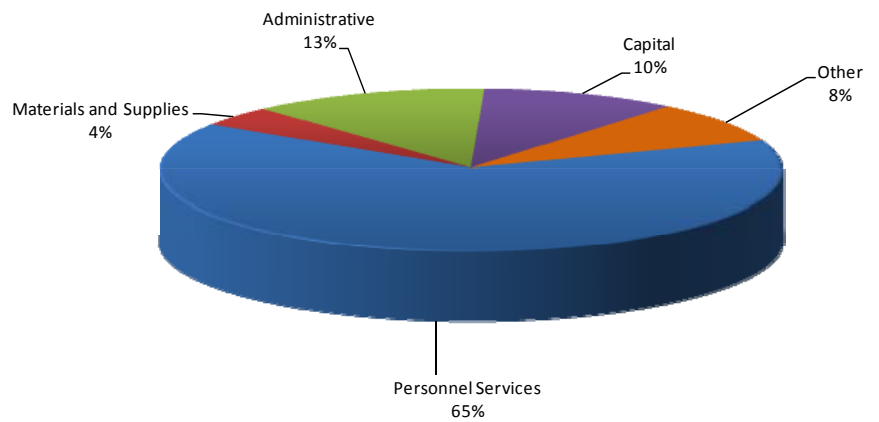
Appropriations for projects included in this fund are received from the General Fund and/or debt proceeds for each fiscal year's Capital Investment Plan, grants, donations and reserves. The City will also appropriate non-recurring revenues, project savings, and project reimbursements to fund this account, 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.

- The General Fund also contains \$1.2 million, which includes \$600,000 from a State Grant and \$600,000 from other resources for implementation of the new library project. Planning, design work and land acquisition are planned for Fiscal Year 2009.
- The Fiscal Year 2009 contribution to Robbins Hose Company includes payments for capital equipment in the amount of \$92,910 and an additional \$195,300 for the purchase of Engine 5.
- The Street and Alley Program for Fiscal Year 2009 will rehabilitate a portion of the City's street and alley network at an estimated cost of \$900,000. The City's contribution from the General Fund is budgeted at \$400,000 with the remaining \$500,000 in funding from the Community Transportation Fund. The Concrete Construction and Replacement project has been budgeted for \$65,000 for Fiscal Year 2009.
- The dredging of Mirror Lake to restore the water level and appearance is scheduled for Fiscal Year 2009. This project is contingent upon receiving funding from a State grant in the amount of \$400,000.
- Citywide vehicle and equipment replacements are projected to be approximately \$1.2 million for Fiscal Year 2009. Before each vehicle is recommended for replacement, it is thoroughly inspected by Fleet Maintenance.
- General Fund vehicle and equipment replacements are projected to be approximately \$950,000 for Fiscal Year 2009. \$315,000 has been budgeted to replace two sanitation vehicles. Before each vehicle is recommended for replacement, it is thoroughly inspected by Fleet Maintenance.
- The following Capital Investment Projects have been deferred due to budget constraints.
 - Conference Room & Office - \$12,000 (Central Services)
 - GPS Tracking of City Fleet - \$14,750 (Information Technology)
 - Expand Document Imaging Functionality - \$112,580 (Information Technology)
 - Street and Alley Program - \$300,000 (Public Services, Streets)
 - Sidewalk Program - \$5,000 (Public Services, Streets)
 - Splash Pad Implementation - \$255,000 (Parks and Recreation)
 - Playground Improvements - \$30,000 (Parks and Recreation)

General Fund Expenditures
Fiscal Year 2007 - 2008

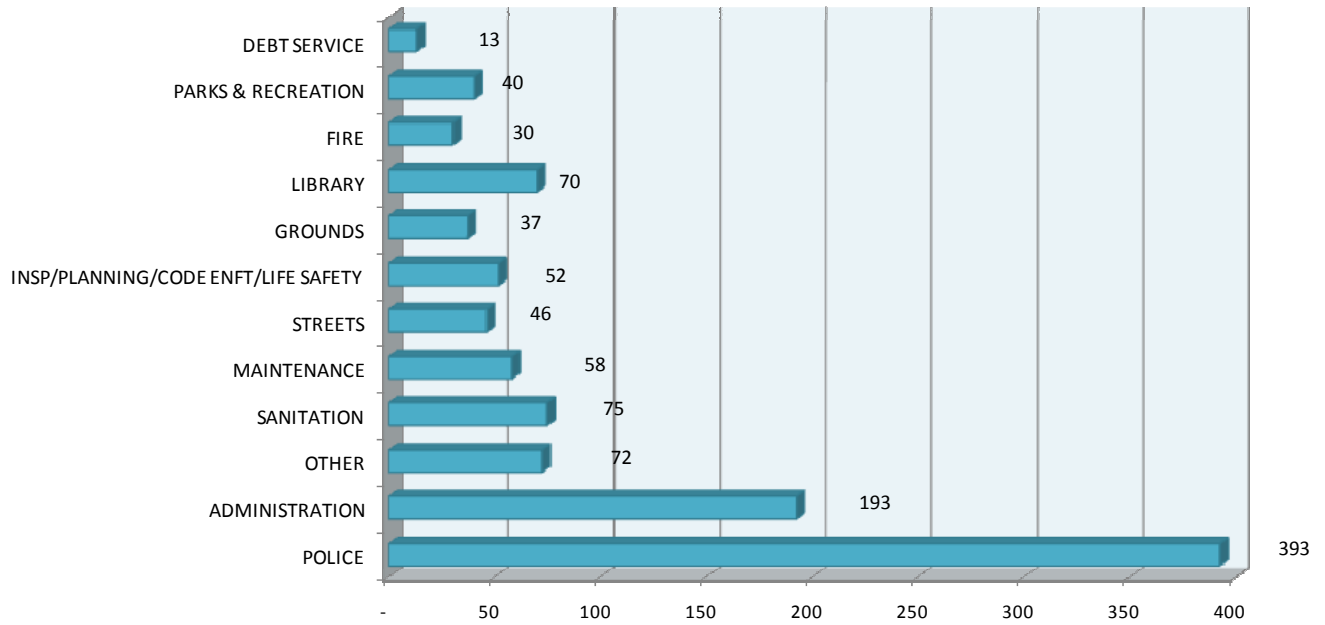


General Fund Expenses
Fiscal Year 2008-2009



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 2008-2009

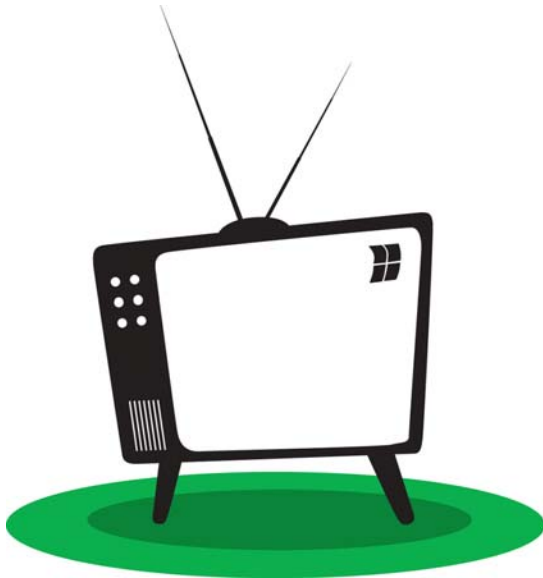


Based on population estimate of 33,829

THE VALUE OF CITY SERVICES

Based on an average assessed home value of \$145,700, it is estimated that each household will pay \$480.81 in City taxes for the year, or \$40.07 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 \$40.07 per month!

GENERAL FUND CASH RECEIPT SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
RECEIPTS					
PRIOR YEAR BALANCE	\$ 5,437,696	\$ 3,542,086	\$ 4,051,979	\$ 3,910,144	-3.5%
FINES AND POLICE REVENUE	717,310	725,000	671,000	671,000	0.0%
911 FEE	56,370	64,000	64,000	64,000	0.0%
INVESTMENT INCOME	307,698	300,000	355,850	234,000	-34.2%
LIBRARY REVENUES	56,430	61,697	58,699	59,873	2.0%
KENT COUNTY BOOK REIMBURSEMENT	932,575	329,600	450,000	459,000	2.0%
BUSINESS LICENSES	1,343,531	1,320,000	1,410,000	1,450,000	2.8%
PERMITS AND OTHER LICENSES	1,345,817	1,227,343	1,306,000	1,120,000	-14.2%
DEMOLITION REVENUE	-	-	23,166	-	-100.0%
MISCELLANEOUS CHARGES	236,646	38,750	45,750	54,250	18.6%
POLICE EXTRA DUTY	358,756	300,000	393,169	393,169	0.0%
PROPERTY TAXES	9,032,995	9,453,511	9,523,080	10,042,473	5.5%
BID REVENUE	-	-	-	53,264	0.0%
RECREATION REVENUE	98,613	140,000	115,000	187,000	62.6%
FRANCHISE FEE	440,745	422,000	422,000	426,220	1.0%
TRASH FEES	1,113,318	1,191,411	1,191,411	1,246,411	4.6%
DSWA TRASH FEE REBATE	170,040	170,000	167,559	170,000	1.5%
RENT REVENUE - GARRISON FARM	35,533	28,213	35,533	41,535	16.9%
COURT OF CHANCERY FEES	929,120	761,000	815,860	815,860	0.0%
INTERNET REVENUE	7,483	5,400	1,894	-	-100.0%
CURBSIDE RECYCLING	10,041	-	-	-	0.0%
RECEIPTS SUBTOTAL	22,630,717	20,080,011	21,101,950	21,398,199	1.4%
INTERFUND SERVICE RECEIPTS					
INTRAFUND SERVICE RECEIPTS WATER/WASTEWATER	1,092,328	1,095,941	1,025,557	1,057,212	3.1%
INTRAFUND SERVICE RECEIPTS ELECTRIC	3,679,042	3,803,581	3,590,913	3,704,510	3.2%
INTERFUND SERVICE RECEIPTS SUBTOTAL	4,771,370	4,899,522	4,616,470	4,761,722	3.1%
GRANTS:					
POLICE RELATED	140,833	40,000	40,000	40,000	0.0%
STATE GRANT - TRAIL MAINTENANCE	1,100	-	-	-	0.0%
CAPITAL SCHOOL DISTRICT REVENUE	-	130,609	37,440	37,440	0.0%
RECREATION GRANTS	332,607	20,000	20,000	25,000	25.0%
INSURANCE AGENCY FIRE SAFETY GRANT	-	-	-	-	0.0%
MISC GRANT REVENUE	18,000	-	-	-	0.0%
HOMELAND SECURITY GRANT	87,351	-	-	-	0.0%
SALE OF ASSETS	169,900	-	500	-	-100.0%
GRANTS SUBTOTAL	749,791	190,609	97,940	102,440	4.6%
TRANSFERS FROM:					
TRANSFER TAX	3,009,539	2,650,222	3,690,000	2,650,222	-28.2%
MUNICIPAL STREET AID	657,474	660,000	709,694	710,346	0.1%
CIVIL TRAFFIC PENALTIES	540,566	500,000	500,000	500,000	0.0%
WATER/WASTEWATER	535,000	565,000	565,000	564,810	0.0%
ELECTRIC	4,700,000	6,601,269	6,601,269	6,758,100	2.4%
PARKLAND RESERVE	781,538	1,987,200	-	-	0.0%
LIBRARY RESERVE	-	-	41,780	-	-100.0%
CAPITAL ASSET RESERVE	324,824	-	-	-	0.0%
WORKER'S COMP FUND	-	-	-	100,000	0.0%
DELAWARE PREVENTION NETWORK	3,000	-	-	-	0.0%
TRANSFERS FROM SUBTOTAL	10,551,941	12,963,691	12,107,743	11,283,478	-6.8%
TOTALS	\$ 38,703,819	\$ 38,133,833	\$ 37,924,103	\$ 37,545,839	-1.0%

GENERAL FUND EXPENSE SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
DEPARTMENT EXPENSES:					
CITY CLERK	\$ 236,271	\$ 290,879	\$ 252,508	\$ 312,576	23.8%
COUNCIL	110,404	132,014	125,399	136,822	9.1%
TAX ASSESSOR	224,895	332,606	270,503	680,736	151.7%
FIRE	1,188,173	644,773	676,760	722,865	6.8%
GROUNDS MAINTENANCE	1,105,432	1,151,527	1,068,416	1,146,864	7.3%
LIBRARY	1,005,737	1,132,283	1,145,983	1,170,556	2.1%
RECREATION	1,452,987	717,058	636,609	868,159	36.4%
LIFE SAFETY	-	-	-	324,571	0.0%
CODE ENFORCEMENT	-	-	-	382,605	0.0%
PLANNING	295,426	416,090	426,227	484,408	13.7%
INSPECTIONS	1,167,072	1,113,413	1,099,178	551,635	-49.8%
ECONOMIC DEVELOPMENT	-	-	-	312,977	0.0%
POLICE	11,328,345	11,460,515	11,353,550	12,481,983	9.9%
POLICE EXTRA DUTY	367,446	335,190	335,190	452,280	34.9%
STREETS	868,910	846,290	795,075	855,519	7.6%
SANITATION	2,163,486	2,233,490	2,061,082	2,210,834	7.3%
CITY MANAGER	629,503	711,036	606,578	582,427	-4.0%
INFORMATION TECHNOLOGY	892,449	779,732	779,754	888,491	13.9%
FINANCE	654,883	780,540	779,507	795,165	2.0%
PUBLIC SERVICES - ADMINISTRATION	235,183	432,176	386,877	359,262	-7.1%
FACILITIES MANAGEMENT	1,330,499	1,071,055	1,029,017	1,127,854	9.6%
PUBLIC WORKS - ENGINEERING	314,729	-	-	-	0.0%
CENTRAL SERVICES	733,291	705,203	719,062	763,684	6.2%
FLEET MAINTENANCE	649,012	690,862	634,648	699,564	10.2%
CUSTOMER SERVICES	1,048,692	1,212,370	1,178,747	994,719	-15.6%
HUMAN RESOURCES	349,509	421,407	417,220	434,120	4.1%
MAYOR	106,908	139,055	128,697	98,012	-23.8%
DEPARTMENT SUBTOTALS	28,459,242	27,749,564	26,906,587	29,838,688	10.9%
OTHER EXPENSES:					
DEBT SERVICE	441,232	437,468	437,468	442,319	1.1%
TRANSFER TO CONTINGENCY	-	34,500	34,500	-	-100.0%
DSWA RECYCLING PROGRAM	9,622	-	-	-	0.0%
INSURANCE	452,414	546,857	472,000	500,000	5.9%
RETIREES HEALTH CARE	736,286	683,321	755,741	853,987	13.0%
RETIREES PAYMENTS	-	-	-	100,000	0.0%
UNCOLLECTIBLES - TRASH AND OTHER	10,000	10,000	10,000	10,000	0.0%
STREET LIGHTS	624,242	575,000	920,000	985,000	7.1%
OTHER EXPENSE SUBTOTAL	2,273,796	2,287,146	2,629,709	2,891,306	9.9%
GRANTS					
IT EMERGENCY PREPAREDNESS PLAN	87,351	-	-	-	0.0%
GRANTS SUBTOTAL	87,351	-	-	-	0.0%
TRANSFERS					
TRANSFER TO OPEB	250,000	-	-	-	0.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	262,455	89,850	89,850	-	-100.0%
TRANSFER TO PENSION COLA	139,749	44,925	44,925	-	-100.0%
TRANSFER TO CAPITAL ASSET RESERVE	159,810	-	-	-	0.0%
TRANSFER TO CAPITAL FUND - PROJECTS	-	4,680,362	2,683,062	1,884,497	-29.8%
TRANSFER TO CAPITAL FUND - RESERVE	-	-	-	200,000	0.0%
TRANSFER TO STREET PROGRAM	418,120	-	-	-	0.0%
TRANSFER TO PARKLAND/RECREATION RESERVE	361,375	-	-	-	0.0%
TRANSFER TO LIBRARY RESERVE	2,226,932	399,350	1,649,109	-	-100.0%
TRANSFER TO CDBG FUND	-	-	10,717	11,000	2.6%
INVENTORY WRITE OFFS	13,010	-	-	-	0.0%
TRANSFERS SUBTOTAL	3,831,451	5,214,487	4,477,663	2,095,497	-53.2%
CURRENT YEAR BALANCE	4,051,979	2,882,636	3,910,144	2,720,348	-30.4%
TOTALS	\$ 38,703,819	\$ 38,133,833	\$ 37,924,103	\$ 37,545,839	-1.0%

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

GOVERNMENTAL CAPITAL PROJECTS FUND

ORIGIN AND PURPOSE

This fund was established in 2007 for the purpose of Governmental Fund asset procurements. Optimally, the amount set aside for future asset replacements should equal the annual depreciation of the current assets. Prior to Fiscal 2008 all Governmental Project activity was included in the General Fund Summary with each division budget.

SOURCE OF FUNDS

Appropriations for projects included in the 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.

CASH RECEIPTS ESTIMATE

	2006-07	2007-08	2007-08	2008-09	%CHANGE
	ACTUAL	BUDGET	REVISED	BUDGET	2008-09
BEGINNING BALANCE - PROJECTS	\$ -	\$ -	\$ -	\$ 185,000	0.0%
MISCELLANEOUS REVENUES	-	-	114,058	-	-100.0%
INTEREST EARNINGS	-	-	43,600	65,000	49.1%
RECREATION GRANTS	-	-	-	440,000	0.0%
TRANSFER FROM RESERVE	-	-	135,515	-	-100.0%
TRANSFER FROM GENERAL FUND FOR PROJECTS	-	4,680,362	2,683,062	1,884,497	-29.8%
TRANSFER FROM PARKLAND RESERVE (JWP CNTR)	-	-	2,132,369	-	-100.0%
TRANSFER FROM LIBRARY RESERVE	-	-	10,094	1,200,000	11788.3%
GIFTS/DONATIONS (JWP CNTR)	-	-	83,000	-	-100.0%
TRANSFER FROM GENERAL FUND FOR RESERVE	-	-	-	-	0.0%
TOTALS	\$ -	\$ 4,680,362	\$ 5,201,698	\$ 3,774,497	-27.4%

GOVERNMENTAL CAPITAL PROJECTS FUND

EXPENSE SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
DEPARTMENT EXPENSES:					
CITY CLERK	\$ -	\$ -	\$ -	-	0.0%
COUNCIL	-	-	-	-	0.0%
TAX ASSESSOR	-	45,000	61,030	-	-100.0%
FIRE	-	282,910	282,910	296,210	4.7%
GROUNDS MAINTENANCE	-	129,913	129,913	109,500	-15.7%
LIBRARY	-	-	10,094	1,200,000	11788.3%
RECREATION	-	2,135,700	2,410,539	500,000	-79.3%
LIFE SAFETY	-	-	-	4,200	0.0%
PLANNING	-	-	-	-	0.0%
INSPECTIONS	-	96,000	96,000	-	-100.0%
ECONOMIC DEVELOPMENT	-	-	-	-	0.0%
POLICE	-	343,720	343,720	346,126	0.7%
STREETS	-	511,000	518,500	704,170	35.8%
SANITATION	-	502,800	638,315	315,000	-50.7%
CITY MANAGER	-	10,300	-	-	0.0%
INFORMATION TECHNOLOGY	-	367,400	256,000	110,915	-56.7%
FINANCE	-	-	-	-	0.0%
PUBLIC SERVICES - ADMINISTRATION	-	40,100	40,100	38,380	-4.3%
FACILITIES MANAGEMENT	-	59,800	59,800	140,000	134.1%
CENTRAL SERVICES	-	21,000	21,000	9,996	-52.4%
FLEET MAINTENANCE	-	34,719	34,719	-	-100.0%
CUSTOMER SERVICES	-	-	-	-	0.0%
HUMAN RESOURCES	-	-	-	-	0.0%
MAYOR	-	-	-	-	0.0%
DEPARTMENT SUBTOTAL	-	4,580,362	4,902,640	3,774,497	-23.0%
TRANSFERS					
TRANSFER TO CAPITAL ASSET RESERVE	-	-	6,092	-	-100.0%
TRANSFER TO PARKLAND RESERVE	-	-	107,966	-	-100.0%
TRANSFER TO GENERAL FUND	-	-	-	-	0.0%
TRANSFER SUBTOTAL	-	-	114,058	-	-100.0%
CURRENT YEAR BALANCE	-	100,000	185,000	-	-100.0%
TOTALS	\$ -	\$ 4,680,362	\$ 5,201,698	\$ 3,774,497	-27.4%

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

	2006-07		2007-08		2007-08		2008-09		%CHANGE
	ACTUAL		BUDGET		REVISED		BUDGET		2008-09
BEGINNING BALANCE	\$ 339,713	\$	-	\$	160,404	\$	34,776		-78.3%
INTEREST EARNINGS	10,000		-		3,795		-		-100.0%
TRANSFER FROM GOVERNMENTAL CAPITAL FUND	-		-		6,092		-		-100.0%
TRANSFER FROM GENERAL FUND	135,515		-		-		200,000		0.0%
TOTALS	\$ 485,228	\$	-	\$	170,291	\$	234,776		37.9%

EXPENSE SUMMARY

	2006-07		2007-08		2007-08		2008-09		%CHANGE
	ACTUAL		BUDGET		REVISED		BUDGET		2008-09
TRANSFER TO GENERAL FUND	\$ -	\$	-	\$	-	\$	-		0.0%
FOR CAPITAL ITEMS	324,824		-		-		-		0.0%
TRANSFER TO GOVERNMENTAL CAPITAL FUND	-		-		135,515		-		-100.0%
CARRY FORWARD TO NEXT YEAR	160,404		-		34,776		234,776		575.1%
TOTALS	\$ 485,228	\$	-	\$	170,291	\$	234,776		37.9%

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. The interest is retained in the fund. Only City Council can authorize expenditures from the fund.

CASH RECEIPTS ESTIMATE

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
BEGINNING BALANCE	\$ 823,254	\$ 647,680	\$ 645,254	\$ 679,754	5.3%
INTEREST EARNINGS	31,000	29,000	-	-	0.0%
TRANSFER FROM GENERAL FUND	-	34,500	34,500	-	-100.0%
TOTALS	\$ 854,254	\$ 711,180	\$ 679,754	\$ 679,754	0.0%

EXPENSE SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
TRANSFER TO GENERAL FUND	\$ -	\$ -	\$ -	\$ -	0.0%
TRANSFER TO OPEB	100,000	-	-	-	0.0%
TRANSFER TO LIBRARY FUND	100,000	-	-	-	0.0%
CARRY FORWARD TO NEXT YEAR	645,254	711,180	679,754	679,754	0.0%
TOTALS	\$ 845,254	\$ 711,180	\$ 679,754	\$ 679,754	0.0%

Note: Funding of the Contingency Fund exceeds the required 2 percent of the current year operating revenues

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) divisions 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.

FUND 110 ALLOCATIONS

Fiscal Year 2008 REVISED

	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%
ECONOMIC DEVELOPMENT	55.6%	13.4%	31.0%
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 ADMIN	0.0%	24.7%	75.3%
SYSTEMS OPERATIONS	0.0%	18.0%	82.0%

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

Fiscal Year 2009

	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%
ECONOMIC DEVELOPMENT	55.6%	13.4%	31.0%
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%
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HUMAN RESOURCES	76.5%	9.0%	14.5%
INSURANCE	38.4%	12.5%	49.1%
ELECTRIC ADMIN	0.0%	24.7%	75.3%
SYSTEMS OPERATIONS	0.0%	18.0%	82.0%

GENERAL FUND REVENUES FISCAL YEAR 2009

REVENUE TYPE: PROPERTY TAX (30% of General Fund Revenue)

CRITICAL ASSUMPTION: Property taxes are valued at 100% 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.

2006-2007 <u>Actual</u>	2007-2008 <u>Budget</u>	2007-2008 <u>Revised</u>	2008-2009 City Manager <u>Budget</u>	2008-2009 <u>Difference</u>	<u>% Change</u>
\$9,032,995	\$9,453,511	\$9,523,080	\$10,095,737	\$572,657	6.01%

REVENUE TYPE: TRANSFER TAX (7.88% of General Fund Revenue)

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 2008 has been increased to reflect revenues received from the sales of large commercial properties. Revenues for Fiscal Year 2009 are projected to remain the same as the original Fiscal Year 2008 revenue projection. When adjusted for the unusual sales in Fiscal Year 2008, revenue trends indicate monthly revenue of \$213,000 or about \$2.6 million on an annual basis.

2006-2007 <u>Actual</u>	2007-2008 <u>Budget</u>	2007-2008 <u>Revised</u>	2008-2009 City Manager <u>Budget</u>	2008-2009 <u>Difference</u>	<u>% Change</u>
\$3,009,539	\$2,650,222	\$3,690,000	\$2,650,222	\$(1,039,778)	-28.18%

REVENUE TYPE: INTEREST (.7% of General Fund Revenue)

CRITICAL ASSUMPTION: Interest income is adjusted in Fiscal Year 2009 to reflect current interest rates. This revenue is dependent upon working capital availability and interest rates.

2006-2007 <u>Actual</u>	2007-2008 <u>Budget</u>	2007-2008 <u>Revised</u>	2008-2009 City Manager <u>Budget</u>	2008-2009 <u>Difference</u>	<u>% Change</u>
\$307,698	\$300,000	\$355,850	\$234,000	\$(121,850)	-34.24%

REVENUE TYPE: LICENSE, PERMIT, AND FINES (7.64% of General Fund Revenue)

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 2008 has been revised upward over original estimates. This adjustment was made to reflect the current revenue experience. In Fiscal Year 2009, revenue is projected to increase slightly over Fiscal Year 2008 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. Revenue in Fiscal Year 2008 is expected to increase from original estimates as a result of several large projects during this time. Fiscal Year 2009 revenue is expected to decrease 14.2% from revised Fiscal Year 2008 revenue estimates and reflects a return to more normal construction activity.

2006-2007	2007-2008	2007-2008	2008-2009	2008-2009	
<u>Actual</u>	<u>Budget</u>	<u>Revised</u>	City Manager	<u>Difference</u>	<u>% Change</u>
			<u>Budget</u>		
\$2,689,348	\$2,547,343	\$2,716,000	\$2,570,000	\$(146,000)	-5.38%

REVENUE TYPE: USER FEES AND OTHER (13.8% of General Fund Revenue)

CRITICAL ASSUMPTION: These revenues are directly proportional to usage. Fiscal Year 2008 revenues are expected to increase over original estimates by \$218,470. This is primarily due to adjusting Court of Chancery fees and Kent County Book Reimbursement to actual revenues. Revenues for Fiscal Year 2009 are expected to increase.

2006-2007	2007-2008	2007-2008	2008-2009	2008-2009	
<u>Actual</u>	<u>Budget</u>	<u>Revised</u>	City Manager	<u>Difference</u>	<u>% Change</u>
			<u>Budget</u>		
\$5,432,701	\$4,315,071	\$4,533,541	\$4,662,098	\$128,557	2.84%

REVENUE TYPE: GRANTS (.3% of General Fund Revenue)

CRITICAL ASSUMPTION: Revised revenue estimates for Fiscal Year 2008 project a decrease of \$93,169 in grant revenue, which is below the original estimates. This is primarily because the City reclassified revenue from grants to user fees. In Fiscal Year 2009, grant revenue is expected to increase \$5,000.

2006-2007	2007-2008	2007-2008	2008-2009	2008-2009	
<u>Actual</u>	<u>Budget</u>	<u>Revised</u>	City Manager	<u>Difference</u>	<u>% Change</u>
			<u>Budget</u>		
\$582,891	\$190,609	\$97,440	\$102,440	\$5,000	5.13%

REVENUE TYPE: TRANSFERS (24.18% of General Fund Revenue)

CRITICAL ASSUMPTION: Transfers for Fiscal Year 2008 were decreased because monies originally budgeted to be transferred from the Parkland Reserve were transferred directly to the Governmental Capital Fund, where the projects are budgeted and not to the General Fund. These transfers are expected to increase in Fiscal Year 2009. Transfers from the Water/Wastewater Fund (\$564,810) represent 4.5% of Water/Wastewater Fund revenues. The Electric transfer (\$6,758,100) represents 6.5% of Electric Fund Revenues. The City's financial polices allow transfers of up to 8% of utility fund revenues.

2006-2007 Actual	2007-2008 Budget	2007-2008 Revised	2008-2009 City Manager Budget	2008-2009 Difference	% Change
\$6,998,836	\$9,813,469	\$7,917,743	\$8,133,256	\$215,513	2.72%

REVENUE TYPE: FRANCHISE FEES (1.27% of General Fund Revenue)

CRITICAL ASSUMPTION: The City collects a franchise fee from Comcast, Verizon and Cavalier each year. Fiscal Year 2008 revenues were projected to remain the same as originally projected. Fiscal Year 2009 revenue is projected to remain stable with revised Fiscal Year 2008 receipts.

2006-2007 Actual	2007-2008 Budget	2007-2008 Revised	2008-2009 City Manager Budget	2008-2009 Difference	% Change
\$440,745	\$422,000	\$422,000	\$426,220	\$4,220	1.00%

REVENUE TYPE: INTRAFUND SERVICE RECEIPTS (14.16% of General Fund Revenue)

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 each account for the billed allocations. In Fiscal Year 2008, \$1,025,557 was billed to the Water/Wastewater Fund for services and \$3,590,913 was billed to the Electric Fund. It is estimated that in Fiscal Year 2009, \$1,057,212 will be billed to Water/Wastewater Fund for services and \$3,704,510 will be billed to the Electric Fund.

2006-2007 Actual	2007-2008 Budget	2007-2008 Revised	2008-2009 City Manager Budget	2008-2009 Difference	% Change
\$4,771,370	\$4,899,522	\$4,616,470	\$4,761,722	\$145,252	3.15%

GENERAL FUND REVENUES AND OTHER FINANCING TREND DATA

LAST TEN FISCAL YEARS

Revenues:	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Beginning Balance	\$ 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	\$ 5,437,696	\$ 4,051,979
Fines and Other Police Revenue	538,272	644,025	593,272	635,711	658,869	650,004	619,493	858,604	823,439	773,680	742,882
Franchise Fees	254,889	182,093	-	-	-	331,515	462,859	395,821	416,595	440,745	449,789
Right-of-Way Revenue	-	-	57,763	169,262	56,339	-	-	-	-	-	-
Court of Chancery Fees	-	-	-	-	-	-	559,260	710,380	792,280	929,120	883,880
Internet Revenue	-	-	-	-	10,613	17,903	20,779	17,205	12,951	7,483	1,894
Interest Earnings & Transfers	367,927	319,866	346,200	336,533	217,917	146,113	219,515	139,444	263,223	307,698	414,609
Library Revenue - General	42,645	47,375	36,332	34,601	33,536	42,251	37,357	50,852	58,905	56,430	59,520
Library Revenue - Co. Reimbursement	264,786	264,786	285,745	286,090	290,607	292,451	295,800	295,800	392,800	932,575	458,177
Library Trust Receipt	-	-	-	-	105,410	-	-	-	-	-	-
Licenses and Permits	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	2,689,348	2,916,749
Misc. Service Charges	124,221	192,292	128,749	215,266	49,991	98,447	55,184	55,310	120,433	239,646	103,451
Police Extra Duty Fees	115,130	173,977	194,381	345,324	389,503	393,601	307,426	303,195	250,985	358,756	370,379
Property Taxes	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	9,032,995	9,556,005
Recreation Revenue	85,115	89,115	94,181	88,460	88,865	92,699	102,483	101,296	98,254	98,613	129,101
Rent Revenue	-	-	-	65,610	15,250	28,214	28,214	28,213	35,533	35,533	35,533
Electric Fund Appropriation	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	4,700,000	6,601,269
Electric I & E Fund Appropriation	-	-	-	-	1,887,950	-	-	-	-	-	-
Water/Sewer Fund Appropriation	225,000	-	225,000	-	900,000	450,000	831,000	848,016	535,785	535,000	565,000
Transfer Tax	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	3,009,539	3,526,187
Curbside Recycling	-	-	-	-	-	-	-	-	8,869	10,041	-
Sanitation Fees	-	-	207,084	920,115	1,059,007	1,080,356	1,083,894	1,081,064	1,244,444	1,283,358	1,333,436
Transfer from Reserve	159,000	112,454	-	-	-	-	859,816	1,040	124,504	1,106,362	41,780
Sale of Land	-	-	-	-	-	66,263	2,800	13,000	59,850	169,900	500
Intrafund Service Receipts - Water/WW	-	-	-	-	-	-	846,864	932,708	1,045,326	1,092,328	988,643
Intrafund Service Receipts - Electric	-	-	-	-	-	-	3,151,045	3,536,040	3,652,063	3,679,042	3,448,680
Grants:											
Emergency Related	-	-	-	-	-	124,360	48,655	-	164,872	-	-
Municipal Street Aid	560,950	705,936	848,294	845,221	822,385	803,446	794,301	792,242	659,910	657,474	710,744
Police Department	201,212	194,208	369,219	114,270	96,611	-	248,070	611,801	1,279,116	681,399	563,925
Recreation Related	92,839	54,597	-	74,865	3,007	-	20,000	25,000	300,000	333,707	63,131
State Revenue - Sharing/Other	455,682	5,119	337,964	-	-	21,203	-	-	-	-	-
Misc. Grant Revenue	-	-	-	-	-	-	1,258	9,900	19,700	18,000	7,000
DE River & Bay Authority	-	15,910	-	-	-	-	-	-	-	-	-
Downtown Amenities	-	-	-	253,983	-	-	-	-	-	-	-
DelDOT Enhancements	-	-	-	-	57,056	-	-	-	-	-	-
Homeland Security Grant	-	-	-	-	-	-	-	-	-	87,351	-
TOTAL REVENUES	\$ 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	\$ 38,703,819	\$ 38,024,243

*2008 revenue is based upon unaudited actuals and will vary slightly from the Fiscal Year 2008 Budget.

GENERAL FUND EXPENDITURES, OTHER USES TREND DATA

LAST TEN FISCAL YEARS

Expenditures:	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Facilities Management	\$ 244,256	\$ 232,706	\$ 249,224	\$ 251,784	\$ 338,644	\$ 388,957	\$ 871,691	\$ 958,764	\$ 824,260	\$ 1,330,499	\$ 1,060,047
City Clerk	106,051	76,918	80,892	96,564	105,075	103,961	243,852	301,129	333,612	236,271	242,572
City Manager	84,224	89,555	117,662	111,332	91,399	101,439	310,272	358,401	563,970	629,503	622,733
Information Technology	194,556	146,747	128,127	132,062	135,569	180,100	675,002	741,812	859,120	892,449	955,270
Grounds	197,941	196,315	229,654	246,111	267,376	295,385	952,009	989,042	1,054,767	1,105,432	1,082,558
Engineering	40,446	45,023	44,359	48,286	47,030	56,703	225,658	253,299	289,208	314,729	-
Finance	137,125	147,273	140,523	181,055	157,672	172,862	526,973	598,639	649,802	654,883	726,153
Fire	575,037	579,802	631,868	765,747	582,435	775,129	858,193	911,534	948,785	1,188,173	923,705
Comm. Services Admin.	491	-	-	-	-	-	-	-	-	-	-
Vehicle Maintenance	506,702	552,450	492,592	667,421	449,159	502,044	533,699	581,669	672,608	649,012	688,554
Mayor and Council	36,327	72,738	69,261	79,580	87,893	111,910	223,890	221,958	225,071	217,312	235,916
Parks and Recreation	389,207	365,043	380,175	394,915	413,409	482,936	486,789	617,624	705,241	1,452,987	563,644
Planning	70,305	82,768	105,011	123,374	96,863	123,716	196,907	202,516	201,563	295,426	408,984
Police	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	11,695,791	12,169,398
Inspections	506,594	528,968	562,472	752,168	729,450	769,831	811,805	898,687	957,385	1,167,072	1,083,087
Public Services Admin.	65,086	68,108	71,091	74,125	81,657	78,312	273,982	306,773	318,900	235,183	397,699
Central Services Admin.	29,274	34,256	37,271	37,061	48,152	38,109	659,788	755,866	678,110	733,291	706,065
Streets	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	1,287,030	1,302,657
Tax Assessor	107,321	109,297	161,067	114,360	164,012	120,745	154,792	301,445	195,383	224,895	282,986
Sanitation	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	2,163,486	2,727,335
Library	698,001	765,926	742,208	779,665	759,169	791,726	910,126	909,005	953,761	1,005,737	1,141,524
Customer Services	37,017	39,779	38,139	39,744	41,327	38,759	849,620	1,072,083	951,557	1,048,692	1,165,649
Human Resources	60,879	61,903	67,628	68,297	88,830	102,472	236,467	271,823	306,782	349,509	385,420
Insurance	116,043	83,535	123,649	113,220	105,400	128,127	523,069	431,871	429,139	452,414	460,800
Construction	106,651	90,587	112,622	138,867	78,830	85,304	-	-	-	-	-
Other Charges:											
Other Appropriations	56,500	56,500	75,013	126,282	79,352	183,831	1,456	-	500,000	87,351	14,630
Park Construction	57,006	54,822	73,895	-	-	-	-	-	1,193,323	-	2,136,081
Approp. to Street Lights	-	-	-	-	-	-	470,110	534,682	545,426	624,242	917,439
Approp./Capital Outlays	40,000	20,000	60,000	60,000	20,000	-	-	-	150,000	159,810	2,683,062
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	-	-	-	-	34,500
Transfers to Reserves	-	-	-	-	105,410	796,372	634,774	974,970	-	3,240,511	1,783,884
Transfers to Grant Funds	-	-	-	-	-	-	867	-	-	-	-
Approp. to Other Funds	400,000	269,331	243,810	329,234	-	6,515	-	-	-	-	2,557
Environmental Related	14,196	3,494	35,568	61,227	30,000	-	-	-	-	-	-
DSWA Recycling Expense	-	-	-	-	-	-	-	-	-	-	-
Acct. Rec. Uncollectibles	-	-	-	-	-	-	-	10,000	10,000	10,000	10,000
Inventory Write-Offs	-	-	-	-	-	-	14,256	7,114	12,176	13,010	-
Retiree Benefits	198,607	218,417	243,187	306,106	375,173	456,025	541,715	590,587	654,457	736,286	758,185
Police Pension	-	-	-	226,863	-	-	-	-	-	-	-
Workers Comp. Fund	-	-	-	-	616,449	296,914	-	16,000	-	-	-
Trash Container Expense	43,360	47,246	-	-	-	-	-	-	9,894	-	-
Consulting	68,627	11,099	51,561	150,000	-	-	-	-	-	-	-
Debt Service	322,100	694,514	687,905	726,625	689,813	688,543	683,509	440,372	335,000	441,232	437,468
TOTAL EXPENDITURES	\$ 15,212,677	\$ 15,334,104	\$ 16,196,852	\$ 18,486,047	\$ 18,117,823	\$ 20,214,952	\$ 26,085,239	\$ 27,912,865	\$ 30,074,487	\$ 34,642,218	\$ 38,110,561

*2008 revenue is based upon unaudited actuals and will vary slightly from the Fiscal Year 2008 Budget.

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% (18% 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% 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	\$ 3,001,038,575
Additional assessed valuation for new construction	27,254,800
Previous and current building permits/Certificate's of Occupancy	9,634,700
Appeals (includes pending)	<u>(172,241,680)</u>
TOTAL ASSESSED VALUE	\$ 2,865,686,395

**CITY OF DOVER
PROJECTED PROPERTY TAX RECEIPTS
ACCRUAL METHOD OF ACCOUNTING
7/01/08 - 6/30/09**

Using a tax of \$0.33 per \$100 of assessment, the estimated gross 7/01/08 billing will be	\$ 9,456,765
Penalties	67,800
Estimated Quarterly Billing	<u>63,938</u>
PROJECTED PROPERTY TAX RECEIPT SUBTOTAL	\$ 9,588,503
<u>Pay In Lieu of Taxes</u>	
Luther Towers \$29,687; State of Delaware \$338,097; Dover Housing \$36,186	403,970
Farmland Roll Back Taxes	<u>50,000</u>
PROJECTED PROPERTY TAX RECEIPTS FOR FY 2009	\$ 10,042,473
\$0.01 of tax rate equates to \$286,569	
PROJECTED DOVER REALTY TRANSFER TAX RECEIPTS	\$ 2,650,222
\$173,333,333 times 1.5% minus estimated exemptions	

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

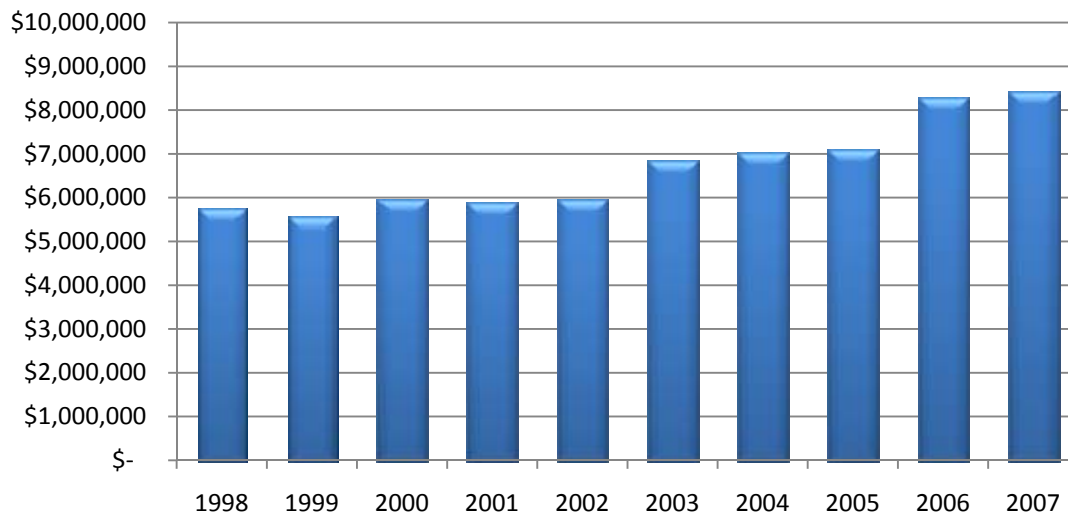
YEAR	FISCAL LEVY	TOTAL TAX COLLECTION
1998	5,738,198	5,735,872
1999	5,578,321	5,575,695
2000	5,894,545	5,891,917
2001	5,866,188	5,863,538
2002	5,974,417	5,971,767
2003	6,842,874	6,839,708
2004	7,011,906	7,001,887
2005	7,109,977	7,036,210
2006	8,287,539	8,258,461
2007	8,448,462	8,274,237

Source: City of Dover Financial Reports

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 (2%) of the total taxable assessment.
2. The table at right includes receipt of property taxes and penalties. It excludes payments in lieu of taxes and farmland roll back taxes.

PROPERTY TAXES LEVIED LAST TEN FISCAL YEARS



**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
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
2007	2,898,147,375	3,516,580,775
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.

**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
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
2007	0.330	0.250	1.459	0.118	2.157

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

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
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	0.087	2.126
2007	0.330	0.250	1.480	0.118	2.178

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

PRINCIPAL TAX PAYERS 2007 vs. 1998

TAX PAYER	2007 ASSESSED VALUATION	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	1998 ASSESSED VALUATION	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop., Inc.	\$98,824,600	3.41%	\$17,314,000	2.14%
Dover Mall LP	68,301,000	2.36%	23,671,400	2.92%
Kraft-General Foods Corp.	20,624,800	0.71%	13,920,000	1.72%
Robino Bay Court Plaza	19,087,300	0.66%	2,587,200	0.32%
Berks City Real Estate Assoc.	18,034,400	0.62%	5,004,400	0.62%
Country Village Association	15,691,800	0.54%	3,086,600	0.38%
Millers Dover Downs	14,470,300	0.50%	1,951,200	0.24%
Dover South Coast Partnership	14,470,300	0.50%	5,626,300	0.69%
Dover East Estates, LP	11,647,200	0.40%	599,600	0.07%
K.W. Lands GP	11,382,100	0.39%	4,959,500	0.61%
Proctor & Gamble	-	-	9,369,400	1.16%
Silver Lake Partnership	-	-	6,258,400	0.77%
United Dominion Realty Trust	-	-	6,957,400	0.86%
Playtex Apparel Inc.	-	-	6,434,600	0.79%
Playtex Products, Inc.	-	-	6,659,500	0.82%
First Flag	-	-	3,856,600	0.48%
TOTAL	\$292,592,400	10.10%	\$118,256,100	10.87%
Sources: Tax Assessor's Office, City of Dover				

NOTES

1. 2007 total taxable assessed valuation: \$2,898,147,375
2. 1998 total taxable assessed valuation: \$ 810,141,900

**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
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
2007	⁽²⁾ 32,043	⁽³⁾ 3,516,580,775	2,795,000	–	2,795,000	0.08%	87.23

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 \$599,135,900 and exemption for senior citizens of \$19,297,500.
4. In 2003, the City changed assessed values to 100% of estimated actual value from 60%. 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

ORIGIN, PURPOSE, AND ISSUES

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

- During Fiscal Year 2009, the Water/Wastewater Fund will continue 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 was instituted due to a mandate by the State of Delaware. The City began receiving brown water complaints in December 2002. In Fiscal Year 2005, the Water Department retained the services of Black and Veatch, a consulting firm, to conduct a water quality evaluation of the water system to ‘make recommendations to resolve discolored water complaints resulting from the chlorination of the City of Dover’s water distribution system’. The results of this study were available in June 2006 and assisted the Department in continuing to make operational improvements as well as improving 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 consisted of providing contact chambers at each of the deep well sites in order to stabilize the chemistry of the water prior to entering the distribution system. The design of each chamber, as well as construction of the first chamber, was performed in Fiscal Year 2007. The contact chambers at six additional well sites were constructed and brought on line in Fiscal Year 2008. The remaining six contact chambers will be constructed and brought on line in Fiscal Year 2009. In Fiscal Year 2008, staff also established a priority listing of all water mains within the water system to assist in determining which water lines will provide the greatest benefit through rehabilitation. It is proposed that the implementation of the water main rehabilitation program, based upon the priority listing, begin in Fiscal Year 2009. Eliminating brown water has been recognized by the Water Department as its highest priority.
- 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 the City’s wastewater system is aging and requires increased rehabilitation efforts as well as monitoring of illicit connections to the system such as sump pumps and roof drains. 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.

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 within a predetermined section of the sanitary sewer system. Testing began in the Fairview area of Dover and continued to include Division Street, Lookerman Street, and the St. Jones River interceptor. An action plan based upon the results this investigation is being developed by staff.

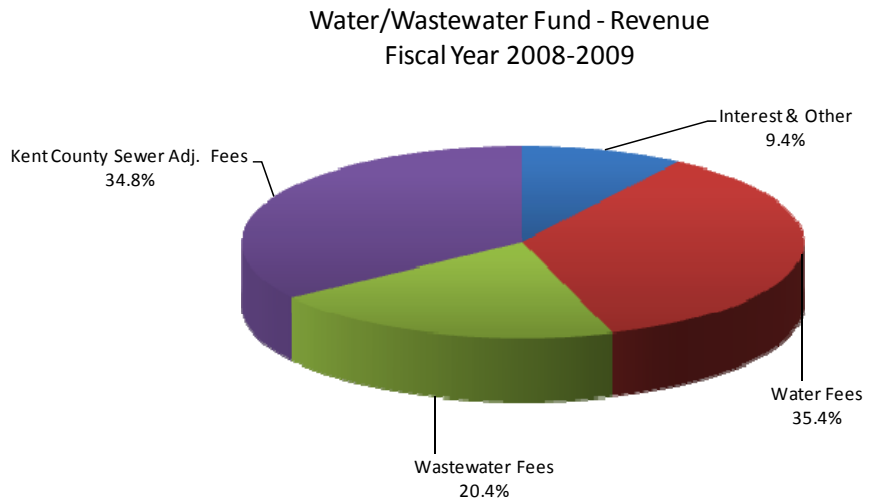
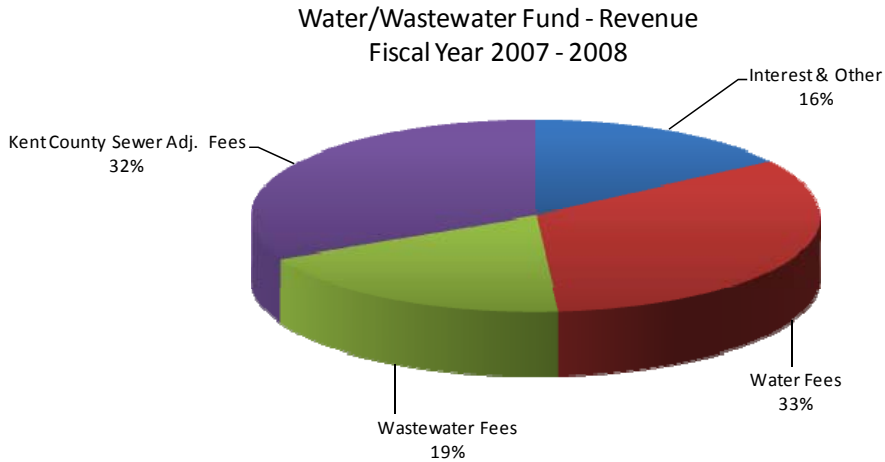
Moving forward, it is proposed that the continued inspection of the sanitary sewer system be performed by staff. Staff will be provided with pipe assessment certification training and reliable, up to date technology to video inspect the system to meet operational needs as well as inflow/infiltration inspections. In addition, it is planned that sanitary sewer mains will be inspected in conjunction with proposed water main rehabilitation areas. This is to ensure that necessary repairs to both utilities are completed systematically in the most cost efficient manner.

- Inflow/Infiltration has resulted in a projected deficit for Kent County Sewer Adjustment charges. The efforts made to date to remedy inflow/infiltration, as well as drier weather, have resulted in a decline of the deficit. In Fiscal Year 2007 the Kent County Sewer Adjustment Charge deficit was \$1.2 million. The

deficit is projected to be \$365,000 at the end of Fiscal Year 2008. By Fiscal Year 2009 year end the deficit is projected to be eliminated and the fund balance is projected to be approximately \$300,000.

REVENUE HIGHLIGHTS

- Fiscal Year 2009 Water revenues are projected to be \$4.4 million – due to one percent growth estimates. Wastewater revenues are expected to be \$2.5 million. Wastewater Adjustments fees are projected to be \$4.3 million.



OPERATING EXPENSE HIGHLIGHTS

The Water/Wastewater Operating Budget totals \$13.5 million.

- Public Utilities Water Treatment is reclassifying the Water Production Supervisor (PAS Grade 120) to a higher PAS Grade 124. This correctly reflects the positions actual duties. This individual has accepted responsibility for coordinating the flushing schedule and the pump crews. The cost of this change is projected to be approximately \$3,338.
- In the aggregate, \$729,176 will be carried from the Water/Wastewater Fund as a beginning balance into Fiscal Year 2009. A current year balance of \$1.5 million is proposed to carry forward from Fiscal Year 2009. It exceeds the required 8% of revenues in aggregate. The Kent County Sewer Adjustment Fee balance deficit is projected to be eliminated in Fiscal Year 2009. Projections indicate that a surplus will exist of approximately \$300,000. This is due to a decline in the water tables which results in less inflow and infiltration.
- The Contingency Fund balance equals \$245,832 and does not meet the required 2% of revenue by approximately \$9,000. We believe that interest earnings will eventually bring the amount of the reserve into compliance.

The Water/Wastewater Fund Budget includes the following:

- The transfer to the General Fund equals 4.5% of the fund's revenues and is proposed to be \$564,810. This transfer is viewed as returns on our tax payers 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 \$500,000 is made to the Water/Wastewater Improvement and Extension Fund for Water capital improvements.
- An appropriation of \$200,000 is made to the Water/Wastewater Improvement and Extension Fund for Wastewater capital improvements.
- A Wastewater Master Plan is included in the budget and will cost approximately \$200,000. The last master plan was conducted in 1999.
- A cost of service and rate study is included for the Water and Wastewater utilities. This study is estimated to cost \$25,000 and is split between Water and Wastewater.
- A bond issue is planned for Fiscal Year 2009. This bond issue is necessary to complete the major capital improvements planned for our Water/Wastewater system. The bond issue will generate approximately \$11.3 million in funding for projects over the next two years. It is projected that the bond issue will require a rate increase for Water of approximately 5% in Fiscal Year 2010 and 3% in Fiscal Year 2011. It is also projected that the bond issue will require a rate increase for Wastewater of approximately 5% in Fiscal Year 2010 and 7% in Fiscal Year 2011.

MAJOR WASTEWATER FUND PROJECTS FOR FISCAL YEAR 2009

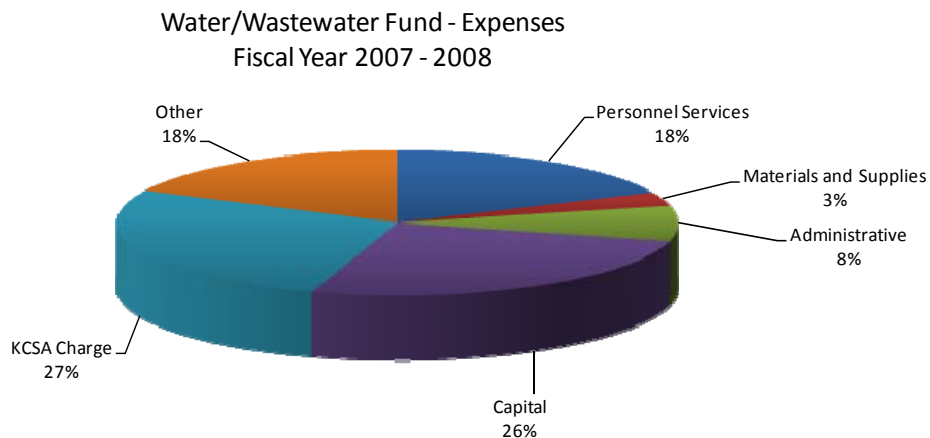
- The Meter Reading Technology Upgrade is in its final year. Both Water and Wastewater have budgeted \$147,250 each for further implementation of this project. This project will convert approximately 4,250 touch-read water meters to radio reading technology and will significantly increase meter reading efficiency by reducing manpower costs over the long run.
- The US Route 13 East Sanitary Sewer Interceptor will construct approximately 6,500 linear feet of various diameter gravity sewer from the entrance road to Dover Downs, Inc. to the west end of West Rustic Lane. Sewer diameters included in this project consist of 12-inch, 21-inch, 24-inch and 27-inch. The proposed gravity sewer interceptor will allow the City to abandon the existing Schwartz Pumping Station immediately adjacent to US Route 13. If the gravity sewer is not constructed, the Schwartz Pumping Station must be reconstructed due to its age and accessibility problems. This project is estimated to cost \$3.1 million.
- The Weaver Street Package Pump Station Replacement will replace the existing 1972 Smith & Loveless wet well mounted pumping station. The replacement will prevent the need for costly non-budgeted repairs to maintain operations at the pump station. This project will also provide a reliable sewage pumping station for another 25 years with adequate capacity for the existing development. The cost of the project is estimated to be \$400,000.
- The Inflow/Infiltration Removal Project will identify and correct areas in the sanitary sewer collection system that are deteriorating and allow 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 \$2.2 million with \$275,000 being spent in Fiscal Year 2009.

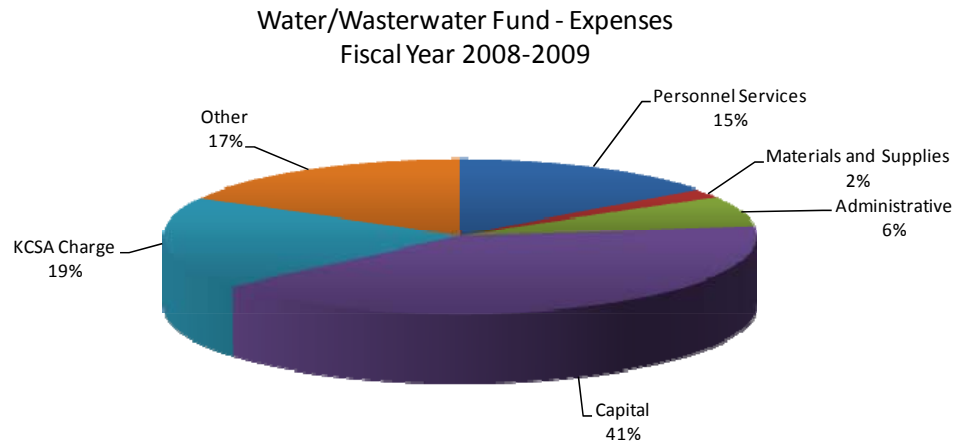
MAJOR WATER FUND PROJECTS FOR FISCAL YEAR 2009

- The Water Quality Improvements project first identified by staff and the 2004 Water Master Plan Update has become further refined with the Fiscal Year 2006 Water Quality Evaluation. Projects to be included under this category primarily consists of 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 provide additional design and evaluation services, as needed. Recent research and data collections have produced a Water Line Rehabilitation Priority List, based on several criteria to identify water mains that are in need of replacement or relining. Pipes will be upgraded according to the severity of the pipe condition, as well as coordination with the City's Public Services Street Rehabilitation Program. Also included in this category is the design and installation of piping at deep wells to improve contact time. The project is expected to continue for at least the next five years spending a minimum of approximately \$8.2 million. The budget for Fiscal Year 2009 is \$1.6 million.
- The construction of a 1.0 MG Elevated Water Storage Tank is also planned for Fiscal Year 2009. This project was determined necessary by the 2004 Water Mater Plan Update in order to meet future storage volume requirements based upon demands and to aid in reducing low pressure areas in addition to enhancing fire suppression capability. Design and site procurement are planned for Fiscal Year 2009, with an estimated cost of \$695,000. Construction is planned for Fiscal Years 2010 and 2011.

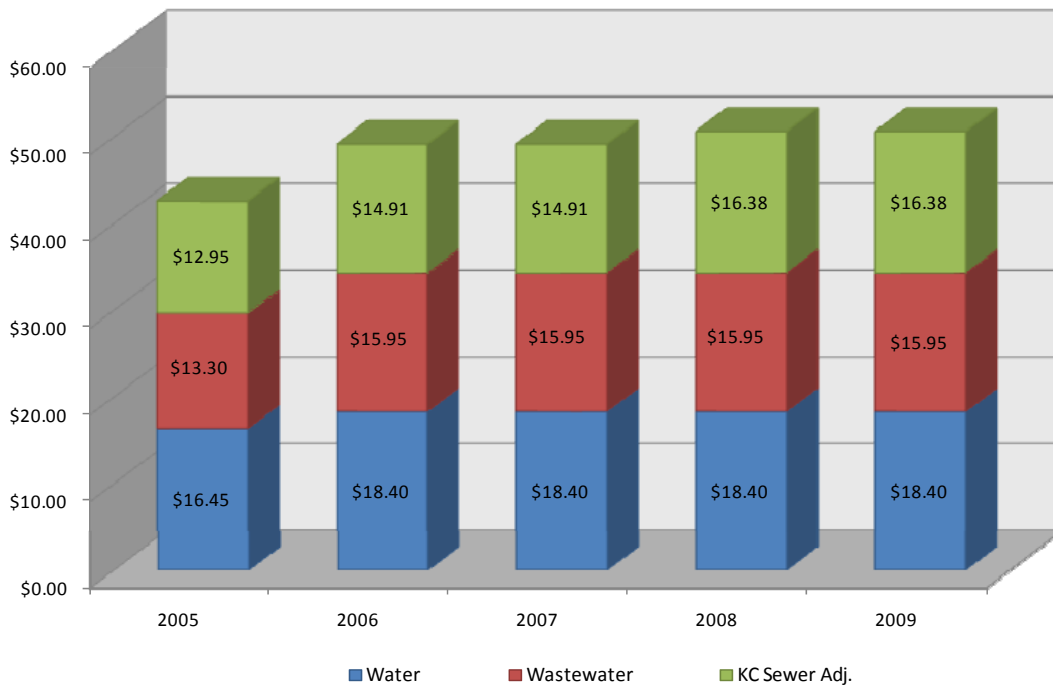
- The Piney Point Well project was identified by staff and confirmed by the 2004 Water Master Plan Update. It proposes the drilling of a new aquifer production well to increase production capacity up to our current permitted allocation, as well as increasing system pressure and stabilizing the chlorine residuals of the City. Design and site procurement are planned for Fiscal Year 2009 with an estimated cost of \$195,000.
- The Wellhead VFD Upgrades project 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. Three VFDs have been purchased with installation of two of (Well #6 and Well #10) being completed in Fiscal Year 2006. The VFD for Well #2 was installed in Fiscal Year 2007. VFD's for Well #11, Well #13R, and Well #15 were installed in Fiscal Year 2008. VFD's for Well #3, Well #8, and Well #9 are proposed for installation in Fiscal Year 2009. Fiscal Year 2009 will complete VFD installation at all appropriate facilities with an estimated cost of \$124,000.
- Water/Wastewater Fund vehicle and equipment replacement is projected to be approximately \$239,000 for Fiscal Year 2009. Before each vehicle is recommended for replacement, it is thoroughly inspected by Fleet Maintenance.

The major expenditure category in the Water/Wastewater Fund in Fiscal Year 2009 is Capital. Capital expenses are 41% of the budget. This is 15% greater than in Fiscal Year 2008 and reflects the increased spending on water quality and inflow/infiltration. The next largest expense is the Kent Count Sewer Adjustment charge. This expense is 19% of the budget and is eight percent lower than Fiscal Year 2008, which reflects less ground water run off infiltration. Materials and supplies make up eight percent of the budget. This category is down three percent from Fiscal Year 2008 and reflects a conscious effort to curb any unnecessary spending. Other expenses including debt service, retirees' health care, and transfers to reserves are relatively unchanged from Fiscal Year 2008 and represent 17% of expenses.





AVERAGE RESIDENTIAL WATER BILL Fiscal Year Comparison 2005-2009



Based on a 7,000 gallon bill.

WATER/WASTEWATER FUND REVENUES

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
BASE REVENUE:					
PRIOR YEAR BALANCE - WATER	\$ 2,041,746	\$ 2,037,928	\$ 2,220,461	\$ 449,977	-79.7%
PRIOR YEAR BALANCE - WASTEWATER	808,997	1,289,956	1,092,732	643,949	-41.1%
PRIOR YEAR BALANCE - KCSA	(1,349,486)	(1,109,481)	(1,020,761)	(364,750)	-64.3%
WATER FEES	4,250,634	4,371,900	4,343,428	4,386,862	1.0%
WASTEWATER FEES	2,619,013	2,508,600	2,508,600	2,533,686	1.0%
WASTEWATER ADJUSTMENT FEES	3,854,100	4,264,357	4,264,357	4,307,001	1.0%
WATER TANK SPACE LEASING	287,017	242,798	237,986	250,275	5.2%
SEWER IMPACT FEES	725,120	746,500	746,500	712,500	-4.6%
WATER IMPACT FEES	-	-	25,200	196,000	677.8%
INTEREST EARNINGS	108,274	90,000	104,000	104,000	0.0%
INTEREST TRANSFERS	-	-	-	-	0.0%
MISCELLANEOUS SERVICE FEE	83,760	98,750	61,800	61,000	-1.3%
REVENUE SUBTOTAL	13,429,175	14,541,308	14,584,303	13,280,500	-8.9%
GRANTS AND REIMBURSEMENTS:					
STATE REIMBURSEMENT	-	-	-	-	0.0%
GRANT REVENUE	-	-	-	-	0.0%
GRANTS AND REIMBURSEMENTS SUBTOTAL	-	-	-	-	0.0%
TRANSFERS FROM:					
TRANSFER FROM CAPITAL ASSET RESERVE	-	-	-	200,000	0.0%
TRANSFER FROM CONTINGENCY	-	-	-	-	0.0%
TRANSFERS FROM SUBTOTAL	-	-	-	200,000	0.0%
TOTALS	\$ 13,429,175	\$ 14,541,308	\$ 14,584,303	\$ 13,480,500	-7.6%

WATER/WASTEWATER FUND EXPENSE SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
DIRECT EXPENSES:					
ENGINEERING & INSPECTION	\$ -	\$ 646,464	\$ 615,632	\$ 705,585	14.6%
WATER CONSTRUCTION	516,610	521,595	504,419	516,094	2.3%
WATER DEPARTMENT	814,930	956,975	895,259	496,569	-44.5%
WATER TREATMENT PLANT	805,524	968,057	963,602	1,377,268	42.9%
WASTEWATER DEPARTMENT	739,840	1,159,137	907,826	1,222,541	34.7%
METER READING	62,525	63,293	64,863	73,577	13.4%
KENT COUNTY TREATMENT CHARGE	3,702,815	4,065,467	3,608,346	3,644,430	5.9%
DIRECT EXPENDITURE SUBTOTAL	6,642,244	8,380,988	7,559,947	8,036,064	6.3%
OTHER EXPENSES:					
DEBT SERVICE - WATER	276,231	79,060	79,060	501,360	534.2%
DEBT SERVICE - WASTEWATER	232,417	101,817	101,817	334,240	228.3%
RETIREEES HEALTH CARE	125,480	113,730	113,730	128,515	13.0%
INTRAFUND SERVICE FEES	1,092,328	1,363,424	1,324,490	1,320,565	-0.3%
OTHER EXPENSES SUBTOTAL	1,726,456	1,658,031	1,619,097	2,284,680	41.1%
TRANSFER TO:					
GENERAL FUND FROM WATER	267,500	282,500	282,500	221,204	-21.7%
GENERAL FUND FROM WASTEWATER	267,500	282,500	282,500	343,606	21.6%
WATER IMP AND EXT	576,701	2,660,500	2,660,500	500,000	-81.2%
WASTEWATER IMP AND EXT	389,642	775,300	775,300	200,000	-74.2%
TRANSFER TO OPEB	50,000	-	-	-	0.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	50,225	20,400	20,400	-	-100.0%
TRANSFER TO PENSION COLA	39,850	10,200	10,200	-	-100.0%
SEWER IMPACT FEE RESERVE	408,508	384,650	644,683	378,260	-41.3%
WATER IMPACT FEE RESERVE	-	-	-	-	-
CAPITAL ASSET RESERVE WATER	447,779	-	-	-	0.0%
CAPITAL ASSET RESERVE WASTEWATER	447,778	-	-	-	0.0%
TRANSFER TO SUBTOTAL	2,945,483	4,416,050	4,676,083	1,643,070	-64.9%
CURRENT YEAR BALANCES					
CURRENT YEAR BALANCE WATER	2,220,461	430,356	449,977	638,998	42.0%
CURRENT YEAR BALANCE WASTEWATER	1,092,732	566,474	643,949	579,867	-10.0%
CURRENT YEAR BALANCE KCSA	(1,198,201)	(910,591)	(364,750)	297,821	-181.7%
CURRENT YEAR BALANCE SUBTOTALS	2,114,992	86,239	729,176	1,516,686	108.0%
TOTALS	\$ 13,429,175	\$ 14,541,308	\$ 14,584,303	\$ 13,480,500	-7.6%

WATER/WASTEWATER FUND REVENUES FISCAL YEAR 2009

REVENUE TYPE: DIRECT USER FEES – WATER (33.88% of Water/Wastewater Revenue)

CRITICAL ASSUMPTION: Revenues from water user fees are projected to increase one percent. This is based on the assumption that consumption for Fiscal Year 2009 will increase approximately 1% from Fiscal Year 2008 which reflects growth in residential service.

2006-2007 <u>Actual</u>	2007-2008 <u>Budget</u>	2007-2008 <u>Revised</u>	2008-2009 City Manager <u>Budget</u>	2008-2009 <u>Difference</u>	<u>% Change</u>
\$4,250,634	\$4,371,900	\$4,343,428	\$4,386,862	\$43,434	1.00%

REVENUE TYPE: DIRECT USER FEES – WASTEWATER (19.57% of Water/Wastewater Revenue)

CRITICAL ASSUMPTION: Revenues from user fees have been revised 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 last rate increases (45 cents per Tgal). Consumption for Fiscal Year 2009 is projected to increase approximately 1% from Fiscal Year 2008 which reflects growth in residential service.

2006-2007 <u>Actual</u>	2007-2008 <u>Budget</u>	2007-2008 <u>Revised</u>	2008-2009 City Manager <u>Budget</u>	2008-2009 <u>Difference</u>	<u>% Change</u>
\$2,619,013	\$2,508,600	\$2,508,600	\$2,533,686	\$25,086	1.00%

REVENUE TYPE: IMPACT FEES – WASTEWATER (7.02% of Water/Wastewater Revenue)

CRITICAL ASSUMPTION: In Fiscal Year 2008, impact fees were increased to reflect current revenue trends. The cost per EDU (equivalent dwelling units) for Wastewater remains at \$1,900. In Fiscal Year 2009 impact fee revenue is based on 375 EDU and this is slightly lower than the Fiscal Year 2008 revised estimate of 392 EDUs. 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 water and wastewater service.

2006-2007 <u>Actual</u>	2007-2008 <u>Budget</u>	2007-2008 <u>Revised</u>	2008-2009 City Manager <u>Budget</u>	2008-2009 <u>Difference</u>	<u>% Change</u>
\$725,120	\$746,500	\$771,700	\$908,500	\$136,800	17.73%

REVENUE TYPE: IMPACT FEES – WATER (1.51% of Water/Wastewater Revenue)

CRITICAL ASSUMPTION: In February 2008 Council approved the implementation of Water Impact Fees to cover the cost of expansion projects within Dover’s water system. Water Impact Fees will be implemented over the next three years (February 2008 – 2010). The Water Impact Fees for those years are \$700, \$1,400 and \$2,100 respectively. Impact fee revenue is based on 375 EDU (equivalent dwelling units) for Fiscal Year 2009. This is slightly lower than the Fiscal Year 2008 revised estimate of 392 EDUs. 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 water and wastewater service.

2006-2007 <u>Actual</u>	2007-2008 <u>Budget</u>	2007-2008 <u>Revised</u>	2008-2009 City Manager <u>Budget</u>	2008-2009 <u>Difference</u>	<u>% Change</u>
-	-	\$25,200	\$ 196,000	\$170,800	677.78%

REVENUE TYPE: KENT COUNTY SEWER ADJUSTMENT FEES (33.27% of Water/Wastewater Revenue)

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 \$2.34/thousand gallons in Fiscal Year 2009.

2006-2007 <u>Actual</u>	2007-2008 <u>Budget</u>	2007-2008 <u>Revised</u>	2008-2009 City Manager <u>Budget</u>	2008-2009 <u>Difference</u>	<u>% Change</u>
\$ 3,854,100	\$ 4,264,357	\$ 4,264,357	\$ 4,307,001	\$ 42,644	1.00%

WATER/WASTEWATER IMPROVEMENT AND EXTENSION 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

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
PRIOR YEAR BALANCE - WATER	\$ 160,692	\$ 827	\$ 275,134	\$ 912,621	231.7%
PRIOR YEAR BALANCE - WASTEWATER	186,230	16,502	284,969	915,232	221.2%
PRIOR YEAR BOND PROCEED BALANCE SERIES 2009	-	-	-	-	0.0%
PRIOR YEAR BOND PROCEEDS - WASTEWATER	240,083	-	-	-	0.0%
BOND PROCEEDS - WATER	-	-	-	6,325,800	
BOND PROCEEDS - WASTEWATER	-	-	-	4,934,500	
TRANS FR WATER/WASTEWATER FOR WATER	576,701	2,660,500	2,660,500	500,000	-81.2%
TRANS FR WATER/WASTEWATER FOR WASTEWATER	389,642	775,300	775,300	200,000	-74.2%
TRANSFER FROM IMPACT FEE RESERVE	426,494	850,000	850,000	-	-100.0%
TRANSFER FROM CAPITAL ASSET RESERVE - WATER	-	-	-	-	0.0%
TRANSFER FROM CAPITAL ASSET RESERVE - WASTEWATER	-	-	-	-	0.0%
MISCELLANEOUS RECEIPTS	-	-	12,986	-	-100.0%
DEVELOPER CONTRIBUTIONS	-	-	20,000	-	-100.0%
STATE GRANTS/REIMBURSEMENTS	-	140,000	140,000	-	-100.0%
INTEREST INCOME	30,006	22,000	24,000	36,000	50.0%
TOTALS	\$ 2,009,848	\$ 4,465,129	\$ 5,042,889	\$ 13,824,153	174.1%

EXPENSE SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
WATER	\$ 447,201	\$ 2,237,476	\$ 2,096,857	\$ 3,058,450	45.9%
WASTEWATER	972,483	1,496,250	1,006,481	4,632,150	360.2%
WATER METER READING	-	5,648	5,648	-	0.0%
WATER TREATMENT PLANT	30,061	17,700	18,150	-	-100.0%
WATER CONSTRUCTION	-	39,450	39,450	29,000	-26.5%
ENGINEERING & INSPECTION	-	52,000	48,450	15,445	-68.1%
TRANSFER TO IMPACT FEE RESERVE	-	-	-	-	0.0%
CURRENT YEAR BALANCE - WATER BOND	-	-	-	3,848,800	
CURRENT YEAR BALANCE - WASTEWATER BOND	-	-	-	1,067,700	
CURRENT YEAR BALANCE - WATER	275,134	508,602	912,621	812,448	-11.0%
CURRENT YEAR BALANCE - WASTEWATER	284,969	108,003	915,232	360,160	-60.6%
TOTALS	\$ 2,009,848	\$ 4,465,129	\$ 5,042,889	\$ 13,824,153	174.1%

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

	2006-07	2007-08	2007-08	2008-09	%CHANGE
	ACTUAL	BUDGET	REVISED	BUDGET	2008-09
BEGINNING BALANCE	\$ 296,567	\$ 1,617,841	\$ 1,621,624	\$ 1,678,380	3.5%
INTEREST EARNINGS	34,500	46,000	56,756	58,744	3.5%
TRANSFER FROM WATER/WASTEWATER FUND	895,557	-	-	-	0.0%
TRANSFER FROM WATER/WASTEWATER CONTINGENCY	395,000	-	-	-	0.0%
TOTALS	\$ 1,621,624	\$ 1,663,841	\$ 1,678,380	\$ 1,737,124	3.5%

EXPENSE SUMMARY

	2006-07	2007-08	2007-08	2008-09	%CHANGE
	ACTUAL	BUDGET	REVISED	BUDGET	2008-09
TRANSFER TO WATER/WASTEWATER I & E FUND	\$ -	\$ -	\$ -	\$ -	0.0%
TRANSFER TO WATER/WASTEWATER	-	-	-	200,000	
CARRY FORWARD TO NEXT YEAR	1,621,624	1,663,841	1,678,380	1,537,124	-8.4%
TOTALS	\$ 1,621,624	\$ 1,663,841	\$ 1,678,380	\$ 1,737,124	3.5%

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

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
PRIOR YEAR BALANCE	\$ 612,710	\$ 228,687	\$ 229,487	\$ 237,519	3.5%
INTEREST EARNINGS	11,778	11,352	8,032	8,313	3.5%
TRANSFER FROM WATER/WASTEWATER		-			0.0%
TOTALS	\$ 624,488	\$ 240,039	\$ 237,519	\$ 245,832	3.5%

EXPENSE SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
TRANSFER TO WATER	\$ -	\$ -	\$ -	\$ -	0.0%
TRANSFER TO WASTEWATER	-	-	-	-	0.0%
TRANSFER TO CAPITAL ASSET RESERVE	395,000	-	-	-	
CURRENT YEAR BALANCE	229,488	240,039	237,519	245,832	3.5%
TOTALS	\$ 624,488	\$ 240,039	\$ 237,519	\$ 245,832	3.5%

ELECTRIC 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.

On May 4, 2006 the City of Dover entered into three year agreements for power supply management with PACE “PACE” Global Asset Management LLC and plant operation services with North American Energy Services Company “NAES” effective July 1, 2006.

The new agreements are for power supply based on market prices with hedge strategies to mitigate market volatility. The plant operation is a separate and distinct budget and not included in the power supply pricing. Both PACE and NAES have incentive formulas contained within their respective agreements for achieving budgetary targets.

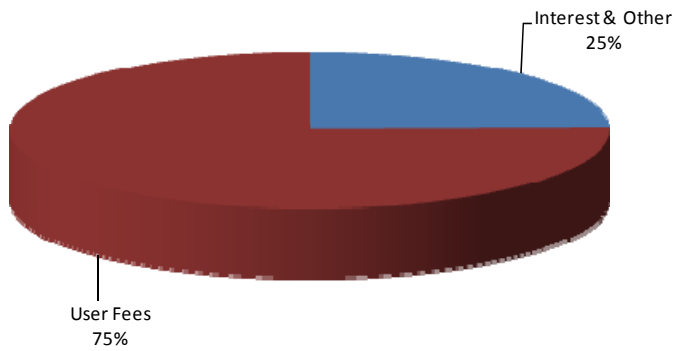
- The Electric Fund Operating Budget totals \$110.8 million representing a 6% increase from Fiscal Year 2008.

REVENUE HIGHLIGHTS

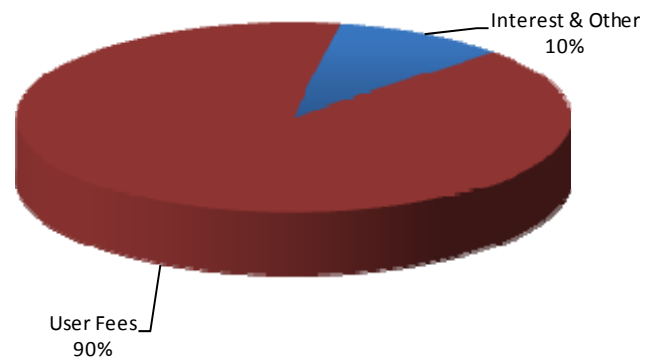
- Electric Fund Revenues are projected to cover the increased costs of purchased power. The total rate increase required is 7%. The 7% rate increase is based on a 5.4% increase in the cost of energy, with the remaining 1.6% attributed to debt service for capital improvement projects and increases in operating expenses. Overall customer rates will increase by 7%. Each individual rate class may experience different percentage increases.

MONTHLY RESIDENTIAL RATES	
Customer Charge	\$5.00
Energy per KWH	\$0.1450

Electric Fund - Revenue
Fiscal Year 2007 - 2008



Electric Fund - Revenue
Fiscal Year 2008-2009



Fiscal Year 2009 user fees, of \$98.5 million, account for 90% of the Electric Fund revenue. The other sources of Electric Fund revenue are as follows: 30.5% from residential use; 37.5% from commercial customers, 18.5% from larger primary service customers; the remaining 13.5% from industrial customers.

OPERATING EXPENSE HIGHLIGHTS

- Power supply costs in Fiscal Year 2009 are expected to increase 5.4% over Fiscal Year 2008.
- The transfer to the General Fund is 6.5% of revenue and is budgeted at \$6.8 million. The City's financial policy allows a transfer of up to 8%.
- It has been proposed to carry \$6.8 million from the Electric Fund, as a beginning balance, into Fiscal Year 2009. This carry forward balance equals 7.1% of revenues and does not meet the 8% requirement of the financial policy. A current year balance of \$8.35 million is projected to be carried forward from the Electric Fund as a beginning balance into Fiscal Year 2010. The ending fund balances for Fiscal Year 2009 does meet the minimum requirement of 8% of revenues minus the fund balances.
- The Contingency Fund balance equals \$1,039,704 and falls slightly below (\$132,362) the required minimum 1% of operating revenues minus the fund balances. Interest earnings will eventually bring the amount of the reserve into compliance.

The Electric Fund Budget includes the following:

- Transfer of \$1.7 million to the Electric Capital Projects Fund for capital projects.
- The IBEW bargaining unit 3.5% increase as contained in the negotiated contract.
- No additional positions or personnel changes for any of the Electric divisions.
- A reduction of one meter reader has been accomplished. This reduction is the result of the automated meter reading program and the purchase of a mobile data collection unit. Cost savings for Fiscal Year 2009 are projected to be \$53,300.

MAJOR ELECTRIC FUND PROJECTS FOR FISCAL YEAR 2009

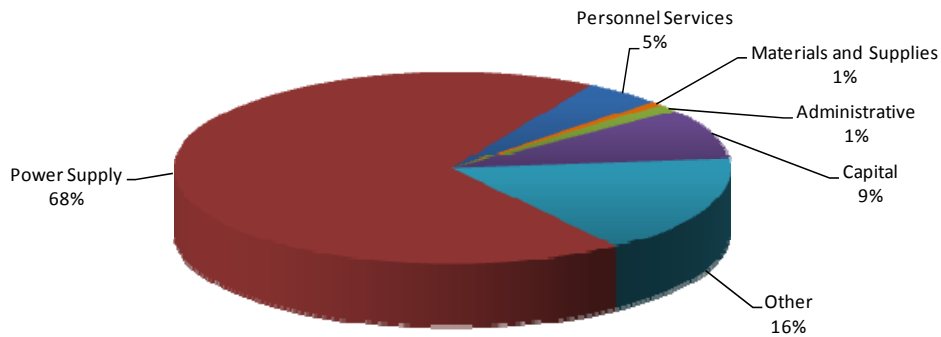
- The Fiscal Year 2009 capital budget proposes \$.9 million for new development upgrades. This is an ongoing project that provides for the purchase of materials to install new lines to new service locations.
- The second and third phases of the 69 Kv Feeders 3 and 4 project will occur in Fiscal Year 2009. Phase II of the project will begin in the fall of 2008 and continue the double circuits from the St. Jones Substation to a point near Fulton and West Street, where they will interconnect with existing lines. Phase II also includes installing approximately four spans of transmission lines at North Street, near the railroad tracks, and the removal of obsolete lines along North Street near the Enterprise Industrial Park. If one line would fail due to weather, and/or accidents, 50% of the City would be without power. Phase II of this project is budgeted at \$3.9 million and will be funded through debt issuance.
- The St. Jones Substation project will replace the current St. Jones Substation in coordination with the new 69 Kv Feeders 3 & 4 project. The new station will consist of a bus tie for the two new 69 Kv circuits, installation of a new transformer and switchgear to replace the existing obsolete equipment, and converting the last 22 Kv substation to 69 Kv. The installation of the bus tie will provide additional reliability to the transmission system by providing a protection scheme for line faults, allow the interconnection of the two new feeders at this location to provide greater reliability, and provide a dual transmission feed, with protection/isolation, to ensure that the substation continues to operate in

instances where the transmission line fails. The station's current transformer and equipment have reached their life expectancy and need to be replaced; therefore, this is an ideal time to convert the station to the 69 Kv system. This will facilitate the removal of approximately 6 miles of 22 Kv transmission lines, which will reduce the maintenance requirements and system losses. This project's budget equals \$4 million and will be funded by debt issuance and operating funds.

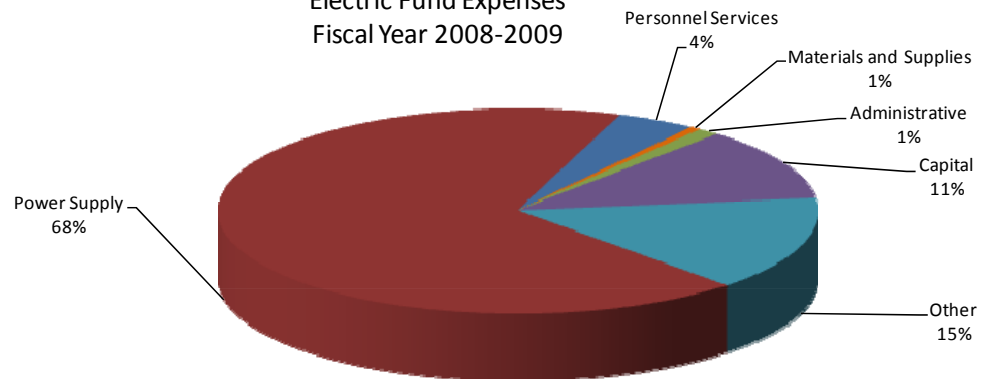
- The Horsepond 600 Transformer project will replace a 1970 substation transformer. Consequences of delaying or eliminating this project would be a total transformer failure. Without replacing the transformer, the City will most likely have oil spills and incur additional repair costs. A total transformer failure will result in extended outages and extremely high costs for environmental cleanup services. The transformer was ordered in October 2007 and this project is scheduled to be completed by May 2009. Fiscal Year 2009 budget for this project equals \$695,000 and will be funded by reserve funds.
- The Power Plant at McKee Run will convert all three units to number two oil and perform burner modifications to reduce the pollution output at the plant. This work is being performed in order to comply with Delaware Pollution Regulations. The conversion will reduce the NOx emissions from the flue gas going out the stack. The costs are divided into two years with partial engineering and design costs in Fiscal Year 2008 and final design and construction in Fiscal Year 2009. Total cost of the project is estimated at \$3.8 million, with \$2.6 million budgeted for Fiscal Year 2009. This project is funded by operating revenues and bond sale.
- Electric Fund vehicle and equipment replacements are projected to be approximately \$49,000 for Fiscal Year 2009. Before each vehicle is recommended for replacement, it is thoroughly inspected by Fleet Maintenance.

The following graphs depict the Electric Fund expenses by category. Power supply is the largest expense citywide. It is approximately 68% of the expenses, as a percentage of total expenses are unchanged from Fiscal Year 2008. Capital expenses are the next largest for Fiscal Year 2009. Capital expenses are approximately 11% of the budget and are two percent greater than in Fiscal Year 2008. Other expenses, which include reserves, retirees' health care, and debt service are approximately 15% of the expenses and are one percent less than Fiscal Year 2008. Personnel costs are four percent of the expenses for Fiscal Year 2009. Materials & supplies, and administrative expenses are two percent of the expenses in the Electric Fund budget.

Electric Fund - Expenses
Fiscal Year 2007 - 2008



Electric Fund Expenses
Fiscal Year 2008-2009



ELECTRIC REVENUE FUND

REVENUES

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
BASE REVENUE:					
PRIOR YEAR BALANCE	\$ 5,455,085	\$ 7,822,873	\$ 8,281,653	\$ 6,816,609	-17.7%
DIRECT SALES TO CUSTOMER	79,505,603	93,516,294	91,239,700	92,081,400	0.9%
PURCHASE POWER ADJUSTMENT	2,142,773	-	-	6,445,700	0.0%
UTILITY TAX	1,461,435	1,599,100	1,633,100	1,763,500	8.0%
GREEN ENERGY	133,852	134,350	134,350	137,600	2.4%
MISCELLANEOUS REVENUE	2,420,949	1,894,900	1,183,030	1,041,000	-12.0%
RENT REVENUE	205,289	186,816	186,816	186,816	0.0%
DUKE CONTRACT REVENUE	1,079,000	800,000	-	-	0.0%
EMISSION CREDIT SALES	-	-	1,068,190	1,632,000	52.8%
TRANSFER FROM RATE STABILIZATION	5,000,000	-	-	-	0.0%
INTRAFUND SERVICE RECEIPTS WATER/WASTEWATER	-	267,483	298,933	263,353	-11.9%
INTEREST EARNINGS	427,328	450,000	470,000	418,000	-11.1%
TOTALS	\$ 97,831,314	\$ 106,671,816	\$ 104,495,772	\$ 110,785,978	6.0%

ELECTRIC REVENUE FUND

EXPENSE SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
EXPENSES:					
POWER SUPPLY	\$ 57,926,074	\$ 60,764,531	\$ 57,431,472	\$ 63,410,077	10.4%
POWER SUPPLY MANAGEMENT	3,153,000	3,255,038	3,009,240	3,088,808	2.6%
PJM CHARGES - LOAD	5,054,477	2,684,707	3,383,494	3,510,195	3.7%
CAPACITY CHARGES	-	11,493,950	12,163,918	10,692,738	-12.1%
SUB-TOTAL POWER SUPPLY	66,133,551	78,198,226	75,988,124	80,701,818	6.2%
PLANT OPERATIONS	5,084,842	6,258,151	5,879,263	5,921,646	0.7%
GENERATIONS FUELS	3,879,167	2,858,979	2,374,594	2,382,179	0.3%
PJM CREDITS	(4,517,569)	(3,696,990)	(2,472,013)	(2,552,753)	3.3%
CAPACITY CREDITS	-	(11,933,536)	(11,417,244)	(9,265,997)	-18.8%
GENERATION SUBTOTAL	4,446,440	(6,513,396)	(5,635,400)	(3,514,925)	-37.6%
POWER SUPPLY & GENERATION SUBTOTAL	70,579,991	71,684,830	70,352,724	77,186,893	
TRANSITION COSTS	87,001	-	-	-	0.0%
TRANSMISSION/DISTRIBUTION	3,168,037	3,541,793	3,490,597	3,680,134	5.4%
ELECTRICAL ENGINEERING	1,826,367	1,806,923	1,574,607	1,668,347	6.0%
ADMINISTRATION	654,609	744,423	786,998	662,515	-15.8%
METER READING	281,728	318,995	311,493	293,494	-5.8%
SYSTEMS OPERATIONS	-	464,503	545,809	553,954	1.5%
UTILITY TAX	1,461,435	1,599,100	1,633,100	1,763,500	8.0%
DIRECT EXPENDITURE SUBTOTALS	78,059,168	80,160,567	78,695,328	85,808,837	9.0%
OTHER EXPENSES:					
ALLOW FOR UNCOLLECTIBLES	-	100,000	125,000	135,000	8.0%
RETIRES HEALTH CARE	498,269	464,620	497,895	557,727	12.0%
GREEN ENERGY PAYMENT TO DEMEC	133,852	134,350	134,350	137,600	2.4%
INTRAFUND SERVICE FEES	3,679,042	3,803,581	3,590,913	3,704,510	3.2%
INTEREST ON DEPOSITS	39,323	35,000	40,000	42,000	5.0%
INVENTORY WRITE OFFS	-	100,000	175,000	175,000	0.0%
DEBT SERVICE	2,149,044	3,379,104	2,804,104	3,431,323	22.4%
OTHER EXPENSES SUBTOTAL	6,499,530	8,016,655	7,367,262	8,183,160	11.1%
TRANSFER TO:					
IMPROVEMENT & EXTENSION	-	2,925,000	2,925,000	1,684,000	-42.4%
GENERAL FUND	4,700,000	6,601,269	6,601,269	6,758,100	2.4%
TRANSFER TO OPEB	100,000	-	-	-	0.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	89,271	39,750	39,750	-	-100.0%
TRANSFER TO PENSION COLA	101,692	19,875	19,875	-	-100.0%
RATE STABILIZATION RESERVE	-	1,000,000	2,030,679	-	-100.0%
TRANSFER TO SUBTOTAL	4,990,963	10,585,894	11,616,573	8,442,100	-27.3%
CURRENT YEAR BALANCE	8,281,653	7,908,700	6,816,609	8,351,881	22.5%
TOTALS	\$ 97,831,314	\$ 106,671,816	\$ 104,495,772	\$ 110,785,978	6.0%

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 2009

REVENUE TYPE: DIRECT SALES (96.46% of Electric Revenue)

CRITICAL ASSUMPTION: Revenues for Fiscal Year 2008 were revised downward to reflect actual sales revenue. System kWh sales are expected to increase 1.5% in Fiscal Year 2009 from previous fiscal year estimates. Revenues are projected to cover the increased costs of purchased power. A 7% rate increase has been implemented. Utility tax is included in this revenue source. Utility tax 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.

2006-2007 Actual	2007-2008 Budget	2007-2008 Revised	2008-2009 City Manager Budget	2008-2009 Difference	% Change
\$83,109,811	\$95,249,744	\$92,872,800	\$100,290,600	\$7,417,800	8.0%

REVENUE TYPE: INTEREST AND OTHER (3.54% of Electric Revenue)

CRITICAL ASSUMPTION: Interest revenue is expected to increase slightly over original budget estimates for Fiscal Year 2008. Fiscal Year 2009 estimates are projected to be 11% less than Fiscal Year 2008 revised estimates. This reflects current interest rates. Rent revenue is budgeted with no change for Fiscal Year 2009. Miscellaneous revenue is the revenue received for general work requested by customers, penalties for late payments, and connection fees, etc. Included in Fiscal Year 2008 and Fiscal Year 2009 is the sale of emissions credits. These sales are projected at \$1.1 million for revised Fiscal Year 2008 and approximately \$1.6 million for Fiscal Year 2009.

2006-2007 Actual	2007-2008 Budget	2007-2008 Revised	2008-2009 City Manager Budget	2008-2009 Difference	% Change
\$9,266,418	\$3,733,549	\$3,341,319	\$3,678,769	\$337,450	10.1%

ELECTRIC IMPROVEMENT AND EXTENSION FUND

ORIGIN AND PURPOSE

This fund is required by the Electric Bond Covenants for the purpose of providing long-term financing for 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

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
PRIOR YEAR BALANCE	\$ 2,709,730	\$ 13,954	\$ 1,366,983	\$ 229,629	-83.2%
PRIOR YEAR BALANCE BOND			-	10,694,083	0.0%
INTEREST EARNINGS	165,459	160,000	160,000	113,037	-29.4%
INTEREST TRUSTEE	-	-	-	-	0.0%
ELECTRIC NEW SERVICE FEES	-	-	-	-	0.0%
RECEIPT FROM DEPRECIATION RESERVE	2,620,238	4,288,392	4,699,579	2,000,000	-57.4%
RECEIPT FROM FUTURE CAPACITY RESERVE	-	-	1,000,000	3,000,000	200.0%
TRANSPORTATION ENHANCEMENT GRANT	39,500	-	-	-	0.0%
STATE REIMBURSEMENT FOR PROJECTS	-	710,318	-	805,558	0.0%
GREEN ENERGY GRANT	-	-	-	50,000	0.0%
BOND ISSUE 2008	-	19,500,000	19,500,000	-	-100.0%
					0.0%
TRANSFER FROM ELECTRIC	-	2,925,000	2,925,000	1,684,000	-42.4%
TOTALS	\$ 5,534,927	\$ 27,597,664	\$ 29,651,562	\$ 18,576,307	-37.4%

EXPENSE SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
ELECTRIC GENERATION	\$ -	\$ 377,000	\$ 777,000	\$ 2,690,000	246.2%
TRANSMISSION AND DISTRIBUTION	1,938,515	1,634,250	1,515,803	933,500	-38.4%
ELECTRICAL ENGINEERING	2,142,930	16,046,710	16,389,149	9,556,887	-41.7%
ADMINISTRATION	56,271	8,000	25,498	-	-100.0%
METER READING	30,228	28,241	20,400	-	-100.0%
SYSTEMS OPERATIONS	-	-	-	-	0.0%
CURRENT YEAR BALANCE	1,366,983	153,463	229,629	5,395,920	2249.8%
CURRENT YEAR BALANCE -BOND		9,350,000	10,694,083	-	-100.0%
TOTALS	\$ 5,534,927	\$ 27,597,664	\$ 29,651,562	\$ 18,576,307	-37.4%

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

	2006-07	2007-08	2007-08	2008-09	%CHANGE
	ACTUAL	BUDGET	REVISED	BUDGET	2008-09
BEGINNING BALANCE	\$ 1,150,123	\$ 840,652	\$ 847,032	\$ 876,632	3.5%
INTEREST EARNINGS	37,380	38,000	29,600	30,700	3.7%
TRANSFER FROM INSURANCE STABILIZATION	-	-	-	-	0.0%
TRANSFER FROM ELECTRIC REVENUE	-	-	-	-	0.0%
TOTALS	\$ 1,187,503	\$ 878,652	\$ 876,632	\$ 907,332	3.5%

EXPENSE SUMMARY

	2006-07	2007-08	2007-08	2008-09	%CHANGE
	ACTUAL	BUDGET	REVISED	BUDGET	2008-09
TRANSFER TO ELECTRIC FUND	\$ -	\$ -	\$ -	\$ -	0.0%
TRANSFER TO RATE STABILIZATION FUND	340,471	-	-	-	0.0%
CARRY FORWARD TO NEXT YEAR	847,032	878,652	876,632	907,332	3.5%
TOTALS	\$ 1,187,503	\$ 878,652	\$ 876,632	\$ 907,332	3.5%

ELECTRIC DEPRECIATION RESERVE FUND

ORIGIN AND PURPOSE

This fund was established in 1981 to provide funds for the replenishment of assets that 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

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
PRIOR YEAR BALANCE	\$ 15,652,798	\$ 13,450,200	\$ 13,535,183	\$ 9,144,804	-32.4%
RECEIPT FROM ELECTRIC REVENUE FUND	-	-	-	-	0.0%
INTEREST EARNINGS	618,983	576,000	309,200	250,100	-19.1%
TOTALS	\$ 16,271,781	\$ 14,026,200	\$ 13,844,383	\$ 9,394,904	-32.1%

BUDGET SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
TRANSFER TO IMPROVEMENT AND EXTENSION	\$ 2,620,238	\$ 4,288,392	\$ 4,699,579	\$ 2,000,000	-57.4%
TRANSFER TO INSURANCE STABILIZATION FOR CAPITAL ITEMS	116,360	-	-	-	0.0%
CURRENT YEAR BALANCE	13,535,183	9,737,808	9,144,804	7,394,904	-19.1%
TOTALS	\$ 16,271,781	\$ 14,026,200	\$ 13,844,383	\$ 9,394,904	-32.1%

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, the possible purchase of an additional unit, cooperative supply alternatives, and engineering or design work for a possible new unit. The original goal of this fund was to reach \$5 million by 1990.

SOURCE OF FUNDS

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

CASH RECEIPTS

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
PRIOR YEAR BALANCE	\$ 8,569,070	\$ 8,893,070	\$ 8,958,792	\$ 8,237,392	-8.1%
RECEIPT FROM ELECTRIC REVENUE FUND	-	-	-	-	0.0%
INTEREST EARNINGS	389,722	401,000	278,600	183,300	-34.2%
TOTALS	\$ 8,958,792	\$ 9,294,070	\$ 9,237,392	\$ 8,420,692	-8.8%

BUDGET SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
TRANSFER TO IMPROVEMENT AND EXTENSION	\$ -	\$ -	\$ 1,000,000	\$ 3,000,000	200.0%
CURRENT YEAR BALANCE	8,958,792	9,294,070	8,237,392	5,420,692	-34.2%
TOTALS	\$ 8,958,792	\$ 9,294,070	\$ 9,237,392	\$ 8,420,692	-8.8%

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 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

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
PRIOR YEAR BALANCE	\$ 224,140	\$ 350,000	\$ 351,255	\$ 363,555	3.5%
RECEIPT FROM ELECTRIC DEPRECIATION RESERVE FUND	116,360	-	-	-	0.0%
INTEREST EARNINGS	10,755	10,500	12,300	12,700	3.3%
TOTALS	\$ 351,255	\$ 360,500	\$ 363,555	\$ 376,255	3.5%

BUDGET SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
TRANSFER TO ELECTRIC REVENUE CONTINGENCY	\$ -	\$ -	\$ -	\$ -	0.0%
CURRENT YEAR BALANCE	351,255	360,500	363,555	376,255	3.5%
TOTALS	\$ 351,255	\$ 360,500	\$ 363,555	\$ 376,255	3.5%

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 non-recurring 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

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
PRIOR YEAR BALANCE	\$ 5,003,510	\$ 377,981	\$ 379,783	\$ 2,423,762	538.2%
RECEIPT FROM ELECTRIC REVENUE FUND	-	1,000,000	2,030,679	-	-100.0%
RECEIPT FROM ELECTRIC CONTINGENCY	340,471	-	-	-	0.0%
INTEREST EARNINGS	35,802	20,000	13,300	84,800	537.6%
TOTALS	\$ 5,379,783	\$ 1,397,981	\$ 2,423,762	\$ 2,508,562	3.5%

BUDGET SUMMARY

	2006-07 ACTUAL	2007-08 BUDGET	2007-08 REVISED	2008-09 BUDGET	%CHANGE 2008-09
TRANSFER TO ELECTRIC	\$ 5,000,000	\$ -	\$ -	\$ -	0.0%
CURRENT YEAR BALANCE	379,783	1,397,981	2,423,762	2,508,562	3.5%
TOTALS	\$ 5,379,783	\$ 1,397,981	\$ 2,423,762	\$ 2,508,562	3.5%