COUNCIL FINANCIAL WORKSHOP

A Council Financial Workshop was held on January 7, 2013 at 5:40 p.m. with Council President Leary presiding. Council members present were Mr. Anderson, Mr. Dixon, Mr. Lynn (departed at 8:44 p.m.), Mr. Perza, Mr. Bonar, Mrs. Williams, Mr. Hare, and Mr. Hutchison.

Council staff members present were Police Chief Hosfelt, Mrs. Mitchell, Mr. Koenig, and Mrs. McDowell. Mayor Carey was also present.

AGENDA ADDITIONS/DELETIONS

By unanimous consent, the agenda was accepted as presented.

REQUEST TO CHANGE DATE OF DEDICATION OF MARTIN LUTHER KING JR. BOULEVARD TO SATURDAY, JANUARY 19, 2013

Mr. Scott Koenig, City Manager, advised members that Reverend Michael Rogers and Reverend Rita Paige had recently approached him requesting that the date of the dedication ceremony for Martin Luther King Jr. Boulevard be changed from Monday, January 21, 2013 to Saturday, January 19, 2013 to coincide with the annual Martin Luther King Jr. Day Parade. He stated that arrangements had been made to change the parade route to include the Martin Luther King Jr. Boulevard location, arriving at 12:15 p.m., and that a brief ceremony had been scheduled there at 12:30 p.m. He indicated that Reverend Rogers and Reverend Paige were working on a program for the event to include speakers, etc., and would provide this information to the City once it was finalized. Mr. Koenig explained that there was some concern regarding the availability of dignitaries on the originally scheduled date (Monday), requested Council's consideration of the proposal to change the date, and advised members that he anticipated the program to be made available to members during their Regular Meeting of January 14, 2013.

In response to Mr. Hare, Mr. Koenig stated that although there were some logistical issues, Senator Bushweller had offered to pay for informational and ceremonial signs to be used for this event.

Mr. Anderson moved for approval of the request to change the official date of the dedication of Martin Luther King Jr. Boulevard to Saturday, January 19, 2013, seconded by Mr. Dixon and unanimously carried.

INTRODUCTION BY COUNCIL PRESIDENT LEARY

Council President Leary advised members that during the last few budget cycles, Council had discussed little besides the City's unfunded liabilities during the Annual Retreat due to the increasing importance of this issue and its effect on the budget. As a result, there had not been much opportunity to discuss other matters, such as sidewalks, playgrounds, etc., as was done in previous years. It was his hope that by conducting a separate workshop on the unfunded liabilities, members would have the opportunity to discuss other matters during the Retreat.

Council President Leary noted that there has been national debate regarding Social Security, Medicare, etc., which he felt paralleled the City's issues, explaining that the City made commitments many years ago to pay pension and medical benefits when employees typically retired at 65 and lived

to be 70 years of age or so. He noted that this was not an unsound system at the time, from an actuarial standpoint; however, this was no longer the case, since individuals often retire at a much younger age and live longer.

PENSION FUNDS - UPDATE ON FUNDING STATUS AND ACTUARIAL REQUIRED CONTRIBUTIONS AS OF JUNE 30, 2012

Mrs. Donna Mitchell, Controller/Treasurer, reviewed a Presentation entitled - Council Financial Workshop - January 7, 2013 ***(Exhibit #1 - Pages 2-17)***.

Police Pension Fund

In reviewing the Police Pension Fund (Pages 2-5 of Exhibit #1), Mrs. Mitchell noted that the amount of Benefit Payments reflected was greater than the contributions. She reminded members that this was a closed plan (City's old Police Pension Plan) and no active employees were enrolled. She stated that, according to the last actuarial study, there were 48 retirees or beneficiaries in the plan, with 50% in the 55-65 age bracket.

As noted on Page 4, Mrs. Mitchell explained that the Net Pension Asset at the beginning of the year was an accumulation of all prior year differences resulting from over-funding or under-funding of the plan by the City, and the overall difference accumulated to an asset. Since the City under-funded the plan this year, she stated that the Net Pension Asset had been reduced. She indicated that $668,274 listed in contributions included the State's contribution in the amount of $561,772 and the City's in the amount of $95,000. Mrs. Mitchell explained that the Net Pension Asset had continued to decrease and that it would be necessary for the City to fund approximately $200,000 next year and $400,000 thereafter, which would impact the budget.

General Pension Fund

In reviewing the General Pension Fund (Pages 6-10 of Exhibit #1), Mrs. Mitchell noted that there were 194 retirees or beneficiaries participating in the plan, 81 active employees who were fully vested, and 68 active employees who were non-vested. She indicated that there were 14 deferred vested individuals who terminated with 10 years of service and would be eligible for pensions when they attain 65 years of age. She stated that approximately 48% of the members of the General Pension Fund were in the 55-65 age bracket, according to the last actuarial study conducted.

Responding to Council President Leary, Mrs. Mitchell confirmed that the General Pension Plan was closed to new employees in 2009.

Other Post-Employment Benefits (OPEB) - Update on Funding Status and Actuarial Required Contributions as of June 30, 2012

Referring to the Other Post-Employment Benefits (OPEB) Fund (Pages 11-14 of Exhibit #1), Mrs. Mitchell noted that there were 252 retirees and beneficiaries currently receiving benefits, 14 terminated plan members who were entitled to benefits, and 331 active eligible plan members, for a total of 597 participants. She explained that this total would continue to grow as employees retire and begin receiving benefits, and their positions would be filled with new employees who would become active eligible plan members.

In reviewing the figures on Page 13, Mrs. Mitchell reminded members that amounts with brackets were assets and those without brackets were obligations. She explained that the Annual Required Contribution, the level the City should have funded at, with adjustments, was $7,528,602; however, the City funded (Employer Contributions) $5,645,311 and was, therefore, short $1,883,291. Referring to the Net OPEB Obligation (asset) at the beginning of the year, Mrs. Mitchell explained that this number reflects the accumulated differences from prior years which add to the liability.

Responding to Mr. Koenig, City Manager, Mrs. Mitchell clarified that the data provided was from the year ending June 30, 2012. She explained that the information was provided for each fund and noted that the Electric Fund had an asset at the end of the year because the City was able to contribute a large lump sum. She stated that, in comparison, the General Fund (Governmental Activities), which reflected an obligation of $11,179,542 at the end of the year, was more of a problem. She stated that these numbers were determined on a Generally Accepted Accounting Principles (GAAP) basis.

Referring to the Statement of Net Assets on Page 37 ***(Exhibit #2)*** of the 2012 Comprehensive Annual Financial Report (CAFR), Mrs. Mitchell explained that the General Fund (Governmental Activities) balance reflected a deficit of $6,759,433 because of the OPEB obligation. She further explained that this fund balance was determined on a GAAP basis, which requires the inclusion of all long-term assets and debt, as well as all obligations. Comparatively, Mrs. Mitchell referred to the Governmental Funds Balance Sheet on Page 39 ***(Exhibit #3)*** of the CAFR, and explained that the unassigned fund balance of $3,007,983 was determined on a non-GAAP basis, which members were accustomed to using during the budget process. She further explained that the Reconciliation of Governmental Fund Balances to Government-Wide Net Assets on Page 40 ***(Exhibit #4)*** of the CAFR accounted for the differences between the Governmental Fund Balance Sheet and the Statement of Net Assets.

In response to Mr. Leary, Mrs. Mitchell stated that Moody's and Fitch require the GAAP, so they will look at the deficit of $6,759,433.

Referring to the OPEB Trust Schedule of Funding Status and Progress on Page 14 of Exhibit #1, Mrs. Mitchell explained that the OPEB funding level difference was related to the implementation of the new standards in 2009. She stated that the standard was changed from a pay-as-you-go basis to force local governments to recognize the OPEB expense when an employee is working and earning it, so that when an employee retires, the funds are available to cover it. She noted that the change brought local governments in line with the private industry.

Mrs. Mitchell reviewed the Summary of Retirement Benefit Liabilities and Annual Required Contributions (Pages 15-17 of Exhibit #1). Referring to Page 16, she noted that if the City were fully funding the Annual Required Contribution (ARC) on a budgetary basis, $8,668,116 would need to be set aside in the General Fund, $733,242 in the Water/Wastewater Fund, and $2,361,175 in the Electric Fund. She stated that the total of the Actuarial Accrued Liability (AAL) is $156,664,000, the total Actuarial Value of Assets is $40,074,666, and the total ARC for all the plans is $11,762,533.

Referring to Page 17, Mrs. Mitchell reminded members that the City is in the fourth year of the 10-year phase in plan for OPEB.

Governmental Accounting Standards Board (GASB) Statement No. 67 - Financial Reporting for Pension Plans and Statement No. 68 - Accounting and Financial Reporting for Pensions
Mrs. Mitchell reviewed the Governmental Accounting Standards Board (GASB) Statements 67 & 68 (Pages 18-29 of Exhibit #1) and explained that the Board was changing the current standards (GASB 25 and 27). She stated that the GASB 67 would become effective in FY2014 and GASB 68 in FY2015.

Mrs. Mitchell noted that, as reported on the Statement of Activities included on Page 38 ***(Exhibit #5)*** of the CAFR, the expenses for OPEB were approximately $6,534,630. She explained that this statement was reconciled with the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds, included on Page 41 ***(Exhibit #6)*** of the CAFR using the Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities on Page 42 of the CAFR ***(Exhibit #7)***. Referring to the Statement of Net Assets - Proprietary Funds on Page 43 of the CAFR ***(Exhibit #8)***, Mrs. Mitchell noted that the same reconciliation was performed for the Water/Wastewater and Electric Revenue Funds. She advised members that these were the areas of reporting that would be changing with the new GASB 67 and 68 requirements.

Responding to Mrs. Williams, Mrs. Mitchell reiterated that the new GASB 67 and 68 would result in a change in reporting; however, she assured members that the funding could remain the same.

In response to Mr. Hutchison regarding changes to the Police Pension Plan, Mrs. Mitchell confirmed that next year the City would have to include approximately $200,000; whereas, the City had been previously budgeting $95,000 per year. She noted that part of this was due to a reduction in grant money from the State. She indicated that the required amount would increase to approximately $400,000 in the following year. She recommended that the City dedicate any budget balances and carry forward toward the unfunded liability, as had been done in the past. She suggested that these funds be applied to the Police Pension Plan to allow it to become whole and run as it should, with the remainder of funds to be applied to the General Pension Plan.

Responding to Mr. Perza, Mrs. Mitchell stated that, to her knowledge, the City had funded the Pension Plans based on actuarial studies and followed the actuary's recommendations. The OPEB requirements became effective in 2009, so the City, along with everyone else, started these funding requirements from "ground zero." She explained that her argument to the rating agencies was that the City had a plan and took proactive measures. She reminded members that the City set aside $6M in reserve before implementing the OPEB trust standards. As a result, when the City started the trust, the City already had $6M, which reflected the City's proactive measures.

Responding to Mr. Leary regarding measures that could be taken to address the unfunded liability, Mrs. Mitchell explained the importance of being mindful of employee benefits, noting that this would affect employees who are concerned about possible changes to their benefits. She reiterated that the OPEB costs should not all be the responsibility of the City's citizens or its employees and

expressed the need to develop a balance in this regard to "share the pain." In addition, she explained the importance of establishing and adhering to a funding plan, although Council would have the flexibility to take action counter to this plan each year.

Mr. Koenig reminded members that the General Pension Plan was closed and that there were several employees who were members of the 457 and/or the Deferred Compensation Plan, which are "pay as you go" plans. He indicated that the only members of the Police Pension Plan were 48 retirees. Referring to the General Pension Plan, he explained that 194 people were receiving pensions in addition to active employees who are enrolled in the plan, resulting in growth of the liability. It was his feeling that the City should resolve Police Pension Plan liability issues first, followed by the General Pension Plan, and the City could then begin to work on OPEB liability issues. He indicated that it was very simple to calculate the liability for the Police and General Pension Plans; however, due to the new standards and the new health care law, it was difficult to determine the City's true liability for OPEB.

Elaborating, Mrs. Mitchell stated that the new health care law and contract negotiations would affect the OPEB liability. She stated that the actuary had agreed that there were too many unknowns to determine the liability at this time and that it could improve or become worse.

Mr. Koenig advised members that in discussions, employees expressed their feeling that the City was at fault for not budgeting the required amounts and that employees should not have to suffer as a result.

Responding to Mr. Anderson, Mrs. Mitchell stated that the City's contributions were based on actuarial studies. She did not anticipate any change in benefits in either Pension Plan that would have an impact and felt that any change would be due to actuarial results versus assumptions. She assured members that the City had taken and would continue to take appropriate action to address liability issues; however, it was her feeling that OPEB should be given more attention in this regard.

Mr. Bonar felt that staff should submit recommendations to City Council to begin the process of addressing the OPEB liability and that Council should take any action necessary. Responding, Mrs. Mitchell stated that, as previously indicated by Mr. Koenig, the City should first resolve the Pension Plans' liability issues and continue to follow the actuarial analysis for the OPEB, since the Pension Plans were closer to being resolved. Once the Pension Plans were resolved, focus could be given to the OPEB. She advised members that this was discussed with the actuary, who concurred with staff's recommendations. She reminded members that the City did not know what effects the federal legislation would have on health care or the results of employee contract negotiations.

Mrs. Williams requested that staff utilize laymen's terms when making presentations to City Council, noting the difficulties in understanding accounting terminology and the frequent need to request staff to provide further explanation.

Council President Leary reminded members that this was not just a City of Dover problem but a national problem and expressed his opinion that the City had been proactive in addressing the issues.

Mr. Hare noted that an $83M liability needed to be addressed and that Council, along with staff, would have to make difficult decisions.

By unanimous consent, members took a brief recess.

Meeting recessed at 6:45 p.m. and reconvened at 6:54 p.m.

City of Dover Facilities - Maintenance and Capital Improvements

Mr. Scott Koenig, City Manager, reviewed a Presentation - City of Dover Facilities Discussion, January 2013 ***(Exhibit #9)***, which included the 2006 Space Needs Study results.

In response to Mrs. Williams, referring to Page 7 of Exhibit #9 depicting Weyandt Hall, Mr. Koenig stated that the State of Delaware utilizes 1,295 sq. ft. of the facility and has a multi-year lease, renewable in five (5) year increments. He noted that the State was in its third year of a five (5) year lease.

Referring to the concept of a bond issue, as suggested by Council President Leary, Mr. Bonar stated that although he agreed that it would be a good idea, he had concern with the public's perception and obtaining their support.

Prior to moving forward with the Master Plan, Mr. Hutchison suggested that staff work with the State of Delaware to develop a long-term lease agreement for the Weyandt Building, as well as the old library. He noted that rather than purchasing several buildings, the State of Delaware preferred to lease. He felt that if staff were successful in obtaining long-term leases for those buildings, this would benefit the City in moving forward with the Master Plan.

Responding to Mrs. Mitchell, Controller/Treasurer, Mr. Bonar stated that although any required renovations could be negotiated with the State when developing the leases, the State would typically expect the City to make necessary repairs and/or renovations.

After much discussion, Council President Leary noted that this would be a good time to talk to the State and also a good time to examine this issue from a capital market perspective.

Mr. Anderson relayed concern regarding public support for this project, explaining that due to the economy, many City residents were having difficulty paying their utility bills, purchasing groceries, etc. As a result, he did not foresee supporting this idea for the next couple of years.

In response to Mrs. Williams' suggestion to utilize the old library, Mr. Koenig explained that the ultimate desire would be for all City staff to be located in the same facility.

Mr. Hare suggested that if the City were to move forward with the expansion of City Hall, it should be done without any cost to the citizens.

Council President Leary reminded members that the biggest mistake in building the new Library was that it did not go to referendum. He suggested that staff make a presentation to the public, explaining the situation and that a referendum vote be held.

Mr. Bonar felt that although staff's requests were very well grounded, he loathed the idea of spending money at this time for a new building. However, he noted that in five (5) years, there would be a dire need to take some action in this regard. As a result, he suggested that Council take staff's ideas under advisement at this time and that Mr. Koenig explore the matter to determine the options available. In doing so, he suggested that staff take into consideration the idea of renovating the old library. He also suggested that there be a thorough discussion of this matter and an examination of the true costs involved.

Mr. Hare suggested that this matter not be considered a priority of staff; however, he suggested that staff work on this project when time permitted.

By unanimous consent, the meeting adjourned at 7:33 P.M.

TRACI A. McDOWELL
CITY CLERK

All orders, ordinances, and resolutions adopted by City Council during their Regular Meeting of January 14, 2013, are hereby approved.

CARLETON E. CAREY, SR.
MAYOR

/TM/jg
S:\AGENDAS-MINUTES-PACKETS\Council-Minutes\2013\01-07-2013 FINANCIAL WORKSHOP.wpd

Exhibits

Exhibit #1 - Presentation - Council Financial Workshop - Update on Funding Status of Pension Plans and OPEB as of June 30, 2012
Exhibit #2 - Statement of Net Assets included as Page 37 of the CAFR
Exhibit #3 - Governmental Funds Balance Sheet included as Page 39 of the CAFR
Exhibit #4 - Reconciliation of Governmental Fund Balances to Government-Wide Net Assets, included as Page 40 of the CAFR
Exhibit #5 - Statement of Activities included as Page 38 of the CAFR
Exhibit #6 - Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds, included as Page 41 of the CAFR
Exhibit #7 - Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities included as Page 42 of the CAFR
Exhibit #8 - Statement of Net Assets - Proprietary Funds included as Page 43 of the CAFR
Exhibit #9 - Presentation - City of Dover Facility Discussion, January 2013

City of Dover
Council Financial Workshop

January 7, 2013

- Update on Funding Status of Pension Plans and OPEB as of June 30, 2012
- GASB 67 & GASB 68 – Revised Pension Standards

EXHIBIT #1
Council Financial Workshop on 01/07/2013

City of Dover
Police Pension Plan

Police Pension Plan

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

	Police Pension
ASSETS:	
Cash and cash equivalents	$ 601,329
Investments at fair value - Mutual Funds	10,086,398
Net assets held in trust for pension benefits	$ 10,687,727

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

	Police Pension
Additions	
Net investment income/loss	$ (34,831)
City's contribution - lump sum	95,000
State contributions	561,772
Other	11,502
Total Additions to Net Assets	633,443
Deductions	
Benefit payments	1,486,211
General administration	13,256
Total Deductions From Net Assets	1,499,467
Change in net assets	(866,024)
Net assets - beginning	11,553,751
Net assets - ending	$ 10,687,727

Closed Plan – 48 retirees and beneficiaries; Approximately 50% in 55 – 65 age bracket as of last full actuarial valuation

Police Pension Plan

	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)

	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)

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

City contribution has remained at $95,000 for several years. State Grant made up the remainder of the required contribution. FY13 will need to increase City appropriation.

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%		
7/1/12	10,687,727	19,867,849	9,180,122	53.8%		

City of Dover
General Pension Plan

General Pension Plan

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

	General Pension
ASSETS:	
Cash and cash equivalents	$ 861,458
Investments at fair value - Mutual Funds	21,187,128
Net assets held in trust for pension benefits	$ 22,048,586

Retired & beneficiaries receiving benefits = 194
Active employees: Fully vested 81; Non-vested 68
Deferred vested: 14 (terminated w/10 yrs)
Approximately 48% in 55 – 65 age bracket as of last full actuary valuation
Payroll for this plan is approximately $8.0 million

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

	General Pension
Additions	
Net investment income/loss	$ (4,991)
City's contribution - payroll based	354,034
City's contribution - lump sum	2,788,900
Employee contribution	279,092
State contributions	-
Other	17
Total Additions to Net Assets	3,417,052
Deductions	
Benefit payments	3,249,878
General administration	18,149
Refund of pension contribution	109,354
Total Deductions From Net Assets	3,377,381
Change in net assets	39,671
Net assets - beginning	22,008,915
Net assets - ending	$ 22,048,586

General Pension Plan

	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)

General Pension Plan

	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)

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

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%
7/1/12	22,177,831	55,006,282	32,828,451	40.3%	7,076,322	463.9%

City of Dover
Other Postemployment Benefits

Other Postemployment Benefits

CITY OF DOVER
POST-RETIREMENT BENEFITS TRUST FUND
STATEMENT OF FIDUCIARY NET ASSETS

YEAR ENDED JUNE 30, 2012

ASSETS:		
Cash and cash equivalents	$	748,815
Investments at fair value		
Intermediate-term corporate bond open-end mutual funds	$	3,148,635
Domestic equity open-end mutual funds	$	4,396,249
International equity open-end mutual funds	$	2,620,723
TOTAL ASSETS	$	10,914,422
LIABILITIES AND FUND BALANCE:		
Vouchers Payable	$	1,250
RESERVED FUND BALANCE	$	10,913,172
TOTAL LIABILITIES AND FUND BALANCE	$	10,914,422

Retirees & beneficiaries receiving benefits	252
Terminated plan members entitled to benefits	14
Active eligible plan members	331
Total	597

CITY OF DOVER
COMBINED STATEMENT OF CHANGES IN NET PLAN ASSETS
OPEB TRUST FUND

YEAR ENDED JUNE 30, 2012

ADDITIONS:		
Contributions:		
Employer Contributions toward unfunded liability	$	1,727,249
Employer Contributions toward retiree benefits		
General Fund		1,374,709
Water/Wastewater Fund		190,830
Electric Fund		1,220,057
Employer Contributions payroll based		
General Fund		885,764
Water/Wastewater Fund		63,786
Electric Fund		119,345
Miscellaneous Receipts		63,571
Total Contributions	$	5,645,311
Investments:		
Interest and Dividends	$	196,573
Net Appreciation/(Depreciation) in Fair Value		45,363
Total Investment Income /Loss	$	241,936
Less: Investment Expenses	$	(5,000)
Net Investment Income/Loss		236,936
Total Additions/Reductions	$	5,882,247
DEDUCTIONS:		
Actuary expenses	$	42,192
Retiree Benefits		1,974,870
Total Deductions	$	2,017,062
Net Increase/Decrease	$	3,865,185
Net Assets held in Trust for OPEB Benefits - Beginning of Year	$	7,047,987
Net Assets held in Trust for OPEB Benefits - End of Year	$	10,913,172

Other Postemployment Benefits

	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)

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

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%

City of Dover
Summary of Retirement Benefit Liabilities and Annual Required Contributions

Interim Actuarial Report Dated 11/1/2011
With Full Funding Requirements (no-phase in period for OPEB)

City of Dover Interim Actuarial Valuation for Fiscal Year Ending June 30, 2012 Report Completed November 2011				
	General Pension	Police Pension	Full Funding OPEB	Total
General Fund				
Actuarial Accrued Liability (AAL)	$28,078,000	$19,737,000	$60,502,000	$108,317,000
Actuarial Value of Assets	$11,272,424	$11,553,751	$3,384,884	$26,211,059
Funded Ratio	40.1%	58.5%	5.6%	24.2%
Annual Required Contribution (ARC)	$1,686,462	$979,132	$6,002,522	$8,668,116
ARC as % of payroll (est.)	28.5%	n/a	31.1%	n/a
Water/Wastewater Fund				
Actuarial Accrued Liability (AAL)	$4,357,000		$5,389,000	$9,746,000
Actuarial Value of Assets	$1,749,197		$619,826	$2,369,023
Funded Ratio	40.1%		11.5%	24.3%
Annual Required Contribution (ARC)	$257,039		$476,203	$733,242
ARC as % of payroll	41.8%		31.7%	n/a
Electric Fund				
Actuarial Accrued Liability (AAL)	$21,051,000		$17,550,000	$38,601,000
Actuarial Value of Assets	$8,451,307		$3,043,277	$11,494,584
Funded Ratio	40.1%		17.3%	29.8%
Annual Required Contribution (ARC)	$1,186,521		$1,174,654	$2,361,175
ARC as % of payroll	60.8%		38.6%	n/a
Total				
Actuarial Accrued Liability (AAL)	$53,486,000	$19,737,000	$83,441,000	$156,664,000
Actuarial Value of Assets	$21,472,928	$11,553,751	$7,047,987	$40,074,666
Funded Ratio	40.1%	58.5%	8.4%	25.6%
Annual Required Contribution (ARC)	$3,130,022	$979,132	$7,653,379	$11,762,533
ARC as % of payroll	39.1%	n/a	32.3%	n/a

City of Dover
Actuarial Funding Differences for FY12
Report Completed November 2011

	General Pension	Police Pension	Full Funding OPEB	GAAP Total	Phase In OPEB
General Fund					
Annual Required Contribution (ARC)	$1,686,462	$979,132	$6,002,522	$8,668,116	$2,718,864
Employer Contributions FY12	(1,666,704)	(656,772)	(2,534,572)	(4,858,048)	(2,534,572)
Net (Asset)/Obligation	$19,758	$322,360	$3,467,950	$3,810,068	$184,292
Water/Wastewater Fund					
Annual Required Contribution (ARC)	$257,039		$476,203	$733,242	$260,378
Employer Contributions FY12	(272,379)		(635,227)	(907,606)	(635,227)
Net (Asset)/Obligation	($15,340)		($159,024)	($174,364)	($374,849)
Electric Fund					
Annual Required Contribution (ARC)	$1,186,521		$1,174,654	$2,361,175	$781,353
Employer Contributions FY12	(1,203,851)		(2,475,512)	(3,679,363)	(2,475,512)
Net (Asset)/Obligation	($17,330)		($1,300,858)	($1,318,188)	($1,694,159)
Total					
Annual Required Contribution (ARC)	$3,130,022	$979,132	$7,653,379	$11,762,533	$3,760,595
Employer Contributions FY12	(3,142,934)	(656,772)	(5,645,311)	(9,445,017)	(5,645,311)
Net (Asset)/Obligation	($12,912)	$322,360	$2,008,068	$2,317,516	($1,884,716)

Governmental Accounting Standards Board Statements 67 & 68

Council Financial Workshop - January 7, 2013

Effective Dates

- Effective dates
  - GASB 67
    - Effective for PLAN fiscal years beginning after June 15, 2013 (e.g., FYE June 30, 2014)
  - GASB 68
    - Effective for EMPLOYER'S fiscal years beginning after June 15, 2014 (e.g., FYE June 30, 2015)
- Replaces GASB 25 & 27 – Current standards

What Is Not Changing?

- Current Funding Policy contributions do not change
- GASB does not dictate funding requirements

What is Changing?

- New Terminology
  - Total Pension Liability (TPL)
    - Actuarial Accrued Liability
  - Fiduciary Net Position (FNP)
    - Market value of plan assets
  - Net Pension Liability (NPL)
    - TPL less FNP; aka the Unfunded Actuarial Accrued Liability
  - Actuarially Determined Contribution (ADC)
  - Annual Required Contribution (ARC) is gone
  - Net Pension Obligation (NPO) is gone

What is Changing?

- Recognition of Unfunded Actuarial Accrued Liability (UAL) on employer balance sheets
- Reporting no longer based on accounting; separate functions

  - Current Calculation:

    Annual Required Contribution (ARC)
    Less: Actual Contributions
    Net Pension Obligation (NPO)

  - New Calculation:

    Total Pension Liability (TPL)
    Less: Fiduciary Net Position (FNP)
    Net Pension Liability (NPL)

What is Changing?

- Illustration of employer balance sheet
  - Current Calculation:

Annual Required Contribution (ARC)	$3,200,000
Less: Actual Contributions	(3,200,000)
Net Pension Obligation (NPO)	$ 0

  - New Calculation:

Total Pension Liability (TPL)	$55,000,000
Less: Fiduciary Net Position (FNP)	(22,000,000)
Net Pension Liability (NPL)	$33,000,000

What is Changing?

- Measurement of Plan Obligations
  - One mandated actuarial valuation method for determining benefit obligations
  - Potential Interest Rate Changes
    - Ability to use expected long-term annual investment return is limited
    - Actuary to determine if/when plan assets will become "exhausted"
    - Use Bifurcated discount rates if assets become exhausted
    - Discounting of expected benefit payments from exhaustion date based on long-term, tax-free muni bonds
    - Recent estimate of muni bond rates in 3.5% - 4.0% range
- Plan Assets
  - No allowance for asset smoothing

What is Changing?

- Pension expense recognition accelerated
  - Employers recognize the change in their NPL (net pension liability) in current period
  - Unrecognized gains / losses are realized over a shorter time period
    - Expected remaining service
    - Investments gains/losses amortized over 5 years
- Expanded Disclosures
  - Detailed year to year changes of assets and liabilities
  - Sensitivity analysis
    - Impact of different discount rates on unfunded liability
  - 10-year schedules to required supplementary information

What is Changing?

- Police Plan Special Funding Situation
  - State Aid "Contributions" made by the State
  - GASB requires governments that are non-employer entities to recognize in their own financial statements a proportionate share of the NPL and pension expense
  - Potentially a portion of the police pension liability will be allocated to the State

What does it all mean?

- No impact on current funding policy contributions; Highly recommend development of a formal funding policy, separate from the financial reporting calculations; In the past, the ARC became the de facto funding policy

- Potential increase in plan's benefit obligation
  - Not expected to be significant for General Employee Plan
  - May be significant for Police Plan since contributions have been about 60% of required in past few years

- Immediate recognition of asset gains / losses on balance sheet
  - Currently smoothing gains/losses over 5 years
  - Can result in significant changes in NPL from year to year

- Volatility - Expense
    - Impact of Plan Changes recognized immediately
    - Gain/Loss recognized over expected remaining service
    - Investment gain/loss amortized over 5 years

Other Post Employment Benefits

- GASB 45 Issued June 2004
  - Aligned accounting / financial reporting similar to defined benefit under GASB 25/27
- GASB currently deliberating improving existing standard of accounting and financial reporting for postemployment benefits
  - "One objective of this project is to improve *accountability* and the transparency of financial reporting in regard to the financial effects of employers' commitments and actions related to OPEB."
  - Similar language used for GASB 67/68 project
- Conclusion: Similar financial reporting requirements / measurements are on the horizon for OPEB plan subject to GASB 45

"The new GASB standards will benefit users of these financial statements, as well as taxpayers, since state and local governments for the first time will have to report unfunded pension liabilities in their balance sheets, providing a clearer view of pension obligations."

AICPA President & CEO Barry Melancon

"…accounting changes do not alter the underlying fundamentals; $1,000 owed to a retired teacher in ten years under current standards will remain $1,000 owed in 10 years under the new standards. So policymakers should not let new numbers throw them off the path to sensible reform."

Alicia Munnell, director of the Center for Retirement Research at Boston Colllege

Overall, GASB's changes will likely make the new pension accounting measures more volatile than the funding measures.

The GASB's New Pension Accounting & Reporting Standards by Paul Zorn & James Rizzo

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
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 Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Governmental Activities	Net (Expenses) Revenue and Changes in Net Assets: 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

2

Council Financial Workshop on 01/07/2013
EXHIBIT #5

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

City of Dover Facility Discussion

January 2013

EXHIBIT #9
Council Financial Workshop on 01/07/2013

Goal

- In 2006, staff created a Ten Year Plan for City buildings. The intent of that plan was to create spaces and places for the City's elected officials and employees to provide quality services to the citizens.

2006 Space Needs Study Results

Department	Existing Sq. Ft.	1 – 2 Years	Public Accessibility	Highest Immediate Priority	Long Range	Future Sq. Ft.
City Clerk	597	not enough space – reception area, counter space	Important	Reception Area	Reception area, counter space, workstation, maybe Mayor's responsibilities will be closer to Council	700
City Manager/ Mayor	1,450		Important		One additional office	1,600
Finance	1,197	One additional office	Low	Office for Ray Cola	Additional office, audit room	1,500
Human Resources	560	Storage, interview room	Somewhat	Interview Room	Additional office, interview room	850
Planning/Inspections	2,464	Storage, more privacy, separation for inspectors	Important		Consolidation of department into one area/more inspectors	3,500
Customer Service – Budgets	248	Storage	None	Larger office for Director	Larger office area	400
Customer Service	3,502	Storage, document imaging area, conference room	Important	Meter Readers area	May actually reduce	4,400
Public Works – Admin./Eng.	1,230	Directors office to small, larger reception area, larger engineer's offices, small conference room	Somewhat	Office Space	Large offices with one additional office, move closer to supervisors & consolidate supervisors into one location	1,550

2006 Space Needs Study Results - Continued

Department	Existing Sq. Ft.	1 – 2 Years	Public Accessibility	Highest Immediate Priority	Long Range	Future Sq. Ft.
Tax Assessor	551		Somewhat		May need less space	500
Council Chambers	2,015	Restructure for better viewing and media presentations	Important	Restructure for better viewing & media presentations	One new office	700
Information Technology	1,618	One additional office	None	GIS person	Windows, less space for computers getting smaller	1,800
Police Department		No space for computer/radio equipment, interview room converted to offices	Important	Communication and IT equipment room	Move into 2nd floor	
Parks & Recreation	1,171		Important	Relieve overcrowding		
Caucus Room	447	Bigger room/better media presentation			Ability to divide into 2 rooms	1,800
Council Work/Meeting Room	247	No private space to meet public when other needs room	Important	APD	An internal office	400

Lack of Security

June 2005 Vulnerability Assessment

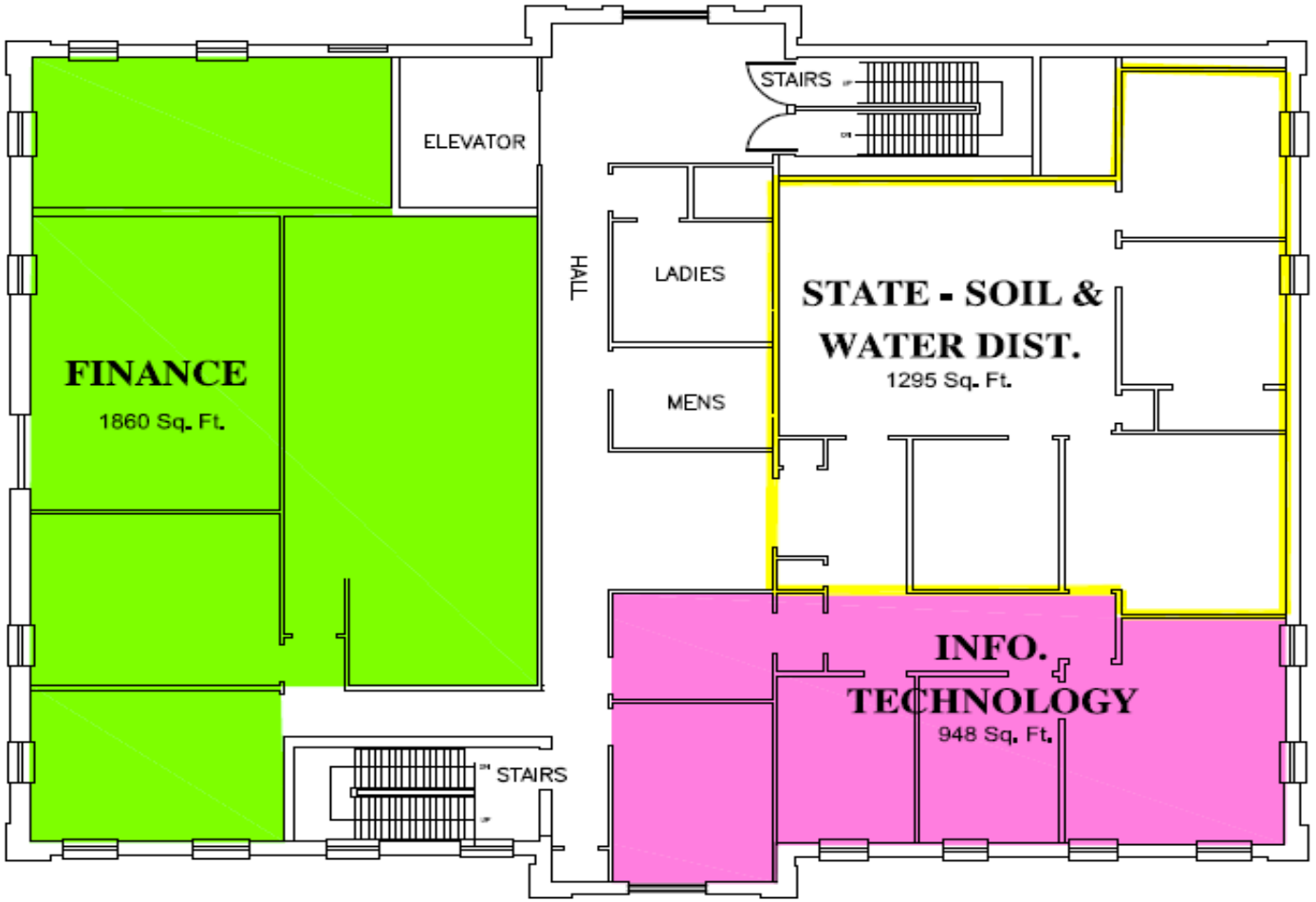
City Hall & Weyandt Hall

- Blast Resistant Windows Needed
- Install Fire Suppression System
- Install Alarm System
- Improve Surveillance with CCTV
- Restrict Access - key entry, visitor logs, etc.
- Relocate Mail Room – separate with blast hard walls
- HEPA filters to Air Handling System
- Add emergency back up power system

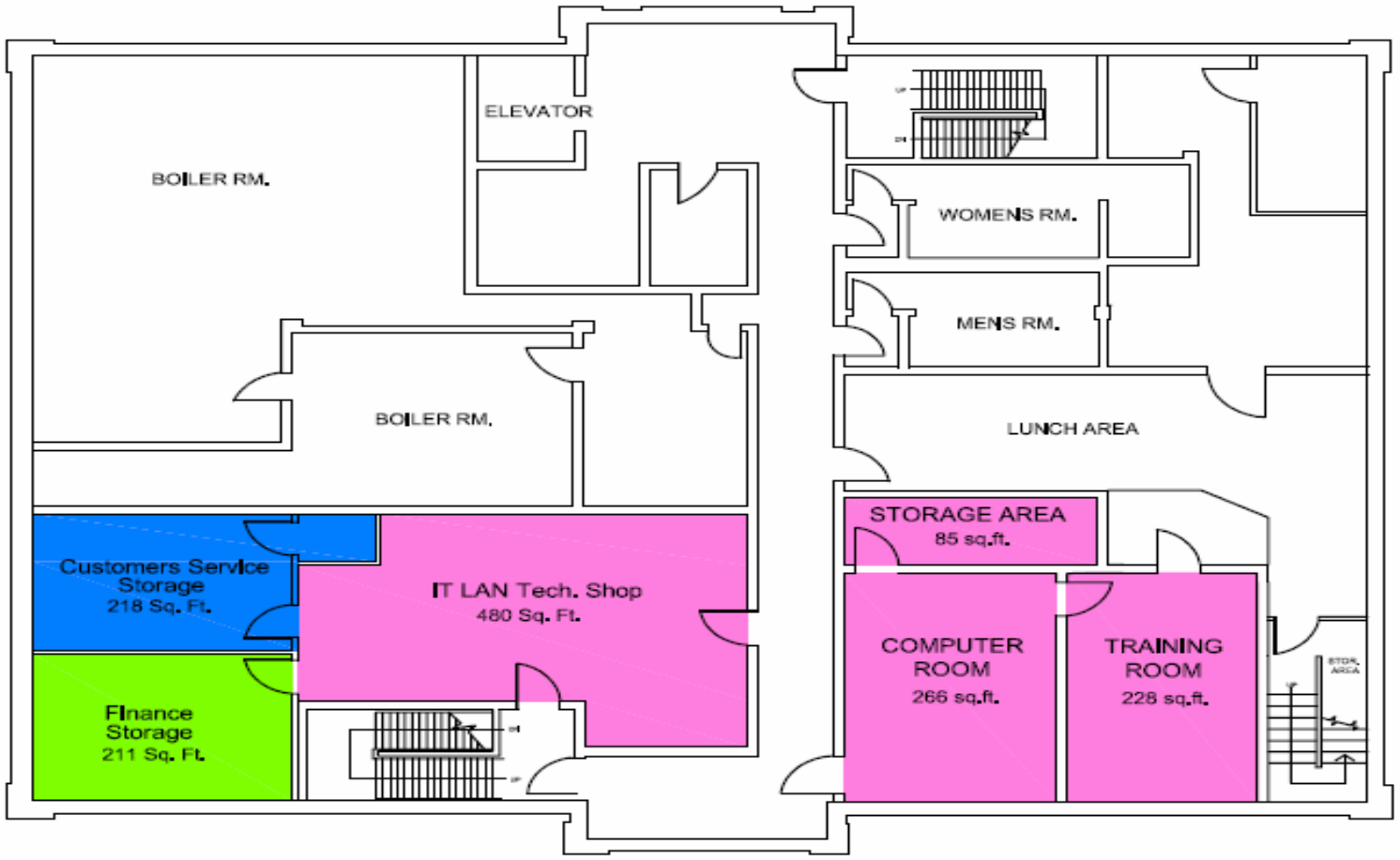
Weyandt Hall Square Footage

Finance	1,860
Info. Technology	950
Tax Assessor	500
Customer Service	3,500
C.S. & Fin. Storage	430
Info. Technology Shop	480
Training Room	580
Total Square Footage	8,300 S.F.

3rd Floor - Weyandt Hall



Basement at Weyandt Hall



Wyandt Hall Major Problems

- Needs new HVAC system.
- Significant problems with climate control
- Roof leaks
- Estimated cost to replace roof & HVAC
- $1,646,907 in December 2011.

City Hall Annex & Connector

- Annex - 9,600
- 2nd Floor of Annex - 1,200
- Connector - 900
- Total Area - 11,700 s.f.

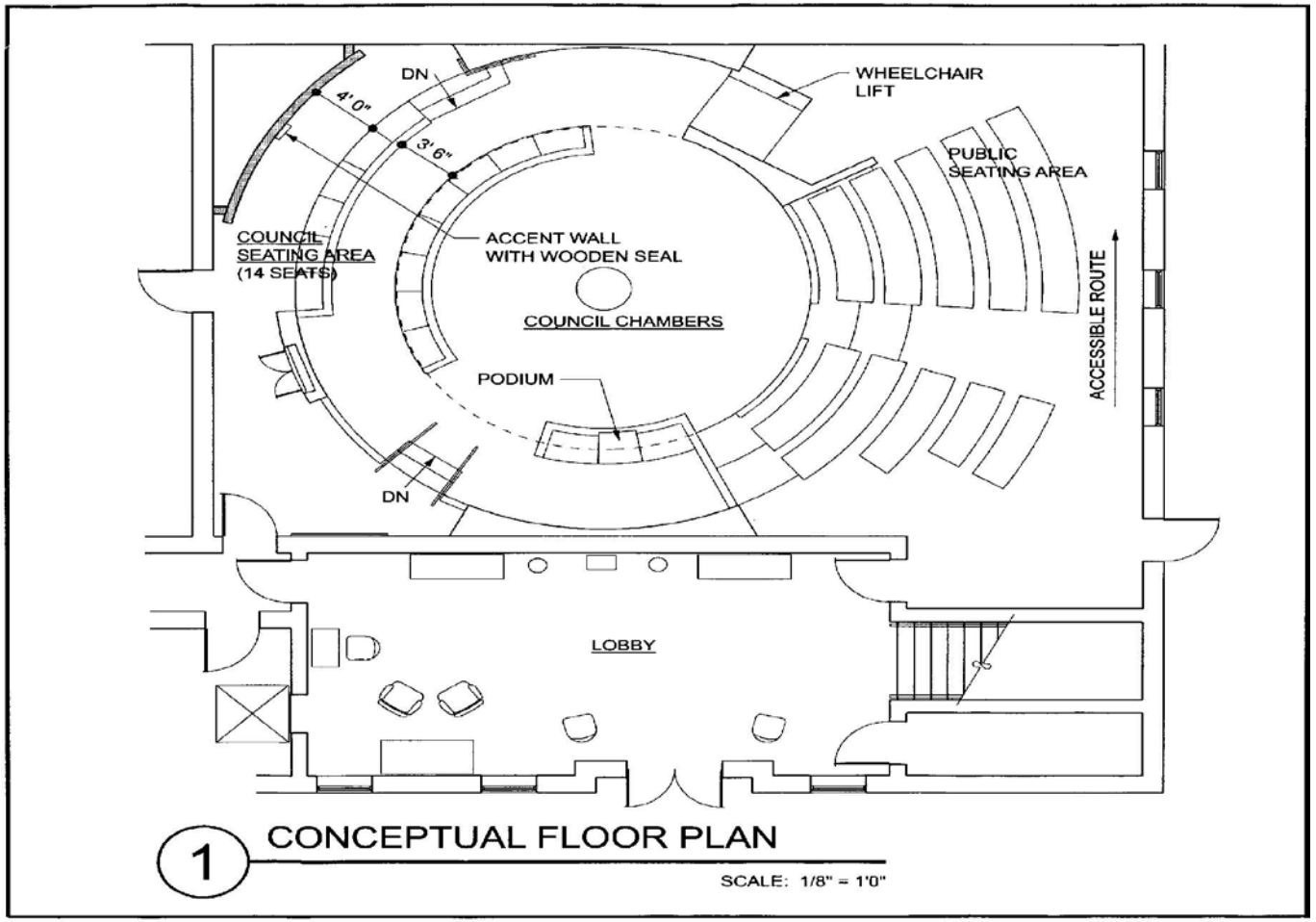
Existing City Hall

- Lacks Fire Suppression System - $288,000 Authorized
- Final Design of System has raised concerns and price - $75,000 to $100,000.
- City Council Chambers are not handicapped accessible - $20,000 minimum to install lift; however, the space will layout poorly.
- HVAC system has concerns about viable maintenance and efficiency.

The 2006 Council Chambers Plan

- Proposed permanent change to Chambers;
- Put all Council Members behind one dais;
- Created a presentation area easily seen by audience and City Council;
- Whole room to be ADA accessible;
- 59 existing public seats increased to 67.

New Council Chambers

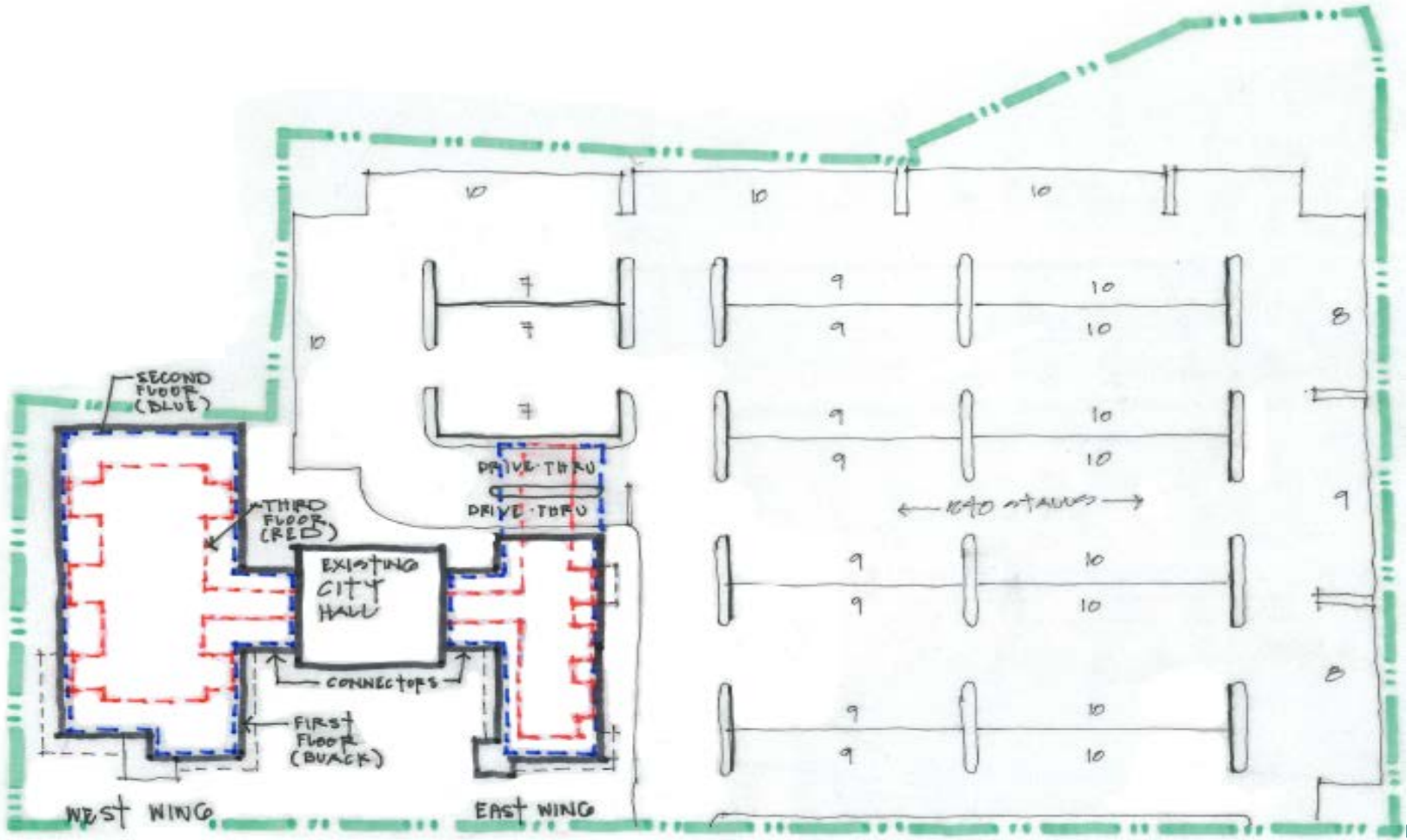


Total City Hall & Weyandt Hall Square Footage Needed

- Replace: City Hall Annex - 11,700
  Weyandt Hall - 8,300

Current Square Footage - 20,000

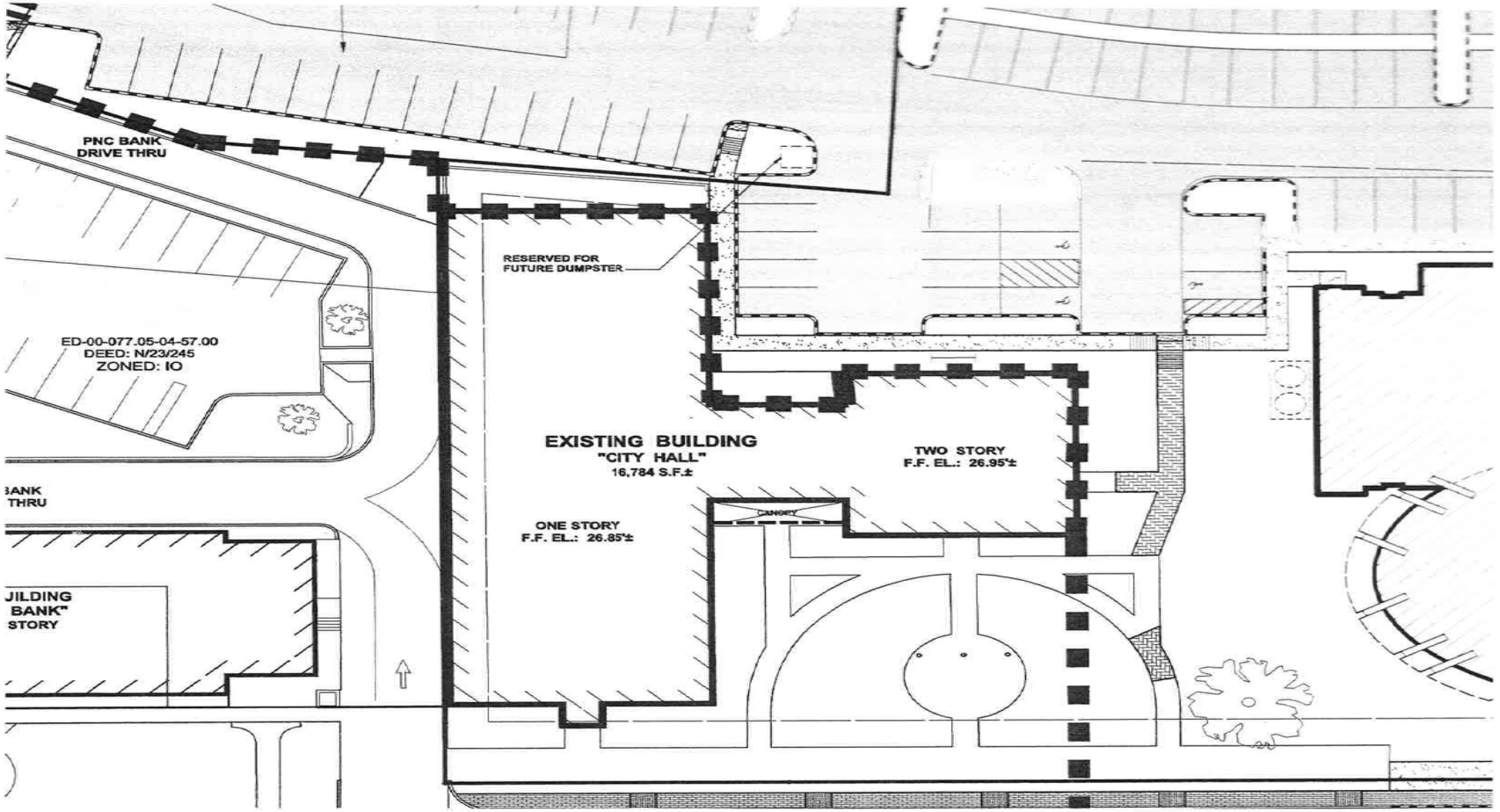
City Hall –Three Story Concept



City Hall – 2006 Concept



City Hall Site Layout



Concept Proposal

- Construct 3-story West Wing to City Hall – approx. 28,800 square feet
- Construct 2-story connector to old City Hall – approx. 1,800 square feet

- Total Area Constructed – 30,600 s.f.
- Increase of roughly 53%

How Much Would IT Cost?

- All In Costs – Design, Demolition, Construction & Furnishing.
- Low Range - $ 11.4 million
- Medium Range - $ 12.6 million
- High Range - $ 13.7 million

- Above costs are for 37,600 s.f.

Weyandt Hall , Library & Parking Lot

- Eventual sale will help off set cost of construction;
- Valuable downtown asset;
- State of Delaware is a possible buyer.

How do we pay for IT

- Long term building improvement
- 40 plus years

- Go to the Bond Market.
- Since the building would include Customer Service, the cost could be allocated between all funds: Electric, W/S and General

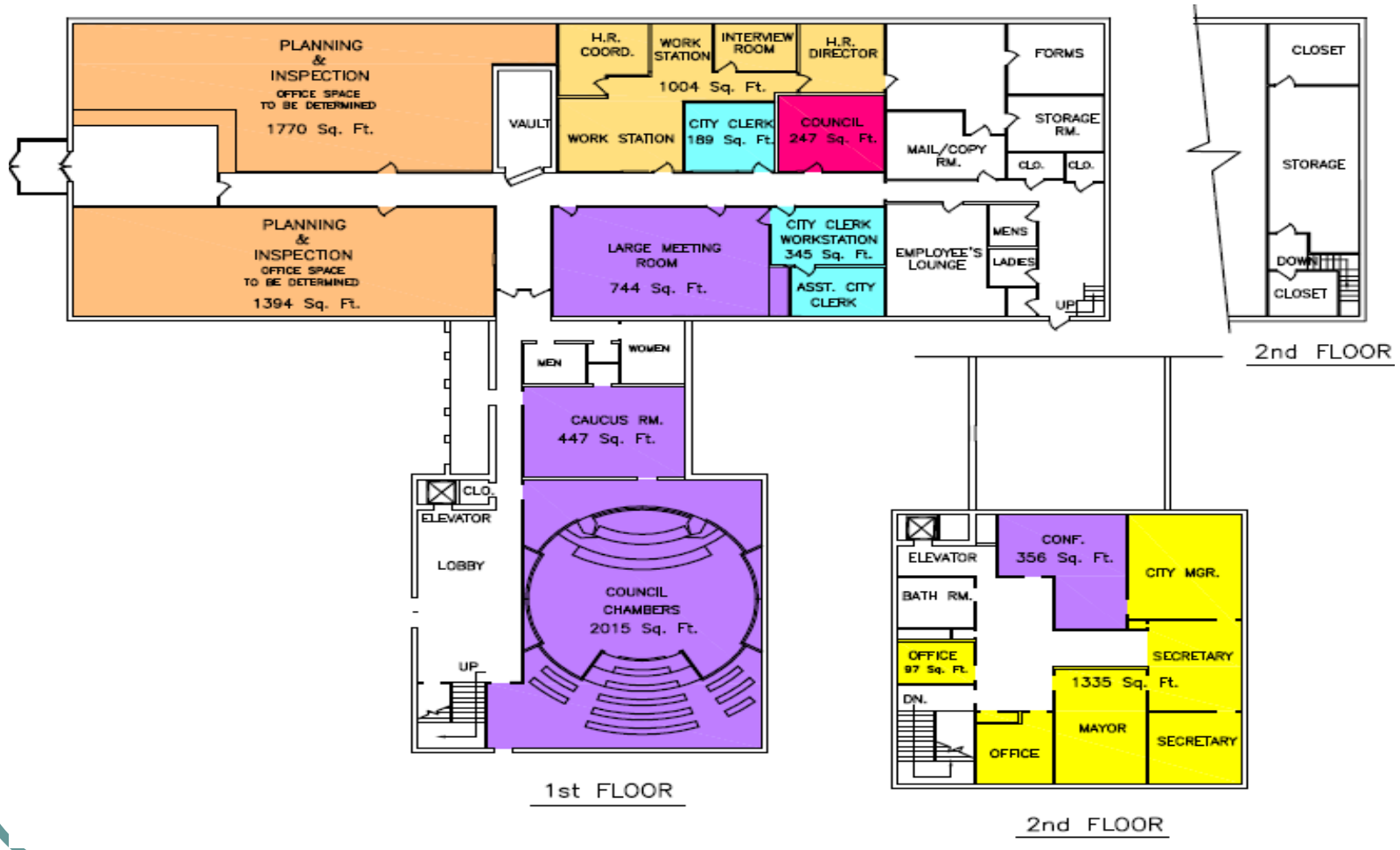
Questions



Phase III

- Move Grounds Department;
- Renovate City Council Chambers;
- Build a new 12,830 square foot East Wing to City Hall;
- Demolish annex and replace with 24,300 square foot West Wing to City Hall;
- Move I/T, Finance, and Customer Service back to new wing of City Hall;
- Sell Library and Weyandt Hall buildings.

City Hall – Proposed Floor Plan



Demolish Annex/ Replace West Wing

- Building new 24,300 square foot West Wing;
- Architecturally mirror East Wing;
- Move Finance, I/T, Tax Assessor, Customer Service to City Hall for most efficient and consolidated management;
- Provide enough space for 20 years of growth.

Build East Wing to City Hall

- Build 12,830 square foot two-story East Wing;
- Temporarily house City Clerk, Human Resources, Inspections & meeting rooms;
- Architecturally similar to current City Hall;
- Built to next generation standards for security, energy conservation, and computer technology;
- Drive thru Customer Service Window.

City Hall – Parking & Square Footage

City Hall - Parking and Sq.Ft. Ratios										
Building	1st Floor Sq.Ft.	2nd Floor Sq.Ft.	3rd Floor Sq.Ft.	Total Sq.Ft.	Parking Required			Parking Provided		Notes
					1/200	1/300				
City Hall - Existing										
Annex	9,600	800	NA	10,400			stalls		stalls	
City Hall	2,600	2,600	NA	5,200			stalls		stalls	
Connectors	961	NA	NA	961			stalls		stalls	
TOTAL(Existing)	12,200	3,400	0	**16,561**	**78**	**52**		**88**		**Note C**
City Hall - Proposed										
West Wing	10,000	10,000	4,300	24,300						**Note B**
East Wing	4,480	5,600	2,750	12,830						**Note B**
City Hall	2,600	2,600	NA	5,200						
Connectors	1,540	1,540	NA	3,080						**Note B**
TOTAL (Proposed)	18,620	19,740	7,050	**45,410**	**227**	**151**		**246**		**Note A & (C)**

Note A - Reconfiguring City lot will provide a minimum of 240 parking stalls.
Note B - Square Footage is estimated from sketch. Exact square footage will vary once survey and site plan is determined.

Note C - Parking Calculated as follows:

Rear Lot - Designated on Property	46	(reconfigured with new construction)
Rear Lot - Off City Property	26	(reconfigured with new construction)
Loockerman Street - In front of City Hall	6	(remains with new construction)
East Side of City Hall	10	(removed with east wing addition)
TOTAL	**88**	

Space Needs Study
Ten Year Phase Cost Matrix

Description	Current Estimate	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	Total - 10 Years
Move Finance to 2nd Floor	20,000	21,000								21,000
IT to 2nd Floor	18,000	18,900								18,900
Move HR to Clerk	10,000	10,500								10,500
Build Meeting Room	10,000	10,500								10,500
										-
Public Works Addition	180,000		198,450							198,450
Expand Planning	10,000			11,576						11,576
										-
Parks & Recreation	100,000			115,763						115,763
										-
Police 2nd Floor	123,000				149,507					149,507
										-
Council Chamber	338,000					431,383				431,383
A/V Communication	32,000					40,841				40,841
										-
Relocate Grounds Department	180,000						241,217			241,217
										-
City Hall East Wing	2,566,000							3,610,620		3,610,620
City Hall West Wing	4,860,000								7,180,433	
Connectors	616,000							433,387	462,444	895,830
City Hall	312,000								460,966	460,966
										-
Total	**9,375,000**	**60,900**	**198,450**	**127,339**	**149,507**	**472,224**	**241,217**	**4,044,007**	**8,103,843**	**13,397,487**