

## General Fund Alternatives

	FY04 Revised Budget	% of Revenue	Alt. 1 Minimum/ Current	% of Revenue	Alt. 2	% of Revenue	Alt. 3	% of Revenue
Budget Balances (8%, no greater than 12%)	\$2,660,377	10.4%	\$2,037,517	8.0%	\$2,037,517	8.0%	\$2,037,517	8.0%
Contingency (2% vs. 4%)	986,548	3.9%	509,379	2.0%	764,069	3.0%	1,018,758	4.0%
Total Operating Reserves	\$3,646,925	14.3%	\$2,546,896	10.0%	\$2,801,586	11.0%	\$3,056,275	12.0%
% of Revenues (excl. carry forward balance)								
FY 04 Revenues (excl. carry forward balance)	\$25,468,960							
Annual requirement over three years (minimum/alternative)	\$0		\$0		\$84,897		\$169,793	
Current policy is achieved; there is no requirement for funding Recreation Reserves or Capital Asset Reserves from our operating budget.								

General Fund - Budget Balance	1998	1999	2000	2001	2002	2003	2004	2004 Revised
Budget	\$ 178,959	\$ 409,361	\$ 35,912	\$ 615,148	\$ 1,267,982	\$ 1,575,820	\$ 1,654,816	\$ 2,660,377
% of Revenue	1.3%	2.8%	0.2%	3.7%	7.1%	8.0%	6.7%	10.4%
Actual	\$ 2,244,705	\$ 1,625,521	\$ 2,827,370	\$ 2,305,166	\$ 2,266,936	\$ 2,890,843		
% of Revenue	14.7%	10.6%	17.5%	12.9%	11.4%	13.9%		
Financial Policy Implemented								
General Fund - Contingency								
Budget	\$ 509,737	\$ 555,717	\$ 605,717	\$ 655,717	\$ 655,717	\$ 441,780	\$ 982,788	\$ 986,548
% of General Fund Revenues	3.6%	3.9%	4.0%	4.0%	3.7%	2.2%	4.0%	3.9%
Actual	\$ 505,717	\$ 555,717	\$ 605,717	\$ 655,717	\$ 685,446	\$ 957,814		
% of Revenue	3.3%	3.6%	3.7%	3.7%	3.4%	4.6%		
Discontinued Annual Appropriation								
Budgeted to use \$250,826 for budget shortfall								

Parkland Reserve	Alt. 1 Minimum/ Current	% of Revenue	Alt. 2	% of Revenue	Alt. 3	% of Revenue
Parkland - current balance	\$ 631,278	2.5%	\$ 631,278	2.5%		
Parkland - annual appropriation	0	0.0%	170,575	0.7%		
	\$ 631,278		\$ 801,853			
Annual Appropriation						
Capital Asset Reserve (Depreciation)	\$ 291,784	1.1%	\$ 500,000	2.0%	\$ 903,000	3.5%
Annual Appropriation						
Two approaches: One to maintain a reserve for emergency use only (equipment breakdowns) and use pay as you go for budgeted items, or set up an I & E Fund like Electric and appropriate monies each year to accumulate a balance and have all purchases budgeted in the fund and it would carry its own budget balance. Current preference is an emergency account, until a formal debt policy is developed.						

## Budget Balance Uses:

Timing of cash flows  
Loss of revenues  
Credit Rating

## Contingency Uses:

Regulatory penalties  
Environmental accidents  
Arbitrage payments  
Storm/Hurricane related expenses  
Litigation/legal expenses  
CDBG findings

**City of Dover**  
**Kent County Wastewater Fee Trends**

<b>Actual Results</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004 Revised</b>
Beginning Balance	\$ 168,909	\$ 278,409	\$ (986,265)	\$ (903,923)	\$ -	\$ 124,028	\$ 206,875	\$ 209,523	\$ (454,376)
Customer User Fees	2,869,357	2,399,975	2,436,182	2,452,087	2,512,562	2,686,790	2,814,587	2,778,521	2,761,592
Transfer from W/WW Oper.	-	-	300,000	865,000	-	-	-	-	454,376
<b>Total Sewer Adjustment Revenue</b>	<b>\$3,038,266</b>	<b>\$2,678,384</b>	<b>\$1,749,917</b>	<b>\$2,413,164</b>	<b>\$2,512,562</b>	<b>\$2,810,818</b>	<b>\$3,021,462</b>	<b>\$2,988,044</b>	<b>\$2,761,592</b>
<div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 2px; width: 25%;">City's billing was changed from quarterly to monthly, includes one extra quarter</div> <div style="border: 1px solid black; padding: 2px; width: 25%;">To pay down deficit</div> <div style="border: 1px solid black; padding: 2px; width: 25%;">\$.20 rate increase 4/99 To pay down deficit Bonds downgraded</div> <div style="border: 1px solid black; padding: 2px; width: 25%;">Reduced Wastewater Operating Budget Balance to offset deficit</div> </div>									
Kent County Fees	\$2,243,371	\$3,446,082	\$2,653,835	\$2,284,788	\$2,516,910	\$2,603,943	\$2,811,939	\$3,442,420	\$3,703,731
Budget Balance	794,895	(767,698)	(903,918)	128,376	(4,348)	206,875	209,523	(454,376)	(942,139)
<b>Total Sewer Adjustment Expense</b>	<b>\$3,038,266</b>	<b>\$2,678,384</b>	<b>\$1,749,917</b>	<b>\$2,413,164</b>	<b>\$2,512,562</b>	<b>\$2,810,818</b>	<b>\$3,021,462</b>	<b>\$2,988,044</b>	<b>\$2,761,592</b>

  

Gallons (1000's)	1,746,745	2,033,335	1,574,257	1,349,319	1,511,721	1,563,672	1,567,500	1,872,843	2,015,009
County Adj. per 1,000 gallons	\$ 1.58	\$ 1.68	\$ 1.68	\$ 1.68	\$ 1.68	\$ 1.68	\$ 1.85	\$ 1.65	\$ 1.85
Wastewater rate per 1,000 gallons	\$ 1.21	\$ 1.21	\$ 1.21	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.65	\$ 1.65

**Note:** The 1997 increased expenses were a result of wet weather (inflow/infiltration) combined with an extra quarterly bill due to a change in the County's billing

<b>Budgeted Revenues &amp; Expenses (excluding budget balances)</b>	<b>2004 Original Budget</b>								
Customer User Fees	\$2,313,291	\$2,453,647	\$2,735,040	\$2,500,000	\$2,716,053	\$2,545,200	\$2,899,875	\$2,786,979	\$2,951,083
Kent County Fees	\$2,310,672	\$2,448,724	\$2,735,000	\$2,650,000	\$2,716,392	\$2,545,200	\$2,914,494	\$2,993,854	\$2,953,731

# Water/Wastewater Fund Alternatives

L F A (4/26/04)

	FY04 Revised Budget	% of Revenue	Alt. 1 Minimum/ Current	% of Revenue	Alt. 2	% of Revenue	Alt. 3	% of Revenue	Alt. 4	% of Revenue
Aggregated Budget Balances (minimum 10% vs. 17%)	\$969,898	9.5%	\$1,016,179	10.0%	\$1,219,414	12.0%	\$1,422,660	14.0%	\$1,727,504	17.0%
Contingency (2% vs. 4%)	650,184	6.4%	203,236	2.0%	406,471	4.0%	406,471	4.0%	406,471	4.0%
Total Operating Reserves	\$1,620,082	15.9%	\$1,219,414	12.0%	\$1,625,886	16.0%	\$1,829,122	18.0%	\$2,133,975	21.0%
% of Revenues (excl. carry forward balance)										
FY 04 Revenues (excl. carry forward balance)	\$10,161,787									
Annual requirement over three years (minimum/alternative)	\$0		\$0		\$135,490		\$203,236		\$304,854	
Current policy is achieved;										

	1998	1999	2000	2001	2002	2003	2004	2004 Revised
<b>Water/Wastewater - Budget Balance</b>								
Aggregate Budget Balance	\$ 38,158	\$ (691,306)	\$ 849,451	\$ 983,760	\$ 794,319	\$ 1,318,746	\$ 1,609,194	\$ 969,898
% of Revenue	0.4%	-8.0%	9.3%	11.0%	8.6%	13.1%	15.5%	9.5%
Actual	\$ 763,073	\$ 1,925,635	\$ 2,133,545	\$ 1,822,165	\$ 1,681,721	\$ 1,088,493		
% of Revenue	8.5%	15.0%	23.3%	23.5%	17.9%	10.8%		
<b>Water/Wastewater - Contingency</b>								
Budget	\$ 223,481	\$ 273,481	\$ 473,481	\$ 678,247	\$ 678,247	\$ 658,971	\$ 458,971	\$ 650,184
% of Revenue	2.6%	3.2%	5.2%	7.6%	7.4%	6.5%	4.4%	6.4%
Actual	\$ 223,481	\$ 278,247	\$ 478,247	\$ 621,144	\$ 737,016	\$ 631,247		
% of Revenue	2.5%	2.2%	5.2%	8.0%	7.8%	6.3%		

**Budget Balance Uses:**  
Timing of cash flows  
Loss of revenues - Kraft  
Credit Rating

**Contingency Uses:**  
Regulatory penalties  
Environmental accidents  
Arbitrage payments  
Storm/Hurricane related  
expenses  
Litigation/legal expenses  
Contractual services

	Alt. 1 Minimum/ Current	% of Revenue	Alt. 2	% of Revenue	Alt. 3	% of Revenue
<b>Improvement &amp; Extension Fund Accounts</b>						
Capital Asset Reserve (Depreciation)	\$ 200,000	2.0%	\$ 500,000	4.9%	\$ 1,000,000	9.8%
Impact Fee Reserve (expansion projects)	\$ 1,148,026	11.3%	\$ 1,000,000	9.8%	1,243,010	20.0%
Contingency - determined annually	\$ -	0.0%	\$ 386,080	20.0%		

**Example of uses:**  
Brown water projects  
Inflow/infiltration projects  
Capital equipment  
breakdowns  
Emergency repairs on  
pumps & wells

Two approaches to capital purchases: One to maintain a reserve for emergency use only (equipment breakdowns & infrastructure improvements) and use pay as you go for budgeted items, or set up an account in the Improvement & Extension Fund in which to appropriate monies each year and accumulate a minimum balance. The balance would be used to cover extra funds needed to purchase assets in any year in which the capital expenses exceed the annual appropriation (depreciation).

# Electric Revenue Fund Alternatives

L F A (4/26/04)

	FY04 Revised Budget	% of Revenue	Alt. 1 Minimum/ Current	% of Revenue	Alt. 2	% of Revenue	Alt. 3	% of Revenue
Aggregated Budget Balances (minimum 12% vs. 5%)	\$3,975,036	6.8%	\$4,709,071	8.0%	\$5,886,338	10.0%	\$7,063,606	12.0%
Contingency (1% vs. 2%)	598,043	1.0%	1,177,268	2.0%	1,177,268	2.0%	1,177,268	2.0%
Total Operating Reserves	\$4,573,079	7.8%	\$5,886,338	10.0%	\$7,063,606	12.0%	\$8,240,874	14.0%
% of Revenues (excl. carry forward balance)								
FY 04 Revenues (excl. carry forward balance)	\$58,863,384							
Annual requirement over three years (minimum/alternative)	\$0		\$437,753		\$830,176		\$1,222,598	
Current policy is achieved;								
Insurance Deductible Reserve	\$733,919	1.2%	\$250,000	0.4%				
Rate Stabilization	\$1,402,746	2.4%	\$777,789	6.3%				
Annual requirement over three years (to achieve 10%)								

Duke rebates: \$491,922 from FY04 and \$910,824 from FY03.

10% of purchased power cost

	1998	1999	2000	2001	2002	2003	2004	2004 Revised
<b>Electric Revenue - Budget Balance</b>								
Budget	\$ 1,097,557	\$ 2,708	\$ 988,788	\$1,288,291	\$1,420,770	\$2,828,075	\$2,876,612	\$ 3,975,036
% of Revenue	2.4%	0.0%	1.9%	2.4%	2.6%	5.1%	5.0%	6.8%
Actual	\$ 1,355,028	\$ 597,144	\$ 145,273	\$ 673,034	\$4,104,367	\$5,069,428		
% of Revenue	2.9%	1.2%	0.3%	1.3%	7.5%	8.8%		
<b>Electric - Contingency</b>								
Budget						\$ 406,699	\$ 598,043	\$ 598,043
% of Revenue						0.7%	1.0%	1.0%
Actual						\$ 580,643		
% of Revenue						1.0%		

**Budget Balance Uses:**  
Timing of cash flows  
Loss of revenues - Kraft  
Credit Rating

**Contingency Uses:**  
Regulatory penalties  
Environmental accidents  
Arbitrage payments  
Storm/Hurricane related expenses  
Litigation/legal expenses  
Contractual services

	Alt. 1 Minimum/ Current	% of Revenue	Alt. 2	% of Revenue	Alt. 3	% of Revenue
<b>Improvement &amp; Extension Fund Accounts</b>						
Depreciation Reserve	\$10,000,000	17.0%				
	Current balance \$15,008,455 Est. cost of substation replacement \$10,000,000					
Future Capacity Reserve	\$10,000,000	17.0%				
	Current balance \$8,113,132 Est. cost of new generation (LM6000) \$10,000,000					
Contingency - determined annually	\$ -	0.0%	\$2,384,022	20.0%		

**Example of uses:**  
Emergency substation repairs;  
Other equipment failures  
Transformers  
Partial or complete financing of major projects

Contingency balance to cover change orders on projects.

## **ATTACHMENT #2**

### **RESOLUTION TO APPROVE THE 2004 CDBG ACTION PLAN**

WHEREAS, the City of Dover is entitled to \$326,000 through the United States Department of Housing and Urban Development's Community Development Block Grant Program; and

WHEREAS, the City of Dover has prepared the 2004 Community Development Block Grant Action Plan, in accordance with United States Department of Housing and Urban Development guidelines, that serves as the primary planning document for identifying and meeting the housing and community development needs for the low and moderate-income residents of Dover; and

WHEREAS, the City of Dover is in favor of utilizing the Community Development Block Grant funds for community development purposes in accordance with the National Community Development objectives of benefitting low and moderate income families, eliminating slums and blight, and meeting other community development objectives; and

WHEREAS, the United States Department of Housing and Urban Development required the City of Dover to submit Consolidated Plan, and an Action Plan for Application for Federal Assistance including the proposed use of funds and including certain certifications and policies to obtain its \$326,000 Entitlement and use of \$82,043 in program income for eligible activities; and

WHEREAS, the City of Dover has prepared the attached Application for Federal Assistance, and presented it at an advertised public hearing held on April 27, 2004.

NOW, THEREFORE, BE IT RESOLVED THAT THE MAYOR AND COUNCIL OF THE CITY OF DOVER approve the 2004 Community Development Block Grant Action Plan, and application for Federal Assistance included in the Action Plan along with certifications, and policies attached and authorize its forwarding to the United States Department of Urban Development for consideration.

ADOPTED: \*