LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE
A G E N D A

JANUARY 14, 2013 - 5:30 P.M.

CITY HALL COUNCIL CHAMBERS
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at CityClerk@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Draft Comprehensive Annual Financial Report (CAFR) - Fiscal Year 2012

2. Proposed Ordinance Amendments
   A. Ordinance #2013-01 - Amending Appendix B - Zoning, Article 3 - District Regulations, Section 22 - Airport Environs Overlay Zone (AEOZ) (*Staff Sponsored*)
   B. Ordinance #2013-02 - Amending the Zoning Ordinance and Zoning Map of the City of Dover by Changing the Boundary of the Airport Environs Overlay Zone (AEOZ) in Accordance with the 2010 Air Installation Compatible Use Zone (AICUZ) Study Published by the Dover Air Force Base (*Staff Sponsored*)
   C. Ordinance #2013-03 - Amending Chapter 22 - Buildings and Building Regulations, Article XII - Vacant Buildings (*Staff Sponsored*)
   D. Ordinance #2013-04 - Amending Chapter 22 - Buildings and Building Regulations, Article X - Rental Dwellings (*Staff Sponsored*)

3. Discussion - Role and Scope of the Historic District Commission and the Historic District

4. Adjournment by 7:00 P.M.

/tm
S:\AGENDAS-MINUTES-PACKETS\Committee-Agendas\2013\01-14-2013 LF&A.wpd

THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

City of Dover
Finance Department
PO Box 475
Dover DE 19903-0475
Phone: (302-736-7018
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E-Mail: dmitchell @dover.de.us

MEMORANDUM

To: City Council

From: Donna Mitchell, Controller/Treasurer

Copy: Mayor, City Manager, & City Clerk

Date: January 8, 2013

Subject: Comprehensive Annual Financial Report (CAFR) – Year Ended June 30, 2012

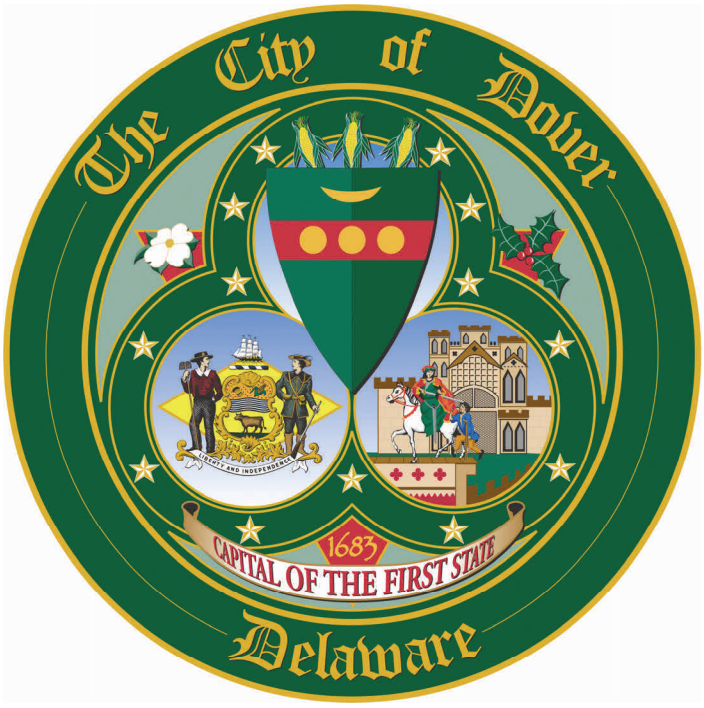
The Fiscal Year 2012 Comprehensive Annual Financial Report has now been posted on the City's public website www.cityofdover.com under "Directory, City Departments, Finance Department – Public Documents." It is also also included below in this packet for easy access during the meeting. We will be reviewing major elements of the report with the Legislative, Finance & Administration Committee on January 14, 2012.

Rather than pulling together a separate presentation we will be reviewing the CAFR itself by using the bookmarks that have been established in the file. You will be able to click on a section or topic in the table of contents to review that particular section or item.

The notes to the financial statements provide the details behind many of the balance sheet accounts. An index to these notes is provided in located in Part C - Basic Financial Statements (Page 49). Each heading in the Notes to Financial Statements Index contains a link to additional information on the topic. As an example, click on Note 7 – Fund Balances & Net Assets. This will take you directly to relevant note. This is one of the elements of the statements I will be explaining on Monday evening as follows.

> *In Fiscal Year 2011 we implemented GASB 54 – Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with this standard we categorized all of our reserves and fund balances based on the magnitude of restriction placed on them, whether it was a legal restriction or a policy restriction. This note provides you with the classification definition and the details behind the fund balances that make up the amounts on the financial statements for Governmental Funds.*

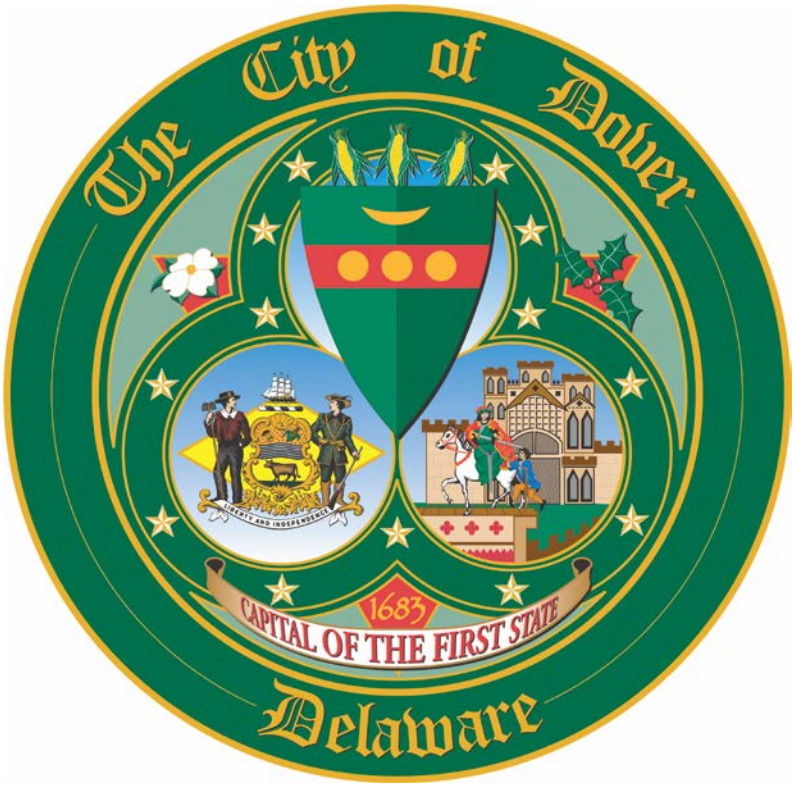
The other major elements planned for review are the basic financial statements, the effects of the unfunded liabilities on the government-wide statements versus the governmental statements, a prior period adjustment for past-due receivables, and the budgetary schedules and balances for the General Fund, Water/Wastewater Fund, and Electric Fund. The budgetary schedule for the General Fund is located in Part D - Required Supplementary Information. The Electric and Water/Sewer Schedules are located in Part E – Supplementary Information "Proprietary Fund Types – Enterprise Funds." As stated above, you can click on the item in the Table of Contents and go right to the schedules.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2012

Prepared by the Finance Dapartment
Donna S. Mitchell, Controller/Treasurer

Acknowledgements

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

Tracey Lisiecki,
Financial Reporting & Accounting Manager

Margaret Teal, CPA
Assistant Finance Director

Linda Gomes
Administrative Assistant

Jeffrey Dill
Accountant II

Karlett Walker
Accountant II

Sharon Daniel
Account Clerk II

Katie Heffington
Payroll Specialist

Special appreciation to:

Special appreciation is extended to Mr. Scott Koenig, City Manager and all personnel throughout the City for their continued support of the Finance Department.

CITY OF DOVER, DELAWARE
Comprehensive Annual Financial Report
For the Year Fiscal Ended June 30, 2012

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INTRODUCTORY SECTION



THIS SECTION CONTAINS THE FOLLOWING:

LETTER OF TRANSMITTAL

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

LIST OF ELECTED OFFICIALS

LIST OF APPOINTED OFFICIALS

LIST OF COMMISSIONS

ORGANIZATIONAL CHART

City of Dover

December 21, 2012

The Honorable Mayor,
Honorable Council President,
Members of the City Council
and Citizens of the City of Dover
Dover, Delaware 19901

Ladies and Gentlemen:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Dover for the fiscal year ended June 30, 2012. This report is published to comply with the provisions of Article IV, Section 46 of the City Charter. It is also intended to provide financial data to the tax and ratepayers, bondholders, trustees, banks, federal and state agencies and the financial community at large.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements in this report have been audited by SB & Company, LLC, an independent firm of certified public accountants as required by Section 46 of the City Charter. SB & Company, LLC has provided an unqualified opinion on the City of Dover financial statements for the year ended June 30, 2012. The independent public accountant's report is located at the front of the financial section of this report.

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

THE REPORTING ENTITY AND ITS SERVICES

The City of Dover was incorporated in 1829 under a Charter granted by the General Assembly. Dover is the Capital of the State of Delaware and is located in the central part of the state. It is home to the State Governor's office, legislative offices, and is the County seat for Kent County. The City currently occupies a land area of 23 square miles and serves a population of approximately 36,492.

Dover's governing body is composed of a Mayor and nine Council Members, with one Council Member elected by Council to serve as Council President. Council members are elected from four districts and serve staggered, two-year terms. One member of Council and the Mayor are elected at-large and serve two-year terms. The Council is responsible for all matters of policy and is the authority for levying taxes, securing revenues, authorizing expenditures of City funds and incurring City debts. The City of Dover operates under a Council – Manager form of government.

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

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

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

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

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

ECONOMIC CONDITION AND FUTURE GROWTH

The City of Dover is distinguished as the dominant center of employment, commerce, educational opportunity, and cultural activity in central Delaware. Development activity in the Capital City continued to be slow during Fiscal Year 2012, consistent with the economic trends seen nationwide and recent prior years.

Residential growth continues to occur at a slow pace, and major institutions and government agencies continue to expand to meet the demands of a growing regional population and economy. Commercial corridor areas of U.S. Routes 13/113 and DE Route 8 have continued to be the center of commerce in Dover. Efforts to revitalize the traditional urban core of downtown Dover have continued despite the down economy.

Total value of construction increased from $65 million in Fiscal Year 2011 to $86 million in Fiscal Year 2012. The City of Dover issued 3,896 business licenses in Fiscal Year 2012, an increase over the prior year. Building permits issued during this period totaled 1,683, which was a slight decline from the previous year. The City of Dover Planning Office processed 36 new development applications (site plans, subdivisions and conditional uses) and three rezoning applications during the reporting period, which represents an increase over the previous year, a sign that the economy may be slowly turning around.

Growth and development trends during Fiscal Year 2012 are further discussed and summarized below:

POPULATION GROWTH

The 2010 U.S. Decennial Census, which was conducted in April 2010, found that 36,047 people reside in Dover. The Delaware Population Consortium estimates, the City of Dover's population as of July 1, 2012 was 36,492. This change represents a 1.2% population increase.

RESIDENTIAL DEVELOPMENT

A total of 56 new residential housing starts were recorded during Fiscal Year 2012, which represents a slight increase from the 47 during the prior fiscal year. A number of abandoned residential subdivisions were the focus of City staff's efforts during the fiscal year. Infrastructure was completed and dedicated to the City in Nottingham Meadows, and Clearview Meadows was purchased by a developer. Other subdivisions, including Village of Westover Phase VI, Village of Cannon Mill, and Patriot Village remained in limbo as the fiscal year ended. Residential construction continued in Emerald Pointe, Lexington Glen, and Eden Hill.

The apartment market was strong in Fiscal Year 2012, as the Blue Hen Apartments were fully complete by June 30th. Dove View, which had sat vacant and incomplete for three years, was purchased and renamed The Grande. Significant progress was made on completing the two buildings, with plans to construct a third building. The Grande is an age 55 and over community and is expected to be occupied in late 2012.

DOWNTOWN DOVER REDEVELOPMENT

Efforts to revitalize Downtown Dover remained strong, with the allocation of $3 million of state funds for improvements to the North Street corridor between State Street and Governors Avenue. These improvements include the development of a community plaza on the former Collegian site, streetscape improvements and repaving of North Street, and the consolidation and redesign of several parking lots between North Street and The Green. The Downtown Dover Partnership (DDP) also spent much of the year working on renovations to the property at 22-24 West Loockerman Street. With assistance from DNREC, the DDP prepared for a brownfield clean up on the property at 680-684 Forest Street. The spirit of downtown remained strong, with First Friday festivities, and a number of other special events, celebrations and parades held throughout the year.

Construction began on the Bayard Plaza at the former Bayard Hotel site at the southwest corner of Loockerman Street and Governors Avenue. Bayard Plaza, when complete, will include retail on the first floor and 48 rental dwellings on the upper floors. Frankfurt Bakery moved locations from Courtney Square to South Governors Avenue near Bank Lane.

INSTITUTIONAL DEVELOPMENT

Institutional development remained strong during fiscal year 2012. Bayhealth completed a major facility expansion of the Kent General Hospital valued at $45 million in early 2012. The State of Delaware completed construction of a new parking lot at the corner of Water Street and State Street to support the new Kent County Courthouse. Construction progressed on the new Dover Public Library, which was near completion at the close of the fiscal year, and Wesley College began construction of their streetscape project, which includes the conversion of streets (portions of Fulton, Cecil, and Bradford Streets) to campus plazas. Another exciting development is the beginning of construction of the new Dover High School, which is expected to open in fall 2014.

RETAIL/COMMERCIAL DEVELOPMENT

The retail sector continued slow during Fiscal Year 2012, as is consistent with the national economic slowdown and the trend of recent years. Redevelopment of vacant commercial buildings became a common trend as the fiscal year came to an end, with plans for redevelopment of the former Superfresh at Greentree Shopping Center into a Redners Market, a Grotto Pizza in the former Atlantic Books location, redevelopment of the former Walmart site, and other small renovations to make use of vacant commercial space. To encourage this, City Council approved some partial fee and tax waivers for redevelopment of vacant commercial and industrial buildings.

INDUSTRIAL DEVELOPMENT

The Dover economy derives considerable benefits from a variety of large industrial and manufacturing companies including Kraft Foods, Procter and Gamble, Energizer/Playtex Family Products, and Berry Van Lines, as well as numerous small- to mid-sized industrial entities. Planning continued on development of the Garrison Oak Technical Park, including work with Capline Energy on the Garrison Energy Center, a 618 MW dual cycle gas power plant on a lot within the Garrison Oak Technical Park. The City, State of Delaware, and Calpine have all worked together to ensure that the funding is in place to construct the necessary infrastructure to support this new power plant. Another significant addition to Dover's local economy was the location of ILC in a portion of the former Sunroc building at the Kent County Aero Park.

OFFICE DEVELOPMENT

Dover's dominance as the place for business office locations downstate has continued; however, the market appears to be saturated with office space at this point in time. Several recently completed or nearly completed office buildings currently remain vacant, including State Street Commons and the Silver Bullit. Fortunately, as the year came to a close, the Silver Bullit was nearing occupancy. A new dental office is also under construction at the southwest corner of State Street and Wyoming Avenue, a site where an office building development had been stalled for several years.

Infrastructure

The City has several large water and sewer projects underway to upgrade pump stations, distribution and transmission mains. These projects will improve water quality and reduce the inflow/infiltration in our sewer system. The State has several transportation projects underway with the support of stimulus funding.

Summary

Dover continues to be affected by the nation's economic downturn; however, a number of key construction projects continue to move forward. The large institutional presence of Bayhealth, the State, and the colleges and universities helps to strengthen the City's economy. The City was encouraged this past year to see developers purchasing a few of the bankrupt subdivisions to complete the build out of the housing units and infrastructure. The development of the Garrison Tract with the Dover Sun Park and the completion of the Calpine project will also serve to increase the City's economy. Dover remains a center for commerce, services and residential communities. As the economy rebounds, Dover is well positioned to support continued growth.

FINANCIAL POLICIES AND FINANCIAL PLANNING

Unreserved, undesignated fund balances in the General Fund (10.7%) fall within the policy guidelines of a minimum of 8% and maximum of 12% of revenues as approved by City Council in the City of Dover Financial policies. The water, wastewater, and electric utilities have the same policy requirement for their budget balances. If the balances fall below 8%, the City Manager is required to submit budgets to bring the balances up to minimum within three years. The current budget balances as of June 30, 2012 for the utilities are water (13.5%), wastewater (4.0%) and electric (15.4%) The water and wastewater utilities are accounted for in the same fund and have a combined budget balance of 8.5%.

The City policies also require non-recurring revenues to be set aside for capital improvements as designated by City Council (reserve accounts) and a 2% contingency reserve in the General Fund, Water/Wastewater Fund and 1% contingency in the Electric Revenue Fund to address unforeseeable natural disasters and insurance losses. All major funds meet the contingency reserve requirement.

The water and wastewater utilities impose impact fees, which are reserved by ordinance, on new developments or facilities to assist with financing future expansion projects. The

electric utility maintains depreciation and future capacity reserves to assist with asset replacements and system expansions. Financial policies require the electric utility to maintain a minimum of $10.0 million in each of these reserves, with replenishment over seven years when used to finance projects.

The City's Financial Policies also include an Electric Rate Stabilization Reserve account. The purpose of this reserve is to enable the City to absorb month-to-month power supply cost increases while adjusting budgets and implementing potential rate increases. If the cost of power supply decreases, the reserve can also be used to provide a power cost adjustment decrease to maintain competitive rates. The goal is to maintain a reserve balance equivalent to 10% of the power supply cost.

MAJOR INITIATIVES

The City continued its efforts towards the completion of a 42,000 square foot regional library. The City completed the construction in September 2012 as planned and had the grand opening on September 20, 2012. The punch list items on the project are being finalized and should be completed by the end of January 2013. The Library project was estimated to cost $20.0 million and is still on track to be completed at this cost. The sources of funding for the Dover Anchor Library project include a State of Delaware matching grant of 50%, committed fund balance – Library Construction, a capital campaign of the Dover Library Foundation, and other grants and donations. Once completed additional annual operating expenses and debt service will be budgeted in the General Fund. The additional debt service and operating cost is estimated to increase by no more than $350,000 in Fiscal Year 2014.

The City Council continues its focus on replacing or upgrading old infrastructure in order to improve the quality and reliability of our utility systems. In fiscal year 2012, $6.8 million of water and wastewater capital improvements were completed. This represented the completion of several projects that began in fiscal year 2010. The fiscal year 2012 budget included $3.9 million of State Revolving Loan funds of which $1.9 million is for water main replacement projects and $2.0 million for wastewater pump stations and pipe relining. The wastewater projects include a major sewer lateral upgrade and extension on the U.S. 13 corridor. The loan proceeds are remitted to the City on a reimbursement basis as projects are completed. The projects were scheduled for completion over a three-year period therefore, the loan proceeds and outstanding principle balance will increase with each reimbursement. Two pump station projects and a water main remain to be completed in fiscal year 2013.

The Capital School District broke ground on two major projects in Fiscal Year 2012, the new Capital School District Administration Complex and the new Dover High School. The electric utility extended service to the two new locations and started work on installation of the underground transformers and ancillary equipment. The electric transmission and distribution crews continued to transition several area developments from overhead distribution lines to underground lines. A total of nine developments were completed and one was still in progress at June 30 at a cost of $0.8 million. The North Street substation had upgrades at a cost of $0.2 million. The Frazier substation reliability upgrade was started and is expected to be completed in fiscal year 2013 within the budget of $0.2

million. There were also several upgrades to local businesses due to expansion or replacement of dated equipment. The City's plant operator, North American Energy Services, completed several plant upgrades on Unit 3. The boiler air heater and systems, forced draft and induced draft fan control damper, and the digital control system computer & software at a cost of $0.9 million. Also completed was Units 1 & 2 life extension project. The Unit 3 turbine inspection began in fiscal year 2012 at a cost of $0.4 million. It is expected to be completed in fiscal year 2013.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dover, Delaware for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the twenty-seventh (27) consecutive year that the City of Dover has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Donna S. Mitchell, CPA
Controller/Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dover
Delaware

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

Christopher P Morrill
President

Jeffrey L. Esser
Executive Director



Mayor Carlton Carey







City Council Members
1st row:
Council President & Councilman At large Thomas J. Leary, First District: Beverly C. Williams and James L. Hutchison, Sr.
2nd row:
Second District: William F. Hare and Adam M. Perza, Third District: David L. Bonar and Sean Lynn.
3rd row:
Fourth District Sophia R. Russell and David L. Anderson

CITY OF DOVER, DELAWARE
List of Elected Officials
June 30, 2012

	Length of Services	Term Expires
Mayor		
Carleton E. Carey, Sr.	5 Years	May 2015
City Council		
At-Large		
Thomas J. Leary*	4 Years	May 2013
First District		
Beverly C. Williams	10 Years	May 2015
James L. Hutchison, Sr.	1 Year	May 2013
Second District		
William F. Hare	1 Year	May 2013
Adam M. Perza	1 Month	May 2015
Third District		
David L. Bonar	2 Year	May 2015
Sean Lynn	1 Year	May 2013
Fourth District		
Sophia R. Russell	7 Years	May 2015
David L. Anderson	1 Year	May 2013

* Council President

CITY OF DOVER, DELAWARE
List of Appointed Officials
June 30, 2012

	Length of Time in Position	Length of Time with the City
City Clerk/Assistant Treasurer – Traci A. McDowell	7 Years	26 Years
City Manager/Civil Defense Director – Scott D. Koenig	1 Year	22 Years
City Solicitor – Nicholas H. Rodriquez	44 Years	44 Years
Deputy City Solicitor – William W. Pepper	23 Years	23 Years
Council President – Thomas J. Leary	1 Year	4.5 Years
Assessor – Cheryl A. Russell	3 Years	20 Years
City Building Inspector - Ann Marie Townshend	6 Months	6 Years
City Planner – Ann Marie Townshend	6 Years	6 Years
Controller/Treasurer – Donna S. Mitchell	12 Years	12 Years
Fire Chief – Jack I. Fortney	1 Year	1 Year
Fire Marshal – David J. Truax	16 Years	21 Years
Police Chief – James E. Hosfelt	2 Year	23 Years

CITY OF DOVER, DELAWARE
List of Commissions & Committees
As of June 30, 2012

Board of Adjustment
Kishor C. Sheth, Chairman
Arthur G. Ericson, Vice Chairman
William Hufnal
James N. Keller
Richard Senato

Construction Code Board of Appeals
David L. Anderson, Chairman
Adam M. Perza, Councilman
Scott D. Koenig, City Manager

Election Board
William T. Garfinkel, Chairman
Lillie M. Johnson
Goldie Legates
Cherrita Matthews
Anita L. McDowell Boyer
Traci McDowell

Historic District
Richard Scrafford, Chairman
C. Terry Jackson, Vice Chairman
George M. Fisher, IV
Joseph McDaniel
Charles A. Salkin

Human Relations Commission
Roy Sudler, Jr., Chair
Justina Brewington
Linda D. Hackett
Richard Senato
Dr. Phyllis Edamatsu
Dawn Allen-Pyne
Anlee Baccio-Walker
Kim Warfield
Ellen O. Wasfi
Faye White

Legislative, Finance & Administration
Sean M. Lynn, Chairman
David L. Anderson, Councilman
William F. Hare, Councilman
Michael G. Rushe
Daniel Shevock

OPEB Board
William F. Hare, Councilman
Beverly C. Williams, Councilwoman
Scott D. Koenig, City Manager
Kimberly Hawkins, Human Resources Director
Donna S. Mitchell, Controller/Treasurer

Parks, Recreation & Community Enhancement
Sophia R. Russell, Chairwoman
David L Anderson, Councilman
David L. Bonar, Councilman
Ann Baker Horsey
David A. Lewis, Jr.

Pension – Civilian
David L. Bonar, Councilman
Sean M. Lynn, Councilman
Scott D. Koenig, City Manager
Donna S. Mitchell, Controller/Treasurer
Lester Blakeman
Kenneth Clendaniel
Frances P. Hettinger

Pension – Police
Timothy Mullaney, Chairman
David L. Bonar, Councilman
Sean M. Lynn, Councilman
Scott D. Koenig, City Manager
James Hosfelt, Chief of Police
William Knotts
Martin Stallings

Planning Commission
Col. Robert D. Welsh, Chairman
Michael J. Ambruso, Sr.
John H. Baldwin, Sr.
Dean Holden
Thomas Holt
Francis C. Nichols
Ron Shomo
Kathleen Still
Fred Tolbert

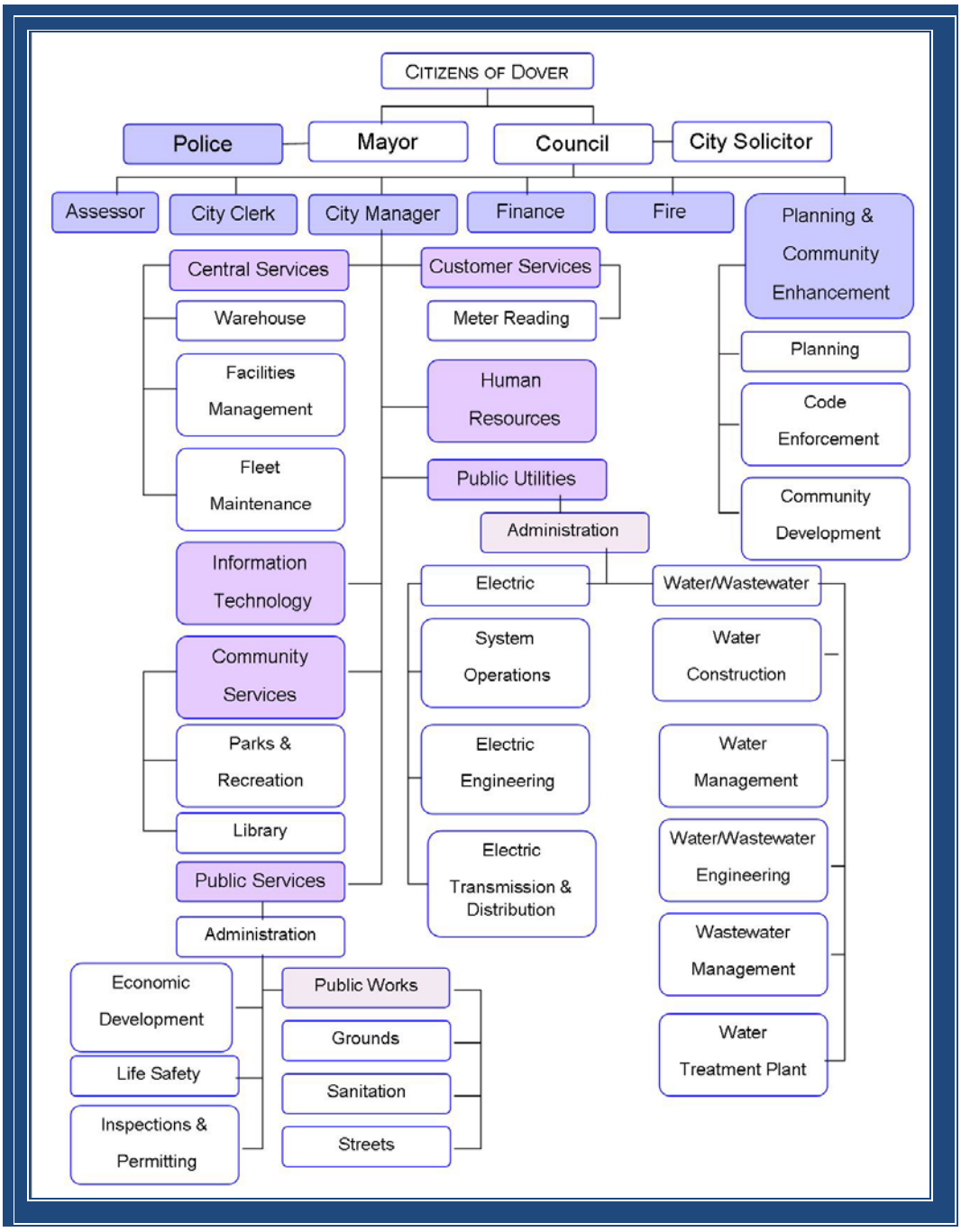
Property Maintenance Code
Board of Appeals
Scott D. Koenig, City Manager
Heather D. Ennis
Charles Martin

Safety Advisory & Transportation
James L. Hutchison, Chairman
Adam M. Perza, Councilman
Sophia R. Russell, Councilwoman
John J. Davis
Thomas J. Keller, Jr.

Utility
David L. Bonar, Chairman
Adam M. Perza, Councilman
Beverly C. Williams, Councilwoman
Lester L. Blakeman
Richard Snaman

Youth Advisory Committee
Kristen Dietz, Co President
Dennis Hallock, II, Co-President
Kenneth Anderson
Chidinma Emenike
Karly Jones
Sonya Modi
Valerie Provotorova
Rachel Voak

City of Dover
Organization Chart
Fiscal Year 2012



The City of Dover, Delaware

Vision

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

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

PART - A
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

PART - B
MANAGEMENT'S DISCUSSION AND ANALYSIS

PART - C
BASIC FINANCIAL STATEMENTS
Government-wide Financial Statements
Fund Financial Statements
Notes to Financial Statements

PART - D
REQUIRED SUPPLEMENTARY INFORMATION

PART - E
SUPPLEMENTARY INFORMATION
Combining Fund Statements
Budgetary Schedules

Financial Section

Part - A

Report of Independent Public Accountants

SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover Delaware (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustment described in Note 8 that was applied to restate the balance sheet as of June 30, 2011. In our opinion, such adjustment is appropriate and has been properly applied.

SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the general fund - schedule of revenues, expenditures, and changes in fund balance - budget and actual, the governmental capital projects fund - schedule of revenues, expenditures and changes in fund balance - budget and actual, and required supplemental schedules of funding progress and schedules of employer contributions for the Pension Plans Funds and Other Post Employment Plan, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and other budgetary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

SB & Company, LLC

Hunt Valley, Maryland
December 21, 2012

FINANCIAL SECTION

PART - B

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Dover
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Financial Highlights

Total assets of the City exceeded its liabilities by $208.8 million (total net assets). Of this amount, $26.6 million was reported as "unrestricted net assets" which represents the amount available to meet the City's ongoing obligations to citizens and creditors. The general government reported a deficit of $7.4 million and the business type activities, Water/Wastewater and Electric funds, reported $34.0 million of unrestricted net assets. The difference between the unrestricted amounts and the total net assets is $182.2 million, $34.3 million is restricted primarily for debt and capital construction purposes and $147.9 million is invested in capital assets net of related debt.

- The governmental activities experienced a $10.8 million increase in investment in capital assets, a decrease in restricted net assets of $1.3 million, as well as a decrease of $7.3 million in unrestricted net assets resulting in a positive net change of $2.2 million.

- The business-type activities experienced a $1.0 million increase in investments in capital assets. A decrease in restricted net assets of $0.3 million as well as an increase in unrestricted net assets of $10.7 million, resulting in a positive change in net assets of $11.4 million. The electric utility experienced significant savings in power supply cost over the past two years. As a result $5.0 million was transferred to the rate stabilization reserve awaiting the completion of a cost of service study and proposed new electric rates.

Overview of the Financial Statements

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

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

- The first two statements are *government-wide financial statements* (pages 37-38) that provide both long-term and short-term information about the City's overall financial status.

- The remaining statements (pages 39-47) are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

  - The governmental fund statements (pages 39-42) tell how general government services, like community services, planning, public safety, and public

works, were financed in the short term as well as what remains for future spending.

- Proprietary fund statements (pages 43-45) offer short and long-term financial information about the activities the government operates like businesses, which for the City of Dover are the Electric Revenue and Water/Wastewater Funds.

- The *Fiduciary fund* statements (pages 46-47) provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee, or fiduciary, for its Employee Pension plans and Other Postemployment Benefits plan and acts in an agency capacity for the Dover Downtown Partnership, Fourth of July Celebration Committee, and the Dover Library Foundation, none of which are considered to be component units of the City. All of the City's Fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City may not use these assets to finance its operations. The City is responsible for insuring that the assets reported in these funds are used for their intended purposes.

The financial statements also include notes (pages 51-89) that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information (pages 94-97) that further explains and supports the information in the financial statements. Other supplementary information includes details on non-major funds and other information that can be found on pages 103 through 118.

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

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

	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	***Entire City government (except fiduciary funds)***	***The activities of the City that are not proprietary or fiduciary, such as public safety and public works***	***Activities the City operates similar to private businesses, such as electric, water and wastewater funds***	***Instances in which the City is the trustee or agent for someone else's resources***
Required financial statements	• **Statement of net assets** • **Statement of activities**	• **Balance sheet** • **Statement of revenues, expenditures, and changes in fund balances**	• **Statement of net assets** • **Statement of revenues, expenses and changes in net assets** • **Statement of cash flows**	• **Statement of fiduciary net assets** • **Statement of changes in fiduciary net assets**
Accounting basis and measurement focus	***Accrual accounting and economic resources focus***	***Modified accrual accounting and current financial resources focus***	***Accrual accounting and economic resources focus***	***Accrual accounting and economic resources focus***
Type of asset/liability information	**All assets and liabilities, both financial and capital, and short-term and long-term**	**Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included**	**All assets and liabilities, both financial and capital, and short-term and long-term**	**All assets and liabilities, both short-term and long-term**
Type of inflow/outflow information	***All revenues and expenses during the year, regardless of when cash is received or paid***	***Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter***	***All revenues and expenses during the year, regardless of when cash is received or paid***	***All revenues and expenses during the year, regardless of when cash is received or paid***

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net assets are indicators of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads. The government-wide financial statements of the City are divided into two categories:

- *Governmental activities*—Most of the City's basic services are included here, such as general government, public safety, planning and code enforcement, public works, library and recreation, community and economic development, central services and financial administration. Property taxes, non-property taxes, utility transfers and state and federal grants finance most of these activities.

- *Business-type activities*—The City charges fees to customers to help it cover the costs of certain services it provides. The City's electric, water, and wastewater services are included here.

Fund Financial Statements

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

The City has three kinds of funds:

- *Governmental Funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Since this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a separate page, which explains the relationship (or differences) between them.

    - Governmental Fund Balance classifications are reported to the extent to which they are constrained as promulgated by Governmental Accounting Standards Board Statement No. 54.

- The City's general fund is the only governmental fund considered to be a major fund under the requirements of Governmental Accounting Standards Board Statement No. 34.

- *Proprietary Funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

  – The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

  – The City's two enterprise funds are both considered major funds under the requirements of GASB Statement No. 34.

- *Fiduciary Funds* – The City is responsible for assets that because of a trust arrangement can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operation.

Financial Analysis of the City as a Whole

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

The Net Assets, of the City of Dover, as of June 30, 2011 and 2012 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2011	**2012**	**2011**	**2012**	**2011**	**2012**
Assets						
Non-capital assets	$ 15.7	$ 11.8	$ 71.9	$ 79.7	$ 87.6	$ 91.5
Capital assets	40.3	51.7	134.3	135.7	174.6	187.4
Total assets	56.0	63.5	206.2	215.4	262.2	278.9
Liabilities						
Current liabilities	3.6	4.6	11.9	9.2	15.5	13.8
Non-current liabilities	11.9	15.5	39.6	40.1	51.5	55.6
Total liabilities	15.5	20.1	51.5	49.3	67.0	69.4
Net Assets						
Invested in capital assets, net of related debt	38.8	49.6	97.3	98.3	136.1	147.9
Restricted net assets	1.8	0.5	34.1	33.8	35.9	34.3
Unrestricted net assets	(0.1)	(6.8)	23.3	34.0	23.2	27.2
Total net assets	$ 40.5	$ 43.3	$ 154.7	$ 166.1	$ 195.2	$ 209.4

The Changes in Net Assets, for the City of Dover, as of June 30, 2011 and 2012 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program revenues						
Charges for services	$ 9.0	$ 11.3	$ -	$ -	$ 9.0	$ 11.3
Water/wastewater charges for services	-	-	14.0	13.8	14.0	13.8
Electric charges for services	-	-	101.9	93.5	101.9	93.5
Operating grants and contributions	5.0	2.6	-	-	5.0	2.6
Capital grants and contributions	0.9	6.3	1.0	0.5	1.9	6.8
General revenues						
Property taxes	10.9	11.1	-	-	10.9	11.1
Transfer taxes	1.5	1.4	-	-	1.5	1.4
Earnings on investments-other	0.1	0.1	0.6	0.6	0.7	0.7
Total revenues	27.4	32.8	117.5	108.4	144.9	141.2
Expenses						
General government	2.1	2.0	-	-	2.1	2.0
Public safety	16.8	17.6	-	-	16.8	17.6
Public works	6.8	8.6	-	-	6.8	8.6
Library and recreation	2.7	2.4	-	-	2.7	2.4
Community and economic development	1.2	0.8	-	-	1.2	0.8
Central services	1.5	1.3	-	-	1.5	1.3
Financial administration	3.0	3.0	-	-	3.0	3.0
Other post-employment benefits	7.4	6.5	-	-	7.4	6.5
Interest charges	0.1	0.1	-	-	0.1	0.1
Plus (less) indirect expense allocation	(4.0)	(4.0)	4.0	4.0	-	-
Water/wastewater	-	-	10.1	10.2	10.1	10.2
Electric	-	-	87.1	74.5	87.1	74.5
Total expenses	37.6	38.3	101.2	88.7	138.8	127.0
Change in net assets before transfers	(10.2)	(5.5)	16.3	19.7	6.1	14.2
Transfers	8.9	8.3	(8.9)	(8.3)	-	-
Change in net assets	(1.3)	2.8	7.4	11.4	6.1	14.2
Net assets, beginning of year, restated	41.8	40.5	147.3	154.7	189.1	195.2
Net assets	$ 40.5	$ 43.3	$ 154.7	$ 166.1	$ 195.2	$ 209.4

Governmental Activities

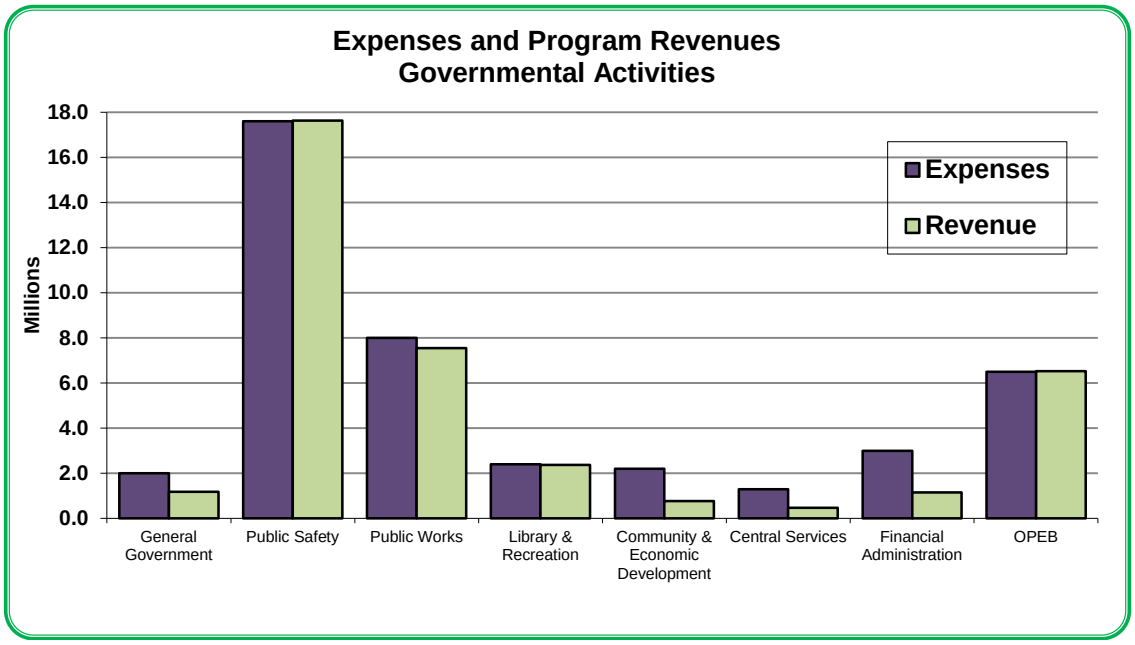
Governmental net assets increased by $2.8 million. Net revenues of $32.8 million were more than the prior year by $5.4 million.

General Governmental Charges for services includes donations for the new library which increased by $2.4 million from the prior year and police extra duty revenues increased by $0.3 million. These two increases account for $2.7 million of the total $5.4 million increased revenues. Other sources of increased revenues over the previous fiscal year are attributed to business licenses, permits, library grants, and Court of Chancery Fees. Revenue increases totaled $5.6 million. Revenue sources that decreased were Sanitation fees, transfer taxes, property taxes and red light enforced traffic violation fees for a total of $0.8 million.

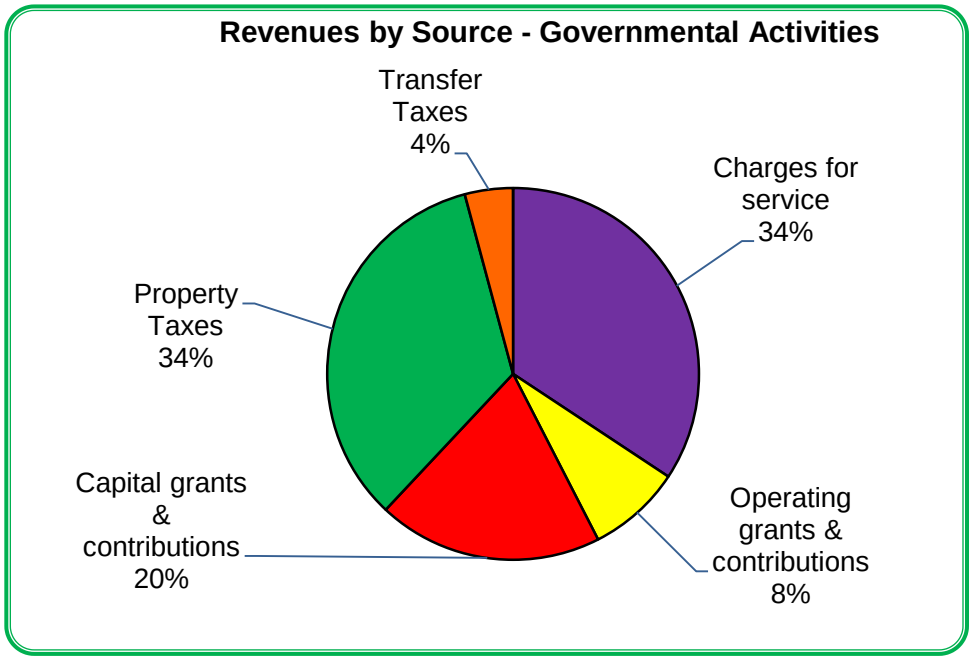
Expenses of $38.3 million reflect an overall increase of $0.7 million from the prior year. Post-employment benefits and pension benefit costs decreased by $0.9 million. Other decreases were to library and recreation, community and economic development, central services and general government. The increases to expense were in public

safety and public works. Transfers to the Governmental Funds from the Proprietary Funds decreased $0.6 million.

The chart that follows allocates revenues to program costs as applicable. It shows that some City functions are in part self-supporting.



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

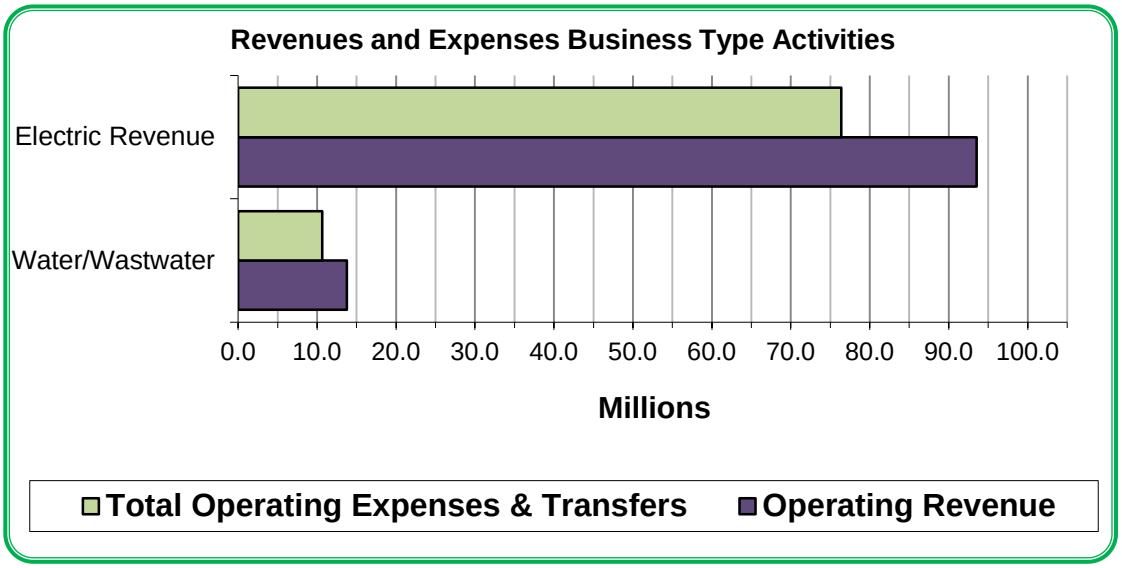


Business-Type Activities

As noted earlier, the business-type activities saw a positive change in net assets of $11.4 million. Both utilities experienced a decrease in revenues which resulted in a combined net decrease of $9.1 million. The utilities expenses when combined also decreased in total by $12.5 million.

The water/wastewater utility had a positive change in net assets of $2.9 million. The utility experienced a slight decrease in operating income of $0.3 million over the previous year. The decrease in operating income was primarily due to a decrease in water fees and impact fees, offset by increases in sewer fees and water tank space rent. The utility experienced a decrease in personnel and operating expenses of $0.2 million. Non-operating expenses increased $0.2 million as a result of an increase in interest and fiscal charges. Contractor contributions in the amount of $0.4 million were offset by a $0.4 million transfer made to the General Fund by the utility during fiscal year 2012.

The electric utility realized a positive change in net assets of $8.5 million. The utility experienced a decrease in operating revenues of $8.4 million over the previous year as a result of a combination of an increase in the power cost adjustment credit and lower kilowatt-hour sales. The power cost adjustment (credit) applied to the energy portion of the customer bills was implemented to lower electric rates. Operating expenses decreased as well in total by $12.5 million due to lower power supply cost of $10.7 million as well as a $2.0 million decrease in operating expenses. The decreases were offset by slight increases in depreciation and retiree healthcare expense totaling $0.2 million. Non-operating revenues and expenses reflect a negative result of $0.7 million. The negative result is primarily made up of Interest and fiscal charges of $1.3 million offset by interest earned on both operating and reserve funds as well as an increase in fair value of investments and gain on sale of assets totaling $0.6 million. Transfers to the General Fund decreased to $7.9 million from $8.9 million in the preceding year.



Financial Analysis of the City's Funds

Governmental Funds

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

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

The combined fund balances of the City's governmental funds at June 30, 2012, were $5.5 million. This represented a decrease of $2.8 million during the year. Approximately 55% of the combined fund balances, $3.0 million, constitutes unassigned fund balance, which is available to meet the City's current and future needs. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for operational spending because it is constrained by legally enforceable contracts, other governmental agreements and legislation, City Council resolution or it is not convertible to cash within a reasonable period of time. Further detail of fund balances is presented in the Notes to the Basic Financial Statements in Note 7.

The General Fund is the primary operating fund of the City, accounting for such activities as general government, public safety, public works, library and recreation, community and economic development, central services and financial administration. The General Fund balance at June 30, 2012, was $4.9 million, which represents a decrease of $2.3 million from the previous fiscal year. Revenue increases were primarily due to increased library grants received of $4.0 million and miscellaneous services which include receipts of $2.4 million in library construction donations; there were also slight increases in licenses and permits, property taxes and court of chancery fees. The revenue decreases were in Sanitation fees and rebates. The revenue increases were offset by larger increases in expenditures as follows: Library Services which includes expenditures for the new library in the amount of $12.1 million, as well as other slight increases in police extra duty, financial administration and retiree healthcare expenditures.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government- wide Financial Statements, but in more detail.

As of June 30, 2012, the Water/Wastewater Fund has net assets of $48.4 million, of which $8.4 million is unrestricted. The fund's net assets increased $2.8 million during the year as explained on page 29. At June 30, 2012, the Electric Fund has net assets of $117.7 million, of which $25.6 million is unrestricted. This fund experienced an increase in net assets of $8.5 million during the year as explained on page 29.

General Fund Budgetary Highlights

During this fiscal year, the City Council amended the budget two times. These budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

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

The General Fund financials in the Governmental Funds Balance Sheet (page 39) and Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 41) include both the General Fund operating activities and the Governmental Capital Project Fund activities.

The General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget & Actual is included in Part D-Required Supplementary Information (page 94-95).

The Governmental Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual is included in Part D-Required Supplementary Information (Page 96).

The Final General Fund Budget incorporated the following changes to the Original Budget. The Budget Balance carried forward from the prior fiscal year was higher by $0.2 million than was projected. Receipts had a net increase of approximately $0.4 million. The most significant increases were attributed to permits and other licenses, transfer tax, court of chancery fees and municipal street aid revenues totaling approximately $0.9 million. The most significant reductions of revenue were in interest earnings, business licenses, property taxes, trash fees and civil traffic penalties totaling approximately $0.5 million.

Expenditures were revised to reflect an aggregate increase of $0.5 million. Transfers to fund the OPEB Unfunded Liability and capital projects fund accounted for most of the increased budget expense with slight increases in recreation, life safety, streets and sanitation operations budgets. The net result of these changes was a $0.1 million decrease in the revised budget balance over the Original Budget Balance (on a non-GAAP basis).

Actual revenues and other financing sources met the final budgeted amounts in the General Fund for the current fiscal year. The more significant shortfalls were in interfund services, municipal street aid and civil traffic penalties and were offset by police extra duty, transfer tax, and public safety grants revenues netting $0.1 million over budgeted revenues. Expenditures were approximately $1.0 million under budget as a result of several operating departments experiencing personnel savings and landfill fees

in the sanitation division. The General Fund budget balance carry forward was $1.1 million higher than budgeted as a result of the above variances.

Capital Asset and Debt Administration

At the end of the current fiscal year, the City's governmental and proprietary funds had invested $51.7 million and $135.7 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of $11.4 million for governmental activities and a net increase of $1.4 million for the proprietary funds since the end of last fiscal year (presented in millions of dollars). Additional detailed data for all capital assets of the City is presented in the Notes to the Basic Financial Statements in Note 4.

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Depreciable Assets, Net						
Buildings	$ 7.3	$ 7.0	$ -	$ -	$ 7.3	$ 7.0
Equipment	1.8	1.7	-	-	1.8	1.7
Vehicles	1.7	1.5	-	-	1.7	1.5
General infrastructure	20.7	20.6	-	-	20.7	20.6
Utility, plant, buildings, and infrastructure	-	-	127.2	130.5	127.2	130.5
Other	0.5	0.2	-	-	0.5	0.2
Non-depreciable Assets						
Land	3.9	3.9	1.6	1.6	5.5	5.5
Construction in progress	4.4	16.8	5.5	3.6	9.9	20.4
	$ 40.3	$ 51.7	$ 134.3	$ 135.7	$ 174.6	$ 187.4

A summary of debt outstanding at June 30, 2011 and 2012 is as follows which represents an increase of $3.7 million for the governmental funds and $0.7 million for the proprietary funds, since the end of last year (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Non-current liabilities						
Liability for compensated absences	$ 2.6	$ 2.3	$ 0.9	$ 0.8	$ 3.5	$ 3.1
Bonds (net of discount/issuance cost)	1.5	2.1	37.9	38.9	39.4	41.0
OPEB obligation	7.8	11.2	0.6	0.4	8.4	11.6
	$ 11.9	$ 15.6	$ 39.4	$ 40.1	$ 51.3	$ 55.7

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

The City Charter limits the amount of general obligation debt the City can issue in any one year to .25% of the taxable assessed value of real property within the City. The aggregate of amounts borrowed for which the full faith and credit of the City is pledged

cannot exceed 5% of assessed value of real property within the City boundaries. The City has used 1.38% of its debt limit.

Economic Factors and Next Year's Budgets and Rates

The City is expecting the recent trends in housing and economic growth to remain stagnate. The City developed the fiscal year 2013 budget with the following changes over fiscal year 2012.

- All temporary positions eliminated
- All vacant positions from 2012 were reviewed. Only those considered critical were budgeted to be filled, resulting in a reduction of 14 positions
- No pay increases for City employees except where contractually required
- No increases in expenditures unless required by contract or known rate increases
- Negotiations with the collective bargaining units to include a 15% across the board cost sharing on all health care plans
- Change the transfer policy for the Utility transfers to the General Fund from a percentage of revenue to a fixed dollar amount to reduce the volatility in General Fund revenues. The fixed dollar amounts were kept in line with the current dollar amounts.
- Kept the transfer to the Governmental Capital Project Fund at a level to finance critical projects or purchases
- Funded the Worker's Compensation self-insurance fund
- Increased Sanitation fees to fully cover cost of Sanitation division and landfill fees; this increase covered what would have been a $0.6 million shortfall in the required 8% budget balance requirement for the General Fund.

These actions were incorporated in the budgets across all major funds, even though the General Fund was the only fund experiencing a budgetary shortfall.

As stated above the governmental capital budgets included critical vehicle replacements and the continuation of our one major project, the Dover Anchor Library, currently estimated to cost $20 million. The sources of funding for the Dover Anchor Library project include a State of Delaware matching grant of 50%, committed fund balance – Library Construction, a capital campaign of the Dover Library Foundation, and other grants and donations.

Water and Wastewater growth is also expected to remain level to the prior year due to slow residential and commercial growth. The City continues towards making major upgrades in the water and wastewater systems to replace aging infrastructure and improve water quality and inflow/infiltration. Water rates and wastewater rates will remain the same as the prior fiscal year. Operational expenses are projected to remain at the prior year levels other than the changes as highlighted above.

To finance the capital investment plan for the water and wastewater utilities the City is using a combination of low interest loans provided by the State of Delaware for public utility projects, impact fees and operating funds of $2.9 million. Capital projects have been prioritized in order of criticality. The City continues to maintain competitive water and wastewater rates within the State of Delaware.

During fiscal year 2012, the City contracted with Burns & McDonnell to update the Electric Cost of Service study so as to incorporate into the budget lower rates due to the decline in power supply cost. This resulted in an overall revenue decrease of 12% for the Electric Utility. The utility rates were reduced by class of customer ranging from 9% to 16%. The Electric Fund will also be utilizing a $5.4 million transfer from the rate stabilization reserve in order to maintain the required budget balance.

The City anticipates less than one percent growth in the electric utility for the same reasons as discussed for the water and wastewater utilities. Operational expenses are projected to decrease as a result of the overall changes to the fiscal year 2013 budget as described above. Capital improvements are planned to be financed with existing capital reserves and a $3.5 million transfer from operating income.

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

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Donna Mitchell, Controller/Treasurer at 302-736-7018 (TTY/TDD Operator 1-800-855-1155).

FINANCIAL SECTION

PART - C

BASIC FINANCIAL STATEMENTS

- **GOVERNMENT-WIDE FINANCIAL STATEMENTS**
- **FUND FINANCIAL STATEMENTS**
- **NOTES TO FINANCIAL STATEMENTS**

The City of Dover
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	$ 2,895,605	$ 8,010,528	$ 10,906,133
Investments	4,022,628	23,978,366	28,000,994
Receivables, net	2,785,509	7,492,888	10,278,397
Internal balances	463,832	(463,832)	-
Due from other governments	300,491	-	300,491
Inventory, at cost	146,562	3,931,323	4,077,885
Prepaid items	54,368	15,459	69,827
Restricted cash and cash equivalents	857,292	8,521,813	9,379,105
Restricted investments	18,136	26,746,829	26,764,965
Net pension/OPEB assets	263,076	1,409,473	1,672,549
Land and construction in progress	20,718,301	5,202,899	25,921,200
Capital assets, net of depreciation	31,009,638	130,528,414	161,538,052
Total assets	63,535,438	215,374,160	278,909,598
Liabilities:			
Accounts payable and accrued liabilities	3,701,738	6,232,357	9,934,095
Unearned revenue	801,533	285,867	1,087,400
Customer deposits	-	1,904,431	1,904,431
Other	121,215	748,397	869,612
Non-current liabilities			
Due within one year	1,429,065	3,059,437	4,488,503
Due in more than one year	2,936,874	36,648,343	39,585,216
Due in more than one year - OPEB	11,179,542	407,997	11,587,539
Total liabilities	20,169,967	49,286,829	69,456,796
Net Assets:			
Invested in capital assets net of related debt	49,642,124	98,303,263	147,945,387
Restricted for:			
Capital construction	38,479	33,836,315	33,874,794
Public Safety	190,520	-	190,520
Other purposes	253,781	-	253,781
Unrestricted	(6,759,433)	33,947,753	27,188,320
Total Net Assets	$ 43,365,471	$ 166,087,331	$ 209,452,802

See accompanying notes to financial statements

The City of Dover
Statement of Activities
For the Year Ended June 30, 2012

			Program Revenue			Net (Expenses) Revenue and Changes in Net Assets		
Functions/Programs	**Expenses**	**Indirect Expenses Allocation**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business Type Activities**	**Total**
Governmental activities								
General government	$ 2,002,538	$ (822,211)	$ 4,043,168	$ 66,576	$ -	$ 2,929,417	$ -	$ 2,929,417
Public safety	17,638,304	-	4,803,827	1,196,392	-	(11,638,085)	-	(11,638,085)
Public works	8,625,613	(490,441)	1,903,623	664,036	290,246	(5,277,267)	-	(5,277,267)
Library and recreation	2,377,363	-	632,824	283,927	6,002,057	4,541,445	-	4,541,445
Community and economic development	773,208	-	-	443,120	-	(330,088)	-	(330,088)
Central services	1,315,984	(846,599)	-	-	-	(469,385)	-	(469,385)
Financial administration	2,986,473	(1,839,949)	-	-	-	(1,146,524)	-	(1,146,524)
Other post-employment benefits	6,534,630	-	-	-	-	(6,534,630)		(6,534,630)
Interest charges	90,161	-	-	-	-	(90,161)	-	(90,161)
Total governmental activities	42,344,274	(3,999,200)	11,383,442	2,654,051	6,292,303	(18,015,278)	-	(18,015,278)
Business type activities								-
Water/wastewater	10,174,421	894,186	13,775,833	-	441,285	-	3,148,511	3,148,511
Electric	74,520,659	3,105,014	93,529,401	-	-	-	15,903,728	15,903,728
Total business type activities	84,695,080	3,999,200	107,305,234	-	441,285			
Total Primary Government	$ 127,039,354	$ -	$ 118,688,676	$ 2,654,051	$ 6,733,588	$ (18,015,278)	$ 19,052,239	$ 1,036,961
General revenues								
Taxes								
Property taxes						11,050,198	-	11,050,198
Transfer taxes						1,373,103	-	1,373,103
Earnings on investments						141,925	630,420	772,345
Total general revenues						12,565,226	630,420	13,195,646
Transfers						8,300,796	(8,300,796)	-
Total general revenues and transfers						20,866,022	(7,670,376)	13,195,646
Changes in net assets						2,850,744	11,381,863	14,232,607
Net assets beginning						40,514,727	154,705,468	195,220,195
Net assets ending						$ 43,365,471	$ 166,087,331	$ 209,452,802

See accompanying notes to financial statements

The City of Dover
Governmental Funds Balance Sheet
June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	$ 2,428,006	$ -	$ 2,428,006
Restricted Cash and Cash Equivalents	99,528	757,764	857,292
Investments	3,412,604	-	3,412,604
Restricted Investments	18,136	-	18,136
Receivables, net			
Accounts	2,380,970	114,476	2,495,446
Taxes	270,499	-	270,499
Due from Other Funds			
Charges	650,228	135,697	785,925
Due from Other Governments	-	300,491	300,491
Prepaid Items	30,019	13,099	43,118
Inventory, at cost	146,562	-	146,562
Total Assets	$ 9,436,552	$ 1,321,527	$ 10,758,079
Liabilities:			
Accounts Payable	$ 2,828,599	$ 398,858	$ 3,227,457
Deferred Revenue	1,473,133	162,503	1,635,636
Due to Other Funds			
Charges	144,726	176,262	320,988
Other	121,215	-	121,215
Total liabilities	4,567,673	737,623	5,305,296
Fund Balances:			
Non-spendable	198,175	13,099	211,274
Restricted	83,356	399,424	482,780
Committed	920,475	-	920,475
Assigned	658,890	171,381	830,271
Unassigned	3,007,983	-	3,007,983
Total fund balances	4,868,879	583,904	5,452,783
Total liabilities and fund balances	$ 9,436,552	$ 1,321,527	$ 10,758,079

See accompanying notes to financial statements

The City of Dover
Reconciliation of Governmental Fund Balances
To Government-Wide Net Assets
June 30, 2012

Total fund balances for governmental funds (Page 39)		$ 5,452,783
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		51,727,939
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		834,103
The net pension asset resulting from contributions in excess of the annual required contribution (police and employee) is not a current financial resource, and, therefore, is not reported in the governmental funds.		
Police Pension Plan	$ 198,350	
General Pension Plan	64,726	263,076
An internal service fund (page 44) is used by the City to charge the cost of the workers' compensation fund. The net assets of the internal service fund are included in governmental activities in the statement of net assets.		633,051
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net assets.		
Compensated absences represent amounts accrued for sick leave for those employees who are vested and accrued vacation for all employees.		
The net OPEB obligation resulting from contributions less than the annual required contribution (general) is not a use of current financial resources, and therefore, is not reported in the governmental funds.		
Current-		
General Obligation Bonds	$ (420,000)	
Compensated Absences	(1,009,065)	
	(1,429,065)	
Long-Term-		
General Obligation Bonds, net of discount	$ (1,665,815)	
Compensated Absences	(1,271,059)	
Net OPEB Obligation	(11,179,542)	
	(14,116,416)	(15,545,481)
Total net assets of governmental activities (Page 37)		$ 43,365,471

See accompanying notes to financial statements

The City of Dover
Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Fines	$ 684,012	$ 518,603	$ 1,202,615
Library revenue- general	53,101	-	53,101
Library revenue county reimbursement	422,721	-	422,721
Licenses and permits	2,816,866	-	2,816,866
Sanitation fees and rebates	1,903,623	-	1,903,623
Recreation	-	44,522	44,522
Miscellaneous services	3,939,634	660	3,940,294
Property taxes	11,089,429	-	11,089,429
Transfer taxes	-	1,373,103	1,373,103
Grants received	6,865,165	2,044,593	8,909,758
Court of Chancery fees	863,220	-	863,220
Investment income	116,870	535	117,405
Total revenues	28,754,641	3,982,016	32,736,657
Expenditures			
Current:			
General government	1,093,772	-	1,093,772
Library services	13,219,138	299,431	13,518,569
Public safety and law enforcement	16,478,602	523,017	17,001,619
Public works	1,649,460	424,601	2,074,061
Recreational services	827,230	-	827,230
Streets and sanitation services	3,280,165	-	3,280,165
Financial administration	902,009	-	902,009
Garage and stores	503,036	-	503,036
Insurance	198,241	-	198,241
Retiree health care	1,614,241	-	1,614,241
Employee pension	1,545,000	-	1,545,000
Community and economic development	216,803	556,405	773,208
Street lights	986,430	-	986,430
Debt Service:			
Principal retirement	275,000	-	275,000
Interest and fiscal charges	52,734	-	52,734
Bond issuance costs	27,255	-	27,255
Total expenditures	42,869,116	1,803,454	44,672,570
Excess (deficiency) of revenues over (under) expenditures	(14,114,475)	2,178,562	(11,935,913)
Other financing sources and uses			
Proceeds from sale of bonds	851,500	-	851,500
Transfers in	10,956,297	2,907	10,959,204
Transfers out	(2,907)	(2,655,501)	(2,658,408)
Total other financing sources and uses	11,804,890	(2,652,594)	9,152,296
Net change in fund balances	(2,309,585)	(474,032)	(2,783,617)
Fund balances at beginning of year	7,760,608	1,057,936	8,818,544
Prior Period Adjustment - Deferred Revenue	(582,144)	-	(582,144)
Fund balances at beginning of year - Restated	7,178,464	1,057,936	8,236,400
Fund balances at end of year	$ 4,868,879	$ 583,904	$ 5,452,783

See accompanying notes to financial statements

The City of Dover
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Net change in fund balances--total governmental funds (Page 41)		$ (2,783,617)
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capitalization of net capital asset expenditures including CIP	$ 13,927,289	
Loss on assets transferred in and not fully depreciated	(45,880)	
Current Year depreciation and amortization	(2,492,608)	11,388,801
Governmental funds report the repayment of principal of general long-term debt as an expenditure but the repayment reduces the liability in the statement of net assets.		275,000
Changes in other assets are not available to pay for current period expenditures and therefore are deferred in the funds.		(457,816)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Amortization of 2003 Bond Issuance costs	$ (10,172)	
2012 Library Construction Loan Proceeds	(851,500)	(861,672)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for the transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, assets are not recognized in governmental funds unless they represent current financial resources but are recognized in the statement of activities as they accrue. The following differences, therefore, occur between the statement of activities and the governmental funds.		
Decrease in compensated absences	$ 306,544	
Increase in net pension asset - Police Plan	(337,461)	
Increase in net pension asset - General Pension Plan	(21,236)	
Increase in net OPEB obligation - General Fund	(3,354,153)	(3,406,306)
An internal service fund is used by the City to charge the costs of workers' compensation insurance to individual funds. The change in net assets of the internal service fund is transferred to the governmental funds and amounts attributable to internal charges are then allocated to functional expenditures. Net revenue is allocated back to respective functions and business type activities, as appropriate.		(1,303,646)
Change in net assets of governmental activities (Page 38)		$ 2,850,744

See accompanying notes to financial statements

The City of Dover
Statement of Net Assets - Proprietary Funds
June 30, 2012

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water/ Wastewater Fund	Electric Revenue Fund	Total	
Assets				
Current assets:				
Cash and cash equivalents	$ 1,571,836	$ 6,438,692	$ 8,010,528	$ 467,599
Investments	6,999,674	16,978,692	23,978,366	610,024
Receivables, net	855,506	6,637,382	7,492,888	19,564
Due from other funds-charges	72	24,590	24,662	-
Inventory	67,789	3,863,534	3,931,323	-
Prepaid items	477	14,982	15,459	11,250
Total current assets	9,495,354	33,957,872	43,453,226	1,108,437
Non-current assets:				
Restricted assets				
Cash	1,432,327	7,089,486	8,521,813	-
Investments	3,911,530	22,835,299	26,746,829	-
Net pension/OPEB asset	201,122	1,208,351	1,409,473	-
Land and construction in progress	2,955,819	2,247,080	5,202,899	-
Capital assets, net of depreciation	42,544,676	87,983,738	130,528,414	-
Total non-current assets	51,045,474	121,363,954	172,409,428	-
Total assets	60,540,828	155,321,826	215,862,654	1,108,437
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	470,654	5,761,703	6,232,357	475,386
Due to other funds - charges	128,396	360,098	488,494	-
Deferred revenue	-	285,867	285,867	-
Accrued interest payable	118,370	630,027	748,397	-
Customer deposits	-	1,904,431	1,904,431	-
Revenue bonds payable	687,230	2,110,000	2,797,230	-
Liability for compensated absences	81,961	180,247	262,207	-
Total current liabilities	1,486,611	11,232,373	12,718,983	475,386
Non-current liabilities:				
Net OPEB Obligation	407,997	-	407,997	-
Revenue bonds payable	10,178,124	25,885,025	36,063,149	-
Liability for compensated absences	102,374	482,819	585,194	-
Total non-current liabilities	10,688,495	26,367,844	37,056,340	-
Total liabilities	12,175,106	37,600,217	49,775,323	475,386
Net Assets				
Invested in capital assets, net of related debt	36,067,468	62,235,795	98,303,263	-
Restricted for capital construction	3,911,530	29,924,785	33,836,315	-
Unrestricted	8,386,724	25,561,029	33,947,753	633,051
Total net assets	$ 48,365,722	$ 117,721,609	$ 166,087,331	$ 633,051

See accompanying notes to financial statements

The City of Dover
Statement of Revenues, Expenses and
Changes in Fund Net Assets- Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Funds			Governmental
	Water/ Wastewater Fund	Electric Revenue Fund	Total	Activities - Internal Service Funds
Operating Revenues				
Charges for services	$ 11,481,030	$ 91,947,980	$ 103,429,010	$ -
Miscellaneous services/income	2,294,803	1,581,421	3,876,224	564,887
Total operating revenues	13,775,833	93,529,401	107,305,234	564,887
Operating Expenses				
Water/wastewater services	7,637,920	-	7,637,920	-
General administrative	1,041,868	5,223,149	6,265,017	1,769,964
Power supply	-	58,929,133	58,929,133	-
Transmission/distribution	-	3,023,566	3,023,566	-
Engineering	-	1,163,379	1,163,379	-
Metering	-	205,791	205,791	-
Systems operations	-	498,063	498,063	-
Utility tax	-	1,548,209	1,548,209	-
Depreciation	1,603,159	4,783,444	6,386,603	-
Contractual services	-	-	-	31,100
Taxes	-	-	-	24,337
Retirees healthcare	383,765	1,015,731	1,399,496	-
Self insurance-workers' compensation	-	-	-	67,652
Total operating expenses	10,666,712	76,390,465	87,057,177	1,893,053
Operating income	3,109,121	17,138,936	20,248,057	(1,328,166)
Non-operating Revenues (Expenses)				
Interest earned:				
Operating funds	43,089	120,876	163,965	-
Reserve funds	66,519	348,640	415,159	19,987
Net increase in fair value of investments	6,096	45,200	51,296	4,533
Interest and fiscal charges	(403,597)	(1,283,174)	(1,686,771)	-
Gain on sale of assets	1,702	47,966	49,668	-
Total non-operating revenue (expenses)	(286,191)	(720,492)	(1,006,683)	24,520
Income before contributions and transfers	2,822,930	16,418,444	19,241,374	(1,303,646)
Contractor contributions - infrastructure	441,285	-	441,285	-
Transfers out	(424,508)	(7,876,288)	(8,300,796)	-
Change in net assets	2,839,707	8,542,156	11,381,863	(1,303,646)
Total net assets--beginning	45,526,015	109,179,453	154,705,468	1,936,697
Total net assets--ending	$ 48,365,722	$ 117,721,609	$ 166,087,331	$ 633,051

See accompanying notes to financial statements

The City of Dover
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Wastewater Fund	Electric Revenue Fund	Total	
Cash Flows from Operating Activities				
Receipts from customers	$ 13,847,970	$ 94,594,624	$ 108,442,594	$ -
Payments to suppliers (including purchased power)	(7,773,310)	(65,156,443)	(72,929,753)	(101,532)
Payments to employees	(1,795,746)	(4,380,958)	(6,176,704)	-
Payments of personnel related costs	(730,933)	(1,482,394)	(2,213,327)	24,528
Internal activity--payments from (to) other funds	(23,539)	-	(23,539)	(27,430)
Other receipts (payments) including claims paid	(417,882)	(2,889,132)	(3,307,014)	(941,397)
Net cash provided by operating activities	3,106,560	20,685,697	23,792,257	(1,045,831)
Cash Flows from Noncapital Financing Activities				
Transfers out	(424,508)	(7,876,288)	(8,300,796)	-
Net cash used by noncapital financing activities	(424,508)	(7,876,288)	(8,300,796)	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(4,114,070)	(3,194,082)	(7,308,152)	-
Proceeds from capital debt	3,249,161	-	3,249,161	-
Bond issuance costs	(59,222)	-	(59,222)	-
Principal paid on revenue bond maturities	(388,009)	(2,060,000)	(2,448,009)	-
Interest paid on capital debt	(253,649)	(1,287,479)	(1,541,128)	-
Net cash used by capital and related financing activities	(1,565,789)	(6,541,561)	(8,107,350)	-
Cash Flows from Investing Activities				
Interest on investments	43,089	120,876	163,965	-
Redemption of investment securities	-	-	-	974,491
Purchase of investment securities	(4,116,308)	(8,395,453)	(12,511,761)	24,520
Interest on restricted cash	66,519	348,640	415,159	-
Net cash provided (used) by investing activities	(4,006,700)	(7,925,937)	(11,932,637)	999,011
Net decrease in cash and cash equivalents	(2,890,437)	(1,658,089)	(4,548,526)	(46,820)
Balances--beginning of the year	5,894,600	15,186,267	21,080,867	514,419
Balances--end of the year	$ 3,004,163	$ 13,528,178	$ 16,532,341	$ 467,599
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ 3,109,121	$ 17,138,936	$ 20,248,057	$ (1,328,166)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,603,159	4,783,444	6,386,603	-
Changes in assets and liabilities				
(Increase)/decrease in receivables	52,127	895,194	947,321	(15,564)
(Increase)/decrease in due from other funds	20,010	1,995	22,005	500
(Increase)/decrease in inventory	32,349	154,195	186,544	-
(Increase)/decrease in prepaid items	708	369,943	370,651	56,402
Increase/(decrease) in accounts payable and accrued expenses	(1,499,370)	(1,462,579)	(2,961,949)	240,997
Increase/(decrease) in deferred revenue	-	91,845	91,845	-
Increase/(decrease) in due to other funds	(18,539)	(51,100)	(69,639)	-
Increase/(decrease) in customer deposits	-	76,189	76,189	-
Increase/(decrease) in liability for compensated absences	(13,523)	7,261	(6,262)	-
Increase/(decrease) in NPO/NPA for Pension	(167,391)	(1,139,972)	(1,307,363)	-
Increase/(decrease) in NPO/NPA for OPEB	(12,091)	(179,654)	(191,745)	-
Net cash provided (used) by operating activities	$ 3,106,560	$ 20,685,697	$ 23,792,257	$ (1,045,831)
Non-cash investing, capital and financing activities:				
Change in fair value of investments	$ 6,096	$ 45,200	$ 51,296	$4,533
Capital contributions - infrastructure	441,285	-	441,285	-

See accompanying notes to financial statements

The City of Dover
Statement of Fiduciary Net Assets
June 30, 2012

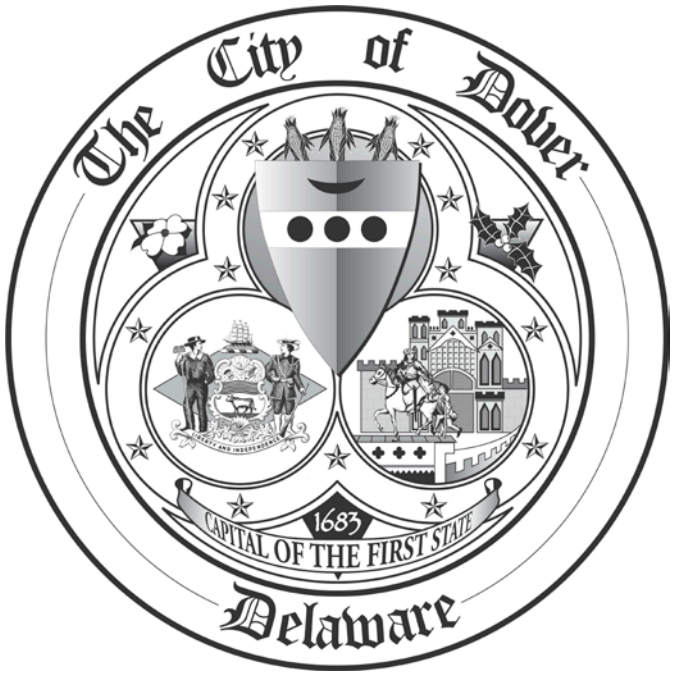
	Pension Trust Funds	OPEB Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	$ 1,462,787	$ 748,815	$ 453,410
Investments at fair value - Mutual Funds	31,273,526	10,165,607	-
Receivables	-	-	54,854
Prepaid items	-	-	3,140
Total assets	32,736,313	10,914,422	511,404
Liabilities			
Accounts payable	-	1,250	56,270
Due to agencies	-	-	455,134
Total liabilities	-	1,250	$ 511,404
Net Assets held in trust for retirement benefits	$ 32,736,313	$ 10,913,172	

See accompanying notes to financial statements

The City of Dover
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2012

	Pension Trust Funds	OPEB Trust Fund
Additions:		
Net investment income/(loss)	$ (39,822)	$ 236,936
City's contribution- payroll based	354,034	1,068,895
City's contribution- lump sum	2,883,900	4,512,845
Employee contribution	279,092	-
State insurance premium tax proceeds	561,772	-
Other	11,519	63,571
Total additions to net assets	4,050,495	5,882,247
Deductions:		
Benefit payments	4,736,089	1,974,870
General administration	31,405	42,192
Refund of pension contribution	109,354	-
Total deductions from net assets	4,876,848	2,017,062
Changes in net assets	(826,353)	3,865,185
Net assets - beginning	33,562,666	7,047,987
Net assets - ending	$ 32,736,313	$ 10,913,172

See accompanying notes to financial statements


The City of Dover
1683
CAPITAL OF THE FIRST STATE
Delaware

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

1. FINANCIAL REPORTING ENTITY

A. The City

The City of Dover was incorporated in 1829 and is a municipal corporation governed by an elected mayor and a nine-member council. The accompanying financial statements present the financial position and operating results for fiscal year ended June 30, 2012.

B. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in Accounting Principles Generally Accepted in the United States of America (GAAP). The criterion used is that set forth by Statement of Governmental Accounting Standards number 14, which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based upon this criterion, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Included within the reporting entity:
The City provides many services as follows - police protection, street maintenance, sanitation, recreation, library, community development, public improvements, planning, safety inspections, electric generation and distribution, water and wastewater services, legislative services and general administration, including employee benefits. These functions are part of the City's daily operations and therefore are not legally separate component units.

Not included within the reporting entity:
The City has joined the State of Delaware Police Pension Plan for uniformed police officers employed by the City after September 1, 1982. The plan is completely managed by the State of Delaware and, therefore, is not included in the financial statements.

The Robbins Hose Volunteer Fire Company and the Capital School District are not included within the financial reporting entity because they do not meet the criteria for inclusion set forth by GAAP.

2. SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

The government-wide statement of activities presents a comparison between direct program expenses and program revenues for each function of the City's governmental activities and for each of the City's identifiable business-type activities. Direct expenses are those that are specifically associated with a program, function or activity. Program revenues include (a) charges paid by the recipients or beneficiaries of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The City allocates the costs of certain governmental services to the costs of business-type activities (indirect expense allocation). These costs include allocated amounts of city management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, etc. The allocations are charged to the BTAs based on the use of these services. As a matter of policy, the costs of certain governmental functions are not allocated to the business-type activities such as public safety, library and recreation and community services.

Fund Financial Statements: The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements provide information about the City's funds, including fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The City reports the following major governmental fund:

General Fund
The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

Water/Wastewater Fund
This fund accounts for transactions related to water and wastewater services, including the payment of fees to Kent County for the treatment of sewage. The City also holds lease agreements with cell phone companies for equipment placed on City water towers.

Electric Revenue Fund
This fund incorporates all transactions related to the generation, transmission and distribution of electricity. The City has contracted with both PACE Global and North American Energy Services to manage the City's power supply and generation assets.

The City reports the following non-major funds:

Internal Service Fund
The City has created one internal service fund to account for the activities related to self-insured Workers' Compensation. Receipts are provided from contributions by the City's three major funds. Expenses are related to payment of claims, premiums, and administration costs. Actuarial analyses are completed triennially to insure sufficient reserves for claims for the Workers' Compensation Fund.

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

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

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

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

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

B. Basis of Accounting and Measurement Focus

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

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

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

Property taxes are recognized in the fiscal period for which they are levied provided they are "available"- i.e., they are collected in the current period or are expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty-days after year-end, except for trash collection, which has a thirty-day collection period.

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

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

A reconciliation of the governmental fund financial statements prepared on the modified accrual basis of accounting to the government-wide financial statements prepared on the accrual basis of accounting is also provided. The types of transactions included in program revenues in the government-wide statement of activities include charges for services, operating grants and capital grants.

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

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

As permitted by GASB Statement No. 20, with regards to its Enterprise funds the City has elected to apply all applicable GASB pronouncements and all FASB Statements and interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

C. Capital Assets and Long-Term Liabilities

Capital assets used in Governmental Fund type operations (general capital assets) are accounted for in the government-wide financial statements rather than in the funds. Public domain ("infrastructure") general capital assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are capitalized in the government-wide financial statements along with other general capital assets. The capitalization threshold for the City's assets is $5,000. Personal computers and related hardware valued under $5,000 are manually controlled by the Information Technology Department. All capital assets are valued at historical cost and donated assets are shown at a fair market value as of the date of donation. Depreciation has been provided on general capital assets and is shown in Note 4. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20	-	50	years
Infrastructure	20	-	50	years
Vehicles	4	-	7	years
Equipment, Furniture, Fixtures	5	-	15	years

Long-term liabilities expected to be financed from governmental funds and the long-term estimated liabilities for compensated absences are accounted for in the government-wide financial statements, but not in the Governmental Funds.

Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is shown in Note 4 of this section. Depreciation in the proprietary funds has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are presented below:

Buildings, Mains, Plant	25	-	50	years
Improvements	10	-	20	years
Equipment	5	-	15	years
Vehicles	4	-	7	years

D. Budget Procedures

Legally adopted budgets are prepared for the General Fund, Water/Wastewater Fund, Electric Revenue Fund, the Internal Service Fund and the following non-major special revenue funds: Municipal Street Aid Fund, Community Development Block Grant Fund (Federal), State Department of Transportation Grants Fund (Community Transportation), and Library Grants Fund.

The General Governmental Capital Project Fund provides for separate budgets to cover the planning and control of capital items for the governmental programs. The financial transactions of this fund are included in the financial statements of the General Fund. The Electric Improvement and Extension Fund and the Water/Wastewater Improvement and Extension Fund are sections of each utility enterprise. These sections are required by bond resolutions. Separate budgets for these funds cover the planning and control of only the capital items of the utilities. The financial transactions of these funds are included in the financial statements of the Electric Revenue Fund and the Water/Wastewater Fund.

The City prepares the budget for the General Fund revenues on a modified accrual basis. The expenditures are accounted for when the purchase orders are issued.

Budgets for the Electric Revenue Fund, Water/Wastewater Fund and Internal Service Fund are prepared on an accrual basis. Budgets are prepared under the assumption that the principal redemption of long-term debt must be assumed by Enterprise Fund activity in conformity with the bond ordinance.

The budget and actual schedules (in the legal budget format (non-GAAP), adopted by the City) for the General Fund, the City's major governmental fund, are presented in the Required Supplementary Information Section of this report. The Governmental Capital Project Fund is budgeted as part of the General Fund and is also presented in the Required Supplementary Information Section of this report. The budget and actual schedules of the other funds are presented in the supplementary information section of this report because they are "not required."

According to the City's procedures, the preceding year's ending net budgetary balances are considered as resources for the following year. The beginning balances become operating items of revenues in the budgets. Estimated ending budgetary balances provide the balancing amount for each budget. In accordance with the City's financial policies, adopted by City Council, the major operating funds of the City are required to maintain an 8% minimum ending budget balance expressed as a percentage of operating revenues excluding the beginning budget balance.

E. Major Transfers

The Electric Revenue Fund and Water/Wastewater Fund annually transfer a budgeted portion of their revenues to the General Fund. In this fiscal year transfers were also made from the Realty Transfer Tax Fund, Municipal Street Aid Fund, Electronic Red Light Safety Program (ERLSP) Fund, State Department of Transportation (D.O.T.) Fund, and Police Grant Fund to the General Fund. The purpose of these transfers is to provide routine subsidies to the General Fund for operating functions, capital project expenditures and debt service requirements.

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

F. Inventories and Prepaid Items

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

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

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

G. Cash and Investments

The City's cash and cash equivalents consist of cash on hand, demand deposits, certificate of deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of United States Government and its agencies notes and bonds, corporate bonds and common stocks and open-end mutual funds. The fair value of investments is determined by current market value.

H. Accounts Receivable

Allowances for uncollectible accounts are maintained and uncollectible accounts are charged off against these allowances. The authority to write off accounts is vested with the City Council. Current balances of allowances are as follows:

General Fund	$150,863
Water/Wastewater Fund	103,234
Electric Revenue Fund	426,651

I. Restricted Assets

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

Restricted assets as of June 30, 2012 total $36,144,070 including cash and cash equivalents of $9,379,105 and $26,764,965 in investments. Of this amount, $875,428 is attributed to governmental activities and $35,268,642 is attributable to business-type activities.

J. Unbilled Service Receivables

The City follows a policy of billing for services in accordance with billing cycle procedures. All known services rendered are billed and incorporated in the books at

the end of the fiscal year. Billing information which is unreported by June 30, 2012, by the operating departments is billed and accounted for in the month the information is received.

K. Bond Accounts/Issuance Costs

In governmental funds, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for Proprietary Funds and in the government-wide financial statements are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts and issuance costs are presented as a reduction of the face amount of bonds payable.

L. Fund Balances and Net Assets

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

- Non-spendables are amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted are amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed are amounts that can be used only for specific purposes determined by a formal action, either a City ordinance or resolution, which is approved by City Council majority vote the highest level of decision-making authority.
- Assigned are amounts that are designated by city management for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by City Council.
- Unassigned fund balance represents the amount available for appropriation.

The city considers restricted, committed, or assigned amounts to have been spent when a related expenditure is incurred. Proprietary funds report net assets in three categories:

1) invested in capital assets net of related debt;
2) restricted net assets; and
3) unrestricted net assets.

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

M. Estimates

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

3. DEPOSITS AND INVESTMENTS

A. Cash in Bank and Cash Equivalents

Custodial credit risk – deposits. The bank collateralizes the City of Dover's deposits over and above those covered by the $250,000 FDIC Insurance limit with specific securities, which are 'marked to market' daily against the aggregate balances. The market value of the collateral is at a minimum of or equal to 102% of the amount of applicable deposits. Collateral consists solely of either full faith and credit obligations of the United States Government or fixed rate obligations of agencies or instruments of the United States Government. The Custodian holds the Collateral in a separately designated pledge account in the name of the City.

On June 30, 2012, the carrying amount of unrestricted cash totaled $10,906,133 and the bank cash balances totaled $10,547,880. The carrying amount of restricted cash totaled $9,379,105 and the bank cash balances on restricted accounts totaled $9,370,862. The restricted deposits are held by the City for bond related transactions, special purpose operating and capital grants. Fiduciary fund deposits of $2,665,012 are excluded.

B. Investments

The City Council has adopted an investment policy which is reviewed every two years and updated as needed for best practices. The Pension Boards have their own distinct investment policy over the Pension Trust funds since the objectives differ from those of the City. The City investments are segregated from the Pension Trust investments for clarity. As of June 30, 2012, the City had the following investments:

i. Investments Held by Third Party Custodian

Investment Type	Fair Value	(Years)
Government-Wide:		
Fixed income securities:		
U.S. Government Treasuries	$ 11,413,942	2.68
U. S. Government Agencies	22,740,188	2.53
Municipal Obligations	1,868,408	3.40
Corporate Bonds	15,412,983	1.86
Certificate of Deposit	3,270,380	1.06
Fair Value of fixed income securities	54,705,901	
Portfolio weighted average maturity		2.31
Other investments:		
Money Market Mutual Funds & Certificate of Deposit	36,900	
Equity Stock and Other	23,158	
Total Other Investments	60,058	
Total Government-Wide Investments	$ 54,765,959	

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates the City's investment policy limits U.S. Government securities to a maximum maturity of 10 years from the date of purchase. For most other securities,

the maximum maturity is five years from the date of purchase. Short-term cash flow balances are invested up to one year.

The investments are held in the City's name at a third party custodian.

Credit risk: The City's investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. As of June 30, 2012, the City's fixed income and short-term investments had the following risk characteristics as compared to the Standard's & Poor's:

Authorized Investments	Policy Minimum Rating Category	Portfolio Ratings	Percent Allocation
U.S. Government	N/A	AAA	20.86%
U.S. Government Agency	N/A	AAA	41.57%
Certificates of Deposit and	Short-Term A-1	Short-Term A-1+	5.98%
Time Deposits	Long-Term AA	Long-Term AA-	
Corporate Debt	Issued by a US Corporation		
Commercial Paper	A-1	N/A	
Corporate Notes/Bonds	AA	AA- to AAA	28.17%
Repurchase Agreements	Short-Term A-1 Long-Term AA	N/A	
Registered Investment Companies (money market funds)	AAAm	AAAm	
Municipal Obligations	AA	AA- to AAA	3.42%

Concentration of credit risk: The City has sector and issuer limitations on its investment portfolio as follows:

Authorized Investments	Sector and Issuer Restrictions
U.S. Government	Up to 100% per sector
U.S. Government Agency	Up to 100% per sector
Certificates of Deposits and Time Deposits	Up to 25% per sector; 5% per issuer
Corporate Debt	
Commercial Paper	Up to 25% per sector; 5% per issuer
Corporate Notes/Bonds	Up to 50% per sector; 5% per issuer
Repurchase Agreements	Up to 25% per sector
Registered Investment Companies (money market funds)	Up to 25% per sector
Municipal Obligations	Up to 30% per sector; 5% per issuer

ii. Investments Held for Employee Post Retirement Benefits

Investment Type	Fair Value	(Years)
Other Postemployment Benefits (OPEB) and Pension Funds (Trustee held):		
Corporate Bonds - OPEB Trust	$ 3,148,635	4.85
Short-term corporate bond open-end mutual funds	7,061,875	2.70
Intermediate-term corporate bond open-end mutual funds	3,649,672	6.50
Fair value of fixed income investments	13,860,182	
Portfolio weighted average maturity		4.68
Other investments:		
Domestic equity open-end mutual funds	17,302,430	
International equity open-end mutual funds	10,276,521	
Fair value of other investments	27,578,951	
Total fair value OPEB and pension funds	$ 41,439,133	

The Pension Trust and OPEB Trust have their investments exclusively in open-end mutual funds, with limits on its investments as follows:

Authorized Investments	Target%	Benchmark
Domestic Equities:		
Large Value	14.00%	S&P 500 Value
Mid-Cap Value	9.00%	MSCI US Mid Cap 450 Index USD
Large Growth	12.70%	S&P 500 Growth
Small Value	5.00%	S&P 600 Value
Global Equities:		
World Stock	18.10%	MSCI AC World Index NS USD
International		
Foreign Large Value	6.50%	MSCI EAFE Large Value NR USD
Fixed Income		
Short Term Bonds	11.10%	Barclays US Govt/Credit 1-3 YR TR USD
Intermediate Term Bonds	21.90%	Barclays US Govt/Credit 5-10 YR TR USD
Cash & Cash Equivalents	2.00%	BofA ML 3-month T-bill total return index

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

4. CAPITAL ASSETS

A summary of the Capital asset activity for the year ended June 30, 2012 is presented below:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 3,958,887	$ -	$ -	$ 3,958,887
Construction in progress	4,353,219	12,406,195	-	16,759,414
Total capital assets, not being depreciated	8,312,106	12,406,195	-	20,718,301
Capital assets, being depreciated:				
Buildings	10,941,377	-	-	10,941,377
Furniture and fixtures	180,350	-	-	180,350
Equipment	6,945,986	278,938	259,270	6,965,654
Vehicles	4,701,285	311,855	335,481	4,677,659
Lights	614,531	-	-	614,531
Improvements other than buildings	38,768,648	930,301	2,234	39,696,715
Books and audio visuals	8,115	-	-	8,115
D.R.M.O. police equipment	46,701	-	46,701	-
Total capital assets, being depreciated	62,206,993	1,521,094	643,686	63,084,401
Less accumulated depreciation for:				
Buildings	(3,660,115)	(256,721)	-	(3,916,836)
Furniture and fixtures	(163,669)	(6,296)	-	(169,965)
Equipment	(5,104,771)	(388,680)	246,002	(5,247,449)
Vehicles	(2,998,303)	(483,338)	305,103	(3,176,538)
Lights	(445,230)	(9,952)	-	(455,182)
Improvements other than buildings	(17,753,036)	(1,347,621)	-	(19,100,657)
Books and audio visuals	(8,136)	-	-	(8,136)
D.R.M.O. police equipment	(46,701)	-	46,701	-
Total accumulated depreciation	(30,179,961)	(2,492,608)	597,806	(32,074,763)
Total capital assets, being depreciated, net	32,027,032	(971,514)	45,880	31,009,638
Governmental activities capital assets, net	$ 40,339,138	$ 11,434,681	$ 45,880	$ 51,727,939

(continued)

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Electric Revenue Fund				
Capital assets, not being depreciated				
Land	$ 1,458,066	$ -	$ -	$ 1,458,066
Construction in progress	424,809	981,729	617,524	789,014
Total capital assets, not being depreciated	1,882,875	981,729	617,524	2,247,080
Capital assets, being depreciated				
Buildings	17,383,566	73,062	-	17,456,628
Production	63,408,937	1,201,462	-	64,610,399
Transmission	32,558,944	625,968	78,164	33,106,748
Distribution	59,824,248	956,948	100,831	60,680,365
Administration	1,551,280	82,737	-	1,634,017
Vehicles	622,236	48,238	30,378	640,096
Total capital assets, being depreciated	175,349,211	2,988,415	209,373	178,128,253
Less accumulated depreciation for:				
Buildings	(10,992,065)	(408,243)	-	(11,400,308)
Production	(39,931,442)	(1,485,180)	-	(41,416,622)
Transmission	(9,206,982)	(1,173,393)	35,821	(10,344,554)
Distribution	(23,817,302)	(1,563,452)	58,487	(25,322,267)
Administration	(1,102,778)	(93,767)	-	(1,196,545)
Vehicles	(435,188)	(59,409)	30,378	(464,219)
Total accumulated depreciation	(85,485,757)	(4,783,444)	124,686	(90,144,515)
Total capital assets, being depreciated, net	89,863,454	(1,795,029)	84,687	87,983,738
Total electric revenue fund capital assets, net	91,746,329	(813,300)	702,211	90,230,818
Water/Wastewater Fund				
Capital assets, not being depreciated				
Land	163,240	-	-	163,240
Construction in progress	5,052,761	3,778,547	6,038,729	2,792,579
Total capital assets, not being depreciated	5,216,001	3,778,547	6,038,729	2,955,819
Capital assets, being depreciated				
Plant, wells, pumping stations, and storage	15,645,634	72,866	-	15,718,500
Distribution mains, hydrants, and accessories	16,828,436	845,137	-	17,673,573
Sewage plant mains, and pumping stations	25,868,143	5,712,426	-	31,580,569
Vehicles and equipment	4,441,025	186,903	49,073	4,578,855
Total capital assets, being depreciated	62,783,238	6,817,332	49,073	69,551,497
Less accumulated depreciation for:				
Plant, wells, pumping stations, and storage	(6,382,895)	(325,902)	-	(6,708,797)
Distribution mains, hydrant, and accessories	(5,470,117)	(340,275)	-	(5,810,392)
Sewage plant mains, and pumping stations	(10,514,667)	(650,294)	-	(11,164,961)
Vehicles and equipment	(3,085,056)	(286,688)	49,073	(3,322,671)
Total accumulated depreciation	(25,452,735)	(1,603,159)	49,073	(27,006,821)
Total capital assets, being depreciated, net	37,330,503	5,214,173	-	42,544,676
Total water/wastewater fund capital assets, net	42,546,504	8,992,720	6,038,729	45,500,495
Business-type activities capital assets, net	$134,292,833	$ 8,179,420	$ 6,740,940	$135,731,313

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

Governmental activities:	
General government	$ 17,029
Central services	96,352
Public safety	459,138
Public works	1,644,731
Library and recreation	199,014
Financial administration	76,344
Total depreciation expense - governmental activities	$ 2,492,608

5. LONG -TERM OBLIGATIONS

A. Summary of Bonded Indebtedness by Issue

	Original	Remaining	Interest	Maturity	Arbitrage	Purpose
Governmental Activities						
2003 General Obligation Bonds	$3,430,000	$1,275,000	3.870%	7/1/04 - 7/1/16	No	Refunding of '92 &'95 issues
2012 General Obligation Bonds	$4,700,000	$851,500	2.600%	5/25/13 - 5/25/32	No	Construction of New Library, Street Paving Program, Installation of City Hall Sprinkler System
Business Type Activities						
Water/Wastewater Bonds						
2000 State of Delaware - Revolving Loan Fund - Municipal Revenue	$750,000	$365,083	3.600%	10/1/00 - 4/1/20	No	Wastewater Pump Station # 7 - Leipsic
2003 Revenue Bonds	$7,980,000	$2,610,000	3.790%	7/1/04 - 7/1/23	Yes	Complete refund 1986B Series; partial refunding 1993 and 1993A Series; expansion and upgrades of water and sanitary sewer systems
2009 State of Delaware - Revolving Loan Fund - Municipal Revenue	$5,581,059	$5,581,059	2.000%	12/1/12 - 12/1/31	No	Pump station replacements/upgrades and sanitary sewer main relining
2010 State of Delaware - Revolving Loan Fund - Municipal Revenue	$2,404,017	$2,354,745	2.470%	4/1/12 - 10/1/30	No	Water quality improvements and main replacements
2011 State of Delaware - Revolving Loan Fund - Municipal Revenue	$765,060	$65,822	2.000%	Est. 12/31/31	No	Construction in progress - Pump station replacements/upgrades and sanitary sewer main relining; Maturity date will be set at project completion
(Coverage ratio on Water/Wastewater Bonds requires net revenues to be at least 1.2 times the maximum annual debt service)						
Electric Revenue Bonds						
2010 Revenue Bonds	$8,810,000	$7,140,000	1.777%	7/1/11 - 7/1/15	Yes	Complete refund 2004 Series
2008 Revenue Bonds	$22,200,000	$21,080,000	4.810%	7/1/09 - 7/1/33	Yes	Expansion and upgrades of electric system
(Coverage ratio on Electric Bonds requires net revenues to be at least 1.25 times the maximum annual debt service)						

B. Status as of June 30, 2012 – General Obligation Bonds

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

2003 Series	$1,275,000
2012 Series	851,500
	$2,126,500

The 2012 Series General Obligation Bonds represent proceeds from drawdowns on a bank qualified loan during the construction period of the projects financed. The projects financed by the approved issue of $4.7 million are expected to be completed in Fiscal Year 2013. The City has a forward rate commitment at 2.6% which expires May 23, 2013. The total General Obligation Bonds outstanding amount includes $420,000 payable within one year based on estimates of the 2012 Series debt amortization.

C. Change in Long-Term Debt

The following tables summarize the debt transactions for the year ended June 30, 2012:

i. General Long-Term Debt

Item	Balance 7/01/11	Additions	Reductions	Balance 6/30/12	Payable within one Year
Compensated Absences	$ 2,586,668	$ 1,323,135	$ 1,629,679	$ 2,280,124	$ 1,009,065
General Obligation Bonds	1,550,000	851,500	275,000	2,126,500	420,000
OPEB Obligation	7,825,389	3,354,153	-	11,179,542	-
Sub-total of General Long-Term Debt	$ 11,962,057	$ 5,528,788	$ 1,904,679	$ 15,586,166	$ 1,429,065

(a) During fiscal year 2012 the City issued General Obligation Bonds through a bank qualified loan with PNC Bank for capital projects. The projects included a new Dover Public Library and several street re-pavement projects. The amount of the bond is $4.7 million. The loan is set up for the City to draw down the funds as capital expenses are paid. The City pays interest only during the construction period, which is capitalized with the asset. Upon completion of the financed projects, the City will receive a twenty-year amortization schedule for the principal and interest payments. The capital projects associated with this bond are expected to be completed in fiscal year 2013. The estimated annual payment of $196,500 including interest is anticipated for FY13, and estimated annual payments of $334,200 are expected to begin in FY14.

ii. Enterprise Funds Debt Water/Wastewater Fund

Item	Balance 7/01/11	Additions	Reductions	Balance 6/30/12	Payable within one Year
Compensated Absences	$ 197,858	$ 120,094	$ 133,617	$ 184,335	$ 81,961
Revenue Bonds-Water and Wastewater	2,910,000	-	300,000	2,610,000	310,000
State of Delaware Municipal Revenue Bond - Wastewater	403,820	-	38,737	365,083	40,144
State of Delaware Municipal Revenue Bond - Wastewater	4,321,209	1,259,850	-	5,581,059	236,604
State of Delaware Municipal Revenue Bond - Water	480,528	1,923,489	49,272	2,354,745	100,482
State of Delaware Municipal Revenue Bond - Wastewater (a)	-	65,822	-	65,822	-
OPEB Obligation	575,388	-	167,391	407,997	-
Sub-total of Water/ Wastewater Fund	$ 8,888,803	$ 3,369,255	$ 689,017	$ 11,569,041	$ 769,191

(a) During fiscal year 2011 the City issued revenue bonds through the State of Delaware Revolving Fund Loan program for Wastewater projects. The amount of the Wastewater Bond is $765,060. The loan program is set up for the City to draw down the funds as capital expenses are paid. The City pays interest only during the construction period, which is capitalized with the asset. Upon completion of the financed projects, the City will receive a twenty-year amortization schedule for the principal and interest payments. The capital projects associated with this bond are expected to be completed in fiscal year 2013. Estimated annual payments of $54,000 for Wastewater are expected to begin in FY14.

iii. Enterprise Funds Debt Electric Revenue Fund

Item	Balance 7/01/11	Additions	Reductions	Balance 6/30/12	Payable within one Year
Compensated Absences	$ 655,804	$ 271,042	$ 263,780	$ 663,066	$ 180,247
Revenue Bonds	30,280,000	-	2,060,000	28,220,000	2,110,000
Sub-total of Electric Revenue Fund	30,935,804	271,042	2,323,780	28,883,066	2,290,247
Sub-total of Enterprise Fund Debt	39,824,607	3,640,297	3,012,797	40,452,107	3,059,438
Grand Totals of Long-Term Debt	$ 51,786,664	$ 9,169,085	$ 4,917,476	$ 56,038,273	$ 4,488,503

The revenue and general obligation bonds payable as shown in the statement of net assets are net of unamortized bond discount and issuance costs as follows:

Fund	As Shown Above	Unamortized Bond Discounts	Balance Sheet
General	$ 2,126,500	$ 40,685	$ 2,085,815
Water/Wastewater	10,976,709	111,355	10,865,354
Electric	28,220,000	224,975	27,995,025
Total	$ 41,323,209	$ 377,015	$ 40,946,194

The City does not receive reimbursement for debt service from any other governmental units. The City does not have any special assessment debt or defeased bonds as of June 30, 2012.

D. Debt Service Requirements

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

i. Governmental Activities:

Fiscal	2003 General Obligation Bonds		
Year	Principal	Interest	Total
2013	$285,000	$42,738	$327,738
2014	295,000	32,440	327,440
2015	220,000	22,950	242,950
2016	230,000	14,285	244,285
2017	245,000	4,900	249,900
Total	$1,275,000	$117,313	$1,392,313

ii. Business-type Activities

	Water/Wastewater Fund							
Fiscal	2003 Revenue Bonds		2000 Municipal Revenue Bonds		2009 Municipal Revenue Bonds		2010 Municipal Revenue Bonds	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	$310,000	$95,572	$40,144	$12,785	$236,604	$110,444	$100,482	$60,807
2014	320,000	84,052	41,601	11,326	241,360	105,688	103,121	58,168
2015	330,000	71,512	43,113	9,815	246,211	100,837	105,831	55,459
2016	155,000	65,468	44,679	8,250	251,160	95,888	108,611	52,679
2017	160,000	59,068	46,301	6,626	256,208	90,840	111,464	49,825
2018	165,000	52,302	47,984	4,946	261,358	85,690	114,392	46,897
2019	175,000	44,866	49,727	3,202	266,611	80,437	117,397	43,892
2020	180,000	37,126	51,534	1,397	271,970	75,078	120,481	40,808
2021	190,000	28,766	-	-	277,437	69,611	123,646	37,643
2022	200,000	19,764	-	-	283,013	64,035	126,895	34,395
2023	210,000	10,106	-	-	288,702	58,346	130,228	31,061
2024	215,000	-	-	-	294,505	52,543	133,649	27,640
2025	-	-	-	-	300,424	46,624	137,160	24,129
2026	-	-	-	-	306,463	40,585	140,764	20,526
2027	-	-	-	-	312,623	34,425	144,461	16,828
2028	-	-	-	-	318,906	28,142	148,257	13,033
2029	-	-	-	-	325,316	21,732	152,151	9,138
2030	-	-	-	-	331,855	15,193	156,148	5,141
2031	-	-	-	-	338,526	8,522	79,606	1,039
2032	-	-	-	-	171,807	1,718	-	-
Total	$2,610,000	$568,602	$365,083	$58,347	$5,581,059	$1,186,378	$2,354,745	$629,106

	Electric Revenue Fund				Total
Fiscal	2008 Revenue Bonds		2010 Revenue Bonds		Business-type
Year	Principal	Interest	Principal	Interest	Activities
2013	$410,000	$1,006,954	$1,700,000	$253,100	$4,336,892
2014	430,000	986,454	1,740,000	219,100	4,340,870
2015	450,000	964,954	1,810,000	166,900	4,354,631
2016	475,000	942,454	1,890,000	94,500	4,183,688
2017	695,000	918,704	-	-	2,394,036
2018	730,000	883,954	-	-	2,392,523
2019	765,000	847,454	-	-	2,393,586
2020	800,000	815,706	-	-	2,394,100
2021	840,000	781,706	-	-	2,348,809
2022	880,000	746,006	-	-	2,354,107
2023	925,000	707,506	-	-	2,360,949
2024	970,000	665,881	-	-	2,359,218
2025	1,015,000	622,231	-	-	2,145,568
2026	1,065,000	576,555	-	-	2,149,892
2027	1,120,000	527,300	-	-	2,155,637
2028	1,175,000	475,500	-	-	2,158,837
2029	1,230,000	416,750	-	-	2,155,087
2030	1,290,000	355,250	-	-	2,153,587
2031	1,355,000	290,750	-	-	2,073,443
2032	1,420,000	223,000	-	-	1,816,525
2033	1,485,000	152,000	-	-	1,637,000
2034	1,555,000	77,750	-	-	1,632,750
Total	$21,080,000	$13,984,819	$7,140,000	$733,600	$56,291,739

The preceding tables do not include the final payment schedule for the 2011 State Revolving Loan in the Water/Wastewater Fund and the 2012 General Obligation Bond which will be issued upon completion of the capital related projects; nor do they include compensated absences.

E. Bond Discounts/Issuance Cost Unamortized

The following adjustments were made to the bond discounts/issuance cost for the fiscal year ending June 30, 2012:

	Balance 7/1/2011	Additions (Reductions) FY 2012	Amortized FY 2012	Balance 6/30/2012
General Fund GO Bonds Discounts/Issuance Cost	$ 50,857	$ -	$ 10,172	$40,685
Water/Wastewater Bonds Discounts/Issuance Cost	202,173	(59,222)	31,596	111,355
Electric Revenue Bonds Discounts/Issuance Cost	246,554	-	21,579	224,975

6. RESTRICTED NET ASSETS

In the government-wide financial statements the restricted net assets of the governmental activities and business type activities are as follows:

Governmental Activities

Grants-capital construction	These represent the State DOT and Garrison Oak grants reported in the non-major special revenue funds.	$38,479
Grants-public safety	These represent the Police grants, ERLSP grant and Substance Abuse Prevention grant in the special revenue type funds.	190,520
Other Purposes	These represent all other funds reported in the special revenue type, except the grants reserved for capital construction and public safety. Also included is an endowment from Mary Elizabeth Paton and patronage stocks.	253,781
Total Restricted Net Assets		$482,780

Business Type Activities

Net restricted assets for construction purposes - expendable

Water/Wastewater	Restrictions on investments imposed by bond covenants	$3,911,530
Electric	Restrictions on investments imposed by bond covenants	29,924,785
		$33,836,315

7. FUND BALANCES & NET ASSETS

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

Restricted fund balances represent amounts that have externally imposed restrictions by creditors, grantors, enabling legislation or laws and regulations of other governments. The fund balances of the City's grant funds fall into this category, as well as a couple of accounts that have contractual restrictions imposed by a third party.

Committed fund balances represent amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. These amounts cannot be used for any other purpose unless

the government removes or changes the specified use by taking the same type of action to which it previously committed the amount.
Assigned fund balances represent amounts constrained by the City's intent to be used for specific purposes. These amounts represent the City's capital asset appropriations and the City's matching funds for grant related projects. Also, included are donated assets to be used for law enforcement purposes. The constraints placed on assigned fund balances are implemented through internal processes such as a budget ordinance or motion of City Council. Therefore, they do not have the same restrictive nature of a restricted fund balance.

Unassigned fund balance is the residual amount that has not met the criteria for the aforementioned classifications. The unassigned fund balance is available for expenditures as they are incurred.

The composition of the City fund balances is as follows:

	General Fund	Other Governmental Funds	Total
Fund balances:			
Nonspendable:			
Inventory & Prepaids	$ 176,581	$ 13,099	$ 189,680
Patronage Stock	16,594	-	16,594
Library Endowment	5,000	-	5,000
Subtotal Nonspendable:	198,175	13,099	211,274
Restricted for:			
Library Endowment Interest	1,542	-	1,542
Verizon cable franchise	81,814	-	81,814
Highway resurfacing	-	17,908	17,908
ERLSP	-	100	100
Realty Transfer Tax	-	100	100
CDBG	-	4,156	4,156
CDBG- State for ADA Improvements	-	3,931	3,931
Garrison Oak Master Plan	-	20,571	20,571
Substance Abuse Prevention	-	18,015	18,015
Municiple Street Aid	-	132,230	132,230
Library Grants	-	30,008	30,008
Police Grants	-	172,405	172,405
Subtotal Restricted for:	83,356	399,424	482,780
Committed to:			
Contingency	721,193	-	721,193
Parkland	199,282	-	199,282
Subtotal Committed to:	920,475	-	920,475
Assigned to:			
Capital Assets	641,761	-	641,761
Police Investigations	17,129	-	17,129
Highway resurfacing	-	171,381	171,381
Subtotal Assigned to:	658,890	171,381	830,271
Unassigned	3,007,983	-	3,007,983
Total fund balances	$ 4,868,879	$ 583,904	$ 5,452,783

8. PRIOR PERIOD ADJUSTMENT – DEFERRED REVENUE

During the year ended June 30, 2012 management performed an analysis on deferred revenue balances and identified $0.6 million of additional deferred revenue that relates to prior years. As a result the prior period fund balances have been adjusted for this change.

9. PROPERTY TAXES

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

Beginning of fiscal year for taxes	July 1
Tax rate levied	June
Taxes billed	July 1

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

There are no material delinquent property taxes as of June 30, 2012.

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012 is as follows:

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

Receivable Fund	*Payable Fund*	*Amount*
General Fund	Non-major governmental funds	$176,262
	Water/ Wastewater Fund	112,763
	Electric Revenue Fund	360,098
	Internal Service Fund	1,105
Water/ Wastewater Fund	General Fund	72
Electric Fund	General Fund	8,957
	Water/Wastewater Fund	15,633
Non-Major Governmental Funds	General Fund	135,697
Total		$810,587

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

B. Interfund Transfers

	Transfers In - General Fund
Transfers Out	
Non-major governmental funds	$2,655,501
Water/ Wastewater Fund	424,508
Electric Revenue Fund	7,876,288
Total	$10,956,297

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

11. RENTAL INCOME

The City has two lease agreements that are recorded as miscellaneous revenue in the General Fund. The first lease is with an individual for agricultural use of the Garrison Farm which generated $34,390 in rental income. The second lease is with LS Power – White Oak Solar Energy LLC, for electric generation use of the Garrison Farm which generated $55,688 in rental income.

The City's Electric Revenue Fund owns a professional office building which houses the City's Customer Service, Finance and Information Technology Departments. At June 30, 2012, the City had leases with three tenants for the remaining space available. Lease revenue is $193,065 in the Electric Revenue Fund consisting of office space rental of $146,565, substation rental of $30,000 and pole rentals of $16,500.

The City maintains several water tower leases for a group of telecommunications companies. These are recorded as revenue of the Water/Wastewater Fund and total $313,101 in the current fiscal year.

12. MATERIAL COMMITMENTS

A. The City budgets monies to assist the volunteer fire company with payments on two pieces of firefighting equipment. During fiscal year 2012, City Council approved the replacement of Ladder #1. The first installment in the amount of $145,614 is scheduled for July 15, 2012. The final installment of $123,893 for Engine #5 was paid in October 2011. The apparatus payments are budgeted as expenditures in the Governmental Capital Projects Fund budget.

   The payments are as follows:

Ladder #2	$ 92,901
Ladder #1	145,614

B. The City entered into a five-year management contract with The Energy Authority effective July 1, 2011 to provide a market-based approach for power supply management. The Energy Authority manages energy purchases and utilizes the City's generating assets to provide a level of rate stability as necessary to mitigate the effects of rising and volatile energy prices. The Energy Authority also provides oversight of the plant operator contract and monitors their performance. The contract provides for $996,000 in management fees to be paid monthly.

C. The City also entered into a management contract with North American Energy Services (NAES) to operate and maintain the generating assets of the electric utility in May 2006. The City extended the contract with NAES in fiscal year 2010 through June 30, 2013. The City has incorporated the budgets and financial activity of the plant into its procedures used for all other divisions of the electric utility. These procedures include a line item budget and adherence to City policies. All personnel are employed by NAES and personnel costs are billed to the City bi-weekly. Any capital improvements are included in the City's capital improvement plan. The contract also provides for a monthly management fee and a performance incentive

based on budget and plant performance. The fiscal year 2012 annual cost for management and the incentive is $359,000 and is included in the plant-operating budget.

D. The City completed the design and engineering phase of the new Dover library early in fiscal year 2011. The City entered into a manager at risk construction contract with the EDIS Company of Wilmington, Delaware in the amount of $16.7 million and an architectural/engineering contract with Holzman Moss Bottino of New York, New York in the amount of $2.6 million the remaining balances on the contracts are $4.1 million and $.1 million respectively. Construction of the project started in May 2011 and the building was completed in September 2012. The contractors are currently completing landscaping and punch list items. Once all items have been completed the City will make application for LEED certification.

E. The City is the guarantor on a $1.3 million loan held by the Downtown Dover Partnership. The loan is secured by a parcel in the downtown business district that the Downtown Dover Partnership is marketing for its redevelopment initiative. The interest on the loan is paid monthly from rental receipts the Partnership receives from its current tenants in the property. The principal is a balloon payment due in July 2013.

13. FORWARD CONTRACTS

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

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

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

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

Credit risk is mitigated through the use of collateral thresholds, credit limits, maximum nominal exposure and term limitations. A collateral threshold is the amount of unsecured credit granted to the counterparty. Unsecured credit exposure includes amounts owed by the counterparty, whether billed or not, and the market-to-market differences in value of any collateral held. Any net exposure above the collateral threshold will require the posting of collateral by the counterparty. Collateral thresholds, term limitations and credit exposure limits are subject to maximums as established by the ERMC.

Counterparty Credit Risk ($000's)

Counterparty	Credit Rating	Credit Limit	Line Availability	Maximum Amount of Loss due to Credit Risk w/o Respect to Collateral ($)	Collateral Description	Diversification Requirement
Barclays Bank, PLC	A	$15,000	$12,025	$2,975	No Collateral if exposure under specified threshold	N/A
BP Energy Company	BBB+	$15,000	$15,000	$0	No Collateral if exposure under specified threshold	N/A
Constellation Energy Commodities Group, Inc	BBB	$30,000	$18,730	$11,270	Up to $10,000 is guaranteed by Constellation Energy/Group, Inc.	N/A
DB Energy Trading, LLC	A	$15,000	$10,705	$4,295	No Collateral if exposure under specified threshold	N/A
EDF Trading North America, LLC	A-	$18,000	$17,755	$245	No Collateral if exposure under specified threshold	N/A
Integrys Energy Services, Inc	BBB+	$10,000	$2,632	$7,368	No Collateral if exposure under specified threshold in the event of potential default, performance from counter party is required	N/A
Macquarie Energy, LLC	A	$15,000	$13,589	$1,411	Up to $15,000 is guaranteed by Macquarie Bank Limited	N/A
Morgan Stanley Capital Group, Inc	BBB+	$10,000	$9,238	$762	No Collateral if exposure under specified threshold	N/A
NextEra Energy Power Marketing, LLC	A-	$10,000	$4,830	$5,170	No Collateral if exposure under specified threshold	N/A
Public Service Electric and Gas Company	BBB	$1,000	$1,000	$0	No Collateral if exposure under specified threshold	N/A
Sempra Energy Trading	BBB+	$15,000	$15,000	$0	No Collateral if exposure under specified threshold	N/A

14. SUBSEQUENT EVENTS

On February 27, 2012 City Council approved up to $6 million of cash contributions or debt financing for transportation and utility infrastructure projects on the City's Garrison Oak Technical Park. The projects are in support of the Garrison Energy Center, LLC and/or affiliates of Calpine Corporation. The Garrison Energy Center is also supported by the State Economic Development Office. The Center will house a 618 MW combined cycle power plant to be built in two phases (309 MW per phase). Calpine was successful with bidding the first phase unit into the latest PJM auction and will have the unit placed in service by June 2015. Calpine has a lease option for the acreage needed while completing their due diligence and obtaining the necessary permits for the project. The City is in negotiations with Calpine on the long-term lease agreement. This project is expected to bring several economic benefits to the City of Dover, Kent County and the State of Delaware.

15. INSURANCE

A. Health Insurance – State of Delaware

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

B. Workers' Compensation Fund – Self-Insurance

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

The City's actuary will be completing an updated valuation in fiscal year 2013. As of June 30, 2012, there is $474,281 reserved for open claims in this fund. An appropriate umbrella policy for the excess coverage has been purchased and is in effect as of June 30, 2012. The City received $534,000 in fiscal year 2012 for insurance reimbursements and amounts covered under the umbrella policy.

During fiscal year 2012 the City incurred a workers compensation claim as the result of an accident involving two of our electric line crew workers. One of the workers received 3rd degree burns and received treatment in a specialized medical facility for burn patients and subsequent physical therapy. The cost of this claim, which was still open, as of June 30 is $1.2 million. The City's umbrella policy has covered all cost over the $500,000 retention threshold.

Workers' Compensation activity is as follows:

	2012	2011
Claims payable beginning of year	$170,509	$296,189
Claims incurred	1,769,964	161,880
Payment of claims	(1,466,192)	(287,560)
Claims payable end of year	$474,281	$170,509

C. Other than Health or Workers' Compensation Insurance

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

16. COMPENSATED ABSENCES

The City grants a specific number of vacation days with pay to its employees. Upon

termination or retirement, an employee is paid for accumulated vacation days. The City also grants one paid sick day per month to all employees with the exception of employees covered by the International Brotherhood of Electric Workers (IBEW) contract. The IBEW employees are granted eleven sick days per year. Employees hired on or before July 1, 2004 accumulate sick days, payable upon retirement, at a maximum of 130 days for less than 25 years of service or 150 days for more than 25 years of service. Employees hired after July 1, 2004 will be permitted to be paid in full for a maximum of 100 days of accrued sick leave upon retirement. No accrued sick leave is paid when an employee is terminated.

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

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

17. OTHER POST EMPLOYMENT BENEFITS

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

The OPEB Trust is a single-employer defined benefit plan. The OPEB Trust provides retirement medical coverage to pensioners and their eligible dependents in the City of Dover defined benefit and defined contribution pension plans.

The City purchases health insurance from the State of Delaware through a cooperative purchasing arrangement permitted by State code. The State Office of Benefits provides the City with the medical insurance premiums by type of coverage and carrier during the budget cycle each year. The City also pays a five percent risk premium and contract administration fee for each contract in addition to the premium. Any premiums paid over or under the benefits paid out for City employees revert to the State.

Membership of the plan consisted of the following at June 30, 2012:

Retirees and beneficiaries receiving benefits	252
Terminated plan members entitled to but not yet receiving the benefits	14
Active eligible plan members	331
Total	597

Substantially all City employees become eligible for post-retirement benefits if they reach retirement age while working for the City. The costs of providing these benefits are shared between the City and the retired employee. The IUE-CWA/Dover Organization of Employees (DOE) union employees hired after July 1, 1994 are not eligible for post-

retirement medical benefits if they elect early retirement. The eligibility provisions are as follows:

- Age 55 with 10 years of continuing service, or
- If hired May 1, 1994 or later, Age 55, and whose attained age plus years of continuous service is equal to or greater than 80, or
- If hired before May 1, 1994, 25 years of continuous service, or has attained the age of 50 years and completed 20 years of continuous service

Spouse and Survivor Coverage:

Spouse and survivor coverage are both available under any of the plan options with similar retiree contributions with one exception. The International Brotherhood of Electrical Workers (IBEW) collective bargaining agreement does not include spouse and survivor coverage.

Employer and Employee Contributions:

Currently, the City of Dover contributes 100% of individual coverage for the type of coverage they choose. The City also contributes 75% of the amount over the individual premium for dependent care coverage. The employee contributes 25% of the amount over the individual premium for dependent care coverage.

The City has begun contract negotiations with its three collective bargaining units in fiscal year 2012. The contract for the Fraternal Order of Police Lodge #15 was approved. As of July 1, 2012 the contract includes a provision for 15% employee contributions for all health care plans, including the individual coverage. The same provision was implemented for non-bargaining (management) employees as well effective July 1, 2012. The City is still in negotiations with the IUE/DOE collective bargaining unit and the IBEW with the same provision.

The City of Dover funds the other postemployment benefits for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. Additional funding has also been provided on an ad hoc basis. The employer contributions towards retiree health care premiums this fiscal year, including $1.7 million in ad hoc contributions, are as follows:

General Government	$ 2,534,572
Water/Wastewater Fund	635,227
Electric Revenue Fund	2,475,512
Total Benefit Provided	$ 5,645,311

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

Contributions

The contribution rates for the employer are established annually by the budgeting process of the City. Those rates include an employer contribution based on projected pay-as-you-go financing requirements as a percent of premiums, with an additional amount to prefund

benefits, which is not actuarially determined. The City contributed $1,727,249 toward the OPEB Trust unfunded liability for fiscal year 2012 as also noted above.

Annual OPEB Cost and Net OPEB Obligation/ (Asset)

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

	Total	Governmental Activities	Water/ Wastewater Fund Activities	Electric Fund Activities
Annual Required contribution	$7,653,379	$6,002,522	$476,203	$1,174,654
Interest on OPEB obligation	446,182	406,920	29,920	9,342
Adjustment to annual required contribution	(570,959)	(520,717)	(38,287)	(11,955)
Annual OPEB Cost	7,528,602	5,888,725	467,836	1,172,041
Employer Contributions	(5,645,311)	(2,534,572)	(635,227)	(2,475,512)
Increase/(decrease) in net OPEB obligation	1,883,291	3,354,153	(167,391)	(1,303,471)
Net OPEB obligation (asset) at beginning of year	8,580,431	7,825,389	575,388	179,654
Net OPEB obligation (asset) at end of year	$10,463,722	$11,179,542	$407,997	($1,123,817)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation thru fiscal year 2012 are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	$5,891,130	28.4%	$4,268,060
2011	7,625,628	43.5%	8,580,431
2012	7,528,602	75.0%	10,463,722

The City did not meet its funding obligation for Fiscal Year 2012. In 2009 the City elected a ten-year phase-in plan to achieve the appropriate funding level. During this time the City will be researching alternative benefit plan options to reduce the AAL and ARC.

Funded Status and Funding Progress

As of June 30, 2012, the most recent interim actuarial valuation date, the plan was 8.4% funded. The actuarial accrued liability for benefits was $83.5 million, and the actuarial value of assets was $7.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of $76.4 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was $18.5 million, and the ratio of the UAAL to the covered payroll was 414%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information

regarding whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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

Actuarial Methods and Assumptions

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

The June 30, 2012 interim actuarial valuation projected the liabilities from the 7/1/10 actuarial valuations for one year using a roll-forward method. Investments are valued at market rates. The actuarial assumptions included a 5.2% investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the City's own investments calculated based on the funded level of the plan at the valuation date, and an initial medical trend rate of 7.1% with an ultimate rate of 5.5%. The discount rate is 5.2% is representative of the ten-year phase-in plan. The UAAL is being amortized as a level dollar amount over 30 years based on an open group using a 3.5% rate of salary increase. The inflation assumption is 2.75% and a real GDP growth assumption of 1.9%.

18. DEFERRED COMPENSATION PLAN

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

In May 1994, the City offered to employees the 457 Deferred Compensation Plan as their pension plan in lieu of participation in the General Employee Pension Plan. At that time 41 employees opted out of the Defined Benefit Pension Plan and enrolled in the Deferred Compensation Plan. Currently, the ICMA 457 Deferred Compensation Plan has assets of $6,251,143 (market value) as of June 30, 2012, with 150 employees participating. The Nationwide plan has assets of $2,889,298 (market value) as of June 30, 2012 with 34 employees participating. Quarterly statements are mailed to each participant by the plan administrators. All administration fees are borne by the participants. All contributions are 100% vested upon election of the plan. Employees are eligible to withdraw or rollover to

another plan the employer and employee benefits upon separation of service. Withdrawals prior to age 59½ could be subject to penalty.

Employees who select the defined benefit plan or the defined contribution plan are also eligible for the 457 Deferred Compensation Plan. No matching employer contribution is made to the 457 Deferred Compensation Plan. As of June 30, 2012, there are 334 employees eligible to enroll in the 457 Deferred Compensation Plan.

19. RETIREMENT PLANS

A. Defined Contribution Plan

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

The City provides a 3% match of the employees required contribution to the 401a Plan, and up to an additional 3% to the 401a Plan for a potential total contribution of 6%, if the employee contributes up to an additional 3% to their 457 Plan (see note 17 – Deferred Compensation). The 401a Plan and 457 Plan contributions are calculated on base wages plus on-call pay, pay adjustments, and scheduled overtime. All full-time regular employees are eligible, excluding law enforcement personnel. Personnel that elect the defined contribution plan are not eligible for the defined benefit plan. All contributions are 100% vested upon election of the plan. To be eligible for benefit payments, the participant must meet the same eligibility requirements as the participants in the defined benefit plan. Employees are eligible to withdraw or rollover to another plan the employer and employee benefits upon separation of service. Withdrawals prior to age 59 ½ could be subject to penalty.

As of June 30, 2012, there were 93 eligible full-time employees in the 401a plan. The City contributed a total of $238,068 on wages of approximately $3.6 million and employees contributed $127,950 to the 401a Money Purchase Plan and $175,098 to the 457 ICMA Deferred Compensation Plan and $35,387 to the Nationwide Deferred Compensation Plan. The market value of the 401a plan assets totaled $3,155,528 as of June 30, 2012.

B. Defined Benefit Plans

The City participates in three defined benefit pension plans: City of Dover Police Pension Plan (closed), City of Dover General Employee Pension Plan, and State of Delaware County and Municipal Police Pension Plan. The City of Dover Police Pension Plan, a single employee defined benefit plan, covers all uniformed police officers hired prior to September 1, 1982. The City of Dover General Employee Pension Plan, a single employer defined benefit plan, covers all full-time permanent employees, other

than police officers. The State of Delaware County and Municipal Police Pension Plan, a multi-employer cost sharing defined benefit plan, covers all uniformed police officers hired on or after September 1, 1982. The City makes employer contributions to all three plans.

The City holds and administers the assets of the two single-employer defined benefit plans and, accordingly, is required to prepare pension trust fund financial statements using the accrual basis of accounting. As of June 30, 2012 there were no outstanding payables. Separate pension fund financial statements for each plan have not been issued.

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due, pursuant to formal commitments, to provide contributions. Benefits or refunds are recognized when due and payable in accordance with the terms of each plan. Investment management and consultant fees are paid from the Pension Trusts Funds. All actuarial costs are paid from other City funds.

The City's total payroll for all eligible full-time regular employees for the year ended June 30, 2012, was $23.3 million. Of this amount $14.5 million in total payroll earnings was reported to and covered by the two active defined benefit pension plans.

i. City of Dover Police Pension Plan

This contributory pension plan began on January 1, 1970 under the authority of the City Code, Chapter 62, Article III, Pension Plan, Section 62-71 through 62-84. The contribution and funding requirements of the plan are established by the City and may be amended by the City. It is a closed plan. The last active employee retired June 29, 2006. An officer's pension right is vested upon the completion of 15 years of continuous service. As of June 30, 2012, there are 48 retirees and beneficiaries receiving benefits.

The percentage of covered payroll, which employees contribute, is stated in the City Code, and is considered by the actuaries in their determination of the actuarial requirement for employer normal cost.

Fully vested employees who have completed 20 to 25 years of continuous service are entitled to annual benefits equal to 2 ½% of their average earnings for each year of continuous service. The maximum benefit is 62 ½% of average earnings. An employee may not work longer than 25 years of continuous service or past the first of the month following his or her attainment of age 55. With the written consent of the participant and the Chief of Police, a participant's retirement may be deferred on an annual basis beyond his normal retirement to 60 years of age. If a participant terminates after completing 15 years of service, the participant will be eligible for a deferred benefit commencing at age 60 with a benefit accrued at the date of termination. In place of this vesting, participants may elect to receive their accumulated contributions.

Disability benefits are paid to a participant who is totally or partially disabled in the performance of his or her duties. The total duty-connected disability benefit is payable monthly and equal to 75% of the monthly rate of earning at the time of disability. The partial duty-connected disability benefit is the accrued benefit at the date of disability if not less than 50% of average earnings. Disability benefits cease if the participant recovers or dies. If the disabled participant reaches his normal retirement date, the benefit is reduced by one-third.

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

If an employee terminates before becoming vested in the plan, his/her total contribution is refunded with interest compounded annually. Interest is based on prime.

The plan investments are managed by the City of Dover Police Pension Board which is established in the City Code.

The State contributes to the City of Dover Police Pension Plan on behalf of the City. The State assesses a .25% surcharge on insurance policies issued in the state. Each year this amount is allocated to the municipalities in Delaware in direct ratio to the number of officers employed. For the year ended June 30, 2012, the State contributions totaled $561,772. The State also provides 75% for the annual cost of living increase (COLA) granted to police retirees on January 1 each year. These amounts are included as Grants received revenue and Public Safety and Law Enforcement expenditures in the General Fund.

The legally defined liability for the City of Dover Police Pension Plan is the full amount required to pay the current year's total benefits. The City has met this liability for the current fiscal year. An interim actuarial valuation report as of June 30, 2012 in accordance with GASB Statement 25 and 27 has been completed. The City's actuary is Milliman of Wayne, PA.

The annual required contribution (ARC) conforms to the entry age normal cost method as defined in Statement 25.

During the past year, the City contributions combined with the State insurance tax proceeds did not exceed the calculated annual pension cost and has resulted in a reduction of the overall net pension asset (NPA). The Governmental Activities accumulated value of contributions, deficiencies, or excesses over required contributions of $263,076, of which $198,350 is attributed to the Police Pension Plan is as follows:

	Governmental Activities
Annual required contribution	$979,132
Interest on net pension asset	(37,507)
Adjustment to annual required contribution	64,110
Annual pension cost	1,005,735
Contributions	(668,274)
(Increase)/decrease in net pension asset	337,461
Net pension obligation (asset) at beginning of year	(535,811)
Net pension obligation (asset) at end of year	($198,350)

There have been no significant changes affecting benefits during the valuation periods shown in the preceding table.

The following summarizes activity for this plan for the past three years:

	Annual Pension Cost	Percentage Contributed	NPO (Asset) End of Year
2010	$877,820	60%	($1,030,844)
2011	1,128,669	56%	(535,811)
2012	1,005,735	66%	(198,350)

Funded Status and Funding Progress

As of June 30, 2012, the most recent interim actuarial valuation date, the plan was 58.5% funded. The actuarial accrued liability for benefits was $19.7 million, and the actuarial value of assets was $11.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of $8.2 million for the primary government. There are no active officers, therefore there is no covered payroll or ratio of the UAAL to cover payroll.

In Fiscal year 2011, the actuarial valuation included a change in the investment return assumption from 7.5% to 7.0% and the postretirement mortality table. These changes increased the unfunded Actuarial Accrued Liability (AAL) by $1.9 million and the Annual Required Contribution (ARC) by $.23 million.

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

The funding requirement for fiscal year 2011-2012 for this plan is presented below:

1.	Employer's Contribution Additional Lump Sum	$95,000	Lump sum contribution as actuarially determined to fund the unfunded liability

2.	State of Delaware Contributions	$573,274	Surcharge on insurance premiums and COLA
3.	Annual Pension Cost	$1,005,735	Actuarially computed using entry age cost method
4.	Net Pension Asset	$198,350	As of June 30, 2012

The net pension asset is a result of matching funds that the State of Delaware provides (75%) for the annual cost of living increase granted to police retirees on January 1 of each year. The July 1, 2011 valuation takes into account the January 1, 2011 COLA and the State contribution.

Actuarial methods and significant assumptions:

Interim valuation date	July 1, 2011
Actuarial cost method	Entry age cost method
Amortization method	Level percentage of projected payroll
Remaining amortization period	13 years
Amortization Period	Closed
Asset valuation method	Current market value
Actuarial Assumptions:	
Investment rate of return	7.0%
Discount rate	7.0%
Projected salary increases	none, no remaining active participants
Includes inflation at	none, no remaining active participants
Automatic Cost of Living (retirees)	2.0%

ii. City of Dover General Employee Pension Plan

The City of Dover General Employee Pension Plan started on July 1, 1967, under the authority of the City Code, Chapter 2, Article IV, Division 7, General Employee Pension Plan, Sections 2-321 through 2-370, and was made contributory on July 1, 1983. The contribution and funding requirements of the plan are established by the City and may be amended by the City. Employees contribute 3.5% of gross salary, exclusive of unscheduled overtime. An employee's pension right is vested upon completion of 10 years of continuous service. At the present time, 149 employees and 194 retirees participate in the plan, while 93 employees are enrolled in the defined contribution plan, which began July 1, 2000. Current membership in the General Employee Pension Plan as of June 30, 2012, is comprised of the following:

Retired and beneficiaries currently receiving benefits		194
Active employees:	Fully Vested	81
	Non-Vested	68
Deferred Vested:		14

The percentage of covered payroll which employees contribute is stated in the City Code, and is considered by the actuaries in their determination of the actuarial requirement for employer normal cost. For the year ended June 30, 2012, payroll earnings of $8.0 million were reported to and covered by this plan.

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

Employees hired on or after May 1, 1994 who attained age 55 and whose attained age plus years of continuous service is equal to or greater than 80 are eligible for early-unreduced retirement benefits under this plan. The monthly benefits are 1/50 of the average monthly earnings multiplied by years and months of credited service upon retirement (highest 36 consecutive months in his/her final 10 years of continuous service). The monthly benefit shall not be less than $200 per month. Benefits are paid for the lifetime of the participant. Upon the death of the participant, 50% of the benefit continues to the eligible survivor.

An employee may also take an early-reduced retirement on any date following the attainment of age 55 and the completion of 10 years of continuous service. However, the early retirement benefit is calculated in the same manner as the normal retirement benefit, reduced by one-half of one percent for each month the benefit commences prior to the age 65.

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

The benefit is calculated using the normal retirement benefit formula and service at date of termination. If an employee terminated before becoming vested in the plan, they are eligible to withdraw this total contribution with interest compounded annually.

The plan investments are managed by the City of Dover Employees' Pension Board which is established in the Code. The City Council must authorize changes to the City Code. The rate of the City contribution is determined by the actuarial study. The Pension Board of Trustees does not issue a separate comprehensive annual financial report, and the City of Dover General Employee Pension Plan is included in the City's Comprehensive Annual Financial Report as a Pension Trust.

The legally defined liability for the City of Dover General Employee Pension Plan is the full amount required to pay the current year's total benefits. The City has met this liability for the current fiscal year. An actuarial interim valuation report as of July 1, 2012 has been completed in accordance with GASB Statements No. 25 and 27. The City's actuary is Milliman of Wayne, PA.

The annual required contribution (ARC) conforms to the aggregate entry age cost method as defined in Statement 25. During the past year, the City contributions did not exceed the calculated annual pension cost and have resulted in an increase of

the overall net pension asset (NPA), defined as the accumulated value of contributions, deficiencies, or excesses over required contributions of $350,382.

The Governmental Activities have a net pension asset of $263,076 of which $190,350 is attributed to the City of Dover Police Pension Plan and $64,726 is attributed to the General Pension Plan as indicated in the table below. The Business-Type Activities have a net pension asset of $285,656 of which $201,122 is attributed to the Water/Wastewater Fund and $84,534 is attributed to the Electric Revenue Fund as included in the following table.

	Total	Governmental Activities	Wastewater Fund Activities	Electric Fund Activities
Annual required contribution	$3,130,022	$1,686,462	$257,039	$1,186,521
Interest on net pension obligation	(24,036)	(6,017)	(13,232)	(4,787)
Adjustment to annual required contribution	29,938	7,495	16,481	5,962
Annual pension cost	3,135,924	1,687,940	260,288	1,187,696
Contributions made	(3,142,934)	(1,666,704)	(272,379)	(1,203,851)
(Increase)/decrease in net pension asset	(7,010)	21,236	(12,091)	(16,155)
Net pension obligation (asset) at beginning of year	(343,372)	(85,962)	(189,031)	(68,379)
Net pension obligation (asset) at end of year	($350,382)	($64,726)	($201,122)	($84,534)

There have been no significant changes affecting benefits provided by the Plan during the valuation periods shown in the preceding table.

The following summarizes activity for this plan for the past three years:

	Annual Pension Cost	Percentage Contributed	NPO (Asset) End of Year
2010	$2,568,198	88%	($147,468)
2011	3,151,824	106%	(343,372)
2012	3,135,924	100.2%	(350,382)

On May 1, 1994, a deferred compensation option was offered to employees in lieu of participation in the General Employee Pension Plan, and at that time 41 employees elected to switch to the deferred compensation plan. (See Note 18 – Deferred Compensation Plan)

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

Funded Status and Funding Progress

As of June 30, 2012, the most recent interim actuarial valuation date, the plan was 40.1% funded. The actuarial accrued liability for benefits was $53.5 million, and the actuarial value of assets was $21.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of $32.0 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was $8.0 million, and the ratio of the UAAL to the covered payroll was 400%.

In fiscal year 2011 the actuarial valuation included changes in the investment return assumption from 7.5% to 7.0%, decrease in the salary increase from 4.5% to 4.0%, postretirement mortality table and changes in the retirement, turnover, and disability assumptions. These changes increased the unfunded Actuarial Accrued Liability (AAL) by $4.1 million and the Annual Required Contribution (ARC) by $0.2 million. The amortization of the unfunded AAL has been extended from a 15 year level percent of pay to a 25 year level dollar amortization (closed plan).

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

The funding requirement for fiscal year 2011-2012 for this plan is as follows:

1.	Employee Contribution	3.5% of payroll	As required by the City Code and the plan provisions ($279,092)
2.	Employer's Contribution July 2011– June 2012	4.67% Plus $2.8 million	Actuarially determined percent of payroll for current normal cost ($3,142,934)
3.	Annual Pension Cost	$3,135,924	Actuarially computed using entry age cost method
4.	Net Pension Asset	$350,382	As of June 30, 2012

Actuarial Methods and significant assumptions:

Interim Valuation date	July 1, 2012
Actuarial cost method	Aggregate entry age cost method
Amortization method	Level percentage of projected payroll
Remaining amortization period	24 years
Amortization Period	Closed
Asset valuation method	Current market value
Actuarial Assumptions:	
Investment rate of return	7.0%
Discount rate	7.0%
Projected salary increases	4.0%
Includes inflation at	3.5%

iii. State of Delaware Police Pension Plan

The City participates in the State of Delaware "County and Municipal Police Pension Plan" for uniformed police officers whose employment with the City started on or after September 1, 1982 under the authority of the City Code, Chapter 62, Article III, Pension Plan, Section 62-71. This is a cost–sharing multiple-employer defined benefit pension plan. The State of Delaware enacted legislation to provide for the

plan and is responsible for setting benefits, contributions and amending plan provisions. This is a contributory plan with the employee contributing 7% of gross salary, exclusive of overtime. For the year ended June 30, 2012, $6.5 million in payroll earnings were reported to and covered by this plan.

The City's contribution percentages were 13.70%, 13.9% and 14.53% for the fiscal years ended June 30, 2010, 2011 and 2012, respectively. The City's contributions to the plan for years ending June 30, 2010, 2011 and 2012 were $788,000, $848,349 and $940,562 and were equal to the required contributions for each year. These contributions cover the City's total liability for funding, as determined by the State of Delaware's actuary. The City does not have any unfunded liability in this plan.

The pension plan is managed by the State of Delaware Board of Pension Trustees. The Comprehensive Annual Financial Report of the Delaware Public Employees Retirement System can be obtained from the Office of Pensions, 680 Silver Lake Boulevard, Dover, Delaware, 19904-2402 or at www.delawarepensions.com .

As of June 30, 2012 city membership in this plan is comprised of the following:

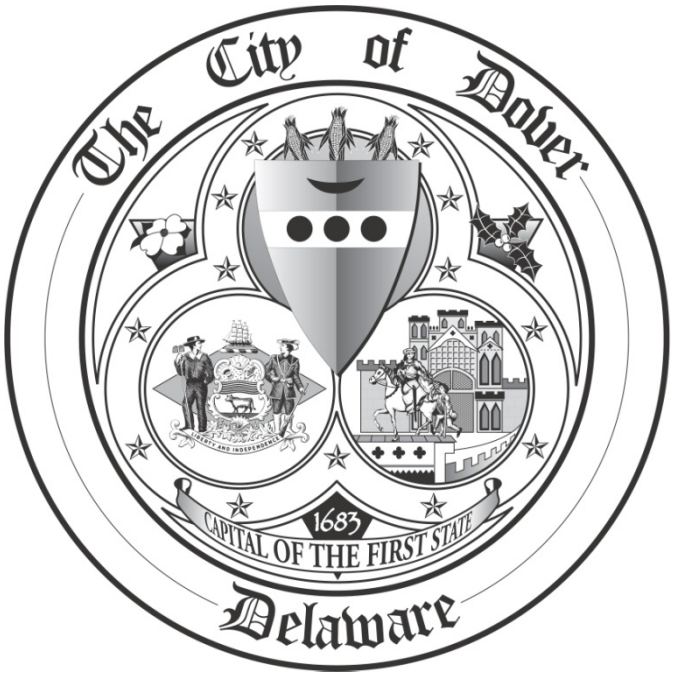
Retired and beneficiaries currently receiving benefits		34
Active employees:	Fully Vested 10 years	45
	Non-Vested	47

The State of Delaware County and Municipal Police Pension Plan provides benefits equal to 2½% of final average monthly compensation multiplied by years of service up to 20 years inclusive, plus 3.5 % of final average monthly compensation multiplied by years of service above 20 years. Vesting occurs after 10 years of credited service. Retirement is at age 62 with 10 years of service, when age plus credited service (but not less than 10 years) equals 75, or 20 years of service.

Disability benefits paid to a participant who is totally disabled in the performance of duty are 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents. Partial disability benefits for duty-related or ordinary disability are calculated the same as a service pension (subject to maximum and minimum limitations).

If a retired participant dies, the eligible survivor receives 50% of the monthly benefit. If an active employee dies, the survivor receives 50% of the monthly benefit that the employee would have received at age 62.

Assets of the plan are managed by many investment firms approved by the State Pension Board. Details are available from the State Pension Office, Dover, Delaware at: www.delawarepensions.com.


The City of Dover
1683
CAPITAL OF THE FIRST STATE
Delaware

FINANCIAL SECTION

PART - D

REQUIRED SUPPLEMENTARY INFORMATION

Services to Our Residents and Customers

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

The City also Offers

Historic Preservation
Parking

CITY OF DOVER
GENERAL FUND

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

For the Year Ended June 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	$ 3,322,305	$ 3,561,837	$ 3,561,837	$ -
REVENUES:				
Fines & Police Revenue	579,000	579,000	545,119	(33,881)
911 Fee	60,000	60,000	63,337	3,337
Interest Earnings	215,900	80,000	53,175	(26,825)
Library Revenues - General	64,189	64,200	53,101	(11,099)
Library Revenues - County Reimb.	370,811	385,800	422,721	36,921
Business Licenses	1,523,675	1,475,000	1,470,097	(4,903)
Permits & Other Licenses	934,000	1,370,300	1,346,769	(23,531)
Miscellaneous Revenues	165,750	165,750	103,027	(62,723)
Police Extra Duty Fees	300,000	300,000	600,310	300,310
Property Taxes	11,133,367	10,983,400	11,037,920	54,520
Bid Revenue	51,821	51,800	51,509	(291)
Recreations Revenue	152,000	130,000	112,480	(17,520)
Franchise Fees	520,000	540,000	568,240	28,240
Transfer Tax	900,000	1,229,500	1,373,208	143,708
Trash Fees	2,050,000	1,966,000	1,903,623	(62,377)
Garrison Farm Rent	87,000	62,000	92,878	30,878
Court of Chancery Fees	690,000	819,800	863,220	43,420
Intrafund Service Receipts Water/Wastewater	988,393	930,000	894,186	(35,814)
Intrafund Service Receipts Electric	3,370,778	3,270,800	3,105,015	(165,785)
Grants:				
Homeland Security Grant	-	104,676	163,490	58,814
Police Related	60,000	60,000	166,014	106,014
Recreation - Watershed Coordinator	-	35,383	35,382	(1)
State Grant Trail Maintenance	-	-	8,358	8,358
Miscellaneous Grants	-	79,873	72,835	(7,038)
Police Pension Grant	620,000	593,500	561,772	(31,728)
Capital School District Revenue	73,500	-	73,496	73,496
Transfer from Municipal Street Aid	526,814	659,200	527,042	(132,158)
Transfer from Civil Traffic Penalties	1,000,000	720,000	518,638	(201,362)
Transfer from Water/Wastewater Fund	424,508	424,508	424,508	-
Transfer from Electric Fund	7,876,288	7,876,288	7,876,288	-
Total Revenues	34,737,794	35,016,778	35,087,758	70,980
TOTAL BEGINNING BALANCE & REVENUES	$ 38,060,099	$ 38,578,615	$ 38,649,595	$ 70,980

(continued)

(continued)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES:				
Tax Assessor	$ 213,175	$ 190,275	$ 185,959	$ 4,316
Fire	684,725	684,725	660,923	23,802
Library	1,159,087	1,159,087	1,101,111	57,976
Recreation	789,701	823,144	827,230	(4,086)
Planning Commission	422,781	422,781	378,319	44,462
Public Inspections	553,907	552,907	550,099	2,808
Life Safety	449,226	471,996	499,389	(27,393)
Code Enforcement	284,489	286,589	271,381	15,208
Economic Development	223,717	223,717	216,803	6,914
Police	13,386,407	13,386,407	13,610,736	(224,329)
Streets	782,810	899,755	866,986	32,769
Sanitation	2,330,976	2,405,949	2,086,218	319,731
Allocated Expenditures:				
Human Resources	384,758	384,758	264,148	120,610
Customer Services	928,112	928,112	899,998	28,114
City Manager	622,127	645,027	638,570	6,457
Information Technology	685,871	690,871	717,142	(26,271)
Finance	852,283	852,283	792,269	60,014
Public Services-Administration	472,692	472,692	332,513	140,179
Facilities Management	952,693	952,693	842,424	110,269
Central Services	693,339	693,339	612,473	80,866
Vehicle Maintenance	695,422	695,422	737,162	(41,740)
City Clerk	296,393	296,393	251,291	45,102
Mayor	81,154	81,154	79,696	1,458
Council	120,699	120,699	106,407	14,292
Grounds Maintenance	979,922	994,122	964,964	29,158
Insurance	550,000	550,000	516,254	33,746
Retiree Benefits	1,374,709	1,374,709	1,374,709	-
Subtotal	30,971,175	31,239,606	30,385,174	854,432
Debt Service - Principal and Interest	327,270	327,270	327,734	(464)
Transfer to OPEB Unfunded Liability	-	239,532	239,532	-
Transfer to Capital Asset Reserve	200,000	200,000	200,000	-
Transfer to Capital Fund for Projects	623,847	770,607	638,847	131,760
Transfer to Police Pension Fund	620,000	620,000	561,772	58,228
Transfer to Uncollectibles trash and other	10,000	10,000	10,000	-
Transfer to CDBG	-	-	2,907	(2,907)
Appropriation to Pension Fund	1,545,000	1,545,000	1,545,000	-
Street Lights	960,000	960,000	986,430	(26,430)
Total Expenditures	35,257,292	35,912,015	34,897,396	1,014,619
Budget Balance - Working Capital	2,802,807	2,666,600	3,752,199	(1,085,599)
Total Budget Balance & Expenditures	$ 38,060,099	$ 38,578,615	$ 38,649,595	$ (70,980)
Budget Balance - Working Capital			$ 3,752,199	
Perspective and GAAP (Non-GAAP) Differences:				
Escrows not included in fund balance			7,248	
Fair value of investment adjustment			(3,132)	
Deferred Revenues - Non-spendable			(571,751)	
Inventory & Prepaids - Non-spendable			(176,581)	
Unassigned Fund Balance			$ 3,007,983	

CITY OF DOVER
GOVERNMENTAL CAPITAL PROJECTS FUND

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

For the Year Ended June 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	$ 195,191	$ 256,392	$ 256,392	$ -
Beginning Balance - Library Project	-	100,962	100,962	-
REVENUES:				
State Grant for Library Project	5,597,505	6,864,900	6,002,057	(862,843)
Bond Proceeds	2,000,000	-	-	-
Library Gifts/Donations	-	1,500,000	2,415,500	915,500
Library Bond Issue	2,334,889	2,460,500	851,500	(1,609,000)
Library Construction Loan	-	275,000	-	(275,000)
Investment Income	10,900	10,900	10,560	(340)
Income from Sale of Assets	-	41,700	39,958	(1,742)
Homeland Security Grant	-	-	23,870	23,870
Miscellaneous Receipts	-	68,000	68,000	-
Transfer from Library Construction Reserve	3,262,615	2,590,800	2,594,860	4,060
Transfer from General Fund	623,847	770,600	638,847	(131,753)
Total Revenues	13,829,756	14,582,400	12,645,152	(1,937,248)
TOTAL BEGINNING BALANCE & REVENUES	**$ 14,024,947**	**$ 14,939,754**	**$ 13,002,506**	**$ (1,937,248)**
EXPENDITURES:				
Fire	$ 244,820	$ 257,720	$ 258,456	$ (736)
Library	11,195,009	13,767,100	12,118,028	1,649,072
Police	65,000	65,000	62,338	2,662
Recreation	30,000	30,000	-	30,000
Streets	1,230,027	356,460	206,338	150,122
Sanitation	136,500	120,624	120,624	-
Information Technology	6,400	14,703	14,330	373
Loan Issuance Costs	-	-	27,254	(27,254)
Subtotal	12,907,756	14,611,607	12,807,368	1,804,239
Transfer to Capital Asset Reserve	-	39,100	39,100	-
Total Expenditures	12,907,756	14,650,707	12,846,468	1,804,239
Budget Balance - Working Capital	1,117,191	263,985	241,187	22,798
Budget Balance - Library Project	-	25,062	(85,149)	110,211
Budget Balance & Expenditures	**$ 14,024,947**	**$ 14,939,754**	**$ 13,002,506**	**$ 1,937,248**

Budget Balance - Working Capital	$ 156,038
Perspective and GAAP (Non-GAAP) Differences:	
Deferred Revenue - non-spendable	(10,393)
Fair value of investment adjustment	(2,351)
Assigned to Capital assets	498,467
Committed to Parks & Recreation improvements	199,282
Total Fund Balances	**$ 841,043**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. GOVERNMENTAL BUDGETS

A. Budgetary Basis of Accounting

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

The Governmental Capital Project Fund is a section of the General Fund to provide for separate budgets to cover the planning and control of capital items for the governmental programs. The City prepares its budget for the Governmental Capital Projects Fund revenue on a modified accrual basis. Encumbrances are established when purchase orders are issued and accounted for as a reservation of fund balance at year-end. The budget is amended in the subsequent year for the outstanding encumbrances of the prior year. The financial transactions of this fund are included in the governmental financial statements of the General Fund. Fund balance is included in assigned fund balances for Capital Assets at the end of each fiscal year.

i. General Fund: Actual revenues were higher than the final budget by $170,829 mainly as a result of increased transfer taxes, Library revenues, extra duty police, Court of Chancery fees, rents, and public safety grants. Several of the increases were offset by decreases in police fines, trash fees, interfund service receipts, State Municipal Street Aid funds, and civil traffic penalties. Expenditures were lower than budget by $1,014,619 across several functions as a result of personnel reductions through attrition. The police expenditures exceeded their budget as a result of increase extra duty work which is offset by the increased revenue. The net result is an increase of $1,185,448 to the General Fund ending fund balance.

ii. Governmental Capital Projects Fund: Actual revenues were lower than the final budget by ($1,947,641) primarily attributed to timing of State reimbursements and City financing due to delayed construction of the New Library Building. The timing of Library donations were over budget by $915,500 for the same reason. Expenditures were lower than budget also as a result of the delayed starting of construction on the new library. The net result is an increase of $143,402 to the Governmental Capital Projects Fund ending fund balance. The net balance includes a negative ($95,542) for the library project which is a result of timing and will be cleared when the library is completed in fiscal year 2013.

B. Budget Amendments

During this fiscal year, the City Council amended the budget two times. These budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

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

2. PENSION PLANS

A. Police Pension Plan

Police Pension Fund
Required Supplementary Information
Schedule of Funding Progress

Valuation Date	Plan Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded as a Percent of Payroll
7/1/05	$ 11,944,213	$ 17,850,795	$ 5,906,582	66.9%	$ 65,745	8984.1%
7/1/06	12,471,057	17,532,104	5,061,047	71.1%		
7/1/07	13,950,322	17,589,169	3,638,847	79.3%		
7/1/08	12,500,417	17,615,785	5,115,368	71.0%		
7/1/09	10,188,899	17,651,507	7,462,608	57.7%		
7/1/10	10,378,602	19,849,553	9,470,951	52.3%		

The unfunded actuarial accrued liability for this plan is being amortized over 30 years beginning July 1, 1994, 13 of which remain as of July 30, 2012 with payments increasing at 3½% per year. Investment gains or losses are spread over five years. The amortization period is closed. The City completed an interim valuation as of July 1, 2011. The next full valuation will be completed in fiscal year 2013.

Police Pension Fund
Required Supplementary Information
Schedule of Employers' Contribution

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	$485,055	154%
2008	358,807	201%
2009	520,505	139%
2010	786,436	63%
2011	1,082,956	44%
2012 *	979,132	68%

* Annual Required Contributions for fiscal year 2012 are assumed to equal approximately the same amount as the prior year

B. Employee Pension Plan

General Employee Pension Fund
Required Supplementary Information
Schedule of Funding Progress

Valuation Date	Plan Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded as a Percent of Payroll
7/1/05	$16,277,640	$39,860,241	$23,582,601	40.8%	$7,380,629	319.5%
7/1/06	15,712,605	41,103,526	25,390,921	38.2%	7,612,121	333.6%
7/1/07	17,616,172	42,335,142	24,718,970	41.6%	8,006,103	308.8%
7/1/08	19,381,391	43,800,212	24,418,821	44.2%	8,716,361	280.1%
7/1/09	19,880,033	45,525,384	25,645,351	43.7%	8,786,981	291.9%
7/1/10	19,963,426	52,462,693	32,499,267	38.1%	8,256,751	393.6%

The unfunded actuarial accrued liability for this plan is being amortized over 25 years beginning July 1, 2010, 24 of which remain as of June 30, 2011, with payments increasing at 3 1/2% per year. Investment gains or losses are spread over five years. The amortization period is closed. The City utilizes the level percentage of projected payroll method to amortize the unfunded liabilities.

Employee Pension Plan
Required Supplementary Information
Schedule of Employer's Contribution

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	$2,231,594	124%
2008	2,269,802	128%
2009	2,356,529	106%
2010	2,564,767	89%
2011	3,149,493	106%
2012 *	3,130,022	109%

* Annual Required Contributions for fiscal year 2012 are assumed to equal approximately the same amount as the prior year

3. OTHER POSTEMPLOYMENT PLAN

The following information presents additional information related to funding status and progress of Other Postemployment Benefits. It is intended to help readers assess the individual plans' funding status on a going-concern basis and assess progress made in accumulating sufficient assets to pay benefits when due.

The amount shown below as actuarial accrued liability is a measure of the difference between the actuarial present value of future plan benefits, and the actuarial present value of future normal cost.

OPEB Trust
Schedule of Funding Status and Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded Actuarial Accrued Liabilities (UAAL) (2) – (1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
7/1/2008	$ -0-	$64,297,063	$64,297,063	0.0%	$18,162,177	354%
7/1/2009	4,761,141	64,812,543	60,051,402	7.3%	18,797,853	319%
7/1/2010	4,882,375	83,518,121	78,635,746	5.8%	18,292,104	430%

Valuation Date	July 1, 2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Amount Open
Remaining Amortization Period	29 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	5.20%
Discount Rate	5.20%
Rate of Salary Increases	3.50%
Ultimate Rate of Medical inflation	5.50%
Initial Rate of Medical Inflation	7.10%

FINANCIAL SECTION

PART - E

SUPPLEMENTARY INFORMATION

- **COMBINING FUND STATEMENTS**
- **BUDGETARY SCHEDULES**

FINANCIAL STATEMENTS
SPECIAL REVENUE
FUNDS

Special Revenue Funds include the group of funds classified as grant funds and a Realty Transfer Tax Fund. The proceeds from specific revenue sources are restricted to specified expenditure purposes. The City adopts budgets for selected Special Revenue Funds. Combining and individual statements appear in this section.

POLICE GRANTS

The City of Dover Police Department receives various grants from the State of Delaware for public and highway safety and the U.S. Department of Justice for local law enforcement. All grant transactions are recorded in this fund.

LIBRARY GRANTS

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

MUNICIPAL STREET AID

The State of Delaware has passed legislation to share a portion of Delaware's motor fuel tax revenue with local municipalities through grants. The amount of the grant the City receives depends on its population and miles of streets maintained. The grant is used for street light expense within the City.

CDBG HOUSING GRANTS & NEIGHBORHOOD STABILIZATION PROGRAM

The City receives a U.S. Department of Housing and Urban Development Entitlement Grant for the Community Development Block Grant Program. This provides housing to low or moderate-income persons as well as public housing rehabilitation and community policing. Combined with the CDBG Fund is the Neighborhood Stabilization Program (NSP) that provides low interest loans for low to moderate-income families.

FINANCIAL STATEMENTS
SPECIAL REVENUE
FUNDS (continued)

GIRLS CIRCLE, GAMES AND YOUTH CONNECTIONS GRANT

The City of Dover, in coordination with Aid in Dover, received three grants from the Criminal Justice Council for programs called Girls Circle, GAMES and Youth Connections. The programs provide youth programming for at-risk girls and boys.

STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS

The State of Delaware Department of Transportation grants provide funds for specific street projects in the City. State law provides funds to the State's elected officials for suburban street aid, which officials can then provide to their districts. The City receives these funds for designated street projects and records all transactions for this fund.

SUBSTANCE ABUSE PREVENTION GRANT

The State of Delaware General Assembly Grant-In-Aid Program provides funds to implement a substance abuse prevention program for at-risk and/or disadvantaged youths in the City of Dover.

ELECTRONIC RED LIGHT SAFETY PROGRAM (ERLSP)

The State of Delaware Department of Transportation provides a grant to municipalities that implement the Electronic Red Light Safety Program. Under this program, the City is granted a portion of the fines collected from drivers who are ticketed for running red lights installed with electronic photo identification equipment within the City limits.

GARRISON OAK TECHNOLOGY PARK

The State of Delaware Economic Development office appropriated funds to the City for infrastructure improvement to the Garrison Oak property.

REALTY TRANSFER TAX

Delaware Code states that realty transfer tax realized by the City shall be segregated from the general fund and the funds shall be expended solely for the capital and operating costs of public safety services, economic development programs, public works services, capital projects and improvements, infrastructure projects and improvements and debt reduction.

CITY OF DOVER
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG/NSP HOUSING GRANTS	GIRLS CIRCLE, GAMES & Y.C. GRANT	STATE D.O.T. GRANTS	SUBSTANCE ABUSE PREV. GRANT	ERLSP	GARRISON OAK TECH. PARK	REALTY TRANSFER TAX	TOTALS
ASSETS:											
Cash	$ 135,709	$ 56,891	$ 100	$ 17,244	$ -	$ 507,386	$ 18,313	$ 100	$ 21,921	$ 100	$ 757,764
Receivables	114,256	220	-	-	-	-	-	-	-	-	114,476
Due from other Funds-temporary advances	-	-	-	-	-	-	2,633	-	-	-	2,633
Due from other funds-charges	-	-	132,130	2,907	-	660		-	-	-	135,697
Prepaid items	1,384	-	-	8,110	-	-	3,605	-	-	-	13,099
Due from other governments	-	-	-	36,384	7,994	224,334	2,143	29,636	-	-	300,491
TOTAL ASSETS	$ 251,349	$ 57,111	$ 132,230	$ 64,645	$ 7,994	$ 732,380	$ 26,694	$ 29,736	$ 21,921	$ 100	$ 1,324,160
LIABILITIES AND FUND BALANCE:											
Liabilities:											
Vouchers Payable	$ 64,361	$ 27,103	$ -	$ 39,600	$ 5,361	$ 256,009	$ 5,074	$ -	$ 1,350	$ -	$ 398,858
Deferred Revenue	4,644	-	-	2,907	-	154,952	-	-	-	-	162,503
Due to other funds-charges	8,555	-	-	5,941	-	132,130	-	29,636	-	-	176,262
Due to other funds-temporary advances	-	-	-	-	2,633	-	-	-	-	-	2,633
Total Liabilities	77,560	27,103	-	48,448	7,994	543,091	5,074	29,636	1,350	-	740,256
Fund Balances:											
Nonspendable	1,384	-	-	8,110	-	-	3,605	-	-	-	13,099
Restricted	172,405	30,008	132,230	8,087	-	17,908	18,015	100	20,571	100	399,424
Assigned	-	-	-	-	-	171,381	-	-	-	-	171,381
Total Fund Balances	173,789	30,008	132,230	16,197	-	189,289	21,620	100	20,571	100	583,904
TOTAL LIABILITIES AND FUND BALANCES	$ 251,349	$ 57,111	$ 132,230	$ 64,645	$ 7,994	$ 732,380	$ 26,694	$ 29,736	$ 21,921	$ 100	$ 1,324,160

CITY OF DOVER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES
YEAR ENDED JUNE 30, 2012

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG/NSP HOUSING GRANTS	GIRLS CIRCLE, GAMES & Y.C. GRANT	STATE D.O.T. GRANTS	SUBSTANCE ABUSE PREV. GRANT	ERLSP	GARRISON OAK TECH. PARK	REALTY TRANSFER TAX	TOTALS
REVENUES:											
Grants received	$ 449,860	$ 281,967	$ 659,172	$ 338,732	$ 35,162	$ 245,857	$ 33,843	$ -	$ -	$ -	$ 2,044,593
Recreation revenue	-	-	-	-	-	-	44,522	-	-	-	44,522
Police fines	-	-	-	-	-	-	-	518,603	-	-	518,603
Transfer taxes	-	-	-	-	-	-	-	-	-	1,373,103	1,373,103
Miscellaneous revenue	-	-	-	-	-	660	-	-	-	-	660
Investment income (loss)	149	-	2	-	-	209	-	34	29	112	535
TOTAL REVENUES	450,009	281,967	659,174	338,732	35,162	246,726	78,365	518,637	29	1,373,215	3,982,016
EXPENDITURES:											
Program expenditures	523,011	299,431	4	402,982	35,162	424,597	73,071	-	45,190	6	1,803,454
TOTAL EXPENDITURES	523,011	299,431	4	402,982	35,162	424,597	73,071	-	45,190	6	1,803,454
Excess (deficiency) of revenues over expenditures	(73,002)	(17,464)	659,170	(64,250)	-	(177,871)	5,294	518,637	(45,161)	1,373,209	2,178,562
Other financing sources (uses):											
Operating transfers-in	-	-	-	2,907	-	-	-	-	-	-	2,907
Operating transfers-out	(168,613)	-	(527,042)	-	-	(68,000)	-	(518,637)	-	(1,373,209)	(2,655,501)
Excess (deficiency) of revenues and other financing sources over expenditures & other uses	(241,615)	(17,464)	132,128	(61,343)	-	(245,871)	5,294	-	(45,161)	-	(474,032)
FUND BALANCE AT BEGINNING OF YEAR	415,404	47,472	102	77,540	-	435,160	16,326	100	65,732	100	1,057,936
FUND BALANCE AT END OF YEAR	$ 173,789	$ 30,008	$ 132,230	$ 16,197	$ -	$ 189,289	$ 21,620	$ 100	$ 20,571	$ 100	$ 583,904

CITY OF DOVER
POLICE GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	$ 415,404	$ 415,404	$ 415,404	$ -
Interest earned	-	-	149	149
Grants received: CJC	35,876	35,876	169,561	133,685
Grants received: BYRNE/JAG	136,931	136,931	147,410	10,479
Grants received: Cops Hiring recovery program	155,485	155,485	72,395	(83,090)
Grants received: Federal Forfeiture Funds	-	-	60,494	60,494
TOTAL REVENUES & BEGINNING BALANCE	$ 743,696	$ 743,696	$ 865,413	$ 121,717
EXPENDITURES:				
CJC grant expense	$ 35,876	$ 35,876	$ -	$ (35,876)
EIDE grant expense	30,032	30,032	-	(30,032)
SALLE grant expense	72,537	72,537	-	(72,537)
SLEAF grant expense	49,654	49,654	-	(49,654)
BYRNE/JAG grant expense	-	-	147,410	147,410
Federal Forfeiture grant expense	-	-	221,711	221,711
Cops Hiring recovery expense	-	-	72,395	72,395
Photo equipment & supplies	-	-	20,150	20,150
Police equipment & program supplies	-	-	16,897	16,897
Computer software	-	-	1,449	1,449
Technology equipment	-	-	36,042	36,042
Training	-	-	21,120	21,120
Extra duty overtime	-	-	154,450	154,450
TOTAL EXPENDITURES	$ 188,099	$ 188,099	$ 691,624	$ (503,525)
BALANCE CARRIED TO NEXT YEAR	$ 555,597	$ 555,597	$ 173,789	$ (381,808)

CITY OF DOVER
LIBRARY GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	$ 16,336	$ -	$ 47,472	$ 47,472
Grants received: State	259,801	310,635	281,967	(28,668)
Grants received: Federal	2,750	1,500	-	(1,500)
TOTAL REVENUES & BEGINNING BALANCE	278,887	312,135	329,439	17,304
EXPENDITURES:				
Program expenditures/supplies	41,935	22,482	29,305	6,823
Office Supplies	-	8,899	8,899	-
Printing/duplicating	-	5,933	5,933	-
Postage	-	500	44	(456)
Books	119,216	112,053	111,870	(183)
Furniture	-	4,907	19,884	14,977
Audio visual supplies	55,000	70,000	68,368	(1,632)
Training/conference/food/travel	5,000	2,915	3,156	241
Office equipment repairs	-	-	2,386	2,386
Contractual services	18,650	4,150	2,250	(1,900)
Computer hardware	20,000	78,796	45,836	(32,960)
Program expenditures/supplies: Federal	2,750	1,500	1,500	-
TOTAL EXPENDITURES	262,551	312,135	299,431	12,704
BALANCE CARRIED TO NEXT YEAR	$ 16,336	$ -	$ 30,008	$ 30,008

CITY OF DOVER
MUNICIPAL STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	$ 100	$ 102	$ 102	$ -
Grant received	526,814	659,200	659,172	(28)
Interest earned	100	-	2	2
TOTAL REVENUES & BEGINNING BALANCE	527,014	659,302	659,276	(26)
Other financing uses:				
Operating transfers-out	(526,814)	(659,202)	(527,046)	132,156
BALANCE CARRIED TO NEXT YEAR	$ 200	$ 100	$ 132,230	$ 132,130

CITY OF DOVER
HOUSING PROGRAMS - CDBG & NSP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance CDBG	$ -	$ -	$ (34,345)	$ (34,345)
Beginning balance NSP	-	-	71,356	71,356
Federal grant received	263,195	311,825	268,368	(43,457)
Revenues from General Fund	-	-	2,907	2,907
Revenue from NSP	-	-	110,653	110,653
TOTAL REVENUES & BEGINNING BALANCE	263,195	311,825	418,939	107,114
EXPENDITURES:				
Federal program expenditures	263,195	311,825	230,986	80,839
NSP program expenditures	-	-	171,756	(171,756)
TOTAL EXPENDITURES	263,195	311,825	402,742	(90,917)
CDBG BALANCE CARRIED TO NEXT YEAR	$ -	$ -	$ 5,944	$ (5,944)
NSP BALANCE CARRIED TO NEXT YEAR	-	-	10,253	(10,253)

CITY OF DOVER
STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	$ 312,651	$ 435,200	$ 435,160	$ (40)
Grants received: State	1,900,000	168,200	245,857	77,657
Miscellaneous revenues	-	-	660	660
Interest earned	2,800	500	209	(291)
TOTAL REVENUES & BEGINNING BALANCE	2,215,451	603,900	681,886	77,986
EXPENDITURES:				
Program expenditures Grant Related	2,200,000	300,000	271,888	(28,112)
Program expenditures City Appropriated	-	-	152,709	(152,709)
TOTAL EXPENDITURES	2,200,000	300,000	424,597	(124,597)
Other financing sources (uses):				
Operating transfers-in	-	131,800	-	(131,800)
Operating transfers-out	-	-	68,000	68,000
BALANCE CARRIED TO NEXT YEAR	$ 15,451	$ 435,700	$ 189,289	$ (246,411)

FINANCIAL SCHEDULES
PROPRIETARY FUND TYPES
ENTERPRISE FUNDS

The following schedules pertaining to the major enterprise funds are not required under GAAP, but are included for public review of budgetary compliance. Accordingly, no reconciliation to the GAAP financial statements is provided.

WATER/WASTEWATER FUND

The Water/Wastewater Fund accounts for all operating activity of the Water/Wastewater Utility. This includes service revenues, investment earnings on operating accounts, direct and indirect operating expenses, sewerage treatment fees, debt service, and transfers to other funds and the Improvement and Extension Fund.

The Water/Wastewater Improvement and Extension Fund is used to account for all capital project and equipment purchases. The City utilizes revenue and expenditure accounts to record capital project receipts, transfers from the operating fund, and project costs.

The funds are combined for GAAP reporting purposes with assets capitalized.

ELECTRIC REVENUE FUND

The Electric Revenue Fund accounts for all operating activity of the electric utility. This includes service revenues, investment earnings on operating accounts, direct and indirect operating expenses, purchased power cost, debt service, and transfers to other funds and the Improvement and Extension Fund.

The Electric Improvement and Extension Fund is used to account for all capital project and equipment purchases. The City utilizes revenue and expenditure accounts to record capital project receipts, transfers from the operating fund, and project costs.

The funds are combined for GAAP reporting purposes with assets capitalized

CITY OF DOVER
WATER/WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Water	$ 2,385,027	$ 2,567,172	$ 2,567,172	$ -
Beginning Balance - Wastewater	1,741,242	1,929,346	1,929,346	-
Beginning Balance - Kent County Treatment Fee	(1,757,484)	(1,243,243)	(1,243,243)	-
TOTAL BEGINNING BALANCES	2,368,785	3,253,275	3,253,275	-
REVENUES:				
Water fees	4,603,400	4,700,000	4,707,918	7,918
Wastewater fees	3,756,700	3,756,700	3,722,985	(33,715)
Wastewater adjustment	3,090,900	3,050,700	3,050,127	(573)
Groundwater adjustment	1,386,900	1,239,000	1,290,968	51,968
Miscellaneous services	58,000	58,000	104,634	46,634
Water tank space rent	307,600	307,600	313,101	5,501
Interest earnings	27,800	27,800	31,889	4,089
Sewer Impact Fees	323,000	323,000	277,400	(45,600)
Water Impact Fees	357,000	357,000	308,700	(48,300)
Total Revenues	13,911,300	13,819,800	13,807,722	(12,078)
TOTAL BEGINNING BALANCES & REVENUES	**$ 16,280,085**	**$ 17,073,075**	**$ 17,060,997**	**$ (12,077)**
EXPENSES:				
Water services	$ 382,655	$ 382,655	$ 395,587	$ (12,932)
Engineering & inspection	622,230	622,230	507,921	114,309
Water construction	440,088	409,988	347,698	62,290
Water treatment plant	1,543,114	1,543,114	1,447,678	95,436
Wastewater services	959,735	959,735	878,066	81,669
Kent County sewer fees	4,235,400	3,600,000	3,724,238	(124,238)
Intrafund service fee	1,228,596	1,228,596	1,050,391	178,205
Retirees health care	190,830	190,830	190,830	-
OPEB Unfunded Liability	-	372,417	372,417	-
Pension Trust Contribution	228,400	228,400	228,400	-
Debt Service - Water	320,853	320,853	251,510	69,343
Debt Service - Wastewater	416,083	416,083	456,429	(40,346)
Inventory/Fixed Asset Writeoffs	10,000	10,000	10,000	-
Transfer to Contingency Reserve	8,000	8,000	8,000	-
Transfer to Capital Asset Reserve- Water	100,000	100,000	100,000	-
Transfer to Capital Asset Reserve- Wastewater	300,000	300,000	300,000	-
Transfer to Water Improvement & Extension Fund	750,000	2,750,000	2,750,000	-
Transfer to Wastewater Improvement & Extension Fund	1,000,000	2,000,000	2,000,000	-
Transfer to General Fund from Water	238,842	238,842	238,842	-
Transfer to General Fund from Wastewater	185,666	185,666	185,666	-
Transfer to Impact Fee Reserve-Water	36,147	36,147	171,777	(135,630)
Transfer to Uncollectible Reserve	5,000	5,000	5,000	-
Total Expenses	13,201,639	15,908,556	15,620,450	288,106
Budget Balance - Water	2,738,400	865,100	1,075,793	(210,693)
Budget Balance - Wastewater	1,855,130	852,962	991,140	(138,178)
Budget Balance - Kent County Treatment Fee	(1,515,084)	(553,543)	(626,386)	72,843
Total Budget Balances - Working Capital	3,078,446	1,164,519	1,440,547	(276,028)
TOTAL BUDGET BALANCES & EXPENSES	**$ 16,280,085**	**$ 17,073,075**	**$ 17,060,997**	**$ 12,078**

CITY OF DOVER
WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance -Water	$ 1,139,872	$ 1,537,774	$ 1,537,774	$ -
Beginning Balance -Wastewater	303,476	339,673	339,673	-
TOTAL BEGINNING BALANCES	1,443,348	1,877,447	1,877,447	-
REVENUES:				
State Loan Fund-Water 2010	-	1,923,489	1,923,489	-
State Loan Fund-Wastewater 2009	1,800,000	1,259,850	1,325,671	65,821
State Loan Fund-Wastewater 2011	-	765,060	-	(765,060)
Income from Sale of Assets	-	-	1,703	1,703
Interest earnings	-	-	28,308	28,308
Transfer from Water Fund	750,000	2,750,000	2,750,000	-
Transfer from Wastewater Fund	1,000,000	2,000,000	2,000,000	-
Transfer from Impact Fee Reserve	262,840	867,032	760,270	(106,762)
Total Revenues	3,812,840	9,565,431	8,789,441	(775,990)
TOTAL BEGINNING BALANCES & REVENUES	**$ 5,256,188**	**$ 11,442,878**	**$ 10,666,888**	**$ (775,990)**
EXPENSES:				
Water	$ 766,240	$ 3,086,468	$ 2,362,179	$ 724,289
Wastewater	3,404,900	4,217,976	1,799,541	2,418,435
Water Treatment Plant	22,900	22,900	22,898	2
Water Construction	30,100	30,100	29,985	115
Total Expenses	4,224,140	7,357,444	4,214,603	3,142,841
Budget Balance - Water	1,070,632	3,071,795	3,811,206	(739,411)
Budget Balance - Wastewater	(38,584)	1,013,639	2,641,079	(1,627,440)
Total Budget Balances - Working Capital	1,032,048	4,085,434	6,452,285	(2,366,851)
TOTAL BUDGET BALANCES & EXPENSES	**$ 5,256,188**	**$ 11,442,878**	**$ 10,666,888**	**$ 775,990**

CITY OF DOVER
ELECTRIC REVENUE FUND
SCHEDULE OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	$ 11,867,003	$ 12,292,573	$ 12,292,573	$ -
REVENUES:				
Direct base sales	95,675,500	95,674,800	96,483,053	808,253
Purchased power adjustment	(6,012,000)	(6,011,300)	(6,083,282)	(71,982)
Rental income	225,000	225,000	193,065	(31,935)
Miscellaneous services	919,000	850,700	1,142,471	291,771
Utility tax	1,966,100	1,700,000	1,548,209	(151,791)
Green Energy	129,000	129,000	127,581	(1,419)
Interest earned-operating	264,900	150,000	95,708	(54,292)
Transfer from Rate Stabilization	1,000,000	1,000,000	1,000,000	-
Intrafund Services - Water/Wastewater	240,203	240,200	156,204	(83,996)
Total Revenues	94,407,703	93,958,400	94,663,009	704,609
TOTAL BEGINNING BALANCE & REVENUE	**$ 106,274,706**	**$ 106,250,973**	**$ 106,955,582**	**$ 704,609**
EXPENSES:				
Power Supply & Generation				
Power Supply	$ 42,047,430	$ 42,047,430	$ 43,265,652	$ (1,218,222)
Power Supply Management	1,170,000	1,170,000	996,000	174,000
Capacity Charges	8,506,512	8,506,512	8,685,938	(179,426)
PJM Charges - Load	15,043,396	15,043,396	10,182,061	4,861,335
Total Power Supply	66,767,338	66,767,338	63,129,651	3,637,687
Plant Operations	5,964,817	5,964,817	5,500,857	463,960
Capacity Credits	(7,388,283)	(7,388,283)	(7,373,701)	(14,582)
PJM Credits	(1,285,675)	(1,285,675)	(4,081,759)	2,796,084
Generation Fuels	664,641	664,641	1,582,984	(918,343)
Total Generation	(2,044,500)	(2,044,500)	(4,371,619)	2,327,119
Utility Tax	1,966,100	1,700,000	1,548,209	151,791
Administration	602,715	647,715	654,077	(6,362)
Transmission/Distribution	3,162,026	3,142,026	2,960,426	181,600
Electrical Engineering	1,177,060	1,152,060	986,042	166,018
Systems Operations	473,895	473,895	498,063	(24,168)
Meter Reading	215,208	215,208	205,791	9,417
Contractual Services - Power Supply	115,000	75,000	5,207	69,793
Provision for Uncollectible	150,000	150,000	150,000	-
Retirees Health Care	646,510	646,510	646,510	-
OPEB Trust Contribution	1,115,300	1,688,847	1,688,847	-
Pension Trust Contribution	1,110,500	1,110,500	1,110,500	-
Green Energy Payment to DEMEC	129,000	129,000	127,581	1,419
Interest on Deposits	54,500	54,500	21,297	33,203
Intrafund Service Fees	3,370,778	3,270,800	3,105,015	165,785
Other Appropriations:				
Electric Capital Project Fund	3,500,000	3,500,000	3,500,000	-
General Fund	7,876,288	7,876,288	7,876,288	-
Debt Service	3,336,800	3,336,800	3,371,609	(34,809)
Rate Stabilization Fund	-	5,000,000	5,000,000	-
Inventory Reserve	175,000	175,000	175,000	-
TOTAL EXPENSES	**93,899,518**	**99,066,987**	**92,388,494**	**6,678,493**
Budget Balance - Working Capital	12,375,188	7,183,986	14,567,088	(7,383,102)
TOTAL BUDGET BALANCE & EXPENSES	**$ 106,274,706**	**$ 106,250,973**	**$ 106,955,582**	**$ (704,609)**

CITY OF DOVER
ELECTRIC IMPROVEMENT AND EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	$ 2,561,096	$ 3,175,375	$ 3,175,375	$ -
TOTAL BEGINNING BALANCES	2,561,096	3,175,375	3,175,375	-
REVENUES:				
Transfer from Electric Revenue Fund	3,500,000	3,500,000	3,500,000	-
Interest earnings	38,400	25,000	25,168	168
Income from Sale of Assets	-	-	10,066	10,066
Transfer from Insurance Reserve	70,730	70,730	70,730	-
Transfer from Depreciation Reserve	300,000	300,000	300,000	-
Total Revenues	3,909,130	3,895,730	3,905,964	10,234
TOTAL BEGINNING BALANCES & REVENUES	**$ 6,470,226**	**$ 7,071,105**	**$ 7,081,339**	**$ 10,234**
EXPENSES:				
Power Plant	$ 1,810,410	$ 1,897,455	$ 1,455,376	$ 442,079
Transmission/Distribution	648,337	648,337	461,464	186,873
Engineering	1,790,716	1,790,716	1,619,603	171,113
Meter Reading	20,000	20,000	10,280	9,720
Total Expenses	4,269,463	4,356,508	3,546,723	809,785
Budget Balance - Improvement & Extension Fund	2,200,763	2,714,597	3,534,616	(820,019)
Total Budget Balances - Working Capital	2,200,763	2,714,597	3,534,616	(820,019)
TOTAL BUDGET BALANCES & EXPENSES	**$ 6,470,226**	**$ 7,071,105**	**$ 7,081,339**	**$ (10,234)**

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FINANCIAL STATEMENTS
PROPRIETARY FUND TYPES
INTERNAL SERVICE FUNDS

WORKERS' COMPENSATION INSURANCE FUND

The City has created this fund to account for the revenues and expenses related to a self-insured Workers' Compensation Fund. The revenues are received from the City's various funds. These funds contribute to the Workers' Compensation Fund an amount based on salaries at a pre-determined assessment rate. Claims paid, reinsurance cost and third party administrator's fees are charged to this fund.

Budgetary schedules are included for public review of budgetary compliance.

CITY OF DOVER
INTERNAL SERVICE FUNDS
WORKER'S COMPENSATION INSURANCE
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
AS OF JUNE 30, 2012 & JUNE 30, 2011

	2012	2011
OPERATING REVENUES:		
City Contribution	$ 24,528	$ 631,636
Insurance Refunds - Excess Ins. & Other	533,979	-
Miscellaneous revenue	6,380	4,577
TOTAL OPERATING REVENUE	564,887	636,213
OPERATING EXPENSES:		
Program Expenses	1,769,964	161,880
Insurance	67,652	63,125
Self-Insurance Taxes	24,337	34,845
Contractural Services	31,100	31,100
TOTAL OPERATING EXPENSES	1,893,053	290,950
NET OPERATING INCOME/(LOSS)	(1,328,166)	345,263
NON OPERATING REVENUE/(EXPENSE):		
Interest Earned	19,987	27,684
Net Increase (Decrease) in Fair Market Value of Investments	4,533	(3,188)
TOTAL NON OPERATING REVENUE/(LOSS)	24,520	24,496
UNRESERVED RETAINED EARNINGS AT BEGINNING OF YEAR	1,936,697	1,566,938
UNRESERVED RETAINED EARNINGS AT END OF YEAR	$ 633,051	$ 1,936,697

FINANCIAL STATEMENTS
FIDUCIARY FUND TYPES
AGENCIES

DOWNTOWN DOVER PARTNERSHIP

The City established the Downtown Dover Partnership as an agency for the development of the downtown urban area.

FOURTH OF JULY CELEBRATION COMMITTEE

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

DOVER LIBRARY FOUNDATION

The Dover Library Foundation was formed to provide fund raising for the construction of a new regional library.

CITY OF DOVER
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2012

	BALANCE JUNE 30, 2011	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2012
DOWNTOWN DOVER PARTNERSHIP				
ASSETS:				
Cash	$ 399,231	$ 716,976	$ 860,257	$ 255,950
Receivables	59,641	5,852	10,639	54,854
Prepaid items	829	3,064	829	3,064
Total Assets	$ 459,701	$ 725,892	$ 871,725	$ 313,868
LIABILITIES:				
Vouchers payable	$ 26,686	$ 848,307	$ 825,738	$ 49,255
Deposit payable	7,015	-	-	7,015
Due to agencies	426,000	-	168,402	257,598
Total Liabilities	$ 459,701	$ 848,307	$ 994,140	$ 313,868
4TH JULY CELEBRATION COMMITTEE				
ASSETS:				
Cash	$ 15,385	$ 33,446	$ 22,935	$ 25,896
Prepaid items	1,597	-	1,597	-
Total Assets	$ 16,982	$ 33,446	$ 24,532	$ 25,896
LIABILITIES:				
Vouchers payable	$ 1,822	$ 21,112	$ 22,934	$ -
Due to agencies	15,160	10,736	-	25,896
Total Liabilities	$ 16,982	$ 31,848	$ 22,934	$ 25,896
DOVER LIBRARY FOUNDATION				
ASSETS:				
Cash	$ 1,472,451	$ 368,338	$ 1,669,225	$ 171,564
Prepaid items	-	76	-	76
Total Assets	$ 1,472,451	$ 368,414	$ 1,669,225	$ 171,640
LIABILITIES:				
Vouchers payable	$ 936	$ 3,649	$ 4,585	$ -
Due to agencies	1,471,515	-	1,299,875	171,640
Total Liabilities	$ 1,472,451	$ 3,649	$ 1,304,460	$ 171,640

(Continued)

(Continued-Combining Statement of Changes in Assets & Liabilities all Agency Funds)

	BALANCE JUNE 30, 2011	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2012
TOTAL-ALL AGENCY FUNDS				
ASSETS:				
Cash & Investments	$ 1,887,067	$ 1,118,760	$ 2,552,417	$ 453,410
Receivables	59,641	5,852	10,639	54,854
Prepaid items	2,426	3,140	2,426	3,140
Total Assets	$ 1,949,134	$ 1,127,752	$ 2,565,482	$ 511,404
LIABILITIES:				
Vouchers payable	$ 29,444	$ 873,068	$ 853,257	$ 49,255
Deposit payable	7,015	-	-	7,015
Due to agencies	1,912,675	10,736	1,468,277	455,134
Total Liabilities	$ 1,949,134	$ 883,804	$ 2,321,534	$ 511,404

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FINANCIAL STATEMENTS
FIDUCIARY FUND TYPES
PENSION TRUST FUNDS

POLICE PENSION TRUST

This fund accounts for pension transactions of sworn, uniformed police officers hired prior to September 1, 1982. This pension plan is now closed to new police officers. Pensions and benefits to the police retirees are paid from this fund. The trust fund investments are managed by an outside investment manager.

EMPLOYEES' PENSION TRUST

This fund incorporates transactions related to the retirement system for all employees, with the exception of sworn, uniformed police officers and new employees hired after September 29, 2009. This fund accounts for the costs of the management of funds. These costs are paid to an outside investment manager. The resources are provided by contributions from the City, interest earnings and employee's contributions of 3.5% of payroll, exclusive of unscheduled overtime.

OPEB TRUST

This fund provides retirement medical coverage to pensioners and their eligible dependents in the City of Dover defined benefit and defined contribution pension plans. The resources are 100% of individual health insurance coverage for the employee and 75% of the amount over the individual premium for dependent care coverage and the employee contributes 25% of the amount over the individual premium for dependent care coverage.

The City of Dover, Delaware
Combining Statement of Pension Trust Fund Net Assets
June 30, 2012

	Police Pension	General Pension	Totals
ASSETS:			
Cash and cash equivalents	$ 601,329	$ 861,458	$ 1,462,787
Investments at fair value - Mutual Funds	10,086,398	21,187,128	31,273,526
Net assets held in trust for pension benefits	$ 10,687,727	$ 22,048,586	$ 32,736,313

The City of Dover, Delaware
Combining Statement of Changes in Pension Trust Fund Net Assets
For the Year Ended June 30, 2012

	Police Pension	General Pension	Totals
Additions			
Net investment income/loss	$ (34,831)	$ (4,991)	$ (39,822)
City's contribution - payroll based	-	354,034	354,034
City's contribution - lump sum	95,000	2,788,900	2,883,900
Employee contribution	-	279,092	279,092
State contributions	561,772	-	561,772
Other	11,502	17	11,519
Total Additions to Net Assets	633,443	3,417,052	4,050,495
Deductions			
Benefit payments	1,486,211	3,249,878	4,736,089
General administration	13,256	18,149	31,405
Refund of pension contribution	-	109,354	109,354
Total Deductions From Net Assets	1,499,467	3,377,381	4,876,848
Change in net assets	(866,024)	39,671	(826,353)
Net assets - beginning	11,553,751	22,008,915	33,562,666
Net assets - ending	$ 10,687,727	$ 22,048,586	$ 32,736,313

STATISTICAL SECTION

THIS SECTION OF THE CITY OF DOVER 'S COMPREHENSIVE ANNUAL FINANCIAL REPORT PRESENTS DETAILED INFORMATION AS A CONTEXT FOR UNDERSTANDING WHAT THE INFORMATION IN THE FINANCIAL STATEMENTS, NOTE DISCLOSURES, AND REQUIRED SUPPLEMENTARY INFORMATION SAYS ABOUT THE GOVERNMENT'S OVERALL FINANCIAL HEALTH.

STATISTICAL SECTION

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

City of Dover
Net Assets by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in capital assets, net of related debt	$ 19,554,571	$ 21,824,685	$ 23,343,787	$ 27,056,161	$ 29,709,046	$ 35,255,463	$ 35,752,624	$ 35,742,504	$ 38,839,995	$ 49,642,124
Restricted	1,002,363	1,852,754	2,023,096	887,235	1,591,678	1,602,932	1,758,470	1,250,342	1,774,167	482,780
Unrestricted	5,423,283	4,067,810	7,431,716	11,590,341	13,849,061	15,155,125	9,536,614	4,820,682	(99,435)	(6,759,433)
Total governmental activities net assets	25,980,217	27,745,249	32,798,599	39,533,737	45,149,785	52,013,520	47,047,708	41,813,528	40,514,727	43,365,471
Business-type activities										
Invested in capital assets, net of related debt	73,946,422	81,968,635	82,878,764	89,089,027	89,289,351	101,154,934	91,471,776	96,660,480	97,270,906	98,303,263
Restricted	39,568,228	36,010,001	32,620,056	33,801,000	29,762,946	23,758,183	34,372,050	31,302,487	34,148,330	33,836,315
Unrestricted	8,253,229	4,831,263	11,569,305	11,859,329	14,371,418	16,263,139	18,614,907	19,318,633	23,286,232	33,947,753
Total business-type activities net assets	121,767,879	122,809,899	127,068,125	134,749,356	133,423,715	141,176,256	144,458,733	147,281,600	154,705,468	166,087,331
Primary government										
Invested in capital assets, net of related debt	93,500,993	103,793,320	106,222,551	116,145,188	118,998,397	136,410,397	127,224,400	132,402,984	136,110,901	147,945,387
Restricted	40,570,591	37,862,755	34,643,152	34,688,235	31,354,624	25,361,115	36,130,520	32,552,829	35,922,497	34,319,095
Unrestricted	13,676,512	8,899,073	19,001,021	23,449,670	28,220,479	31,418,264	28,151,521	24,139,315	23,186,797	27,188,320
Total primary government net assets	$ 147,748,096	$ 150,555,148	$ 159,866,724	$ 174,283,093	$ 178,573,500	$ 193,189,776	$ 191,506,441	$ 189,095,128	$ 195,220,195	$ 209,452,802

Table 2

City of Dover
Changes in Net Assets
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	$ 1,710,749	$ 1,426,396	$ 905,382	$ 836,668	$ 1,472,104	$ 1,384,276	$ 1,855,983	$ 1,510,308	$ 1,248,124	$ 1,180,327
Public safety	11,131,850	12,319,713	12,533,566	13,879,609	14,509,849	15,120,737	15,929,187	16,357,692	16,848,343	17,638,304
Public Works	4,029,404	4,536,928	4,547,747	4,493,296	4,791,235	4,355,206	7,539,463	7,115,319	6,257,946	8,135,172
Library and recreation	1,512,396	1,371,944	1,706,743	1,309,601	1,875,872	2,108,664	2,417,236	2,265,205	2,731,492	2,377,363
Community and economic development	392,101	545,899	711,743	600,907	639,545	497,914	724,555	2,228,744	1,173,546	773,208
Central services	48,032	297,857	236,451	447,877	552,042	586,274	550,886	544,611	599,498	469,385
Financial administration	241,609	1,902,719	1,582,911	1,774,380	1,588,425	1,425,074	2,557,465	2,353,180	2,463,426	1,146,524
Other post-employment benefits	-	-	-	-	-	-	2,441,541	2,843,480	6,142,627	6,534,630
Interest on long-term debt	249,661	224,155	129,352	118,130	106,815	82,657	87,491	78,581	75,397	90,161
Total governmental activities expenses	19,315,802	22,625,611	22,353,895	23,460,468	25,535,887	25,560,802	34,103,807	35,297,120	37,540,399	38,345,074
Business-type activities										
Water and Sewer	8,789,932	9,291,404	8,678,186	9,263,236	9,846,771	10,387,198	11,196,913	11,971,445	10,912,722	11,068,607
Electric	52,380,785	53,387,490	56,384,796	58,620,196	88,297,987	88,442,048	94,475,940	90,940,056	90,296,244	77,625,673
Total business-type activities	61,170,717	62,678,894	65,062,982	67,883,432	98,144,758	98,829,246	105,672,853	102,911,501	101,208,966	88,694,280
Total primary government expenses	80,486,519	85,304,505	87,416,877	91,343,900	123,680,645	124,390,048	139,776,660	138,208,621	138,749,365	127,039,354
Program Revenues										
Governmental activities:										
Charges for services:										
General government	524,342	1,117,648	1,209,067	1,428,996	1,683,817	1,603,935	1,426,972	1,307,296	1,503,243	4,043,168
Public safety	3,000,136	2,956,135	3,684,792	4,487,028	4,499,315	4,571,911	4,358,641	4,309,516	4,682,687	4,803,827
Public works	1,080,356	1,083,894	1,081,064	1,253,313	1,312,328	1,334,492	1,396,801	1,340,729	2,173,434	1,903,623
Library and recreation	434,149	443,925	447,948	549,959	1,100,412	788,875	715,404	650,283	632,861	632,824
Operating grants and contributions	1,683,806	2,090,106	2,267,722	3,156,369	3,108,545	2,511,244	2,758,194	3,813,842	5,032,926	2,654,051
Capital grants and contributions	717,603	1,154,728	1,983,669	500,103	790,612	647,724	1,090,838	169,130	856,338	6,292,303
Total governmental activities program revenues	7,440,392	8,846,436	10,674,262	11,375,768	12,495,029	11,458,181	11,746,850	11,590,796	14,881,489	20,329,796

(Continued)

(Table 2 Continued - Changes in Net Assets)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Business-type activities										
Charges for services:										
Water and Sewer	10,541,804	10,454,520	10,804,685	12,224,877	11,819,643	12,158,812	11,319,027	11,531,595	14,033,678	13,775,833
Electric	59,578,543	59,476,870	63,303,032	68,005,332	87,014,071	96,858,790	101,420,982	100,278,474	101,902,619	93,529,401
Capital Contributions	-	211,390	368,740	272,000	705,572	2,078,040	-	392,855	997,750	441,285
Total business-type activities program revenues	70,120,347	70,142,780	74,476,457	80,502,209	99,539,286	111,095,642	112,740,009	112,202,924	116,934,047	107,746,519
Total primary government program revenues	77,560,739	78,989,216	85,150,719	91,877,977	112,034,315	122,553,823	124,486,859	123,793,720	131,815,536	128,076,315
Net (expense)/revenue:										
Governmental activities	(11,875,410)	(13,779,175)	(11,679,633)	(12,084,700)	(13,040,858)	(14,102,621)	(22,356,957)	(23,706,324)	(22,658,910)	(18,015,278)
Business-type activities	8,949,630	7,463,886	9,413,475	12,618,777	1,394,528	12,266,396	7,067,156	9,291,423	15,725,081	19,052,239
Total primary government net revenue (expense)	(2,925,780)	(6,315,289)	(2,266,158)	534,077	(11,646,330)	(1,836,225)	(15,289,801)	(14,414,901)	(6,933,829)	1,036,961
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	7,076,050	7,183,124	7,370,318	8,792,652	9,032,995	9,557,982	10,075,401	10,029,584	10,904,908	11,050,198
Transfer taxes	2,663,963	1,627,172	2,379,548	3,048,064	3,008,371	3,515,422	1,197,425	867,692	1,461,983	1,373,103
Gain (loss) on sale of capital assets	-	-	3,750	-	-	-	-	-	-	-
Investment earnings	254,510	97,171	332,853	640,381	1,230,540	726,683	585,264	268,748	137,218	141,925
Transfers	5,440,923	6,636,740	6,611,024	6,338,741	5,385,000	7,166,269	5,533,055	7,306,120	8,856,000	8,300,796
Total governmental activities	15,435,446	15,544,207	16,697,493	18,819,838	18,656,906	20,966,356	17,391,145	18,472,144	21,360,109	20,866,022
Business-type activities:										
Gain (loss) on sale of capital assets	-	16,213	(13,264)	(127,477)	-	-	-	-	-	-
Investment earnings	2,152,263	198,661	1,312,098	1,528,672	2,664,831	2,652,414	1,748,376	837,564	554,787	630,420
Transfers	(5,440,923)	(6,636,740)	(6,611,024)	(6,338,741)	(5,385,000)	(7,166,269)	(5,533,055)	(7,306,120)	(8,856,000)	(8,300,796)
Total business-type activities	(3,288,660)	(6,421,866)	(5,312,190)	(4,937,546)	(2,720,169)	(4,513,855)	(3,784,679)	(6,468,556)	(8,301,213)	(7,670,376)
Total primary government	12,146,786	9,122,341	11,385,303	13,882,292	15,936,737	16,452,501	13,606,466	12,003,588	13,058,896	13,195,646
Change in Net Assets										
Government activities	3,560,036	1,765,032	5,017,860	6,735,138	5,616,048	6,863,735	(4,965,812)	(5,234,180)	(1,298,801)	2,850,744
Business-type activities	5,660,970	1,042,020	4,101,285	7,681,231	(1,325,641)	7,752,541	3,282,477	2,822,867	7,423,868	11,381,863
Total primary government	$ 9,221,006	$ 2,807,052	$ 9,119,145	$ 14,416,369	$ 4,290,407	$ 14,616,276	$ (1,683,335)	$ (2,411,313)	$ 6,125,067	$ 14,232,607

Table 3

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	$ 689,233	$ 720,698	$ 1,099,450	$ 2,158,007	$ 2,023,169	$ 528,145	$ 709,817	$ 315,580	$ -	$ -
Unreserved	4,682,483	3,729,125	4,156,574	6,515,829	7,046,831	9,387,795	8,305,396	7,242,323	-	-
Non-spendable	-	-	-	-	-	-	-	-	191,567	198,175
Restricted	-	-	-	-	-	-	-	-	85,070	83,356
Committed	-	-	-	-	-	-	-	-	3,484,203	920,475
Assigned	-	-	-	-	-	-	-	-	614,559	658,890
Unassigned	-	-	-	-	-	-	-	-	3,385,209	3,007,983
Total General Fund	5,371,716	4,449,823	5,256,024	8,673,836	9,070,000	9,915,940	9,015,213	7,557,903	7,760,608	4,868,879
All other governmental funds										
Special revenue funds										
Unreserved	805,171	2,119,882	2,984,929	2,829,793	5,248,929	5,180,097	881,332	872,309	-	-
Non-spendable	-	-	-	-	-	-	-	-	4,203	13,099
Restricted	-	-	-	-	-	-	-	-	764,512	399,424
Assigned	-	-	-	-	-	-	-	-	289,221	171,381
Total all other governmental funds	805,171	2,119,882	2,984,929	2,829,793	5,248,929	5,180,097	881,332	872,309	1,057,936	583,904
Total fund balances	$ 6,176,887	$ 6,569,705	$ 8,240,953	$ 11,503,629	$ 14,318,929	$ 15,096,037	$ 9,896,545	$ 8,430,212	$ 8,818,544	$ 5,452,783

NOTE
The fiscal years prior to 2011 show fund balances as they were classified and reported prior to GASB 54.

Table 4

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Fines	$ 650,004	$ 619,493	$ 1,117,440	$ 1,759,979	$ 1,314,246	$ 1,262,180	$ 1,323,041	$ 1,418,354	$ 1,665,496	$ 1,202,615
Library revenue	334,702	333,157	346,652	451,705	989,006	517,697	514,458	465,387	444,455	475,822
Licenses and permits	1,934,820	2,017,287	2,251,091	2,465,845	2,689,348	2,916,749	2,599,948	2,424,768	2,417,363	2,816,866
Sanitation fees and rebates	1,080,356	1,083,894	1,081,064	1,253,313	1,293,399	1,333,436	1,396,801	1,340,729	2,173,434	1,903,623
Recreation	-	-	-	-	12,793	34,111	47,079	36,100	44,292	44,522
Miscellaneous services	1,039,303	988,511	916,244	996,174	1,367,960	1,351,160	1,278,251	1,247,096	1,480,845	3,940,294
Taxes	9,740,013	8,810,296	9,749,866	11,840,716	12,041,366	13,073,404	11,272,826	10,897,276	12,366,891	12,462,532
Grants	2,396,409	3,244,834	2,812,082	3,919,800	4,550,607	3,148,194	3,513,365	4,482,259	5,551,175	8,909,758
Court of Chancery fees	-	559,260	710,380	792,280	929,120	883,880	738,240	675,390	766,340	863,220
Investment income	226,165	95,127	315,642	603,451	1,154,829	638,782	513,873	237,631	112,722	117,405
Total revenues	17,401,772	17,751,859	19,300,461	24,083,263	26,342,674	25,159,593	23,197,882	23,224,990	27,023,013	32,736,657
Expenditures										
General government	698,081	693,874	902,139	836,419	1,000,622	1,319,774	1,661,742	1,525,854	1,348,911	1,093,772
Library services	1,021,282	1,132,413	1,144,289	1,162,301	1,253,300	1,391,974	2,150,585	1,951,347	4,369,578	13,518,569
Public safety	10,671,475	11,755,081	12,432,257	13,922,271	15,055,746	15,068,451	15,680,044	15,948,298	16,139,953	17,001,619
Public works	1,696,969	2,864,345	2,478,911	3,340,643	2,551,962	2,928,236	3,219,659	2,504,061	2,535,060	2,074,061
Recreational services	482,936	486,789	617,624	705,241	1,452,987	2,699,725	869,134	746,868	834,124	827,230
Streets and sanitation services	2,971,180	2,957,758	2,711,775	3,242,649	3,018,222	3,675,282	3,279,188	3,181,025	3,383,465	3,280,165
Engineering services	56,703	225,658	253,299	289,208	314,728	-	-	-	-	-
Financial administration	391,721	597,973	687,450	725,963	829,002	1,055,619	1,009,240	895,570	866,314	902,009
Garage and stores	545,371	382,851	418,710	417,202	402,915	486,966	491,450	526,286	490,113	503,036
Insurance	128,127	203,997	168,430	153,202	165,584	176,947	199,643	197,723	203,343	198,241
Retiree health care lump sum	456,025	541,715	590,587	645,457	736,286	758,185	3,265,857	1,006,397	1,297,509	1,614,241
Employee pension unfunded liability	140,910	-	-	-	402,204	134,775	-	-	1,544,978	1,545,000
Street lights	465,923	470,110	534,682	545,426	624,243	917,438	937,013	956,860	968,562	986,430
Community and economic development	392,101	545,899	711,743	600,907	639,545	497,914	724,555	2,228,744	1,173,546	773,208
Miscellaneous	296,914	-	16,000	-	-	-	-	-	-	-

(Continued)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenditures										
Debt service										
Principal	637,960	668,341	490,171	464,480	368,384	350,000	365,000	260,000	270,000	275,000
Interest	249,661	217,374	121,350	107,959	96,644	87,468	77,319	68,410	65,225	52,734
Other charges (Issuance of debt)	-	122,387	-	-	-	-	-	-	-	27,255
Total expenditures	21,303,339	23,866,565	24,279,417	27,159,328	28,912,374	31,548,754	33,930,429	31,997,443	35,490,681	44,672,570
Excess of revenues over(under) expenditures	(3,901,567)	(6,114,706)	(4,978,956)	(3,076,065)	(2,569,700)	(6,389,161)	(10,732,547)	(8,772,453)	(8,467,668)	(11,935,913)
Other financing sources (uses)										
Bond proceeds	-	3,430,000	-	-	-	-	-	-	-	851,500
Transfers in	6,499,751	8,249,757	8,965,067	8,850,767	8,316,722	12,369,176	12,683,925	9,156,575	12,420,329	10,959,204
Transfers out	(1,053,828)	(1,928,012)	(2,354,043)	(2,512,026)	(2,931,722)	(5,202,907)	(7,150,870)	(1,850,455)	(3,564,329)	(2,658,408)
Payments to refunded bond escrow agent	-	(3,244,281)	-	-	-	-	-	-	-	-
Capital leases	84,377	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	3,750	-	-	-	-	-	-	-
Total other financing sources (uses)	5,530,300	6,507,464	6,614,774	6,338,741	5,385,000	7,166,269	5,533,055	7,306,120	8,856,000	9,152,296
Net change in fund balances	$ 1,628,733	$ 392,758	$ 1,635,818	$ 3,262,676	$ 2,815,300	$ 777,108	$ (5,199,492)	$ (1,466,333)	$ 388,332	$ (2,783,617)
Debt service as a percentage of noncapital expenditures	4.89%	4.70%	2.76%	2.42%	1.83%	1.62%	1.42%	1.05%	1.11%	1.15%
Capital outlay included in total expenditures (1)	$ 3,159,696	$ 2,425,801	$ 2,084,385	$ 3,523,649	$ 3,554,679	$ 4,559,625	$ 2,698,627	$ 2,434,391	$ 5,296,536	$ 13,927,288

NOTES

(1) Capital outlay has been included in functional expenditures. Debt service as a percentage of non-capital expenditures excludes capital outlay expenditures.

Table 5

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

Fiscal Year	Property Tax	Transfer Tax	Total
2003	$7,076,050	$2,663,963	$9,740,013
2004	7,183,124	1,627,172	8,810,296
2005	7,370,318	2,379,548	9,749,866
2006	8,792,652	3,048,064	11,840,716
2007	9,032,995	3,008,371	12,041,366
2008	9,557,982	3,515,422	13,073,404
2009	10,075,401	1,197,425	11,272,826
2010	10,029,584	867,692	10,897,276
2011	10,904,908	1,461,983	12,366,891
2012	11,050,198	1,373,103	12,423,301

NOTES

1. Property Tax rate $.3378 of 100% assessed value (See Table 6 for tax rates) includes payments in lieu of taxes, farm land roll back and penalties.

2. Transfer Taxes equal 1.5% of the real property sales value.

3. Assessed value by major component not available. (See Table 6 for total assessed value.)

Table 6

City of Dover, Delaware
Assessed and Estimated Actual Value
of Taxable Property Last Ten Fiscal Years

REAL PROPERTY

Fiscal Year	Total Assessed Value	Less: Exempt Properties	Total Taxable Assessed Value	Estimated Actual Value	Ratio of Total Taxable Value to Total Assessed Value	Direct Tax Rate
2003	$2,209,978,500	$504,226,700	$1,705,751,800	$2,209,978,500	77.18%	$ 0.4110
2004	2,576,251,900	841,436,800	1,734,815,100	2,576,251,900	67.34%	0.4110
2005	2,605,638,000	841,290,300	1,764,347,700	2,605,638,000	67.71%	0.4110
2006	3,146,043,800	618,735,300	2,527,308,500	3,146,043,800	80.33%	0.3300
2007	3,516,580,775	618,433,400	2,898,147,375	3,516,580,775	82.41%	0.3300
2008	3,406,762,915	616,277,700	2,790,485,215	3,406,762,915	81.91%	0.3300
2009	4,124,562,920	1,225,269,600	2,899,293,320	4,124,562,920	70.29%	0.3300
2010	4,139,869,700	1,232,858,580	2,907,011,120	4,139,869,700	70.22%	0.3300
2011	4,363,518,360	1,226,879,300	3,136,639,060	4,363,518,360	71.88%	0.3378
2012	4,469,369,160	1,300,061,400	3,169,307,760	4,469,369,160	70.91%	0.3378

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

NOTES

1. There is no tax on personal properties. Therefore, no figures are presented.

2. In 2003 the City changed assessed values to 100% of estimated actual values from 60%. In doing so, the tax rate was lowered from $ .685 to $ .411. Had the tax rate been rolled back to a revenue nuetral rate, the rate would have been $ .3310. The revised rate represents an $ .08 increase.

3. In 2005, the City property values were reassessed, effective for tax year 2006. The tax rate was lowered from $ .411 to $ .330. Had the tax rate been rolled back to a revenue nuetral rate, the rate would have been $ .310. The revised rate represents a $ .02 increase.

4 In 2010, the City property values were reassessed, effective for tax year 2011. The tax rate was increased from $ .330 to $ .3378. Had the tax rate been rolled back to a revenue nuetral rate, the rate would have been $ .3108. The revised rate represents a $ .027 rate increase.

Table 7

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.

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

Fiscal Year	Direct City of Dover	Overlapping Kent County	Capital School District	Vo-Tech School District	Total Direct & Overlapping	
2003	$ 0.411	$ 0.250	$ 1.120	$ 0.087	$ 1.868	
2004	0.4110	0.250	1.173	0.0870	1.921	
2005	0.4110	0.250	1.403	0.0887	2.153	*
2006	0.3300	0.250	1.459	0.1180	2.157	*
2007	0.3300	0.250	1.534	0.1160	2.230	*
2008	0.3300	0.250	1.480	0.1219	2.182	
2009	0.3300	0.310	1.543	0.1219	2.305	
2010	0.3300	0.310	1.769	0.1304	2.539	
2011	0.3378	0.300	1.832	0.1351	2.605	
2012	0.3378	0.300	1.832	0.1351	2.605	

Sources: Tax Assessor's Office - City
Receiver of Taxes Office - Kent County
* Corrected Capital School District & Vo-tech tax rates

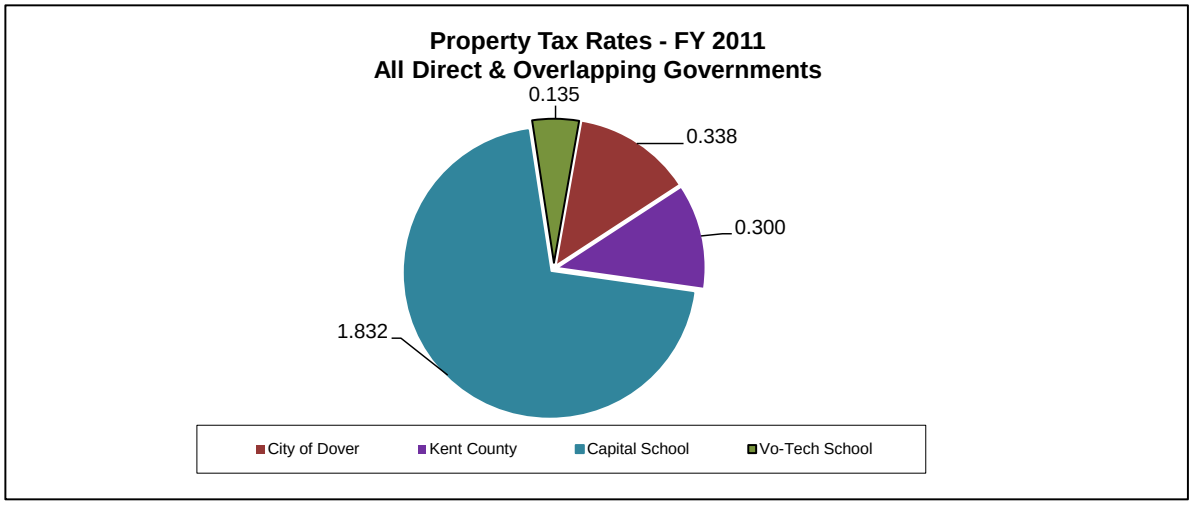


Table 8

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

TAX PAYERS	2012 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	2003 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop, Inc.	$146,847,600	1	4.63%	$79,751,500	1	4.68%
Dover Mall LP/Dover Commons	80,921,800	2	2.55%	45,018,200	2	2.64%
Dover Medical Center	27,270,100	3	0.86%	0	-	-
Dover South Coast Partnership	25,035,100	4	0.79%	9,777,500	9	0.57%
Kraft-General Foods Corp.	19,565,300	5	0.62%	31,425,800	3	1.84%
Robino Bay Court Plaza	14,400,000	6	0.45%	3,955,800	-	0.23%
Millers Dover Downs	13,463,600	7	0.42%	2,779,300	-	0.16%
G & I VA Dover Country Club LLC	13,176,500	8	0.42%	4,316,500	-	0.25%
McKee Road Business Park LLC	12,774,400	9	0.40%	8,821,700	-	0.52%
Multi-Residental-M LLC	12,396,200	10	0.39%	0	-	0.00%
Del-Homes Catalog Group	0	-	-	9,241,600	10	0.54%
Dover Wipes	0	-	-	21,992,100	4	1.29%
K.W. Lands/Sheraton/Hampton	0	-	-	9,987,300	8	0.59%
Playtex Apparel Inc.	0	-	-	11,382,900	7	0.67%
Energizer(was Playtex Products Inc.)	0	-	-	14,241,800	5	0.83%
Woodmill Capital Advisors LLC	0	-	-	12,367,200	6	0.73%
	$365,850,600		11.54%	$265,059,200		15.54%

Source: Tax Assessor's Office, City of Dover

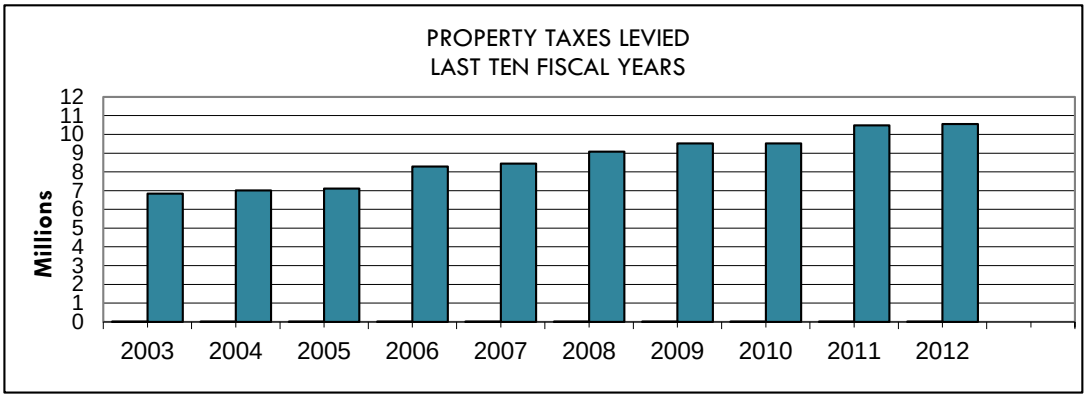
Total taxable assessed valuation for current year is 3,169,307,760
In 2003 the City changed assessed values to 100% of estimated actual values from 60%. 1,705,751,800

Table 9

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

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy	Collection as Percentage of Levy	Collected in Subsequent Years	Total Collections to Date	Collection as Percentage of Levy
2003	$ 6,842,874	$ 6,724,009	98.3%	$ 118,865	$ 6,842,874	100.00%
2004	7,011,906	6,941,843	99.0%	70,063	7,011,906	100.00%
2005	7,109,977	6,941,217	97.6%	168,750	7,109,967	100.00%
2006	8,287,536	8,081,411	97.5%	206,125	8,287,536	100.00%
2007	8,448,462	8,242,898	97.6%	204,732	8,447,630	99.99%
2008	9,074,777	8,937,384	98.5%	135,399	9,072,783	99.98%
2009	9,512,522	9,206,158	96.8%	296,166	9,502,324	99.89%
2010	9,525,034	9,314,327	97.8%	202,280	9,516,607	99.91%
2011	10,481,734	10,166,681	97.0%	236,992	10,403,673	99.26%
2012	10,549,631	10,280,930	97.5%	310,787	10,591,717	100.40%

Source: City of Dover Assessor & Customer Service Reports.



NOTES

1. Section 48 of the City of Dover charter provides that the maximum budget to be raised through property taxes shall not exceed 2% of the total taxable assessment.

2. Total Tax Levy represents the annual tax billings, quarterly billings and adjustments from tax appeals.

3. The table excludes payments in lieu of taxes and farm land roll back taxes.

Table 10

City of Dover
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-type Activities						
Fiscal Year	General Obligation Bonds	Capital Leases	Water/Sewer Revenue Bonds	Electric Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita	Population
2003	$ 4,100,000	$ 554,217	$ 8,803,629	$ 24,085,000	$ 393,030	$ 37,935,876	5.9%	$ 1,154	33,829
2004	3,805,000	313,035	9,759,511	22,830,000	309,915	37,017,461	5.7%	1,116	33,829
2005	3,475,000	152,864	8,429,336	22,535,000	161,836	34,754,036	5.3%	1,037	33,829
2006	3,140,000	-	7,053,065	20,680,000	68,892	30,941,957	4.7%	914	34,288
2007	2,795,000	-	5,660,657	18,950,000	-	27,405,657	4.1%	807	35,197
2008	2,445,000	-	5,007,072	17,170,000	-	24,622,072	3.7%	690	35,200
2009	2,080,000	-	4,332,268	37,530,000	-	43,942,268	6.3%	1,200	36,359
2010	1,820,000	-	3,641,199	35,270,000	-	40,731,199	5.7%	1,112	36,627
2011	1,550,000	-	8,115,557	30,280,000	-	39,945,557	4.9%	1,070	37,341
2012	2,126,500	-	10,976,709	28,220,000	-	41,323,209	5.0%	1,132	36,492

Source: City of Dover Financial Records
Population Source: Delaware Population Consortium Annual Population Projections

Table 11

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

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2003	32,043	$ 1,705,751,800	$ 4,100,000	$ 4,100,000	0.24%	$ 127.95
2004	32,043	1,734,815,100	3,805,000	3,805,000	0.22%	118.75
2005	32,043	1,764,347,700	3,475,000	3,475,000	0.20%	138.95
2006	32,043	2,527,308,500	3,140,000	3,140,000	0.12%	97.99
2007	32,043	2,898,147,375	2,795,000	2,795,000	0.10%	87.23
2008 (2)	32,043	2,790,485,215	2,445,000	2,445,000	0.09%	76.30
2009 (2)	32,043	2,879,943,320	2,080,000	2,080,000	0.07%	64.91
2010 (2)	32,043	2,907,011,120	1,550,000	1,550,000	0.05%	48.37
2011 (2)	36,047	3,136,639,060	1,550,000	1,550,000	0.05%	43.00
2012 (2)	36,047	3,169,307,760	2,126,500	2,126,500	0.07%	58.99

Source: City of Dover Financial Records, Tax Assessor's Office and Planning's Census information.

NOTES

1. This table includes all long-term general obligation bonded debt only. The Enterprise Funds have no general obligation debt.

2. Assessed value reflects the net billable tax base and does not include the exempt value, exemption for Senior Citizens and exemption for disability.

Table 12

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures(1)	Ratio of Debt Service to Total General Expenditures
2003	$ 465,000	$ 223,543	$ 688,543	$ 20,214,952	3.41%
2004	485,000	200,740	685,740	26,084,149	2.63%
2005	330,000	110,371	440,371	27,912,865	1.58%
2006	335,000	103,718	438,718	30,169,206	1.45%
2007	345,000	96,232	441,232	34,651,840	1.27%
2008	350,000	87,468	437,468	35,703,156	1.23%
2009	365,000	77,319	442,319	33,766,292	1.31%
2010	260,000	68,410	328,410	32,786,465	1.00%
2011	270,000	65,225	335,225	38,898,945	0.86%
2012	275,000	52,263	327,263	47,743,864	0.69%

Source: City of Dover Financial Records.

NOTES
1. The General Expenditures include all operating items, capital items and debt service. (See Table 9)

Table 13

City of Dover, Delaware
Computation of Direct and Overlapping Debt
with the Capital School District
June 30, 2012

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	$ 4,542,503	100%	$ 4,542,503
Kent County (1)	49,496,091	6%	2,969,765
Capital School District (2)	68,776,850		-
TOTAL	$ 122,815,444		$ 7,512,268

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

NOTES

1. Kent County: Total debt for Kent County is $49,496,091 at June 30, 2012. Although, Kent County's bonds are general obligation bonds, $44,273,719 is payable from the Kent County Sewer Fund(s) or other committed sources.

2. Capital School District: As of June 30, 2012 the net outstanding debt was $68,776,850. Percentage and amount applicable to the City is not available.

Table 14

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	$ 426,438	$ 433,704	$ 441,087	$ 631,827	$ 724,537	$ 697,621	$ 144,965	$ 144,341	$ 155,838	$ 156,429
Net (Taxable) Assessed Value on Books	1,705,752	1,734,815	1,764,348	2,527,309	2,898,147	2,790,485	2,899,293	2,886,826	3,116,765	3,128,586
Total Net Debt applicable to limit	4,100	3,805	3,475	3,140	2,795	2,445	2,080	1,820	1,550	2,127
Legal debt margin	$ 422,374	$ 429,899	$ 437,612	$ 629,848	$ 721,742	$ 695,176	$ 142,885	$ 142,521	$ 154,288	$ 154,302
Total Net Debt applicable to limit as a percentage of debt limit	0.97%	0.89%	0.79%	0.50%	0.39%	0.35%	1.46%	1.28%	1.00%	1.38%

Legal Debt Margin Calculation for Fiscal Year 2012

Net (Taxable) Assessed Value on Books	$ 3,128,586
Debt Limit - 5 Percent of Total Assessed Value	$ 156,429
DEBT (For which the City's full faith and credit has been pledged)	
Gross Bonded Debt	2,127
LEGAL DEBT MARGIN	$ 154,302

Source: City of Dover Financial Reports, City of Dover Charter, Section 50(b), and Tax Assessor's Office
July 2009 the Charter was amended and the debt limit was reduced from 25% of the total assessed value to 5%.

Table 15

City of Dover, Delaware
Revenue Bond Coverage - Electric Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Operating Expenses	Available For Debt Service	Debt Service Requirements of Each Fiscal Year: Principal	Interest	Total	Coverage
2003	$ 59,737,571	$ 46,611,778	$ 13,125,793	$ 1,170,000	$ 1,480,203	$ 2,650,203	4.95%
2004	59,611,552	47,393,103	12,218,449	1,255,000	1,380,002	2,635,002	4.64%
2005	63,467,514	51,505,300	11,962,214	1,335,000	1,115,728	2,450,728	4.88%
2006	68,377,892	53,839,945	14,537,947	1,855,000	910,256	2,765,256	5.26%
2007	87,606,858	83,006,505	4,600,353	1,730,000	859,048	2,589,048	1.78%
2008	97,354,991	82,132,360	15,222,631	1,780,000	828,076	2,608,076	5.84%
2009	101,562,292	89,853,449	11,708,843	1,840,000	1,753,447	3,593,447	3.26%
2010	100,316,323	86,089,451	14,226,872	2,260,000	1,716,134	3,976,134	3.58%
2011	102,734,764	84,195,802	18,538,962	2,370,000	1,609,192	3,979,192	4.66%
2012	93,650,277	71,607,021	22,043,256	2,060,000	1,260,054	3,320,054	6.64%

Source: City of Dover Financial Records.

NOTES

1. Coverage required by the bond resolution is 1.25%.

2. Calculation of gross revenue for fiscal year 2012 is as follows:

Gross Revenue:	
Operating Revenues	$ 93,529,401
Interest Earned-Operating Funds	120,876
Total Gross Revenue	$ 93,650,277

3. Direct operating expenses do not include depreciation expense.

4. Figures presented in this table compare the net revenue available for debt service to the debt service requirements of the same fiscal year.

5. In August 2004, the City issued Electric Revenue refunding bonds in the amount of $22,535,000 to refund the outstanding Electric Revenue Bonds Series 1990 and Electric Revenue Refunding Bonds Series 1993.

6. In July 2008, the City issued Electric Revenue bonds in the amount of $22,200,000. Fiscal year 2009 includes $1,026,999 of interest related to this bond issue.

7. In November 2011, the City issued Electric Revenue Refunding Bonds in the amount of $8,810,000 to refund the 2004 Series. This refunding reduced the principal payable by $2,620,000.

Table 16

City of Dover, Delaware
Revenue Bond Coverage - Water/Wastewater Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available For Debt Service	Maximum Requirements: Maximum Debt Service Requirement	Maximum Requirements: Actual Coverage
2003	$ 10,604,052	$ 7,180,175	$ 3,423,877	$ 1,472,412	2.33%
2004	10,101,660	7,608,196	2,493,464	1,553,713	1.60%
2005	10,619,688	7,223,283	3,396,405	1,553,713	2.19%
2006	12,372,563	7,805,396	4,567,167	1,551,228	2.94%
2007	12,294,847	8,242,898	4,051,949	797,748	5.08%
2008	11,594,402	8,763,407	2,830,995	797,748	3.55%
2009	11,067,901	9,510,814	1,557,087	797,708	1.95%
2010	11,204,911	10,319,728	885,183	416,423	2.13%
2011	13,758,048	9,222,105	4,535,943	416,423	10.89%
2012	13,647,145	9,063,553	4,583,592	966,838	4.74%

Source: City of Dover Financial Records.

NOTES

1. Coverage required by bond resolution is 1.20%.
2. The maximum debt service requirement presented above covers all revenue bond requirements. Rates were increased in 2011 for debt service coverage on multi-year projects that are still under construction. Once these projects are completed, debt service requirements will increase.
3. Direct operating expenses do not include depreciation expense for coverage purposes as per the bond indenture.
4. In October 2003, the City issued Water and Sewer Revenue Bonds in the amount of $7,980,000. These bonds were issued to fully defease Water and Wastewater Revenue Bond Series 1986 B and to partially defease Water and Wastewater Revenue Bond Series 1993 and Series 1993 A and to provide approximately $1,600,000 for future capital projects.

Table 17

City of Dover
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2003	33,179	$ 645,165,655	$ 19,445	32.9	6,670	4.3%
2004	33,511	651,621,395	19,445	32.9	6,886	3.9%
2005	33,858	658,368,810	19,445	32.9	6,882	3.2%
2006	33,962	660,391,090	19,445	32.9	6,956	2.9%
2007	34,735	675,422,075	19,445	32.9	6,973	3.8%
2008	36,107	702,100,615	19,445	32.9	6,977	5.7%
2009	36,627	712,212,015	19,445	32.9	6,996	10.2%
2010	36,627	712,212,015	19,445	32.9	7,117	10.2%
2011	36,560	818,158,759	22,697	31.3	7,185	9.9%
2012	36,492	828,258,924	22,697	33.2	6,984	9.3%

Population Source: City Count

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

Per Capital Personal Income and Median Age Sources: American Community Survey 2006-2010 Dover, DE

School Enrollment Source: includes kindergarten through 12th grade.

Unemployment Rate Source: Delaware Department of Labor Statistics adjusted yearly average

Table 18

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

Name	2012 Numbers of Employees	2012 Rank	2012 Percentage of Total City Employment	2003 Number of Employees 06/30/2003	2003 Rank	2003 Percentage of Total City Employment
Dover Air Force Base [1]	6,400	1	32.2%	8,595	1	30.3%
State of Delaware	4,500	2	22.7%	8,791	2	31.5%
Bayhealth Medical Center [2]	3,123	3	15.7%	2,527	3	8.9%
Dover Downs Co., Inc.	1,495	4	7.5%	1,200	6	4.2%
Dover Mall LP [3]	1,000	5	5.0%	3,200	4	11.7%
Capital School District	881	7	4.4%	809	8	2.9%
Delaware State University	958	6	4.8%	1,150	7	4.1%
Kraft Foods Inc.	604	8	3.0%	621	9	2.2%
Energizer Personal Care (Playtex Products)	496	9	2.5%	1,105	5	3.9%
City of Dover	405	10	2.0%	375	13	1.3%
	19,862			28,373		

Source: City Economic Development Office

NOTES

1. Dover Air Force Base total includes active duty, reservists and civilian employees.
2. Number of employees working in Kent County.
3. Figures estimated by Employer.

Table 19

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

	2003	2004	2005	2006	2007	2008	2009*	2010	2011	2012
Assessor	2.0	2.0	2.0	2.0	3.0	4.5	4.5	4.5	3.0	3.0
Central Services	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	6.0	6.0
City Clerk	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
City Manager	3.0	3.0	3.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Customer Services	16.0	16.0	16.0	14.0	16.0	16.0	16.0	16.0	15.0	14.0
Delaware Prevention Network	2.0	2.0	1.0	-	-	-	-	-	-	-
Facilities Management	12.0	13.0	13.0	12.0	12.0	13.0	13.0	13.0	13.0	12.0
Finance	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Fire	5.5	5.5	5.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Fleet Maintenance	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Human Resources	3.0	3.5	3.5	3.5	4.0	4.0	4.0	4.0	3.0	3.0
Information Technology	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0	5.0
Library	17.0	17.0	17.0	17.0	17.0	18.0	18.0	18.0	17.5	12.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Parks and Recreation	5.0	5.0	5.0	5.0	5.0	8.0	8.0	8.0	8.0	6.0
Police Civilian	30.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0
Police Law Enforcement	81.0	85.0	87.0	90.0	91.0	93.0	93.0	90.0	91.0	93.0
Public Services, Administration	3.0	4.0	4.0	4.0	4.0	5.0	4.0	4.0	4.0	5.0
Public Services, Inspections	14.0	14.5	14.5	15.0	15.0	16.0	7.0	7.0	7.0	7.0
Public Services, Life Safety	-	-	-	-	-	-	4.0	4.0	4.0	3.0
Public Services, Economic Development	-	-	-	-	-	-	3.0	3.0	3.0	3.0
Public Services, Weed and Seed	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Planning	2.0	3.0	3.0	4.0	5.0	5.0	6.0	6.0	5.0	5.0
Code Enforcement	-	-	-	-	-	-	5.0	5.0	4.5	4.0
Community Development	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works, Grounds Maintenance	15.0	15.0	15.0	16.0	16.0	16.0	16.0	16.0	15.0	14.0
Public Works, Sanitation	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	12.0	13.0
Public Works, Streets	13.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Public Works E & I	2.0	3.0	3.0	-	-	-	-	-	-	-
General Fund Total	271.5	277.5	281.5	283.5	288.0	298.5	301.5	298.5	289.0	279.0
Public Utilities, Electric Administration	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Public Utilities, Electric Engineering	21.5	18.5	19.5	20.5	20.5	12.5	12.5	12.5	10.0	10.0
Public Utilities, Electric System OPS	-	-	-	-	-	5.0	5.0	5.0	5.0	5.0
Public Utilities, Electric Meter Reading	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	3.0	3.0
Public Utilities, Electric Transmission and Distribution	31.0	29.0	29.0	29.0	29.0	28.0	28.0	28.0	25.0	25.0
Emergency Preparedness	1.0	-	-	-	-	-	-	-	-	-
Electric Tree Trimmers	5.0	-	-	-	-	-	-	-	-	-
Electric Fund Total	66.5	55.5	56.5	57.5	57.5	54.5	53.5	53.5	47.0	47.0
Public Utilities, Construction	10.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	6.0	6.0
Public Utilities, Wastewater Engineering	-	-	-	3.0	3.0	8.0	8.0	8.0	6.0	6.0
Public Utilities, Wastewater T & D	9.5	9.5	9.5	11.0	11.0	11.0	11.0	11.0	9.0	10.0
Public Utilities, Water T & D	9.5	4.5	4.5	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Public Utilities, Water Treatment Plant	8.0	8.0	8.0	8.0	9.0	10.0	10.0	10.0	10.0	10.0
Water Meter Reading	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Water/Wastewater Fund Total	38.0	31.0	31.0	36.0	37.0	42.0	42.0	42.0	35.0	36.0
Total Full-Time Equivalents	376.0	364.0	369.0	377.0	382.5	395.0	397.0	394.0	371.0	362.0

Source: City of Dover Budget

* Per Revised Budget

Table 20

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

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Date of Incorporation	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829
Land area - Acres	14,406.68	14,571.35	14,714.60	14,674.58	14,914.27	14,904.90	14,904.90	14,909.33	14,909.33	14,909.33
Land area - Square Miles	22.5104	22.7677	22.991	22.929	23.303	22.586	22.586	23.29	23.29	23.29
Total Miles of Street	149.1	150.69	152.96	153.76	155.62	159.62	159.62	159.62	158.94	162.81
City Maintained Miles of Streets	89.75	91.34	93.61	94.41	96.27	100.27	100.27	100.27	101.59	103.46
State Maintained Miles of Streets	59.35	59.35	59.35	59.35	59.35	59.35	59.35	59.35	57.35	59.35
Population-U. S. Census data	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043	36,047	36,047
Population-City Count	33,829	33,829	33,829	34,288	35,197	35,200	36,359	36,627	37,341	36,492
Registered Voters	19,850	18,259	18,714	19,502	19,084	20,181	21,897	21,897	21,454	21,454
Electric Utility:										
Generating Units	4	4	4	4	4	4	4	4	4	4
Co-Generating Unit	0	0	0	0	1	1	1	1	1	1
	4	4	4	4	5	5	5	5	5	5
Generating Capacity	175 mw	175 mw	175 mw	175 mw	176 mw	176 mw	175 mw	175 mw	175 mw	175 mw
Co-Generating Capactiy	0 mw	0 mw			16 mw	16 mw	16 mw	16 mw	16 mw	16 mw
	175 mw	175 mw	175 mw	175 mw	192 mw	192 mw	191 mw	191 mw	191 mw	191 mw
Area of Service	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.
Substations	16	16	16	16	15	15	15	15	15	15
High Peak Load	165 mw	163 mw	160	160	176 mw	175 mw	155.656 mw	164.082 mw	162.6 mw	172 mw
Customers:										
Residential	17,636	17,757	17,867	18,297	18,807	19,075	19,635	19,827	19,730	19,804
Commercial	2,836	2,915	2,813	3,280	3,535	3,602	3,096	3,141	3,140	3,103
Primary	30	33	32	32	38	38	41	41	42	43
Vapor Lights Only	874	874	867	867	872	880	850	843	820	811
69 KV Industrial	4	4	4	4	3	3	3	3	3	3
Municipal- Total number of meters	149	148	149	149	0	0	0	0	0	0
Total Customers Sales $	$56,599,722	$57,151,810	$60,170,424	$63,844,353	$83,109,810	$94,037,212	$99,642,490	$93,195,907	$99,513,157	$91,947,980
Total Customers Sales kWh	748,260,252	741,523,091	731,635,019	736,810,231	734,072,008	731,024,065	719,949,121	711,907,207	711,907,207	725,244,000
PowerSupply										
$	$36,222,102	$37,675,178	$39,628,388	$41,871,486	$70,800,844	$68,831,697	$74,928,897	$72,695,602	$69,616,078	$77,079,848
kWh	778,715,700	780,677,900	767,750,050	781,466,220	788,824,000	770,997,000	751,171,000	751,250,000	768,254,000	725,244,000
Fire Department:										
Stations	2	2	2	2	2	2	2	2	2	2
Officers	8	8	8	8	8	8	8	8	8	8
Firemen - Membership (Volunteers-Active)	100	100	100	100	100	100	80	120	100	100
Equipment	15	15	11	14	14	18	14	14	14	15

(Continued)

Table 20
(Continued)

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Parks and Recreation:										
Major Parks	3	3	3	3	3	3	3	3	3	3
Small Parks	23	23	22	22	22	22	22	22	22	24
Police Department:										
Station	1	1	1	1	1	1	1	1	1	1
Substation	1	0	0	0	0	0	0	0	0	0
Uniformed Personnel	81	85	87	88	90	92	92	90	93	93
Automobiles	60	74	79	71	66	66	66	66	67	78
Motorcycles	5	5	5	5	5	7	7	7	7	7
Motor Boats	1	1	1	1	1	1	1	1	1	0
Bicycles	5	5	4	4	4	4	4	4	4	12
Specialty Vehicles	7	5	5	6	6	6	6	7	7	7
Trailers	3	3	3	4	4	3	3	3	3	2
Public Library:										
Books	93,340	97,820	101,631	111,496	120,203	119,392	121,312	138,931	103,091	93,050
Audiovisual Materials (VCRs, DVDs, CDs, Cassettes, Recorded Books)	6,725	9,823	10,138	7,171	11,507	11,917	15,356	15,572	14,409	15,265
Members	43,185	46,318	48,626	39,202	37,036	37,587	39,354	36,534	33,466	32,717
Magazines Subscriptions	289	359	359	359	359	287	193	201	178	217
Newspapers	10	12	12	12	15	29	19	19	19	11
Circulation of Books	327,310	348,269	398,842	398,666	400,336	408,827	428,633	375,632	400,130	407,611
Electronic Downloads	-	-	-	-	-	-	-	-	-	2,635
Water Utility:										
Supply - Wells	22	22	22	22	22	22	22	22	22	22
Storage Tanks	6	6	6	6	6	6	6	6	6	6
Total Storage Capacity (gallons)	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Water Mains (miles)	165	175	185 miles	176 miles	176 miles	196 miles	215.7 miles	215.7 miles	215.7 miles	217.5 miles
Average Daily Gallons Pumped	5,168,536	5,149,613	4,898,000	5,218,000	4,721,174	4,974,526	4,429,115	4,474,063	4,656,334	4,405,923
Peak Daily Gallons	8,194,800	7,400,000	8,421,000	8,358,000	8,672,000	9,278,000	8,058,000	6,756,000	8,620,000	8,620,000
Water Gallons - Pumped	1,890,466,700	1,879,000,000	1,788,000,000	1,904,666,300	1,869,585,000	1,815,702,000	1,616,627,000	1,633,033,000	1,699,562,000	1,608,161,895
Number of Metered Customers	10,999	11,150	11,625	11,764	11,962	13,229	13,375	13,863	12,330	12,385
Number of New Connections	173	298	475	139	198	284	146	488	0	55
Wastewater Utility:										
Pumping Stations	34	34	34	38	42	42	42	42	42	40
Wastewater Mains	152 miles	155 miles	160 miles	185 miles	185 miles	185 miles	185 miles	185 miles	185 miles	186.87 miles
Average Daily Gallons	5,131,076	5,708,000	5,127,000	4,241,798	4,631,172	4,202,974	4,115,281	5,389,524	4,230,586	4,379,033
Peak Daily Gallons	7,000,000	7,000,000	5,983,000	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured
Total Annual Gallons	1,872,843,000	2,083,000,000	1,871,000,000	1,548,256,115	1,722,795,930	1,538,796,919	1,502,077,732	1,965,547,000	1,544,249,000	1,598,347,045
Number of New Connections	133	250	350	Not Available	Not Available	Not Available	146	488	0	55
Water Treatment Plant:										
Capacity	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD
Sales to Customers:										
Water Fees	$3,803,967	$3,769,635	$3,791,254	$4,289,413	$4,250,634	$4,203,972	$4,070,523	$4,274,966	$4,945,385	$4,707,918
Wastewater Fees	$2,532,802	$2,521,499	$2,719,577	$2,605,428	$2,619,013	$2,589,539	$2,351,885	$3,015,856	$3,694,020	$3,722,985
Wastewater Adjustment	$2,778,521	$2,743,359	$2,611,290	$3,865,683	$3,854,100	$4,109,166	$3,733,644	$3,100,547	$3,058,656	$3,050,127

Sources: Various City departments

Table 21

City of Dover, Delaware
Schedule of Insurance
as of June 30, 2012

	TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
1.	Property-	
	Blanket Building and Contents - $10,000 Deductible	$139,113,899
	Real and Personal Property (all risks of physical loss or damage)	
	including property of other City Departments.	$100,000,000
	Earthquake	$2,000,000
	$50,000 Deductible	
	Flood (all scheduled locations except if located in Flood Zones: A, B/shaded X, V & D)	$2,000,000
	$50,000 Deductible	
	Blanket Business Earnings & Expense	$100,000
	Electronic Data Processing	$1,674,830
	$1,000 Deductible	
2.	Inland Marine-	
	Miscellaneous Scheduled	
	Scheduled Equipment ($1,000 Deductible)	$9,885
	Unlisted Items (Maximum any one item $5,000)	$100,000
	Employee Tools ($250 tool deductible [Maximum any one item $18,000])	$115,423
	Leased or Rented Equipment (Maximum any one item $100,000)	$100,000
	New Acquired Equipment	$250,000
	Rental Cost (per item)	$5,000
	Loss to any one Replacement Item	$100,000
	Scheduled Property - Bikes & Boat	$16,000
	Flood Deductible	$1,000
3.	General Liability-	
	Each Event	$1,000,000
	General Total Limit	$3,000,000
	Personal Injury Each Person	$1,000,000
	Advertising Injury Each Person	$1,000,000
	Medical Expenses	$0
	Sewer Back-Up - (resulting from negligence) $0 Deductible	$1,000,000
	Failure to Supply Services - Water	$1,000,000
	Statutory Cap Limits of Coverage Endorsement	
	Delaware Personal Injury Statutory Cap Limit	$300,000
	Delaware Advertising Injury Statutory Cap Limit	$300,000
	Delaware Bodily Injury & Property Damage Statutory Cap Limit	$300,000
4.	Automobile-	
	Liability	$1,000,000
	Personal Injury Protection	$300,000
	Uninsured Motorist	$1,000,000
	Underinsured Motorist	$1,000,000
	Comprehensive - $500 Deductible-Specified Vehicles	
	Collision - $1,000 Deductible-Specified Vehicles	
	(Physical Damage Applies to Police & Specified Electric & Sanitation Trucks)	
	Non-owned Liability	$1,000,000
	Hired Auto Liability	$1,000,000
	Employees as Additional Insured	
	Hired Auto Physical Damage	$90,000
	Hired Car Physical Damage	
	Comprehensive & Collision Deductible	$250
	Statutory Cap Limits of Coverage Endorsement	
	Delaware Statutory Cap Limit	$300,000
5.	Employee Benefit Plans Administration Liability - Claims Made	
	Total Limit	$3,000,000
	Each Employee Limit	$1,000,000
	Deductible	$1,000
	Law Enforcement Liability - Occurrence	
	Total Limit	$3,000,000
	Each Wrongful Act	$1,000,000
	Deductible	$5,000
	Statutory Cap Limits of Coverage Endorsement	
	Delaware Statutory Cap Limit	$300,000
6.	Public Entity Management Liability - Claims Made	
	Retroactive Date: 7/1/96	
	Total Limit	$3,000,000
	Each Wrongful Act Limit	$1,000,000
	Deductible	$25,000
7.	Employment Practices Liability - Claims Made	
	Retroactive Date: 7/1/96	
	Total Limit	$5,000,000
	Each Wrongful Employment Practice Offense Limit	$5,000,000
	Deductible	$25,000

(Continued)

Table 21
(Continued)

	TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
8.	Crime	
	Employee Theft Per Loss ($500 Deductible)	$500,000
	Employee Theft Per Loss $500,000 excess of $500,000	
	Forgery or Alteration ($1,000 Deductible)	$100,000
	Inside the Premises-	
	Theft of Money & Securities ($500 Deductible)	$35,000
	Inside the Premises ($500 Deductible)	$25,000
	Outside the Premises ($500 Deductible)	$30,000
	Computer Fraud ($1,000 Deductible)	$100,000
	Money Orders and Counterfeit Paper Currency ($1,000 Deductible)	$100,000
	Faithful Performance Coverage	
9.	Boiler and Machinery Insurance (Excluding Power Plants)	
	Coverage Limit	Property Limit
	Deductible	$10,000
	Expediting Expenses	$250,000
	Hazardous Substance	$250,000
	Ammonia Contamination	$250,000
	Spoilage	$250,000
10.	Umbrella	
	General Total Limit	$4,000,000
	Products & Completed Work:	
	Total Limit	$4,000,000
	Personal Injury	$4,000,000
	Advertising Injury	$4,000,000
	Each Event Limit	$4,000,000
	Deductible Per Event	$10,000
	Umbrella Underlying Policies:	
	General Liability	$1,000,000
	Employment Benefits	$1,000,000
	Auto Liability	$1,000,000
	Law Enforcement Liability	$1,000,000
	Public Entity Management Liability	$1,000,000
12.	Pollution Liability (Includes 2 Underground Storage Tanks & 2 Power Plants)	
	Retroactive Date: 4/1/97	
	Each Pollution Event Limit	$5,000,000
	Aggregate Policy Limit	$10,000,000
	Deductibles	$5,000 on UST's
	and McKee Run & VaSant Power Plants Deductibles	$25,000
13.	EXCESS WORKER'S COMPENSATION	
	Employers Liability Limit	$1,000,000
	Specific Limit: ($500,000 Retention)	Statutory
	Aggregate Limit:	$1,000,000
14.	WORKER'S COMPENSATION - TPA SERVICES Annual Premium $22,500	N/A
15.	TRAVEL ACCIDENT POLICY	
	Principal Sum (Covered positions specified)	$100,000
	Deductible	$0
16.	BOND-SELF INSURED WORKER'S COMPENSATION	
	STATE OF DELAWARE	
	LIMIT	$750,000
17.	BOND PUBLIC OFFICIALS BOND	
	Treasurer - Limit	$100,000
	City Clerk-Assistant Treasurer - Limit	$100,000
18.	Power Plants - Property & Boiler & Machinery	
	Limit per Occurrence	$100,000,000
	Extra Expense	$2,000,000
	Errors & Omissions	$2,000,000
	Expediting Cost	$1,000,000
	Property in the Course of Construction	$5,000,000
	Earthquake	$20,000,000
	Flood	$10,000,000
	Debris Removal	$2,500,000
	Property in Transit	$2,500,000
	Demolition & Increase Cost of Construction	$10,000,000
	Deductibles	$100,000
	Except: $350,000 per occurrence	
	$100,000 per Occurrenceas respects Transit	
	In respect of Time Element loss (Extra Expenses: 45 days per Occurrence	
	72 hours per Occurrence in respect of Service interruption	

ACTION FORM

PROCEEDING: Legislative, Finance & Administration Committee
DEPARTMENT OF ORIGIN: Planning & Inspections **DATE SUBMITTED**: January 3, 2013
PREPARED BY: Ann Marie Townshend, AICP, Director of Planning & Community Development
SUBJECT: Revisions to the Airport Environs Overlay Zone (AEOZ)
REFERENCE: Appendix B – Zoning, Article 3 – District Regulations, Section 22 Airport Environs Overlay Zone (AEOZ)
RELATED PROJECT: N/A
REVIEWED BY: N/A
EXHIBITS: Ordinance #2013-01; Ordinance #2013-02; Map Entitled "Airport Environs Overlay Zone (AEOZ) – 2013 Amendments"
EXPENDITURE REQUIRED: N/A **AMOUNT BUDGETED**: N/A **FUNDING SOURCE (Dept./Page in CIP & Budget)**: N/A
TIME TIMETABLE: First Reading on January 28, 2013; Public Hearing before the Planning Commission on February 19, 2013; Public Hearing and Final Action by City Council on March 11, 2013.
RECOMMENDED ACTION: Staff recommends that the proposed ordinances be forwarded to the City Council with a favorable recommendation.

BACKGROUND AND ANALYSIS

In 2001, the City of Dover adopted the Airport Environs Overlay Zone (AEOZ) to ensure that development of lands surrounding the Dover Air Force Base, specifically within the zones identified by the Air Force as the Noise Zones, Clear Zone, and Accident Potential Zones, proceeds in a manner that protects the public health, safety and welfare, as well as the viability of the Dover Air Force Base. The overlay zone works in conjunction with the underlying zoning district of each property to ensure that development in these areas is compatible with the noise and other aspects of the Dover Air Force Base flight paths.

The AEOZ was based upon the maps and text provided by the Dover Air Force Base in their Air Installation Compatible Use Zone (AICUZ) study. In 2010, the Dover Air Force Base released an updated AICUZ study, which includes revised noise contours. The City of Dover Planning Office has used this updated information to update the City's AEOZ.

The adoption of the amended AEOZ is being processed as a Comprehensive Rezoning (Appendix B – Zoning, Article 10 – Planning Commission, Section 5 – Amendments, Subsection 5.4), as the rezoning is the result of a formal study by the Dover Air Force Base. The Planning Office sent 685 letters to affected property owners and held a public workshop on November 8, 2012 to answer questions. Some properties will be removed from the AEOZ Noise Zones as a result of the rezoning; others will remain in the AEOZ Noise Zones, but the boundary locations on their properties will change. There is no change to the Accident Potential Zones or Clear Zone proposed.

The proposed amendments also include an amendment to the text of the Zoning Ordinance relating to the AEOZ. These changes are primarily housekeeping changes, and are directly related to the AICUZ study provided by the Dover Air Force Base.

CITY OF DOVER
ORDINANCE #2013-01

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

That Appendix B – Zoning, Article 3 – District Regulations, Section 22 Airport Environs Overlay Zone (AEOZ) be amended by deleting the text shown in red bold strikethrough and inserting the text in blue bold italics as follows:

Sec~~[~~tion~~]~~ 22. Airport environs overlay zone (AEOZ).

22.1 Purpose and intent.

The airport environs overlay zone (AEOZ) is expressly intended to protect the public health, safety, and welfare by identifying areas impacted by high levels of aircraft noise, and the potential for aircraft accidents associated with airport operations, by regulating land use and the construction of buildings within such areas. The AEOZ is further intended to preserve and promote the integrity of the mission of Dover Air Force Base (DAFB) as a matter of local, regional and national importance, by regulating development and land use within the specific areas surrounding DAFB, and to protect DAFB from encroachment of incompatible land uses. The AEOZ shall serve as an overlay zone that applies additional standards and requirements to properties located therein.

(a) The AEOZ is based on information provided by the Dover Air Force Base's Air Installation Compatible Use Zone Study Update. The City shall work with the Dover Air Force Base to update the provisions of this section as needed.

(b) In case of conflicting standards and requirements, the more stringent standards and requirements shall apply. ***Uses prohibited by the underlying zoning designations of the properties within the AEOZ shall not be permitted by this section.***

22.2 Definitions.

~~(1)~~ ***(a)*** Air installations compatible use zones (AICUZ)**:** is a department of defense program to achieve compatibility between air installations and neighboring communities.

~~(2)~~ ***(b)*** Airport environs**:** is the geographic area that is affected by airport air traffic operations and defined on the basis of those areas immediately impacted by aircraft noise of the 65 decibels (dBs) and greater noise exposure areas as delineated by the current and approved DAFB air compatibility use zone study. This area is represented as the airport environs overlay zone (AEOZ).

~~(3)~~ ***(c)*** Day-night average ***A-weighted*** sound level (DNL)**:** is a cumulative aircraft noise index which estimates the exposure to aircraft noise and relates the estimated exposure to an expected community response; a 24-hour energy average sound level expressed in decibels (dBs), with a ten-decibel penalty applied to noise occurring between 10:00 p.m. and 7:00 a.m.

~~(4)~~ ***(d)*** DNL contour**:** is an isoline linking together a series of points of equal cumulative noise exposure based on Ldn metric. Such contours are developed based on aircraft flight patterns, number of daily aircraft operations by type of aircraft and time of day, noise characteristics of each aircraft, and typical runway usage patterns.

~~(5)~~ ***(e)*** Decibel (dB) **:** is a unit of measure of sound pressure or intensity.

~~(6)~~ ***(f)*** Ldn metric***:*** is the average equivalent A-weighted sound level during a 24-hour day, obtained by adding ten decibels to the hourly noise levels measured during the night (10:00 p.m. to 7:00 a.m.).

(g) SLUCM: Standard Land Use Coding Manual, U.S. Department of Transportation.

22.3 Accident potential zones and noise zones. The AEOZ is comprised of two basic regulatory components: accident potential zones and noise zones. This section establishes three accident potential

zones and four noise zones. The boundaries of each of these zones are delineated on the City of Dover zoning map and are further described as follows:

(a) Accident potential zones:

(1) Clear zone (CZ) is that area immediately adjoining the end of a runway and which extends outward from the edge of the runway a distance of 3,000 feet and which is 3,000 feet in width ~~)~~*(*1,500 feet to either side of the centerline of the airport runway);

(2) Accident potential zone I (APZ I) is that area immediately adjoining the outer edge of the CZ and which extends outward from the boundary of the CZ a distance of 5,000 feet, and which is 3,000 feet in width ~~(1,500 feet to either side of the centerline of the airport runway)~~; and

(3) Accident potential zone II (APZ II) is that area immediately adjoining the outer edge of the APZ I and which extends outward from the boundary of the APZ I a distance of 7,000 feet, and which is 3,000 feet in width.

(b) Noise zones:

(1) Noise zone A (DNL A) is that area within and bounded by DNL contour lines of between 65 decibels and 69 decibels of noise pressure.

(2) Noise zone B (DNL B) is that area within and bounded by DNL contour lines of between 70 decibels and 74 decibels of noise pressure.

(3) Noise zone C (DNL C) is that area within and bounded by DNL contour lines of between 75 decibels and 79 decibels of noise pressure.

(4) Noise zone D (DNL D) is that area within and bounded by DNL contour lines of 80 decibels and subject to noise pressure of 80 decibels and greater.

22.4 Exemptions. The following uses and structures are exempt from compliance with the provisions of this ~~article~~ ***section***:

(a) Additions to existing one-family dwellings. Additions to existing one-family dwellings may be permitted when all other applicable zoning district bulk requirements are met.

(b) Additions to existing ~~commercial~~ ***non-residential*** buildings. ~~Additions to existing commercial buildings limited to a maximum additional floor area of 3,000 square feet for buildings designed and intended for human occupancy, and unlimited floor area for additions to buildings primarily used for storage, warehousing and other uses not designed or intended for human occupancy as a primary use.~~

(1) Additions to existing non-residential buildings designed for human occupation shall be limited to a maximum increase of 50% of the floor area.

(2) Additions to existing non-residential buildings designed for storage, warehousing and other uses not designed or intended for human occupancy as a primary use are unlimited in floor area.

(c) Temporary uses. Temporary uses ~~[~~which~~]~~ include but are not limited to public gatherings, celebrations and outdoor entertainment events ***are permitted***, so long as the period of operation does not exceed five days.

(d) Temporary structures. Temporary buildings and structures such as tents, pavilions, bleachers, etc., that are not used for residential purposes, and which meet said applicable requirements as contained within this zoning ordinance ~~[~~appendix~~]~~ ***are permitted***, so long as such uses and associated structures are constructed incidental to a permitted use.

~~(e) Agricultural uses, operations and structures. Agricultural uses, operations, and buildings and associated nonresidential structures, and lands in agricultural production.~~

(~~f~~ ***e***) Accessory uses and structures. Accessory uses and structures incidental to a permitted principal structure or use.

22.5 Land use and development standards. Any building or portion thereof constructed or placed within the AEOZ ~~after the effective date of this section~~ ***shall*** ~~, and~~ comply~~[ing]~~ with the following standards:

(a) Unless specifically exempted under ~~[~~sub~~]~~section 22.4 above, land uses shall be permitted or prohibited in accordance with ~~[~~sub~~]~~section 22.6, land use compatibility table.

(b) Proposed structures situated within noise zones A through D shall be constructed with noise attenuation features to achieve the minimum interior noise level reductions specified by building type in ~~[~~sub~~]~~section 22.6, land use compatibility table.

(c) In APZ I and APZ II, no structure may be erected over 60 feet in height, regardless of zoning district bulk regulations of the individual zoning district.

(d) All building permit applications for construction ***of new buildings or building additions not exempted under section 22.4,*** within AEOZ shall be accompanied by a written statement from a licensed architect or engineer, which lists all construction materials to be used and the resultant interior noise level reductions to be achieved. The written analysis provided by the engineer or architect shall demonstrate that the proposed construction will achieve compliance with the minimum required interior noise level reductions specified in ~~[~~sub~~]~~section 22.6, land use compatibility table.

22.6 Land use compatibility table.

TABLE INSET:

~~LAND USE COMPATIBILITY TABLE~~
~~Airport Environs Overlay Zone (AEOZ)~~

~~Land Use~~		~~AEOZ Zones~~						
		~~Noise Zones~~				~~Accident Potential Zones~~		
		~~A~~	~~B~~	~~C~~	~~D~~			
		~~65-69 dB~~	~~70-74 dB~~	~~75-79 dB~~	~~80 + dB~~	~~CZ~~	~~APZ 1~~	~~APZ II~~
~~RESIDENTIAL~~	~~Single, Two, and Multifamily~~	~~Y 1~~	~~Y 1~~	~~Y 1~~	~~Y 1~~	~~N~~	~~N~~	~~Y 5~~
	~~Manufactured Housing~~	~~Y 1~~	~~Y 1~~	~~Y 1~~	~~Y 1~~	~~N~~	~~N~~	~~N~~
	~~Hotels, Motels, and Lodges~~	~~Y 2~~	~~Y 3~~	~~N~~	~~N~~	~~N~~	~~N~~	~~N~~
	~~All Other Residential~~	~~Y 1~~	~~Y 1~~	~~N~~	~~N~~	~~N~~	~~N~~	~~N~~
~~NONRESIDENTIAL~~	~~Retail~~	~~Y~~	~~Y 2~~	~~Y 3~~	~~Y 3~~	~~N~~	~~Y 3,4~~	~~Y 3,4~~
	~~Business Services~~	~~Y~~	~~Y 2~~	~~Y 3~~	~~Y 3~~	~~N~~	~~Y 3,4~~	~~Y 3,4~~
	~~Personal Services~~	~~Y~~	~~Y 2~~	~~N~~	~~N~~	~~N~~	~~N~~	~~N~~
	~~Professional Services~~	~~Y~~	~~Y 2~~	~~Y 3~~	~~Y 3~~	~~N~~	~~Y 3,4~~	~~Y 3,4~~
	~~Professional Offices~~	~~Y~~	~~Y 2~~	~~N~~	~~N~~	~~N~~	~~N~~	~~N~~
	~~All Other Commercial~~	~~Y~~	~~Y 2~~	~~Y 3~~	~~Y 3~~	~~N~~	~~Y 3,4~~	~~Y 3,4~~
	~~Manufacturing, Warehousing, Distribution~~	~~Y~~	~~Y 2~~	~~Y 3~~	~~Y 3~~	~~N~~	~~Y 3,4~~	~~Y 3,4~~

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~~Parking Facilities~~	~~Y~~	~~Y 2~~	~~Y 3~~	~~Y 3~~	~~N~~	~~Y 3,4~~	~~Y 3,4~~
~~All Other Industrial~~	~~Y~~	~~Y 2~~	~~Y 3~~	~~Y 3~~	~~N~~	~~Y 3,4~~	~~Y 3,4~~
~~Hospitals, Nursing Homes~~	~~Y 2~~	~~Y 3~~	~~N~~	~~N~~	~~N~~	~~N~~	~~N~~
~~Other Medical Facilities~~	~~Y~~	~~Y 3~~	~~Y 3~~	~~N~~	~~N~~	~~N~~	~~Y 3,4~~
~~Educational Facilities~~	~~Y2~~	~~Y 3~~	~~N~~	~~N~~	~~N~~	~~N~~	~~N~~
~~Houses of Worship, Public Assembly~~	~~Y 2~~	~~Y 3~~	~~N~~	~~N~~	~~N~~	~~N~~	~~N~~
~~Government Facilities~~	~~Y~~	~~Y 3~~	~~Y 3~~	~~Y 3~~	~~N~~	~~Y 3,4~~	~~Y 3,4~~
~~Parks & Recreation~~	~~Y~~	~~Y 2~~	~~Y 3~~	~~Y 3~~	~~N~~	~~Y 3,4~~	~~Y 3,4~~
~~ALL OTHER USES~~	~~Y~~	~~Y 2~~	~~Y 3~~	~~Y 3~~	~~N 6~~	~~Y 3,4~~	~~Y 3,4~~

~~Y Land use permitted~~

~~N Land use prohibited~~

~~1 Interior noise level reduction of 25 db is required in subdistrict A, 30 db in subdistrict B, 35 db in subdistrict C, and 40 db in subdistrict D.~~

~~2 Interior noise level reduction of 25 db is required for all areas where the public is received, office areas, noise sensitive areas, or where the normal noise level is low.~~

~~3 Interior noise level reduction of 30 db is required for all areas where the public is received, office areas, noise sensitive areas, or when the normal level is low.~~

~~4 Structures not exceeding 60 feet in height within APZ I and II.~~

~~5 Single family dwellings with a gross density of no more than one unit to the acre.~~

~~6 Agricultural uses not prohibited by [subsection] 22.8.~~

Land Use Compatibility Table		***Accident Potential Zones***			***Noise Zones in DNL dBA***			
SLUCM No.	***Name***	***Clear Zone***	***APZ I***	***APZ II***	***A 65-69***	***B 70-74***	***C 75-79***	***D 80+***
10	***Residential***							
11	*Household units*							
11.11	*Single units; detached*	*N*	*N*	*Y5, 12*	*Y1,12*	*Y2*	*N*	*N*
11.12	*Single units; semidetached and attached*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
11.31	*Apartments*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
12	*Group quarters*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
13	*Residential hotels*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
14	*Mobile home parks or courts*	*N*	*N*	*N*	*N*	*N*	*N*	*N*
15	*Transient lodgings*	*N*	*N*	*N*	*Y1*	*Y2*	*Y5*	*N*
16	*Other residential*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
20	***Manufacturing***							
21	*Food & kindred products; manufacturing*	*N*	*N*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
22	*Textile mill products; manufacturing*	*N*	*N*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
23	*Apparel and other finished products made from fabrics, leather, and similar materials; manufacturing*	*N*	*N*	*N*	*Y1*	*Y2*	*Y3*	*Y4*

24	*Lumber and wood products (except furniture); manufacturing*	*N*	*Y5,9*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
25	*Furniture and fixtures; manufacturing*	*N*	*Y5,9*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
26	*Paper & allied products; manufacturing*	*N*	*Y5,9*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
27	*Printing, publishing, and allied industries*	*N*	*Y5,9*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
28	*Chemicals and allied products; manufacturing*	*N*	*N*	*N*	*Y1*	*Y2*	*Y3*	*Y4*
29	*Petroleum refining and related industries*	*N*	*N*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
30	***Manufacturing***							
31	*Rubber and misc. plastic products, manufacturing*	*N*	*N*	*N*	*Y1*	*Y2*	*Y3*	*Y4*
32	*Stone, clay and glass products manufacturing*	*N*	*N*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
33	*Primary metal industries*	*N*	*N*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
34	*Fabricated metal products; manufacturing*	*N*	*N*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
35	*Professional, scientific, and controlling instruments; photographic and optical goods; watches and clocks manufacturing*	*N*	*N*	*N*	*Y1*	*Y2*	*Y3*	*N*
39	*Miscellaneous manufacturing*	*N*	*Y5,9*	*Y5,9*	*Y1*	*Y2*	*Y3*	*Y4*
40	***Transportation, Communications and Utilities***							
41	*Railroad, rapid rail transit and street railroad transportation*	*N*	*N*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
42	*Motor vehicle transportation*	*N*	*Y*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
43	*Aircraft transportation*	*N*	*Y10*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
44	*Marine craft transportation*	*N*	*Y10*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
45	*Highway & street right-of-way*	*N*	*Y*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
46	*Automobile parking*	*N*	*Y10*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
47	*Communications*	*N*	*Y10*	*Y*	*Y1*	*Y2*	*Y3*	*N*
48	*Utilities*	*N*	*Y10*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
49	*Other transportation communications and utilities*	*N*	*Y10*	*Y*	*Y1*	*Y2*	*Y3*	*N*
50	***Trade***							
51	*Wholesale trade*	*N*	*Y5*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
52	*Retail trade-building materials, hardware and farm equipment*	*N*	*Y5*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
53	*Retail trade-general merchandise*	*N*	*N*	*Y5*	*Y1*	*Y2*	*Y3*	*N*
54	*Retail trade-food*	*N*	*N*	*Y5*	*Y1*	*Y2*	*Y3*	*N*
55	*Retail trade-automotive, marine craft, aircraft and accessories*	*N*	*Y5*	*Y5*	*Y1*	*Y2*	*Y3*	*N*
56	*Retail trade-apparel and accessories*	*N*	*N*	*Y5*	*Y1*	*Y2*	*Y3*	*N*
57	*Retail trade-furniture, home furnishings and equipment*	*N*	*N*	*Y5*	*Y1*	*Y2*	*Y3*	*N*
58	*Retail trade-eating and drinking establishments*	*N*	*N*	*N*	*Y1*	*Y2*	*Y3*	*N*
59	*Other retail trade*	*N*	*N*	*Y5,9*	*Y1*	*Y2*	*Y3*	*N*
60	***Services***							
61	*Finance, insurance and real estate*	*N*	*N*	*Y5,9*	*Y1*	*Y2*	*Y3*	*N*

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	services							
62	*Personal services*	*N*	*N*	*Y5,9*	*Y1*	*Y2*	*Y3*	*N*
62.4	*Cemeteries*	*N*	*N*	*Y11*	*Y1*	*Y2*	*Y3*	*N*
63	*Business services*	*N*	*Y5,9*	*Y5,9*	*Y1*	*Y2*	*Y3*	*N*
64	*Repair services*	*N*	*Y5,9*	*Y*	*Y1*	*Y2*	*Y3*	*Y4*
65	*Professional services*	*N*	*N*	*Y5,9*	*Y1*	*Y2*	*Y3*	*N*
65.1	*Hospitals, nursing homes*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
65.1	*Other medical facilities*	*N*	*N*	*N*	*Y1*	*Y2*	*Y3*	*N*
66	*Contract construction services*	*N*	*Y5,9*	*Y*	*Y1*	*Y2*	*Y3*	*N*
67	*Governmental services*	*N*	*N*	*Y5,9*	*Y1*	*Y2*	*Y3*	*N*
68	*Educational services*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
69	*Miscellaneous services*	*N*	*N*	*Y5*	*Y1*	*Y2*	*Y3*	*N*
70	***Cultural, Entertainment and Recreational***							
71	*Cultural activities (including churches)*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
71.2	*Nature exhibits*	*N*	*N*	*Y*	*Y1*	*N*	*N*	*N*
72	*Public assembly*	*N*	*N*	*N*	*Y1*	*N*	*N*	*N*
72.1	*Auditoriums, concert halls*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
72.11	*Outdoor music shell, amphitheaters*	*N*	*N*	*N*	*N*	*N*	*N*	*N*
72.2	*Outdoor sports arenas, spectator sports*	*N*	*N*	*N*	*Y6*	*Y6*	*N*	*N*
73	*Amusements*	*N*	*N*	*Y9*	*Y1*	*Y2*	*N*	*N*
74	*Recreational activities (including golf courses, riding stables, water recreation)*	*N*	*N*	*Y*	*Y*	*Y*	*N*	*N*
75	*Resorts and group camps*	*N*	*N*	*N*	*Y1*	*Y2*	*N*	*N*
76	*Parks*	*N*	*Y9*	*Y9*	*Y*	*Y*	*N*	*N*
79	*Other cultural, entertainment and recreation*	*N*	*N*	*N*	*Y2*	*Y3*	*N*	*N*
80	***Resources Production and Extraction***							
81	*Agriculture (except livestock)*	*Y8*	*Y*	*Y*	*Y7*	*Y7*	*Y8*	*Y8*
81.5 to 81.7	*Livestock farming and animal breeding*	*N*	*Y*	*Y*	*Y7*	*Y7*	*N*	*N*
82	*Agricultural related activities*	*N*	*Y*	*Y*	*Y7*	*Y7*	*N*	*N*
83	*Forestry activities and related services*	*N*	*Y*	*Y*	*Y7*	*Y7*	*N*	*N*
84	*Fishing activities and related services*	*N*	*N*	*N*	*N*	*N*	*N*	*N*
N	*Mining activities and related services*	*N*	*N*	*N*	*N*	*N*	*N*	*N*
89	*Other resources production and extraction*	*N*	*N*	*N*	*N*	*N*	*N*	*N*

Y - (Yes) - Land use and related structures are compatible without restriction.
N - (No) - Land use and related structures are not compatible and are prohibited.
Yx - (yes with restrictions) - Land use and related structures generally compatible; see notes 1-12.
NLR - (Noise Level Reduction) - NLR (outdoor to indoor) to be achieved through incorporation of noise attenuation measures into the design and construction of the structures.

NOTES

1. ***Require NLR of 25dB for DNL A.***
2. ***Require NLR of 30dB for DNL B.***
3. ***Require NLR of 35dB for DNL C.***
4. ***Require NLR of 40dB for DNL D.***
5. ***Require NLR of noise zone and building location and site planning, and design and use of berms and barriers can help mitigate outdoor exposure, particularly from near ground level sources. Measures that reduce outdoor noise should be used whenever practical in preference to measures which only protect interior spaces.***

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6. Require NLR of noise zone and special sound reinforcement systems are installed.
7. Associated residential uses require NLR of noise zone.
8. Structures are not permitted and personnel should wear hearing protection devices.
9. Facilities shall be low intensity.
10. No Passenger terminals and no major aboveground transmission lines in APZ I.
11. Excludes chapels.
12. Maximum density of 1 dwelling unit per acre.

22.7 Design standards.

(a) All buildings and structures to be constructed or placed within the AEOZ shall be situated on the portion of the lot that affords the least noise impact to the proposed building or structure, wherever and whenever practicable. Buildings and structures shall be designed and oriented to minimize exposure to the noise source and should take maximum advantage of existing physical features to minimize noise impact. Windows, doors and other building openings shall be located the greatest possible distance away from the noise source.

(b) ~~**The establishment of active recreation areas such as game fields and playgrounds shall be avoided within noise zones B through D.**~~ Landscape buffer plantings and related screening material shall be used whenever practicable to deflect noise away from areas intended for human habitation.

22.8 Prohibited uses. In addition to uses prohibited by ~~[~~sub~~]~~section 22.6, land use compatibility table, the following activities are prohibited within the CZ, APZ I and APZ II zones ***of the AEOZ***, including, but not limited to***:***~~:, :storage of explosives, hazardous or toxic materials/waste; aboveground transmission lines; uses that release into the air any substance which would impair visibility or otherwise interfere with the operation of military aircraft (dust, smoke, etc.); uses that produce light emissions, direct or indirect, which would interfere with pilot vision; and uses that attract birds or water fowl, such as, but not limited to, landfills, wastewater treatment facilities, and associated settling ponds, artificial marshes, dredge spoil materials, sand and gravel dredging operations and open fish farming.~~

(a) Storage of explosives;
(b) Hazardous or toxic materials/waste;
(c) Aboveground transmission lines;
(d) Uses that release into the air any substance which would impair visibility or otherwise interfere with the operation of aircraft (dust, smoke, etc.);
(e) Uses that produce light emission, direct or indirect, which would interfere with pilot vision;
(f) And uses that attract birds or water fowl, such as, but not limited to, landfills, wastewater treatment facilities, and associated settling ponds, artificial marshes, dredge spoil materials, sand and gravel dredging operations and open fish farming.

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CITY OF DOVER
ORDINANCE #2013-02

AN ORDINANCE AMENDING THE ZONING ORDINANCE AND ZONING MAP OF THE CITY OF DOVER BY CHANGING THE BOUNDARY OF THE AIRPORT ENVIRONS OVERLAY ZONE IN ACCORDANCE WITH THE 2010 AICUZ STUDY PUBLISHED BY THE DOVER AIR FORCE BASE.

WHEREAS, the City of Dover adopted the Airport Environs Overlay Zone (AEOZ) in 2001 to protect the public health, safety, and welfare by identifying areas impacted by high levels of aircraft noise, and the potential for aircraft accidents associated with airport operations, by regulating land use and the construction of buildings within such areas; and to preserve and promote the integrity of the mission of Dover Air Force Base (DAFB) as a matter of local, regional and national importance, by regulating development and land use within the specific areas surrounding DAFB, and to protect DAFB from encroachment of incompatible land uses; and

WHEREAS, the Clear Zone, Accident Potential Zones, and Noise Zones identified as the AEOZ on the Zoning Map and in Appendix B – Zoning, Article 3 - District Regulations, Section 22 AEOZ are based upon information provided by the Dover Air Force Base.

WHEREAS, the Dover Air Force Base completed an Air Installation Compatibility Use Zone study in 2010, which changed the noise contours in the noise zones surrounding the Dover Air Force Base, and provided this updated information to the City of Dover; and

WHEREAS, the City of Dover Planning Office notified all affected property owners and held a public workshop on November 8, 2012, to answer any questions that property owners might have regarding the changes to the AEOZ; and

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

1. That from and after the passage and approval of this ordinance the Zoning Map and Zoning Ordinance of the City of Dover is amended by changing the Airport Environs Overlay Zone (AEOZ) in accordance with the map presented to City Council on March 11, 2013 entitled “Airport Environs Overlay Zone (AEOZ) – 2013 Amendments.”

SYNOPSIS

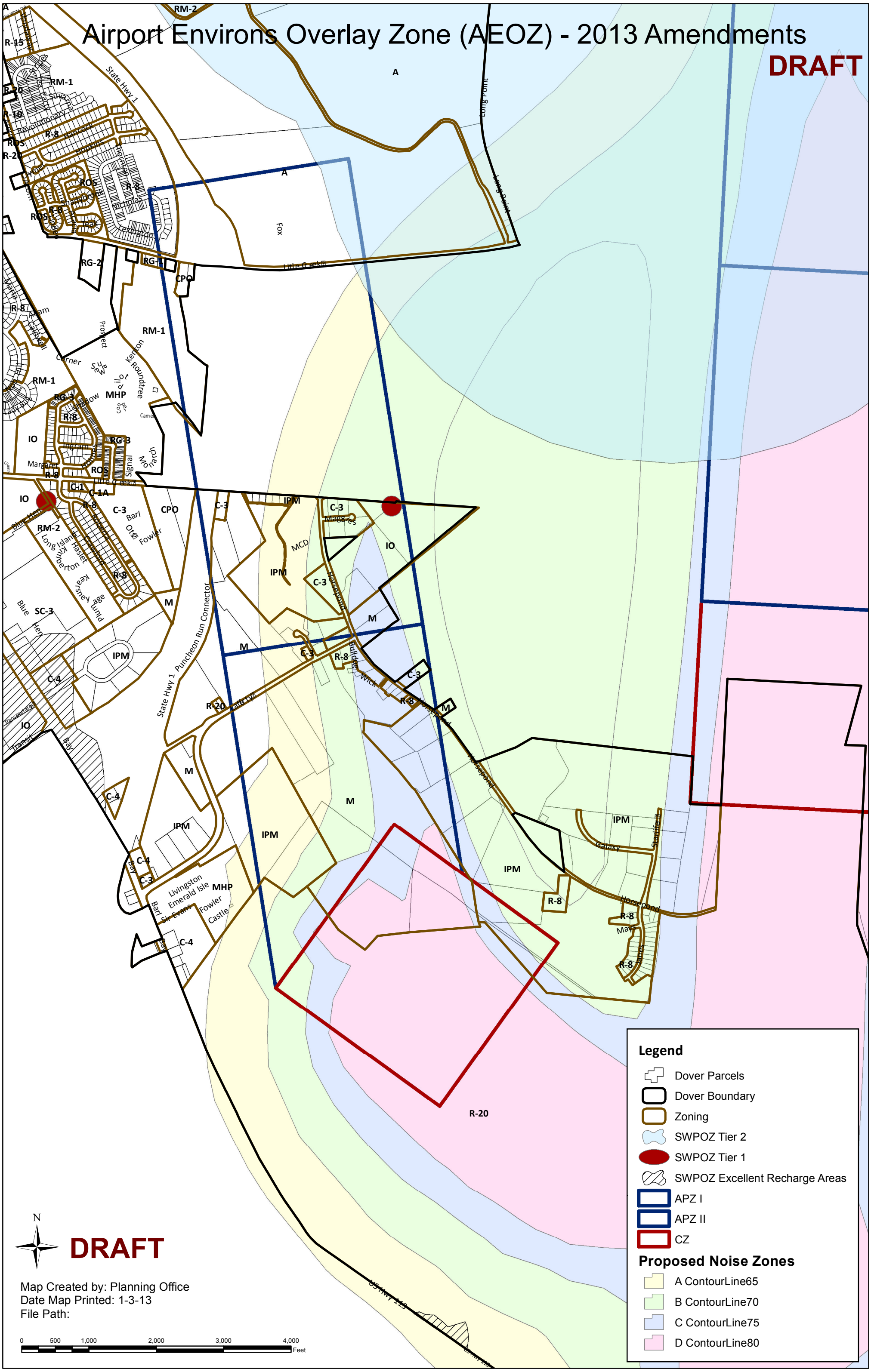
The proposed ordinance would incorporate the changes to the Air Installation Compatible Use Zone into the Zoning Map as the Airport Environs Overlay Zone (AEOZ).

Actions History: January 14, 2013 – Introduced at the Legislative, Finance and Administration Committee

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Airport Environs Overlay Zone (AEOZ) - 2013 Amendments

DRAFT



N

DRAFT

Map Created by: Planning Office
Date Map Printed: 1-3-13
File Path:

0 500 1,000 2,000 3,000 4,000 Feet

Legend

- Dover Parcels
- Dover Boundary
- Zoning
- SWPOZ Tier 2
- SWPOZ Tier 1
- SWPOZ Excellent Recharge Areas
- APZ I
- APZ II
- CZ

Proposed Noise Zones

- A ContourLine65
- B ContourLine70
- C ContourLine75
- D ContourLine80

ACTION FORM

PROCEEDING: Legislative, Finance & Administration Committee
DEPARTMENT OF ORIGIN: Planning & Inspections **DATE SUBMITTED**: January 3, 2013
PREPARED BY: Ann Marie Townshend, AICP, Director of Planning & Community Development
SUBJECT: Revisions to the Vacant Building Ordinance
REFERENCE: Chapter 22 – Buildings and Building Regulations, Article XII – Vacant Buildings
RELATED PROJECT: N/A
REVIEWED BY: Ordinance Reviewed by William Pepper, Deputy City Solicitor
EXHIBITS: Draft Ordinance #2013-03
EXPENDITURE REQUIRED: N/A **AMOUNT BUDGETED**: N/A **FUNDING SOURCE (Dept./Page in CIP & Budget)**: N/A
TIME TIMETABLE: First Reading on January 28, 2013; Final Action by City Council on February 11, 2013
RECOMMENDED ACTION: Staff recommends that the proposed ordinance be forwarded to the City Council with a favorable recommendation.

BACKGROUND AND ANALYSIS

Vacant buildings detract from community appearance, provide locations for nuisance behaviors, and consume City staff time in responding to complaints or checking to ensure that vacant buildings are kept secure. A number of vacant buildings in the City have become locations of arson, due to owners not keeping them properly secured. The problems caused by vacant buildings have been exacerbated by the economic downturn.

In 2006, Dover City Council adopted the Vacant Building Ordinance to reduce the community nuisance caused by vacant buildings. In addition to requiring the registration of vacant buildings and requiring that owners of vacant buildings pay a registration fee, the ordinance also tasks the City with inspecting vacant buildings to ensure that they are maintained and secured.

The proposed amendments to the Vacant Building Ordinance are primarily housekeeping amendments and will contribute to clarity and ease of administration. In addition to the proposed housekeeping amendments, the proposed ordinance includes increased registration fees for vacant non-residential buildings greater than or equal to 10,000 SF. The current fee schedule fails to provide a disincentive to vacancy, particularly for many of the large commercial box buildings.

Currently the Planning and Inspections Department devotes one full-time inspector to monitoring, inspecting, and working with property owners on vacant buildings. So far in Fiscal Year 2013, there has been $27,500 in vacant building fees collected.

CITY OF DOVER
ORDINANCE #2013-03

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

That Chapter 22 – Buildings and Building Regulations, Article XII – Vacant Buildings be amended by deleting the text shown in red bold strikethrough and inserting the text in blue bold italics as follows:

ARTICLE XII. - VACANT BUILDINGS

Sec. 22-400. - Purpose; applicability; definitions.

(a) Purpose. The purpose and intent of this article is to establish a registration and identification program of vacant buildings within the city. Vacant buildings are detrimental to the surrounding buildings and neighborhoods in which they exist. The article is also to ensure the public health, safety and welfare insofar as they are affected by vacant buildings within the city. The health, safety and welfare of the neighborhoods in which vacant buildings are located are of the utmost importance to the city, as is the general community character in which these vacant buildings are located.

(b) Applicability. The provisions of this article shall apply to all matters affecting or relating to vacant buildings. Where, in this article, different sections of this Code may specify different requirements, the most restrictive shall govern.

(c) Definitions. The following words, terms and phrases, when used in this article, shall have the meanings ascribe to them in this subsection, except where the context clearly indicates a different meaning.

(1) Vacant building means a building, structure, residential structure or a dwelling unit or commercial unit within a building that has been left unoccupied or unattended for three months or more.

(2) Actively for sale or lease means the building is being actively marketed through a licensed real estate broker ~~**or the owner**~~ who is regularly advertising the property in newspapers circulated in and around Dover, it is being offered for sale or lease at a cost of no more than 25 percent over market rate as determined by the city assessor, and the building is in reasonable condition for sale or lease, including but not limited to: no trash has collected inside or outside of the building, the utilities are functional, and it is not being used as storage that is unrelated to the former use.

Sec. 22-401. - Monitoring, inspection and condition standards.

(a) The building inspector shall inspect any premises in the city for the purpose of enforcing and assuring compliance with the provisions of this article. Upon request of the building

inspector, an owner shall provide access to all interior portions of a vacant building in order to permit a complete inspection.

Once a building/structure/unit or residence (hereon after referred to as building) is registered as a vacant building, the vacant building shall be inspected annually for as long as it is considered vacant.

(b) The vacant building shall be secured; ~~**however the windows and other entrances shall not be boarded or made opaque.**~~ ***the exterior building and premises shall be maintained in accordance with all City of Dover Code requirements.***

(c) The vacant building shall be in reasonable condition (all utilities shall be functional, there shall be no trash or debris inside or outside the building and it shall not to be used as storage that is unrelated to the former use).

Sec. 22-402. - Agent—Responsible person required.

(a) Property manager. Any owner of a vacant building, residing outside of the county, shall be required to have a licensed property manager residing or having an office located in the county, or a family member or other designated individual who does not manage any other real estate for a fee and who resides in the county acting as a property manager. The property manager, including family members and designated individuals, shall have charge, care and control of the vacant building, and shall provide access to the vacant building for inspection upon request by the building inspector, within ~~**90**~~ ***30*** days.

(b) Corporate or partnership owners. Any corporation or partnership owning a vacant building shall have a designated member, partner, or employee having charge, care and control of the vacant building. The designated member, partner or employee shall reside in or have an office located in the county, or shall be required to have a licensed property manager residing or having an office located in the county, or other designated individual who does not manage any other real estate for a fee, and who resides in the county, acting as a property manager. The property manager, or other designated individuals shall have charge, care and control of the vacant building, and shall provide access to the vacant building for inspection, upon request by the building inspector, within ~~**90**~~ ***30*** days.

Sec. 22-403. - Registration and registration fee.

(a) Registration of building. There are two ways to register the building as vacant.

(1) The owner shall register with the city not later than 30 days after any building in the city becomes vacant, as defined.

The registration of the vacant building shall include the site address, the name of the current owner or owners, current address of the owner and of all applicable owners, tax parcel number, proof of insurance on the building, description of the condition of the building, plans for the building (to eliminate the vacancy), the responsible person

or agent and their contact information and any other applicable information. If any information changes the owner is responsible for informing the city of those changes in a timely manner.

(2) The building inspector or his designee, shall investigate any property that may be subject to registration. Based upon his findings, the building inspector may register the property as a vacant building subject to this chapter.

a. Notice of registration. Within five business days of such registration, the licensing and permitting office shall notify the owners of the registered property by certified mail at their last known address according to the records of the city and Kent County.

b. Registration fee.

(i) The annual registration fee shall be paid at the time of registration. If the building inspector registers the building as vacant the fee shall be due not later than 30 days after the building is registered as vacant. The annual registration fee will then be due ~~by the 31st of March~~ ***on the registration anniversary date*** every year after that as long as it remains vacant. The starting point for counting a building as being vacant will begin on the date of the enactment of this article **[**June 26, 2006].

~~(ii)~~ ~~The registration fee will be prorated for a building when it is first registered as vacant from the date it is registered until the March 31 annual fee is due.~~

(iii) The annual fee is as provided for in Appendix F—Fees and Fines.

Sec. 22-404. - Violation and penalties.

(a) If the registration fee is not paid within 30 days of being due, the owner shall be in violation of this article.

(1) A lien can be assessed against the property. Such fees shall be entered in the municipal lien docket as a lien owing the city, and the same may be turned over to the city solicitor for collection.

(2) The fee will be assessed to the parcel's tax bill.

(3) The fee shall be paid in full prior to the transfer of title.

(4) The fee shall be paid in full prior to the issuance of any building permits for the subject building and for any other building that is owned by the owner within the city.

~~a. If the building is taken off of the list during the year the owner is entitled to receive a prorated portion of that year's registration fee.~~

Sec. 22-405. - Exemptions—Types of buildings eligible for exemption status from the registration fee.

(a) The following are exempt from the registration: The building has fire damage. The owner has 90 days to file for a permit to start construction or demolition or it will be determined a vacant property.

(b) The following properties shall be registered as vacant, but they are exempt from the registration fee:

(1) The building is actively being offered for sale or lease ***by a licensed real estate agent or broker*** for a maximum period of three years. After such time this article will be in effect ***with fourth year fee due***. Proof of activity shall fall on the owner to provide. See definition.

(2) The owner has obtained a building permit and is progressing in an expedient manner to prepare the premises for occupancy.

(3) The property is in probate or where the owner has entered a long term care facility within six months of the building being vacant.

(4) The property is undergoing currently environmental cleanup or assessment.

(c) Failure to register. If the property is registered by City of Dover staff after the property owner has been notified that the building(s) is vacant per definition then the property owner/agent will not be entitled to exemption from fees.

Sec. 22-406. - Appeals.

(a) ~~An~~ ***Any*** appeal of the building inspector's decision must be made in writing within 30 days of the decision. The appeal would be heard by the property maintenance code board of appeals.

(b) An appeal of the 25 percent over market rate (from the actively for sale or lease definition) can be considered through an appraisal using accepted appraisal standards to determine market rate. The owner has the option of asking the city tax assessor to perform the appraisal or having one performed (using accepted appraisal standards) at their own expense.

BE IT FURTHER ORDAINED:

That Appendix F – Fees and Fines, Chapter 22 – Buildings and Building Regulations, Article XII – Vacant Buildings, be amended

Chapter 22—Buildings and Building Regulations, Article XII—Vacant Buildings			
Fines not paid within 14 days of the day the fine was issued, including the day the fine was issued, shall be automatically doubled in amount.			
Sec. 22-403	Registration and Registration Fees		
	Subsec. (a)(2)b.(iii)	Registration fee	
	Residential buildings and non-residential buildings <10,000 SF	Buildings vacant one year or less;	$250.00

	Residential buildings and non-residential buildings <10,000 SF	Buildings vacant for more than one year but less than two years …..	$500.00
	Residential buildings and non-residential buildings <10,000 SF	>Buildings vacant for more than two years but less than five years; …..	$1,000.00
	Residential buildings and non-residential buildings <10,000 SF	Buildings vacant for five years or longer …..	$2,000.00
	Non-residential buildings ≥ 10,000 SF	***Buildings vacant one year or less; …..***	***$500.00***
	Non-residential buildings ≥ 10,000 SF	***Buildings vacant for more than one year but less than two years …..***	***$1,000.00***
	Non-residential buildings ≥ 10,000 SF	***>Buildings vacant for more than two years but less than five years; …..***	***$2,000.00***
	Non-residential buildings ≥ 10,000 SF	***Buildings vacant for five years or longer …..***	***$4,000.00***

SYNOPSIS

The proposed ordinance is primarily housekeeping and would improve the administration of the Vacant Building Ordinance. In addition, it would set separate, increased fees for vacant commercial properties greater than or equal to 10,000 square feet in floor area.

ACTION FORM

PROCEEDING: Legislative, Finance and Administration Committee
DEPARTMENT OF ORIGIN: Planning & Inspections **DATE SUBMITTED**: 1/3/13
PREPARED BY: Ann Marie Townshend, AICP, Director of Planning and Inspection
SUBJECT: Amendment to Chapter 22 – Buildings and Building Regulations, Article X – Rental Dwellings to create a Crime Free Housing program
REFERENCE: N/A
RELATED PROJECT: N/A
REVIEWED BY: Ordinance Reviewed by William Pepper, Deputy City Solicitor
EXHIBITS: Draft Ordinance #2013-04
EXPENDITURE REQUIRED: N/A **AMOUNT BUDGETED**: N/A **FUNDING SOURCE (Dept./Page in CIP & Budget)**:
TIME TIMETABLE: First Reading on January 28, 2013; Final Action by City Council on February 11, 2013
RECOMMENDED ACTION: Staff recommends that the proposed ordinance be forwarded to the City Council with a favorable recommendation.

BACKGROUND AND ANALYSIS

The Department of Planning and Inspections has been working cooperatively with the Police Department to address problem rental properties. The Community Policing Unit works with apartment complexes to implement a crime free multi-housing program, which includes a seminar for complex managers and a lease addendum. The program has been successful in helping apartment complex managers address criminal/nuisance behavior of tenants and guests. In working with the Police Department, the Department of Planning and Inspections is looking to expand this program to all rental property owners and managers, and require participation in the program as part of the Rental Dwelling code requirements.

The proposed ordinance adds the requirement that landlords participate in a crime free housing program that includes participation in a crime free housing seminar offered by the Dover Police Department and including a crime free housing addendum to leases. In addition, the proposed ordinance allows for prorating of rental permit fees for permits purchased after the beginning of the permit year.

CITY OF DOVER
ORDINANCE #2013-04

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

That Chapter 22 – Buildings and Building Regulations, Article X – Rental Dwellings be amended by deleting the text indicated in bold, red strikethrough and inserting the text indicated in bold, blue italics as follows:

Division I. Generally

Sec. 22-331. - Purpose; applicability; definitions; compliance.

(a) *Purpose.* The purpose and intent of this article is to ensure public health, safety and welfare insofar as they are affected by the continued occupancy and maintenance of dwellings operated for lease to the public. The health, safety and welfare of the occupants of the dwellings are of the utmost importance to the city, as is the general community character in which these dwelling units are located.

(b) *Applicability.* The provisions of this article shall apply to all matters affecting or relating to rental dwellings. Where, in this article, different sections of this Code may specify different requirements, the most restrictive shall govern.

(c) *Definitions.* The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

Dwelling unit means a single unit providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

Multiple-family dwellings means dwelling units operated as a group, and located in the same building. This shall include departments, roominghouses, condominium dwelling units, and accessory apartments located within structures principally used for owner occupancy.

Rental dwelling means a dwelling unit that is leased for occupancy to a person or persons in exchange for monetary payment or provision of goods or services to the owner of the dwelling unit.

Single-family dwellings means dwelling units operated singly, and separated from other units. In general, this definition shall apply to single-

family detached dwellings, including mobile homes, and attached units, including duplexes, and townhouses.

(d) *Compliance required.* No person shall operate, occupy or let to another for occupancy any dwelling which is not in compliance with the International Property Maintenance Code adopted in section 22-221 and all other applicable codes.

Sec. 22-332. - Inspection required.

(a) The code enforcement office, in accordance with the procedures set forth in the International Property Maintenance Code adopted in section 22-221, shall inspect rental dwellings for compliance with the property maintenance code and all other applicable codes to ensure compliance.

(b) Following an inspection, the code enforcement office shall issue a letter and/or report of any code violations and provide a timeline for compliance. There shall be no fee for the first followup inspection. Each subsequent reinspection shall be subject to a fee as provided for in Appendix F—Fees and Fines.

Sec. 22-333. - Agent required.

(a) *Property manager.* Any owner of a rental dwelling, residing outside of the county, shall be required to have a licensed property manager residing or having an office located in the county, or a family member or other designated individual who does not manage any other rental real estate for a fee and who resides in the county acting as a property manager. The property manager, including family members and designated individuals, shall have charge, care and control of the rental dwelling, and shall provide access to the rental dwelling for inspection, upon request by the building inspector or city planner, within a reasonable time.

(b) *Corporate or partnership owners.* Any corporation or partnership owning a rental dwelling shall have a designated member, partner, or employee having charge, care, and control of the rental dwelling. The designated member, partner or employee shall reside in or have an office located in the county, or shall be required to have a licensed property manager residing or having an office located in the county, or a family member or other designated individual who does not manage any other rental real estate for a fee, and who resides in the county, acting as a property manager. The property manager, family members or other designated individuals shall have charge, care and control of the rental dwelling, and shall provide access to the rental dwelling for inspection, upon request by the building inspector or city planner, within a reasonable time.

Secs. 22-334—22-350. - Reserved.

Division 2. Permit

Sec. 22-351. - Generally.

(a) *Single-family dwellings.* It shall be unlawful for any person to operate any single-family rental dwelling without obtaining a permit from the licensing division of the department of planning and inspections in order to determine compliance with the appropriate provisions of this article. The permit shall expire annually on January 31. The fee for the annual permit shall be as provided for in Appendix F—Fees and Fines. ***The permit fee for rental dwelling permits issued after January 31st will be prorated from the date the permit is issued until the next January 31st.***

(b) *Multiple-family dwellings.* It shall be unlawful for any person to operate any multiple dwelling without first obtaining an annual permit therefor from the licensing division of the department of planning and inspections in order to determine compliance with the appropriate provisions of this article. The permit shall expire annually on January 31, and the fee for the annual permit shall be as provided for in Appendix F—Fees and Fines. ***The permit fee for rental dwelling permits issued after January 31st will be prorated from the date the permit is issued until the next January 31st.***

(c) *Late payment penalty.* In the event that the permit fee set forth herein is not paid on the date due, then the permittee shall incur a penalty fee as provided for in Appendix F—Fees and Fines until the same is paid.

(d) *Reinstatement fee.* An owner whose permit has been suspended in accordance with section 22-352 shall pay a reinstatement fee as provided for in Appendix F—Fees and Fines.

(e) *Lien.* In the event that the property owner fails to pay said fees within 30 days from the date a notice thereof is mailed to the owner, then such fees shall be entered in the municipal lien docket as a lien owing the city; and the same may be turned over to the city solicitor for collection.

(f) *Utilities.* The owner or occupant of any rental unit shall not be entitled to receive city utilities until the permit fee required in this section is paid in full and city personnel shall refuse to provide sewage, water and electricity to the property until satisfactory proof is furnished that such permit fee has been paid.

Sec. 22-352. - Suspension.

(a) *Grounds; duration.* The building inspector shall suspend the permit issued or withhold the permit paid for, pursuant to this division, when he determines that any dwelling or the premises surrounding the dwelling fails to meet the requirements of this chapter or any rule or regulation issued pursuant thereto.

Suspension shall last until the violations have been corrected to the satisfaction of the building inspector, or the suspension shall have been reversed ~~or appealed~~.

(b) *Notice of violations.* Upon suspending any permit under this section or withholding the permit paid for, the building inspector shall notify the owner of the violations of the applicable code and shall prescribe a period in which the violation shall be corrected.

(c) *Appeal.* Any owner or operator of any dwelling, whose permit to operate the structure is suspended by the building inspector pursuant to the procedures of this section, shall have the right to appeal and notice as provided in section 22-225

(d) *Effect of appeal.* Upon suspension of a permit, or withholding of a permit ordered by the building inspector and upon the permittee serving the city clerk with a notice of appeal pursuant to section 22-225, the permit suspension shall be stayed and an existing permit shall remain in force until the appeal is decided.

Secs. 22-353—22-~~380~~ *370*. - Reserved.

Division 3. Crime free housing

Sec. 22-371. – Crime free housing seminar required.

All persons applying for a rental dwelling permit, and all persons administering, managing or controlling the operation of any rental dwelling unit must attend a crime free housing seminar, administered by the Dover police department, within 12 months of issuance of the permit. Each rental permit holder and each rental property manager must attend a seminar every three years. Documentation shall be submitted to the department of planning and inspections and kept on file within the department.

Sec. 22-372. – Crime free housing lease addendum.

(a) All residential leases shall include a crime free lease addendum, signed by the property owner and tenant, in the following form:

In addition to all other terms of the lease, landlord and tenant agree as follows:

1. The tenant, any member of the tenant's household, any guest or any other person associated with the tenant on or near the leased premises:

i. Shall not engage in criminal activity, including drug-related criminal activity, on or near the leased premises. "Drug-related criminal activity" means the illegal manufacture, sale, distribution, use, or possession of any illegal or controlled substance defined by Title 16, Chapter 47.

ii. Shall not engage in any act intended to facilitate criminal activity.

iii. Shall not permit the dwelling unit to be used for or to facilitate any criminal activity.

2. Any activity prohibited by this agreement shall constitute a substantial violation of the lease, material noncompliance with the lease, and grounds for termination of tenancy and eviction.

(b) The department of planning and inspections shall provide a template crime free lease addendum.

(c) A copy of the signed crime free lease addendum shall be submitted to the city of Dover prior to establishment of utility services to any residential property.

Sec. 22-373. – Suspension of Rental Permit.

(a) Failure of the property owner to initiate and prosecute with effect eviction proceedings following notification by the City of Dover that the terms of the crime free housing lease addendum have been violated, or failure of the property owner and/or property manager to attend the required crime free housing seminar may be grounds for suspension of the rental permit in accordance with Section 22-352.

SYNOPSIS

The proposed ordinance adds the requirement that landlords participate in a crime free housing program that includes participation in a crime free housing seminar offered by the Dover Police Department and including a crime free housing addendum to leases. In addition, the proposed ordinance allows for prorating of rental permit fees for permits purchased after the beginning of the permit year.

DRAFT

MEMORANDUM

City of Dover
P.O. Box 475
Dover, Delaware 19903
Phone: 302.736.7010 Fax: 302.736.4217

Date: January 9, 2013

To: Legislative, Finance and Administration Committee

From: Ann Marie Townshend, AICP, Director of Planning & Community Development

RE: Role and Scope of Historic District Zone and Historic District Commission

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In recent months, there have been a number of discussions about the role of Dover's Historic District, and in particular, the Historic District Commission. Some in the community have faulted the Historic District Commission with adding roadblocks to projects that would support downtown redevelopment , or with creating impediments to economic development and growth. Others see the Historic District Commission as important caretakers of our City's rich history. Many of the discussions about the Historic District Commission's role have taken place in informal venues among property owners, business owners, elected officials, and other stakeholders in our community. These discussions have not, in recent years, taken place as a public deliberation, bringing together stakeholders on all sides of the issue to develop a common ground solution that will support economic growth while preserving the City's historic character.

Given the various concerns that have been shared by a number of stakeholders, I recommend that the Planning Office to hold a public workshop (more than one if necessary) by the end of February 2013 to discuss the role and scope of the Historic District and the Historic District Commission. The Planning Office should report back to the Legislative, Finance and Administration Committee in March 2013 with clear recommendations on whether and how the role and scope of the Historic District and/or the Historic District Commission should be modified.