Why Are We Here?

- Validate Vision, Critical Success Factors and Mission Statement
- Validate current and pending initiatives.
- Discuss budgetary goals

EXHIBIT #1
Council Retreat of 01/28/2011

Are these statements still valid?

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.

CRITICAL SUCCESS FACTORS

With these, we can achieve our Vision . .

-Customer Satisfaction and Effective Community Communication

- Employee Satisfaction and Effective Employee Communication

- Cost and Revenue Efficiency

- Improve Downtown and Surrounding Neighborhoods

- City Wide Safety

- Economic Development and Job Growth

Are these statements still valid?

MISSION STATEMENT

It shall be the mission of the City of Dover to advance the following policies and projects however and whenever possible:

Quality of Life

-Establish a Regional Library in Dover
- Promote Homeownership and Affordable Housing
- Strengthen Property Maintenance and Enforcement
- Support the building of the Inner City Cultural Center

Infrastructure

- Maintain and Improve the City's infrastructure and implement Brown Water Solutions
- Implement plan to secure Electric Generation for the next 20 years.

Economic Development

- Implement Economic Development Strategy (Garrison Tract Development & Downtown)

2011 COUNCIL RETREAT VOTES

BROAD - OUTCOMES

ITEM #	# OF VOTES	DESCRIPTION OF PRIORITY	VOTES FOR
1	8	Improve Public Safety - Gang Activity	Bonar, Carey, Hogan, McGiffin, McGlumphy, Russell, Salters, Williams
2	2	Keep Up to Date with Enforcement of Abandoned Properties	Leary, Ruane
3	1	Keep Revenues up with Costs	McGiffin
4	4	Continue Updating and Improving the Charter	Bonar, Hogan, McGiffin, Russell
5		Increase and Intensify Economic Development Initiatives	
6	5	Improve/Mend Relationships - Kent County, Chambers of Commerce, Kent County Partnership, State of Delaware, etc.	Bonar, Carey, Leary, McGlumphy, Williams
7	7	Secure Electric Generation - Next 20 Years	Carey, Hogan, McGiffin, Ruane, Russell, Salters, Williams
8	1	Secure Ownership of Electric System	Williams
9		Strategic Funding of Economic Development	
10	5	Continue/Increase Support of Cultural Arts	Carey, McGiffin, McGlumphy, Russell, Salters
11	6	Contain Cost to Meet the Current Revenue Base	Bonar, Carey, Leary, McGlumphy, Ruane, Williams
12	9	Continue Efforts to Meet/Change the Pension/OPEB	Bonar, Carey, Hogan, Leary, McGiffin, McGlumphy, Ruane, Russell, Salters
13	1	Increase Affordable Housing	Ruane

ITEM #	# OF VOTES	DESCRIPTION OF PRIORITY	VOTES FOR
14	2	Create Partnership with County for Joint Programs	Hogan, Salters
15	4	Contain the Size of City Government	Hogan, Leary, McGlumphy, Salters
16	4	Stop Continued Duplication of Services	Bonar, Leary, Russell, Williams
17	1	County Property Tax Relief for City Residents	Ruane

SPECIFIC ACTIONS/PROGRAMS/PROJECTS

ITEM #	# OF VOTES	DESCRIPTION OF PRIORITY	VOTES FOR
1	8	Continue Pressing of West Dover Connector	Bonar, Carey, Hogan, McGiffin, Ruane, Russell, Salters, Williams
2	5	Support Youth Mentoring	Bonar, Carey, McGiffin, McGlumphy, Salters
3	2	Recreation - Support Youth Development	Salters, Williams
4	6	Increase Police to Appropriate Level	Bonar, Carey, Leary, McGlumphy, Ruane, Williams
5	3	Implement Recommendations of Joint Legislative, Finance, and Administration and Safety Advisory and Transportation Committee	McGiffin, Ruane, Williams
6	1	Support Family Support Programs	Williams
7	8	Stay Fully Compliant with Current Financial Standards/Government Accounting Standards Board (GASB)/City Policies	Bonar, Carey, Hogan, Leary, McGlumphy, Russell, Salters, Williams
8		Local Delaware Economic and Financial Advisory Council (DEFAC) Group	

ITEM #	# OF VOTES	DESCRIPTION OF PRIORITY	VOTES FOR
9	2	Go to Accurate Multi-year Budgeting	McGlumphy, Ruane
10	2	Collaborate More with Delaware Economic Development Office (DEDO), League of Local Governments, and Kent County	McGlumphy, Salters
11		Amend Charter to Address Annexation of Enclaves	
12	2	Re-examine the Authority and Scope of the Historic District Commission	Hogan, Leary
13	1	Create Strategic Loan Fund for Economic Development	Carey
14	2	Review the Dover Housing Authority and It's Relationship to the City	Hogan, Leary
15	9	Ensure Fair and Impartial Redistricting	Bonar, Carey, Hogan, Leary, McGiffin, Ruane, Russell, Salters, Williams
16	5	Re-examine Consent Decree on Minority District	Carey, Leary, McGiffin, Ruane, Russell
17		Reduce Tax Delinquency - Step up Tax Sales	
18	8	Improve Minority Recruitment Efforts	Bonar, Carey, Leary, McGiffin, McGlumphy, Russell, Salters, Williams
19	6	Complete the Library	Bonar, Hogan, McGiffin, McGlumphy, Ruane, Russell
20		Support Drug Abuse Rehabilitation Programs	
21	6	Address Issues/Provide Remedies for Abandoned Developments - Utility Committee Recommendation	Bonar, Carey, McGiffin, McGlumphy, Ruane, Williams

ITEM #	# OF VOTES	DESCRIPTION OF PRIORITY	VOTES FOR
22	1	Establish Random Drug Testing Program for All Employees	Russell
23	5	Establish an Ethics Hotline	Hogan, Leary, McGiffin, Russell, Salters
24	2	Review Council Benefits	Russell, Salters
25	2	Explore Term Limits for Members of Council	Bonar, Hogan
26	1	Explore Length of Terms for Members of Council	McGlumphy
27	3	Present State Legislation to Implement Local Service Function Budget for Kent County	Hogan, Leary, Ruane

/jg/dd
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Three Funds

- **Electric Fund**
  - In the best shape, no rate increase
  - Can discuss:
    - Increasing the Power Cost Adjustment Credit
    - Capital Projects per CIP and Plant Improvements
- **Water/Wastewater Fund**
  - Operation in good shape
  - Some planned rate increases in Water and Wastewater will be proposed for infrastructure replacement

EXHIBIT #3
Council Retreat of 01/28/2011

Three Funds - continued

- **Groundwater Inflow Adjustment**
  - Is working to pay down the deficit
  - No increase is planned
  - Further monitoring for possible adjustment down or contribution to Inflow and Infiltration projects
- **General Fund**
  - In worse shape
  - Will focus on this today

General Fund Expenses

- **Assumes**
  - 3½ new positions ($136,275) – 2 Police officers, 1.5 FTE for Library
  - Reduction in workforce of 1.5 positions (LanTech for half year and Craftsperson)
  - Capital project spending
    - Follows the Budget model - spending according to Transfer Tax revenue where appropriate
    - Less than desirable
  - Operating Expenditures remain the same
  - Salary increases based on contracts and policies

General Fund Revenues

- Revenue Projection – $619,029 over Fiscal 2011 Final Budget
- Assumes maintaining Electric Fund Transfer at $8,856,000 (or $1,606,000 above the current financial policy limit of $7.250 million)
  - This is approximately 9% of Electric revenues.
- Resuming the transfer from the Water/Wastewater fund - $454,000

Water/Wastewater

- Water/Wastewater fund financial soundness is improving
- Level of infrastructure investment drives projected increases

Water CIP

- Maintains reasonable standard of investment – requires the following increase in rates(based on last year's forecast):

  - FY11 – 11.1%; FY12 – 4%; FY13 – 12.5%; FY14 – 4.8%: FY15 – 5.2%
    (37.6% Total, without FY11 = 26.5%)

- Comparable with surrounding private companies and most public water entities

Wastewater CIP

- Maintains reasonable standard of investment – requires the following increase in rates (based on last year's forecast):

  - FY11 – 26.2%; FY12 – 12.8%; FY13 – 10%; FY14 – 4%; FY15 – 2.0% (45% Total with FY11or 28.8% without FY11)

- Comparable with surrounding private companies (Tidewater & Artesian) and most public water entities

Kent County Sewer Treatment Adjustment

- Keeping up with I/I – projecting FY11 decrease in net loss
- Deficit is so far going down slightly (2.5 – 3%) due to the implementation of the Ground Water Adjustment (GWA) Charge
- Consider lowering the Groundwater Inflow Adjustment Charge or funding Inflow/Infiltration projects

Budget Model – Early Indicator Only

- Carry Forward Balance and Electric Transfer keep General Fund in shape (MR or model rows 109 and 11)
- $ are available for some reserve contributions (MR 114)
- Relate Funds to Revenue where rational relation is possible
  - Intra Fund Transfer & Electric Transfer – Support Services (MR 11-41)
  - Property Tax, Police Fines & Electric Excess to Safety (Police & Fire) (MR 43-55)

Budget Model continued

- Trash Fees to Sanitation Expenses (MR 57 – 64)
  - Model indicates a 16% increase in the rate is needed
  - Yard waste separation makes this difficult to predict

- Street Aid and W/WW transfer to Street Programs (MR 66 - 73)
  - Model indicates that no changes are necessary

- Transfer Tax and Excess Carry Forward to Capital Assets Fund – work towards only drawing for funds in reserve, not dependent upon transfer tax (MR 95 -102)

Budget Model continued

- Licenses and Permits to Quality of Life (MR 75-93)
  - Model indicates a 15% increase in Permits and Other Licenses is needed

Fiscal 2012- Capital Investment Plans

General Fund

Project Name (Department)	Fiscal 2012
Library	11,195,009
Annual Contribution to Robbins Hose (Fire)	369,820
Street & Alley Program (Public Services)	350,000
Concrete Construction & Replacement Program (Public Services)	60,000
Downtown Security Cameras (Mayor)	33,000
Pay-As-You-Go Water Load Station (Customer Service)	30,240
Dover Park Roof Replacement (Parks & Recreation)	30,000
Parking Lot Repair (Police)	25,300
GIS Infrastructure & Mobile Solutions (Public Services)	18,000
Total General Fund Projects	**$ 12,111,369**

Fiscal 2012- Capital Investment Plans

General Fund – Vehicle/Equipment Replacements

Department	Fiscal 2012
Central Services *(Forklift and hybrid for mail courier)*	60,187
Police *(8-Crown Victoria's, 3-Fusion's)*	221,234
Public Services – Grounds *(1-Mower & 1-Dump Truck)*	102,220
Public Services – Life Safety *(Generator)*	17,500
Public Services – Sanitation *(1-Automated Trash Truck)*	232,084
Public Services – Streets *(1-Dump Truck & 1-Street Sweeper)*	301,083
TOTAL GENERAL FUND VEHICLE REPLACEMENTS	**$934,308**

Fiscal 2012 – Capital Investment Plans

Water/Wastewater Fund

Project Name	Fiscal 2012
Inflow/Infiltration Removal	$ 1,000,000
SCADA Equip. Technology Upgr.	84,900
Lepore Road Pump Station Replacement	350,000
Baltray Pump Station Replacement	25,000
Dover Brook Gardens Pump Station Upgrade	15,000
Brandywine Pump Station Replacement	52,000
McKee Road Pump Station Replacement	10,000
Misc. Sewer System Improvements	37,000
WASTEWATER MANAGEMENT TOTAL	**$1,573,900**

Project Name	Fiscal 2012
Misc. Distribution System Improvements	$ 60,000
Wellhead Redevelopment Program	65,000
Emergency Generators (Wells)	80,000
Water Quality Improvements	500,000
WATER MANAGEMENT TOTAL	**$705,000**

WATER/WASTEWATER FUND TOTAL	**$2,278,900**

Fiscal 2012- Capital Investment Plans

Water/Wastewater - Vehicle Replacements

Division	Fiscal 2012
Water/Wastewater Management *- 1 Utility Truck*, 2 Pick-Up Trucks *, & 1 Utility Truck w/Crane*	$ 85,450
Water Management *- 1 Utility Truck & @2 Pick-Up Trucks**	42,450
Water Construction *- 1 Utility Truck*	30,100
Water Treatment Plant *- 1 Pick- Up Truck*	22,900
TOTAL VEHICLE REPLACEMENTS	**$180,900**

* 50/50 split between divisions

Fiscal 2012 – Capital Investment Plans

Electric Fund

Project Name	Fiscal 2012
Substation PT & CT Replacement	$ 267,715
Lighting Project & Rehabilitation	50,000
Equipment Replacement	40,000
Generator Replacement	50,000
Frazier Substation Reliability Upgrade	155,000
Distribution Feeder Replacement	277,510
Distribution Capacitors and Controls	100,000
Transmission Line Maintenance	75,000
SCADA Master Hardware Replacement	75,000
Distribution Upgrades	500,000
ELECTRIC ENGINEERING TOTAL	**$1,590,225**

New Developments	$600,000
ELECTRIC T & D TOTAL	**$600,000**

Project Name	Fiscal 2012
Units 1 & 2 Cooling Tower Life Extension	$ 25,410
McKee Run Unit 3 Turbine Inspection	348,000
McKee Run Unit 3 Auxiliary Sys. Comp.	113,000
Misc. Equipment Replacements	70,000
McKee Run Unit 3 Stack Repairs	25,000
Units 1 & 2 Life Extension	184,000
Unit 3 FD & ID Fan Control Damper Upgrade	92,000
Unit 3 DCS Computer and Software Upgrades	85,000
McKee Run Demineralizer Control Replacement	65,000
McKee Run Unit 3 Boiler Systems	130,000
Van Sant Unit 11 Component Replacement	50,000
McKee Run Preservation of Structures	38,000
Unit 3 Cooling Water Line Life Extension	25,000
McKee Run Unit 3 Air Heater Expansion Joint	70,000
McKee Run Switchyard Blast Walls	50,000
ELECTRIC GENERATION TOTAL	**$ 1,370,410**

ELECTRIC FUND GRAND TOTAL	**$3,560,635**

Fiscal 2012- Capital Investment Plans

Electric -Vehicle Replacements

Division	Fiscal 2012
Electric T & D *- 2 Pick-Up Trucks*	48,337
TOTAL VEHICLE REPLACEMENTS	**$48,337**

City of Dover
Estimated Schedule of Expense and Revenues
As of January 28, 2011

Preliminary Estimate Only - Subject to Change
For Discussion Purposes Only

Expense		Difference	Revenue			Increases		
				% of Rev	Proprosed Maximum	1.072	1.154	1.230
SUPPORT SERVICES								
CITY CLERK	297,248		ELECTRIC TRANSFER	8,856,000	8,856,000	9,493,700	10,219,900	11,677,300
COUNCIL	130,777		INTRAFUND SERV WATER/WASTEWATER	995,764				
TAX ASSESSOR	202,910		INTRAFUND SERVICE RECEIPTS ELECTRIC	3,492,547				
CITY MANAGER	585,983							
INFORMATION TECHNOLOGY	729,966							
FINANCE	851,213							
PUBLIC SERVICES - ADMINISTRATION	382,821							
FACILITIES MANAGEMENT	959,298							
CENTRAL SERVICES	682,470							
FLEET MAINTENANCE	775,212							
CUSTOMER SERVICES	896,239							
HUMAN RESOURCES	368,540							
MAYOR	88,976							
EMERGENCY PREPAREDNESS	308,447							
DEPARTMENT SUBTOTALS	7,260,100							
OTHER EXPENSE								
DEBT SERVICE	331,800							
DSWA RECYCLING PROGRAM	-							
INSURANCE	600,000							
RETIREES HEALTH CARE	1,297,509							
RETIREES PAYMENTS	-							
UNCOLLECTIBLES - TRASH AND OTHER	10,000							
STREET LIGHTS	985,000							
TRANSFER TO PENSION UNFUNDED LIABILITY	995,000							
TRANSFER TO POLICE PENSION UNFUNDED LIABILITY	95,000							
OTHER EXPENSE SUBTOTAL	4,314,309							
TOTAL	11,574,409		**TOTAL**	13,344,311	13,344,311	13,982,011	14,708,211	16,165,611
FUNDED/(UNFUNDED)		**1,769,902**			1,769,902	2,407,602	3,133,802	4,591,202
SAFETY								
FIRE	722,100		FINES AND POLICE REVENUE	536,502				
POLICE	13,127,323		911 FEE	45,000				
POLICE EXTRA DUTY	460,754		POLICE RELATED GRANTS	138,350				
FIRE CAPITAL	369,820		CAPITAL SCHOOL DISTRICT REVENUE	73,500				
POLICE CAPITAL	246,534		POLICE EXTRA DUTY	327,254	1.000	1.150	1.250	1.185
			PROPERTY TAXES	10,678,798	10,678,798	12,280,618	13,348,498	12,654,376
			PILOT	431,402				
			CIVIL TRAFFIC PENALTIES	1,200,000				
TOTAL	14,926,531		**TOTAL**	13,430,806	13,430,806	15,032,626	16,100,506	15,406,384
			Cents on tax Rate			5.12	8.53	6.31
FUNDED/(UNFUNDED)		**(1,495,725)**			(1,495,725)	106,095	1,173,975	479,853
CUMULATIVE FUNDED/(UNFUNDED)		**274,177**			274,177	2,513,697	4,307,777	5,071,055

EXHIBIT #4
Council Retreat of 01/28/2011

57	**SANITATION**					1.000	1.160	1.000	1.000
58	SANITATION	908,356		TRASH FEE	2,050,000	2,050,000	2,378,000	2,050,000	2,050,000
59	LANDFILL FEES & RECYCLING	1,462,200							
60									
61	**TOTAL**	2,370,556		**TOTAL**	2,050,000	2,050,000	2,378,000	2,050,000	2,050,000
62				Fee	11.70	11.70			
63	**FUNDED/(UNFUNDED)**		**(320,556)**			(320,556)	7,444	(320,556)	(320,556)
64	**CUMULATIVE FUNDED/(UNFUNDED)**		**(46,379)**			(46,379)	2,521,141	3,987,221	4,750,499
65									
66	**STREETS**								
67	STREETS	871,615		MUNICIPAL STREET AID	526,843	1.000	1.000	1.000	1.000
68	STREET PAVING CAPITAL	410,000		WATER/WASTEWATER TRANSFER	453,743	453,743	453,743	453,743	453,743
69				TRANSFER TAX - 30%	300,000	300,000	300,000	300,000	300,000
70	**TOTAL**	1,281,615		**TOTAL**	1,280,586	1,280,586	1,280,586	1,280,586	1,280,586
71									
72	**FUNDED/(UNFUNDED)**		**(1,029)**			(1,029)	(1,029)	(1,029)	(1,029)
73	**CUMULATIVE FUNDED/(UNFUNDED)**		**(47,408)**			(47,408)	2,520,112	3,986,192	4,749,470
74									
75	**QUALITY OF LIFE**					1.000	1.000	1.000	1.000
76	GROUNDS MAINTENANCE	1,036,828		BUSINESS LICENSES	1,523,675	1,523,675	1,523,675	1,523,675	1,523,675
77	LIBRARY	1,208,663				1.000	1.155	1.000	1.000
78	RECREATION	806,310		PERMITS AND OTHER LICENSES	934,000	934,000	1,078,770	934,000	934,000
79	CODE INFORCEMENT	286,098				1.000	1.000	1.000	1.000
80	PLANNING	438,410		LIBRARY REVENUES	64,189	64,189	64,189	64,189	64,189
81	INSPECTIONS	517,589		KENT COUNTY BOOK REIMBURSEMENT	460,000	1.000	1.000	1.000	1.000
82	ECONOMIC DEVELOPMENT	253,687		RECREATION REVENUE	141,500	141,500	141,500	141,500	141,500
83	TRANSFER TO CDBG FUND	6,000		BID REVENUE	52,692				
84	FIRE MARSHALLS	200,657		INVESTMENT INCOME	127,500				
85				DEMOLITION REVENUE	-				
86				MISCELLANEOUS CHARGES	54,250				
87				FRANCHISE FEE	520,000				
88	**TOTAL**	4,754,242		RENT REVENUE - GARRISON FARM	87,000				
89				COURT OF CHANCERY FEES	645,000				
90				**TOTAL**	4,609,806	4,609,806	4,754,576	4,609,806	4,609,806
91									
92	**FUNDED/(UNFUNDED)**		**(144,436)**			(144,436)	334	(144,436)	(144,436)
93	**CUMULATIVE FUNDED/(UNFUNDED)**		**(191,844)**			(191,844)	2,520,446	3,841,756	4,605,034
94									
95	TRANSFER TO CAPITAL FUND - PROJECTS	703,656		FINAL FY10 DSWA REBATE	-				
96	TO CAPITAL RESERVE	-		TRANSFER TAX - 70%	700,000				
97									
98									
99	**TOTAL**	703,656		**TOTAL**	700,000	700,000			
100									
101	**FUNDED/(UNFUNDED)**		**(3,656)**			(3,656)	(3,656)	(3,656)	(3,656)
102	**CUMULATIVE FUNDED/(UNFUNDED)**		**(195,500)**			(195,500)	2,516,790	3,838,100	4,460,598
103									
104	**TOTAL EXPENSE**	35,611,009		**TOTAL REVENUE(does not include Fund Balance)**	35,415,509	35,415,509			
105									
106	**FUNDED/(UNFUNDED)**		**(195,500)**			(195,500)	2,516,790	3,838,100	4,460,598
107	**CUMULATIVE FUNDED/(UNFUNDED)**		**(195,500)**			(195,500)	2,516,790	3,838,100	4,460,598
108									
109	**FUND BALANCE REQUIREMENT**	2,833,241		**FUND BALANCE JULY 1**	3,471,979				
110									
111	**FUNDED/(UNFUNDED)**		**638,738**			443,238	3,155,528	4,476,838	5,099,336
112	**CUMULATIVE FUNDED/(UNFUNDED)**		**443,238**			443,238	3,155,528	4,476,838	5,099,336
113									
114	**TRANSFER EXCESS FUND BALANCE TO RESERVE(S)**	443,238		**EXCESS FUND BALANCE**	443,238				
115									
116	**FUNDED/(UNFUNDED)**		**0**						
117	**CUMULATIVE FUNDED/(UNFUNDED)**		**0**						

Projected Shortage for the Year>		**(195,500)**					
General Fund	35,611,009	195,500	Expense minus Reveneus	35,415,509	General Fund	35,415,509	
Tie to Expenses	-	-		- -	Tie to Revenues	-	
One cent of tax rate	313,008	**-**					

CITY OF DOVER

Capital Project Financing
Governmental Funds

January 28, 2011

EXHIBIT #5
Council Retreat of 01/28/2011

Other Governments - General Funds Capital Project Funds – Fund Balances

- State of Delaware 6/30/10 CAFR ($33.6M) Unreserved
  - Annual Debt Service 3.9% of Budget
  - Federal Fund Balance ($48.4M); Deferred Revenue $124.8M
  - FY09 Federal $32.9M; Capital $16.0M
- New Castle County 6/30/10 CAFR ($304.7M) Unreserved
  - Annual Debt Service 12.9%
- Kent County 6/30/09 CAFR $12.0M Unreserved
  - Annual Debt Service 1.8% of Budget
- City of Newark 12/31/09 CAFR $4.9M Unreserved
  - Annual Debt Service is 0.0% of Budget
- City of Dover 6/30/10 CAFR $.5M Unreserved
  - Designated $3.5M for Library
  - Annual Debt Service is 1.0% of Budget

Financing Strategies

- Pay as you go – more appropriately used for small projects or equipment that have a short useful life; i.e. less than 10 years
- Capital project funds or capital reserves – utilized to partially fund or completely fund capital projects;
- Debt Financing – Bonds or Loans are more appropriately used for large projects that have a long useful life; i.e. greater than 10 years;
- The City currently uses all three above strategies for Water, Wastewater and Electric projects
- The City currently uses pay as you go for all Governmental projects

When is Borrowing a Good Idea?

- When a facility or equipment is very expensive and may represent an excessive burden on current taxpayers or rate payers.
  - More closely matches the cost of the facility to the generational use
  - Smooth out cash flow requirements of the operating budget versus doing pay go for major projects yet continues to meet the needs of the community
- When the useful life of a facility will extend for a long time (over 10 years)
- When asset value received equals value invested (i.e. capital construction, land acquisition)

When Is Borrowing Not a Good Idea?

- To fund operating expenses – no asset value received, long term debt obligation
- When the useful life is less than the payback period
- When interest costs are excessive
- When the total cost of debt begins to interfere with normal, necessary operating expenses

Previous Actions taken to Finance Future Governmental Assets

- FY03 Creation of Capital Asset Reserve
  - Analysis on Page 7
- FY07 Creation of Designated Library Reserve
  - Analysis on Page 8
- FY08 Creation of Governmental Capital Project Fund
  - Analysis on Page 9

FY03 Creation of Capital Asset Reserve

- The City created the Capital Asset Reserve with a one-time receipt of $750,000 in transfer taxes from the sale of the Dover Mall
- Policy – The City will create a Capital Asset Reserve account for Governmental Fund asset procurements. Optimally, the amount set aside for future asset replacements should equal the annual depreciation *(FY 10 $2.5 million)* of the current assets. The City will appropriate excess *(amounts greater than budgeted)* revenues to fund this account, or if the balance is less than the $500,000 minimum, $200,000 per annum until such time the minimum balance is replenished

	Capital Asset Reserve								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Beginning Balance	$ -	$ 750,000	$ 164,969	$ 167,558	$ 324,824	$ 160,404	$ 35,073	$ 241,965	$ 249,145
Transfer from General Fund	750,000	-	-	150,000	-	-	200,000	-	-
Insurance Claim Proceeds	-	-	-	-	135,515	-	-	-	-
Other Receipts	-	6,107	2,589	7,266	24,889	10,184	6,892	7,180	7,500
Transfer to General Fund	-	-	-	-	(324,824)	-	-	-	-
Transfer to Capital Projects Fund	-	(591,138)	-	-	-	(135,515)	-	-	(140,000)
Ending Balance	$ 750,000	$ 164,969	$ 167,558	$ 324,824	$ 160,404	$ 35,073	$ 241,965	$ 249,145	$ 116,645
Other Receipts = Small grants, sale of assets & interest earnings									

FY07 Creation of Library Reserve

	2007	2008	2009	2010	Cumulative
Balance Forward	$ -	$ 2,373,776	$ 3,778,149	$ 3,554,077	
Receipts					
City Appropriations	$ 1,720,970	$ 1,315,109	$ -	$ -	$ 3,036,079
Additional Reciprocal Borrowing Proceeds fr Kent County	605,962	-	-	-	605,962
Donations/Gifts	-	700	1,590	-	2,290
Interest Income	46,844	140,438	143,340	103,150	433,772
Total Receipts	$ 2,373,776	$ 1,456,247	$ 144,930	$ 103,150	$ 4,078,103
Disbursements					
Library Project Expenses	$ -	$ -	$ 369,002	$ 185,817	$ 554,819
Approval of Equipment & Security Guards	-	51,874	-	-	51,874
Total Disbursements	$ -	$ 51,874	$ 369,002	$ 185,817	$ 606,693
Ending Balance	$ 2,373,776	$ 3,778,149	$ 3,554,077	$ 3,471,410	

FY08 Creation of Governmental Capital Project Fund

- Takes projects out of the operating fund and eliminates large increases/decreases related to projects when analyzing operating changes
- Policy – The City will create a General Capital Project Fund to account for all General Government asset procurement and projects. The City will provide operating fund transfers and/or debt proceeds for each fiscal year's Capital Investment Plan. All vehicle and equipment purchases under $25,000 will be budgeted on a pay as you go basis

	Governmental Project Fund			
	2008	2009	2010	2011
Beginning Balance	$ -	$ 811,017	$ 462,693	$ 262,175
Transfer from General Fund	2,683,062	1,884,497	344,802	1,307,839
Transfer from Capital Asset Reserve	135,515	-	-	140,000
Transfer from Parkland Reserve	2,324,036	17,074	3,128	-
Transfer from Library Reserve	-	369,002	157,693	3,343,519
State Grant - Library	-	368,065	493,846	3,343,520
Other Receipts	166,627	146,334	69,551	28,900
Capital Projects	(4,498,223)	(2,292,983)	(969,538)	(8,229,257)
Reductions in Budgets	-	(840,313)	(300,000)	-
Ending Balance	$ 811,017	$ 462,693	$ 262,175	$ 196,696
Reserve for Encumbrances 6/30	$ 162,488	$ 411,474		
Other Receipts = Small grants, donations, sale of assets & interest earnings				

General Fund Challenges

- Dedicated receipts sufficient to fund current fiscal year projects as well as build balances for future projects
- Current annual depreciation $2.5 million based on historical values of assets; not replacement cost; policy benchmark is annual depreciation
  - Streets $1.1 million
  - Buildings $.3 million
  - Storm Sewers $64,000
  - Street Lights $16,000
  - All other equipment and vehicles equal the remaining $1.3 million
- Current economic environment significantly impeding our ability to affect change
- Demands on limited resources for operations, wages, benefits, and capital replacements

Most Recent Debt Issues

- 1992 Bond Issue - $1,000,000
  - *Street program and tax ditches for Water Street flooding*
- 1993 Bond Issue - $3,340,000
  - *Refunding 1987 & 1988 Bonds ($2.4 mil), Street program, and Phase II of tax ditch for Water Street flooding, other miscellaneous projects*
- 1995 Bond Issue - $3,000,000
  - *Police Station addition and improvements*
- 2003 Bond Issue - $3,430,000
  - *Refunded balance of 1992 bonds and 1995 bonds improvements*
- Ratio of Debt Service to Total General Fund Expenditures
  - *2010 = 1.0%; 2005 = 1.6%; 2000 = 4.3%;*
  - *2010 = $328,410; 2005 = $440,371; 2000 = $687,904;*
  - *2010 = $32.7M; 2005 = $27.9M; 2000 = $20.0M;*

General Fund Debt Service Schedule

Fiscal	2003 General Obligation Bonds		
Year	Principal	Interest	Total
2011	$ 270,000	$ 60,850	$ 330,850
2012	275,000	52,262	327,262
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	$ 1,820,000	$ 230,425	$ 2,050,425

Suggestions – Planning for the Future

- Some suggestions
  - Identify dedicated receipts for capital projects
  - Implement plan – set a time period in which to build sufficient fund balances dedicated to replacement or improvement of buildings and infrastructure
  - Include in Capital Improvement Plan sources of funds to pay for projects and whether or not we will use current resources or if fee increases will be warranted; i.e. Financial Forecast – Utilities
  - Insure Capital Improvement Plan is not too aggressive in trying to replace too many long-term assets over a short-time horizon;
  - Adhere to the City's capital improvement program; It doesn't help the City's infrastructure or credit ratings to continually defer projects in tight budgets; This creates a build up of replacements and financing issues; Once again, financing will help to smooth these requirements;
  - As debt service payments decline, add new debt to keep up with needed improvements to maintain the same budget level; Otherwise the funds will be reverted to some other line item;
  - Continually monitor debt levels for affordability
  - Continue to evaluate core services and needs of community