

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

A G E N D A

November 26, 2007 - 4:30 P.M. - Council Chambers - City Hall - City of Dover
*Public comments are welcomed on any item and will be permitted at appropriate times.
When possible, please notify the City Clerk (736-7008 or e-mail at
Tmcdowell@dover.de.us) should you wish to be recognized.*

AGENDA ADDITIONS/DELETIONS

1. Review of 2005 Charter Review Committee Recommendations - Article II (Continued)
2. Draft Comprehensive Annual Financial Report
3. Duke Agreement Closeout
4. Adjournment by 5:45 P.M.

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2005 CHARTER REVIEW COMMITTEE RECOMMENDATIONS

FOR REVIEW BY
LEGISLATIVE, FINANCE, AND
ADMINISTRATION COMMITTEE

Prepared by: Traci A. McDowell, City Clerk

October 2007

**LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE
SCHEDULE FOR REVIEW OF
2005 CHARTER REVIEW COMMITTEE RECOMMENDATIONS**

10/08/2007

ARTICLE I. GENERAL PROVISIONS

- Sec. 1. - Municipal corporation continued; boundaries.
- Sec. 1A. - Procedure to extend boundaries.
- Sec. 2. - Status, general corporate powers, specific provisions for condemnation of property.
- Sec. 3. - Enumeration of power not exclusive; manner of exercise of powers; employee pension, benefit and retirement systems authorized.

10/22/2007

Explanation of NAACP Consent Decree by City Solicitor

11/12/2007

ARTICLE II. MAYOR AND COUNCIL

- Sec. 4. - Government vested in mayor and city council.
- Sec. 5. - Council to be legislative body; size; districts; terms of mayor and councilmen; qualifications.
- Sec. 6. - Municipal election dates.
- Sec. 7. - Nomination petitions for candidates for council and mayor.
- Sec. 8. - Time and place of elections; election board; counting of votes; determination of winners; tie votes; persons eligible to vote; voter registration; official ballots and voting machines; absentee ballots.
- Sec. 9. - Meetings of mayor and council--Generally.
- Sec. 10. - Meetings of mayor and council--Procedure.
- Sec. 11. - Council to be judge of election results and qualification of members; power to fix procedure.
- Sec. 12. - Compensation and expenses--Mayor and council and other elected or appointed officials.
- Sec. 13. - Filling vacancies for council or mayor.
- Sec. 14. - Duties of mayor.
- Sec. 15. - Council president/vice-mayor, duties of.

11/26/2007

ARTICLE II. MAYOR AND COUNCIL (Continued)

- Sec. 16. - Clerk of council.
- Sec. 17. - City treasurer.
- Sec. 18. - Ordinances authorized; maximum penalty for violation.
- Sec. 19. - Power of council to define and abate nuisances.
- Sec. 20. - Power of council to provide for fire protection measures.
- Sec. 21. - Power of council to adopt zoning ordinances.
- Sec. 22. - Power of council to regulate construction of buildings and require permits; building inspector authorized.
- Sec. 23. - Power of council to create city planning commission; members generally.
- Sec. 24. - Power of council to franchise or license public utilities and common carriers.
- Sec. 25. - Power of council to operate light, power or water plant.
- Sec. 26. - Power of council with reference to sewers.
- Sec. 27. - Power of council to layout, locate, abandon, etc., streets, sidewalks, etc.
- Sec. 28. - Power of council to pave streets, sidewalks, etc. and levy assessment for public improvements; municipal lien docket.
 - A. Sidewalks
 - B. Streets
 - C. Special Assessments
 - D. Municipal Lien Docket
- Sec. 29. - Streets, sidewalks, etc. to be under control of council; power of council to prescribe grades thereon and regulate.
- Sec. 30. - Power of council to provide for disposal of garbage and sewage.
- Sec. 31. - Power of council to regulate parking and provide parking lots.
- Sec. 32. - Council to determine salaries of city appointees and employees.

12/10/2007

ARTICLE III. CITY MANAGER

- Sec. 33. - The city manager generally.
- Sec. 34. - Responsibility of manager; powers of appointment and removal.
- Sec. 35. - Removal of employees by manager.
- Sec. 36. - Council not to interfere with appointments or removals of manager; giving orders to subordinates of manager prohibited; penalty for same.
- Sec. 37. - Duties of the manager.
- Sec. 38. - Right of manager to sit in council meetings.
- Sec. 39. - Investigations by council.
- Sec. 40. - Other functions of city manager.
- Sec. 41 - This section left intentionally blank

01/14/2008

ARTICLE IV - FINANCIAL AFFAIRS

- Sec. 42 - Signing of warrants
- Sec. 43 - Fiscal year
- Sec. 44 - Annual budget
- Sec. 45 - Payment of claims; issuance of warrants after approval of city manager; reports by manager thereon to council.
- Sec. 46 - Annual audit
- Sec. 47 - General assessment and levy on utility property
- Sec. 48 - Maximum budget
- Sec. 49 - Payment and collection of taxes; errors and delinquents in assessments
- Sec. 49A - Assessment, payment, and collection of taxes for new construction
- Sec. 50 - Debt limit

01/28/2008

ARTICLE V. MISCELLANEOUS PROVISIONS

Sec. 51. - Trees.

Sec. 52. - This section left intentionally blank

Sec. 53. - Police; mayor to be conservator of peace.

Sec. 54. - City solicitor.

Sec. 55. - Powers of Town of Dover or town council conferred on city or city council.

Sec. 56. - Ordinances passed by town council continued in effect.

Sec. 57. - Officers of town to be initial city officers; prior actions of town council ratified.

Sec. 58. - Debts due to town to be due to city; impairment of bonds.

Sec. 59. - Printed copies of ordinances and resolutions to be proper evidence.

Sec. 60. - Repeal of prior acts.

Sec. 61. - Severability.

Dates to be Determined at Conclusion of Review:

Public Hearing - 1st District

Public Hearing - 2nd District

Public Hearing - 3rd District

Public Hearing - 4th District

LF&A Meeting to Revise Recommendation Based on Public Comment

LF&A Meeting to Review and Finalize Recommendations

Recommendations to City Council

MEMORANDUM

TO: Members of the Legislative, Finance, and
Administration Committee

FROM: Traci A. McDowell, City Clerk

DATE: October 8, 2007

SUBJECT: Recommendations of the 2005 Charter Review Committee



During their Regular Meeting of May 23, 2005, Council adopted a Resolution establishing the 2005 Charter Review Committee to study the City Charter and submit recommendations relative to proposed changes in the form of government, election process, terms of office, and other amendments deemed necessary to assure the continued orderly growth and efficient management of the City. The committee submitted its recommendations (enclosed) to City Council on July 9, 2007, at which time they were referred to the Legislative, Finance, and Administration Committee for review.

The enclosed memo of May 21, 2007, explains the documents and the additional action necessary to complete the Final Draft. If there are **ANY** questions regarding the documents or the above information, please do not hesitate to contact the City Clerk's Office at 736-7008 or email at Tmcdowell@dover.de.us.

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MEMORANDUM

TO: Members of the 2005 Charter Review Committee

FROM: Traci A. McDowell, City Clerk

DATE: May 21, 2007

SUBJECT: 2nd Draft Review - Recommendations of
the 2005 Charter Review Committee



During the last 2005 Charter Review Committee meeting, held on May 10, 2007 (*minutes are enclosed and should be included in your 1st Draft Review Notebook - Tab 4*), members noted that sections of the Dover City Charter were repeated throughout the 1st Draft Recommendation. The reason for the “duplication” was due to there being several topics included in only one section of the Dover City Charter that are separate topics in the *Model City Charter*. So that members could more easily review the wording of the Dover City Charter as compared to the *Model City Charter*, it was necessary to “repeat” those sections of the Dover City Charter in certain locations. As a reminder, members initially directed for the *Model City Charter* to be used as the framework (so that entire Charter was first in place), then the appropriate sections of the Dover City Charter was matched. As an example, Section 5 of the Dover City Charter includes seven (7) paragraphs, each one of these paragraphs is a **separate** topic in the *Model City Charter*. For reference purposes, staff included the entire Section of the Dover City Charter rather than simply including the paragraph that is associated with that same topic covered in the *Model City Charter*. In addition, when applicable, staff included Sections of the Dover Code that were mentioned in the *Model City Charter* for reference purposes.

As we approach a Final Recommendation, staff has developed four (4) documents, as follows:

- 1) Staff has developed a “Comparative Table” for the Articles, Dover Charter Revisions, and the Dover Code Revisions (***Exhibit #1 - should be included in your 1st Draft Review Notebook - Tab 3***). Included in this table are the Sections of the *Model City Charter* that members have recommended be included in their Final Recommendation, the Sections of the Dover City Charter that members have recommended be included in their Final Recommendation, and Sections from the *Model City Charter* as well as the Dover City Charter that members have recommended be included in the Dover Code.

For your convenience, staff has maintained the original color code references (i.e. Sections of the Dover City Charter moved to the Dover Code are noted in purple text; Sections of the *Model City Charter* moved to the Dover Code are noted in brown text, etc.).

The last column in this table indicates the previous action taken by the committee and notes any additional action required of the committee which is reflected in *italics* (this corresponds with the highlights throughout the 2nd Draft Recommendation document mentioned below).

- 2) A 2nd Draft Recommendation (***Exhibit #2 - should be included in your 1st Draft Review Notebook - Tab 1***), which includes those sections of the *Model City Charter* and of the Dover City Charter that members recommended be retained. It should be noted that unless the committee had recommended using the text of either the Dover City Charter or *Model City Charter*, both text remains in the 2nd Draft.

As an example, Section 2.01 of the *Model City Charter*, corresponds to Section 4 of the Dover City Charter. The committee had recommended that the topic remain in their Recommendation; however, members did not specify which “Charter” text should be used. Therefore, it will be necessary for members to provide direction for staff in this regard: to use the *Model City Charter* text, Dover City Charter text, a combination, or new wording.

For your convenience, there are highlighted areas throughout this document which reflect additional action required of the committee prior to developing their Final Recommendation to submit to City Council. Once this action has been taken, this is the document that will be corrected and presented to Council as the **2005 Charter Review Committee Final Recommended Charter** for the City of Dover

All duplicate Charter sections and any references to the Dover Code have been eliminated from this Draft in order to present a better reflection of a final document; however, staff has maintained the original “working document” which includes all of these items (see item #4 below).

- 3) Amendments to the Dover Code (***Exhibit #3 - should be included in your 1st Draft Review Notebook - Tab 5***). This includes Sections that members recommended be moved from either the Dover City Charter or the *Model City Charter* to the Dover Code. For reference purposes, the original color codes have been maintained (i.e. Sections of the Dover City Charter moved to

the Dover Code are noted in purple text; Sections of the *Model City Charter* moved to the Dover Code are noted in brown text, etc.). These may also include additional text amendments. For reference purposes, this document includes those Sections of the *Model City Charter* that already appear in the Dover Code; however, the committee has recommended that the wording of the Dover Code be maintained.

- 4) As mentioned, staff has maintained the original “working document” which includes the *Model City Charter* with the Dover City Charter incorporated and references of the Dover Code with recommendations of the 2005 Charter Review Committee updated through their meeting of May 10, 2007. (*This document is on file in the Office of the City Clerk*).

Recommendations Not Included in Charter (to be forwarded to City Council)

As a result of this Charter Review, there have been additional recommendations developed by the committee that are not a part of the Charter; however, they will be forwarded to City Council along with the Recommended Charter, as follows:

- 1) City would need to consider changing the number of voting districts in the future (after the 2010 Census) - *see 6-26-2006 Minutes*
- 2) Creation of a Compensation Commission (*Exhibit #4*) - *see 7-20-2006 Minutes*.
- 3) Thorough examination of the election date to provide new members time to review the budget prior to adoption and to increase voter participation, if and when the Consent Decree is negotiated.
- 4) Upon its completion, the final editing of the recommendation should be reviewed by an editor with experience in contemporary terminology for issues such as gender (AP Manual).

If there are **ANY** questions regarding the documents or the above information, please do not hesitate to contact the City Clerk’s Office at 736-7008 or email at Tmcdowell@dover.de.us.

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COMPARATIVE TABLE - MODEL CHARTER W/DOVER CHARTER - RE-ARRANGED
AS 2005 CHARTER REVIEW COMMITTEE RECOMMENDED - AS OF MAY 10, 2007

ARTICLES

MODEL CITY CHARTER	DOVER CITY CHARTER	<i>ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN</i>
Preamble		
Article I - Powers of the City	Article I - General Provisions	<i>Selection of Title Preference.</i>
Article II - City Council	Article II - Mayor and Council	<i>Change title from "City Council" to "Mayor and Council"</i>
Article III - City Manager	Article III - City Manager	
Article IV - Departments, Offices, and Agencies		<i>Keep Article? If not, need to select Article to move Sections to.</i>
Article V - Financial Management	Article IV - Financial Affairs	<i>Selection of Title Preference</i>
Article VI - Elections		<i>Keep Article? If not, need to select Article to move Sections to.</i>
Article VII - General Provisions	Article V - Miscellaneous Provisions	Article Eliminated.
Article VIII - Charter Amendment		Article Eliminated.
Article IX - Transition and Severability		<i>Keep Article? If not, need to select Article to move Sections to.</i>

DOVER CHARTER REVISIONS

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
<i>Article I - Powers of the City</i>	<i>Article 1 - General Provisions</i>	
Section 1.01 - Powers of the City		
	Section 3 - Enumeration of Power not Exclusive; Manner of Exercise of Powers; Employee Pension, Benefit and Retirement Systems Authorized (LAST PARAGRAPH moved to Section 4.01)	<i>Last paragraph of Section 3 moved to Section 4.01 of the Model City Charter. OK? Will need title.</i>
	Section 3 - Enumeration of Power not Exclusive; Manner of Exercise of Powers; Employee Pension, Benefit and Retirement Systems Authorized	<i>2nd and 3rd Paragraphs moved to Dover Code.</i>
Section 1.02 - Construction		
Section 1.03 - Intergovernmental Relations		
	Section 1 - Municipal Corporation Continued; Boundaries.	

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
	Section 1A - Procedure to Extend Boundaries	1) <i>City Clerk and Planner to review concept of annexation agreement for developing a recommendation for further consideration (see Milford and Harrington Charters)</i> 2) <i>4th paragraph - Provision to be included to allow for absentee ballots</i>
	Section 2 - Status, General Corporate Powers, Specific Provisions for Condemnation of Property	<i>Review current provisions of condemnation of properties in light of the recent eminent domain decision; Any act included in Section 2 should require 3/4 vote of Council.</i>
<i>Article II - City Council</i>	<i>Article II - Mayor and Council</i>	
Section 2.01 - General Powers and Duties	Section 4 - Government Vested in Mayor and City Council	<i>Determine the text to be included.</i>
	Section 5 - Council to be Legislative Body; Size; Districts; Terms of Mayor and Councilmen; Qualifications	<i>Also see Section 6.02 (a). DELETE FROM HERE?</i>
Section 2.02 - Eligibility, Terms, and Composition (a) Eligibility	Section 5 - Council to be Legislative Body; Size; Districts; Terms of Mayor and Councilmen; Qualifications	<i>Determine the text to be included.</i>
Section 2.02 - Eligibility, Terms, and Composition (b) Terms	Section 5 - Council to be Legislative Body; Size; Districts; Terms of Mayor and Councilmen; Qualifications	<i>Determine the text to be included. Committee recommended recall provisions be included in this section. There is a Section dedicated to Recall in the Model City Charter - SEE SECTION 6.04</i>

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
Section 2.02 - Eligibility, Terms, and Composition (c) Composition Single-Member District System	Section 5 - Council to be Legislative Body; Size; Districts; Terms of Mayor and Councilmen; Qualifications	<i>Also see Section 6.02(f). DELETE FROM HERE? If not, determine the text to be included.</i>
	Section 7 - Nomination Petitions for Candidates for Council and Mayor	Moved to Dover Code - Includes amendments
Section 2.03 - Mayor (a) Powers and Duties	Section 14 - Duties of Mayor ~~~~~ Section 53 - Police; Mayor to be Conservator of Peace	<i>Determine the text to be included.</i>
Section 2.03 - Mayor (b) Election - Mayor Elected At-Large	Section 15 - Council President/Vice-Mayor, Duties of	<i>Determine the text to be included.</i>
Section 2.04 - Compensation; Expenses	Section 12 - Compensation and Expenses—Mayor and Council and Other Elected or Appointed Officials	<i>Determine the text to be included. Also, separate recommendation being forwarded to Council for the Establishment of a Compensation Commission.</i>
Section 2.05 - Prohibitions (a) Holding Other Office	Section 5 - Council to Be Legislative Body; Size; Districts; Terms of Mayor and Councilmen; Qualifications LAST PARAGRAPH	<i>Determine the text to be included. If Dover Charter text is selected, title is needed.</i>
(b) Appointments and Removals	Section 35 - Removal of Employees by Manager	<i>Determine the text to be included.</i>

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
(c) Interference with Administration	Section 36 - Council Not to Interfere with Appointments or Removals of Manager; Giving Orders to Subordinates of Manager Prohibited; Penalty for Same	<i>Determine the text to be included.</i>
Section 2.06 - Vacancies; Forfeiture of Office; Filling Vacancies (a) Vacancies (b) Forfeiture of Office	Section 13 - Filling Vacancies for Council or Mayor (1 ST SENTENCE ONLY remainder moved to Section 2.06(c))	<i>Determine the text to be included.</i>
Section 2.06 - Vacancies; Forfeiture of Office; Filling Vacancies (c) Filling of Vacancies	Section 13 - Filling Vacancies for Council or Mayor (EXCLUDING 1 ST SENTENCE moved to Section 2.06(a) and b))	<i>Determine the text to be included.</i>
Section 2.07 - Judge of Qualifications	Section 11 - Council to be Judge of Election Results and Qualification of Members; Power to Fix Procedure	<i>Determine the text to be included.</i> Last Sentence Moved to Dover Code - possible split (see Section 2.11(b))
Section 2.08 - City Clerk	Section 16 - Clerk of Council	<i>Determine the text to be included.</i>
	Section 17 - City Treasurer	
Section 2.09 - Investigations	Section 39 - Investigations by Council	<i>Determine the text to be included.</i>
Section 2.10 - Independent Audit	Section 46 - Annual audit	<i>Determine the text to be included. Section 46 also appears in Section 5.11. DELETE FROM HERE?</i>

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
Section 2.11 - Procedure (a) Meetings	Section 9 - Meetings of Mayor and Council--Generally (EXCLUDING 1 ST SENTENCE moved to Section 6.01(e))	<i>Determine the text to be included.</i>
Section 2.11 - Procedure (b) Rules and Journal (c) Voting	Section 10 - Meetings of Mayor and Council--Procedure.	<i>Determine the text to be included.</i>
Section 2.12 - Action Requiring an Ordinance		
Section 2.13 - Ordinances in General (a) Form (b) Procedure (c) Effective Date (d) "Publish" Defined	Section 18 - Ordinances authorized; maximum penalty for violation.	Moved to Dover Code. Moved to Dover Code.
	Section 19 - Power of Council to Define and Abate Nuisances ~~~~~ Section 21 - Power of Council to Adopt Zoning Ordinance.	Moved to Dover Code.
Section 2.14 -Emergency Ordinances		Keep wording of current Dover Code (see Section 1-9)
Section 2.15 - Codes of Technical Regulations		

MODEL CITY CHARTER	DOVER CITY CHARTER	<i>ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN</i>
Section 2.16 - Authentication and Recording; Codification; Printing of Ordinances and Resolutions. (a) Authentication and Recording (b) Codification (c) Printing of Ordinances and Resolutions		Keep wording of current Dover Code (see Section 1-16)
<i>Article III - City Manager</i>	<i>Article III - City Manager</i>	
Section 3.01 - Appointment; Qualifications; Compensation	Section 33 - The City Manager Generally (FIRST 2 SENTENCES AND PART OF 3 RD SENTENCE ONLY <i>moved to Section 3.02</i>)	<i>Determine the text to be included.</i>
Section 3.02 - Removal	Section 33 - The City Manager Generally (EXCLUDING LAST FIRST 2 SENTENCES AND PART OF 3 RD SENTENCE <i>moved to Section 3.01</i>)	<i>Determine the text to be included.</i>
Section 3.03 - Acting City Manager		Moved to Dover Code.

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
Section 3.04 - Powers and Duties of the City Manager	Section 34 - Responsibility of manager; powers of appointment and removal. ~~~ Section 35 - Removal of Employees by Manager ~~~ Section 37 - Duties of the Manager ~~~ Section 40 - Other Functions of City Manager.	<i>Determine the text to be included, compared to all Sections: 34, 35, 37, and 40.</i>
	Section 38 - Right of Manager to Sit in Council Meetings	Moved text to Dover Code.
<u>Article IV - Departments, Offices, and Agencies</u>		<i>Keep Article? If not, need to select Article to move Sections to.</i>
Section 4.01 - General Provisions (a) Creation of Departments (b) Direction by City Manager		

MODEL CITY CHARTER	DOVER CITY CHARTER	<i>ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN</i>
	<p>Section 3 - (LAST PARAGRAPH OF SECTION 3 ONLY)</p> <p style="text-align: center;">~~~~</p> <p>Section 20 - Power of council to provide for fire protection measures.</p> <p style="text-align: center;">~~~~</p> <p>Section 22 - Power of Council to Regulate Construction of Buildings and Require Permits; Building Inspector Authorized</p> <p style="text-align: center;">~~~~</p> <p>Section 23 - Power of Council to Create City Planning Commission; Members Generally</p> <p style="text-align: center;">~~~~</p> <p>Section 24 - Power of Council to Franchise or License Public Utilities and Common Carriers</p> <p style="text-align: center;">~~~~</p> <p>Section 25 - Power of Council to Operate Light, Power or Water Plant</p>	<p><i>Determine the text to be included.</i></p> <p><i>If City Charter selected, needs title?: “Power of Council to Impose and Collect Transfer Tax”</i></p> <p><i>Revisit with Regard to Who Provides Fire Protection for Annexed Properties (see also Section 46-41 of the Dover Code)</i></p> <p><i>Recommend Adding “and Other Enterprise Funds”</i></p>

MODEL CITY CHARTER	DOVER CITY CHARTER	<i>ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN</i>
	<p>Section 26 - Power of Council with Reference to Sewers</p> <p style="text-align: center;">~~~~</p> <p>Section 27 - Power of Council to Layout, Locate, Abandon, Etc., Streets, Sidewalks, Etc.</p> <p style="text-align: center;">~~~~</p> <p>Section 28 - Power of Council to Pave Streets, Sidewalks, Etc. and Levy Assessment for Public Improvements; Municipal Lien Docket.</p> <p style="text-align: center;">~~~~</p> <p>Section 29 - Streets, Sidewalks, Etc. to Be under Control of Council; Power of Council to Prescribe Grades Thereon and Regulate</p> <p style="text-align: center;">~~~~</p> <p>Section 30 - Power of Council to Provide for Disposal of Garbage and Sewage</p> <p style="text-align: center;">~~~~</p> <p>Section 31 - Power of council to regulate parking and provide parking lots</p>	

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
Section 4.02 - Personnel System (a) Merit Principle (b) Merit System	Section 32 - Council to determine salaries of city appointees and employees.	<i>Determine the text to be included.</i>
Section 4.03 - Legal Officer (a) Appointments (b) Role	Section 54. City solicitor.	<i>Determine the text to be included.</i>
Section 4.04 - Land Use, Development, and Environmental Planning		Deleted. Keep wording of current Zoning Code, Appendix B of the Dover Code (See Section 1-9)
<i>Article V - Financial Management</i>	<i>Article IV - Financial Affairs</i>	<i>Selection of Title Preference</i>
	Section 50. Debit Limit	<i>Location of this Section OK here?</i>
	Section 42 - Signing of Warrants	Moved to Dover Code.
Section 5.01 - Fiscal Year	Section 43 - Fiscal Year	Moved to Dover Code. <i>Determine the text to be included.</i>

MODEL CITY CHARTER	DOVER CITY CHARTER	<i>ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN</i>
<p>Section 5.02 - Submission of Budget and Budget Message</p> <p style="text-align: center;">~~~~</p> <p>Section 5.03 - Budget Message</p> <p style="text-align: center;">~~~~</p> <p>Section 5.04 - Budget</p> <p style="text-align: center;">~~~~</p> <p>Section 5.05 - City Council Action on Budget</p> <p>(a) Notice and Hearing</p> <p>(b) Amendment Before Adoption</p> <p>(c) Adoption</p> <p>(d) "Publish" defined</p>	<p>Section 44. Annual budget</p>	<p><i>Determine the text to be included - Compared to all Sections: 5.02, 5.03, 5.04, and 5.05.</i></p>
	<p>Section 45. Payment of claims; issuance of warrants after approval of city manager; reports by manager thereon to council.</p>	<p>Moved to Dover Code.</p>
	<p>Section 47. General Assessment; Levy on Utility Property</p>	<p>Moved to Dover Code (with amendments).</p>
<p>Section 5.06 - Appropriation and Revenue Ordinances</p>		<p>Moved to Dover Code.</p>

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
	<p>Section 48. Maximum budget.</p> <p style="text-align: center;">~~~~~</p> <p>Section 49A. Assessment, payment, and collection of taxes for new construction.</p> <p style="text-align: center;">~~~~~</p> <p>Section 49. Payment and Collection of Taxes; Errors and Delinquents in Assessments</p>	<p>Moved to Dover Code.</p>
<p>Section 5.07 - Amendments After Adoption</p> <ul style="list-style-type: none"> (a) Supplemental Appropriations (b) Emergency Appropriations (c) Reduction of Appropriations (d) Transfer of Appropriations (e) Limitation; Effective Date 		
<p>Section 5.08 - Administration and Fiduciary Oversight of the Budget</p>		
<p>Section 5.09 - Capital Program</p> <ul style="list-style-type: none"> (a) Submission to City Council (b) Contents 		
<p>Section 5.10 - City Council Action on Capital Program</p> <ul style="list-style-type: none"> (a) Notice and Hearing (b) Adoption 		

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
Section 5.11 - Independent Audit	Section 46 - Annual Audit	<i>Determine the text to be included. This section also appears in Section 2.10 - DELETE FROM HERE?</i>
Section 5.12 - Public Records		Deleted. Governed by State Laws.
	<i>Article V - Miscellaneous Provisions</i>	
	Section 51 - Trees	Moved to Dover Code.
	Section 55 - Printed Copies of Ordinances and Resolutions to be Proper Evidence	Moved to Dover Code.
	Section 56 - Repeal of Prior Acts	Deleted.
<i>Article VI - Elections</i>		<i>Keep Article? If not, need to select Article to move Sections to.</i>
Section 6.01 - City Elections (a) Regular Elections	Section 6 - Municipal Election Dates	<i>Determine the text to be included.</i>
Section 6.01 - City Elections (b) Registered Voter Defined (c) Conduct of Elections	Section 8 - Time and Place of Elections; Election Board; Counting of Votes; Determination of Winners; Tie Votes; Persons Eligible to Vote; Voter Registration; Official Ballots and Voting Machines; Absentee Ballots	<i>Determine the text to be included.</i>

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
(d) Proportional Representation		<i>Deletion of this Section?</i>
(e) Beginning of Term	Section 9 - Meetings of Mayor and Council--generally (FIRST 2 SENTENCES OF 1 ST PARAGRAPH ONLY; remainder of Section moved to Section 2.11)	<i>Determine the text to be included.</i>
Section 6.02- Council Districts; Adjustment of Districts (for use with Alternatives II, III and IV of § 6.03) (a) Number of Districts	Section 5 - Council to Be Legislative Body; Size; Districts; Terms of Mayor and Councilmen; Qualifications (1 ST PARAGRAPH ONLY)	<i>Determine the text to be included. See also Section 2.01 - DELETE FROM HERE?</i>
(b) Council to Redistrict (c) Procedures (d) Failure to Enact Ordinance (e) Districting Plan; Criteria (f) Effect of Enactment	Section 5 - Council to Be Legislative Body; Size; Districts; Terms of Mayor and Councilmen; Qualifications (2 ND PARAGRAPH ONLY)	<i>Also see Section 2.02(c). DELETE FROM HERE? If not, determine the text to be included.</i>
Section 6.03 - Methods of Electing Council Members: Single Member District System		<i>Committee did NOT recommend deletion; however, after further review, staff questions the necessity to maintain this Section. Should it be deleted?</i>

MODEL CITY CHARTER	DOVER CITY CHARTER	<i>ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN</i>
<p>Section 6.04 - Initiative, Citizen Referendum, Recall</p> <p>(a) General Authority for Initiative, Citizen Referendum, and Recall</p> <p> (1) Initiative</p> <p> (2) Citizen Referendum</p> <p> (3) Recall</p> <p>(b) Commencement of Proceeding; Petitioners' Committee; Affidavit</p> <p>(c) Petitions</p> <p> (1) Number of Signatures</p> <p> (2) Form and Content</p> <p> (3) Affidavit of Circulator</p> <p> (4) Time for Filing Recall Petitions</p> <p>(d) Procedure after Filing</p> <p> (1) Certificate of Clerk; Amendment</p> <p> (2) Council Review</p> <p> (3) Court Review; New Petition</p> <p>(e) Referendum Petitions; Suspension of Effect of Ordinance</p> <p>(f) Action of Petitions</p> <p> (1) Action by Council</p> <p> (2) Submission of Voters of Proposed or Referred Ordinances</p> <p> (3) Withdrawal of Petitions</p> <p>(g) Results of Election</p> <p> (1) Initiative</p> <p> (2) Referendum</p> <p> (3) Recall</p>		<p>Deleted Initiative and Citizen Referendum throughout Section 6.04. Only Recall provisions have been maintained and as a result, renumbering and lettering has occurred.</p>

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
<i>Article VII - General Provisions</i>	<i>Article V - Miscellaneous Provisions</i>	<i>Article Eliminated.</i>
Section 7.01 - Conflicts of Interest, Board of Ethics		Deleted. Keep wording of current Dover Code (See Section 30)
Section 7.02 - Prohibitions		Deleted. Keep wording of current Dover Code (See Section 30)
Section 7.03 - Campaign Finance		Deleted. Governed by State Laws.
<i>Article VIII - Charter Amendment</i>		<i>Article Eliminated.</i>
<i>Article IX - Transition and Severability</i>		<i>Article Eliminated.</i>
Section 9.01 - Officers and Employees (a) Rights and Privileges Preserved (b) Continuance of Office or Employment (c) Personnel System		
Section 9.02 - Departments, Offices, and Agencies		Moved to Dover Code.
Section 9.03 - Pending Matters		Moved to Dover Code.
Section 9.04 - State and Municipal Laws (a) In General (b) Specific Provisions		

MODEL CITY CHARTER	DOVER CITY CHARTER	ADDITIONAL ACTION REQUIRED PREVIOUS ACTION TAKEN
Section 9.05 - Schedule (a) First Election (b) time of Taking Full Effect (c) First Council Meeting (d) Temporary Ordinances (e) Initial Expenses (f) Initial Salary of Mayor and Council Members		
Section 9.06 - Severability	Section 57 - Severability	<i>Determine the text to be included.</i>

DOVER CODE REVISIONS

MODEL CITY CHARTER	DOVER CITY CHARTER	DOVER CODE
	Section 3 - Enumeration of Power not Exclusive; Manner of Exercise of Powers; Employee Pension, Benefit and Retirement Systems Authorized (2 ND AND 3 RD PARAGRAPHS ONLY moved to Dover Code)	2 nd and 3 rd Paragraphs moved to Dover Code.
	Section 7 - Nomination Petitions for Candidates for Council and Mayor	Includes amendments

Section 2.07 - Judge of Qualifications	Section 11 - Council to be Judge of Election Results and Qualification of Members; Power to Fix Procedure	<i>Determine the text to be included.</i> Last Sentence Moved to Dover Code - possible split (see Section 2.11(b))
Section 2.13 - Ordinances in General (a) Form (b) Procedure (c) Effective Date (d) "Publish" Defined	Section 18 - Ordinances authorized; maximum penalty for violation.	Moved to Dover Code. Moved to Dover Code.
	Section 19 - Power of Council to Define and Abate Nuisances ~~~~ Section 21 - Power of Council to Adopt Zoning Ordinance.	Moved to Dover Code.
Section 3.03 - Acting City Manager		Moved to Dover Code.
	Section 38 - Right of Manager to Sit in Council Meetings	Moved text to Dover Code.
	Section 42 - Signing of Warrants	Moved to Dover Code.
Section 5.01 - Fiscal Year	Section 43 - Fiscal Year	Moved to Dover Code. <i>Determine the text to be included.</i>
	Section 45. Payment of claims; issuance of warrants after approval of city manager; reports by manager thereon to council.	Moved to Dover Code.

	Section 47. General Assessment; Levy on Utility Property	Moved to Dover Code (with amendments).
Section 5.06 - Appropriation and Revenue Ordinances		Moved to Dover Code.
	Section 48. Maximum budget. ~~~~ Section 49A. Assessment, payment, and collection of taxes for new construction. ~~~~ Section 49. Payment and Collection of Taxes; Errors and Delinquents in Assessments	Moved to Dover Code.
	Section 51 - Trees	Moved to Dover Code.
	Section 55 - Printed Copies of Ordinances and Resolutions to be Proper Evidence	Moved to Dover Code.
Section 9.02 - Departments, Offices, and Agencies		Moved to Dover Code.
Section 9.03 - Pending Matters		Moved to Dover Code.

/JG

**MODEL CHARTER WITH DOVER CHARTER INCORPORATED
WITH RECOMMENDATIONS OF CHARTER REVIEW COMMITTEE
(UPDATED THROUGH THEIR MEETING OF MAY 10, 2007)**

KEY TO RECOMMENDATIONS OF CHARTER REVIEW COMMITTEE

- ☞ **Black Text** - The Model City Charter.
- ✍ ***Black Bold Italics*** - *Text to be inserted (amending Model City Charter)*
- ☞ **Green Text** - Dover City Charter.
- ✍ ***Green Bold Italics*** - *Text to be inserted (amending current Dover Charter)*
- * ***Blue Italics*** - *Information note or may require additional action.*
- * ***Highlighted Text*** - *Important Information; May or May Not require further action.*
- ① **Committee needs to determine the text to be included; either the *Model City Charter*, *Dover City Charter*, or a combination of the text.**

PREAMBLE

We the people of the City of Dover, under the constitution and laws of the state of Delaware, in order to secure the benefits of local self-government and to provide for an honest and accountable mayor-council government do hereby adopt this charter and confer upon the city the following powers, subject to the following restrictions, and prescribed by the following procedures and governmental structure. By this action, we secure the benefits of home rule and affirm the values of representative democracy, professional management, strong political leadership, citizen participation, and regional cooperation.

Article I. In General

①

Article I

POWERS OF THE CITY

Section 1.01. Powers of the City.

The city shall have all powers possible for a city to have under the constitution and laws of this state as fully and completely as though they were specifically enumerated in this charter.

(Article I - In General) Sec. 3. Enumeration of power not exclusive; manner of exercise of powers;

The enumeration of particular powers by this Charter shall not be held or deemed to be exclusive but, in addition to the powers enumerated herein, implied thereby, or appropriate to the exercise thereof, it is intended that The City of Dover shall have, and may exercise, all powers which, under the Constitution of the State of Delaware, it would be competent for this Charter specifically to enumerate. All powers of the City, whether expressed or implied shall be exercised in the manner prescribed by this Charter, or, if not prescribed herein then in the manner provided by ordinance or resolution of the council.

Moved to Section 4.01 - ~~Notwithstanding any statute to the contrary, the City of Dover shall have the power by ordinance to impose and collect a tax, to be paid by the transferor or transferee as determined by council, upon the transfer of real property within the city not to exceed one and a half percent (1.5%) or as amended by State law of the value of the real property as represented by the document transferring the property. The provisions of Section 5401 and Section 5403 of Chapter 54, Title 30 of the Delaware Code shall apply with respect to any realty transfer tax imposed by the City of Dover pursuant to the authority granted herein. The Council of the City of Dover may adopt an ordinance or ordinances to provide for the effective administration and regulation of any tax adopted pursuant to the authority conferred herein. If the taxing power and authority granted herein shall be exercised by way of a stamp affixed to a document, the recorder of deeds in and for Kent County shall not receive for record documents subject to said tax unless stamps provided by the City of Dover are affixed thereto showing payment of the tax.~~ **(This last paragraph appears to be displaced and should be repositioned to a more appropriate Section within the Charter)** Moved to Section 2.15?

Section 1.02. Construction.

The powers of the city under this charter shall be construed liberally in favor of the city, and the specific mention of particular powers in the charter shall not be construed as limiting in any way the general power granted in this article.

Section 1.03. Intergovernmental Relations.

The city may participate by contract or otherwise with any governmental entity of this state or any other state or states of the United States in the performance of any activity which one or more of such entities has the authority to undertake.

Sec. 1. Municipal corporation continued; boundaries.

The municipal corporation of the State of Delaware, known as "The City of Dover" shall continue to be a body politic and corporate. The boundaries of the City of Dover are hereby established and declared as recorded on the official map of record in the Recorder of Deeds Office for Kent County and State of Delaware as presently existing and as hereinafter amended.

Sec. 1A. Procedure to extend boundaries. *(City Clerk and Planner to review concept of annexation agreement for developing a recommendation for further consideration - see Milford and Harrington Charters)*

In order to extend the boundaries of The City of Dover the council shall adopt a resolution proposing the inclusion of territory or territories within the limits of The City of Dover and calling for a special election to be held in said territory or territories in accordance with Title 22, Chapter 1, Section 101, Delaware Code insofar as applicable. Said resolution shall contain a description of the territory or territories proposed to be annexed and shall specify the date of such election, which shall be not less than thirty (30) nor more than sixty (60) days after the adoption of said resolution, and the place or places of said election. Said resolution shall be published in at least two (2) issues of a newspaper of general circulation within the City of Dover *and on the City's Website* at least two (2) weeks prior to the day of said election.

Elections may be held in more than one of said territories on the same day, but the said elections shall be separate; only the votes of qualified voters of a territory as herein described shall be counted in the election to determine whether the territory shall be annexed.

Any such election shall be held by the election officers of the election district or districts of Kent County which shall include the territory proposed to be annexed. Every person eighteen (18) years of age or upwards who is duly registered upon the books of registered voters for said election district, or districts, who is a resident of the territory proposed to be included within the limits of the City of Dover, and who does not own real estate within said territory shall be entitled to one vote at the election to determine whether said territory shall be annexed; and every person who is the owner of real estate within a territory proposed to be included assessed to them on the assessment records of Kent County, shall be entitled to one vote. Owners of real estate in common shall be entitled to one vote each. Life tenants shall be entitled to one vote each but the holders of the remainder interest or similar interest subject to the life estate shall not be entitled to vote. Corporations, firms or associations shall be entitled to one vote, the same as private persons.

The Council of the City of Dover shall provide the ballots for any such election and shall bear the cost of holding such election. The ballots shall briefly indicate the territory proposed to be included and shall provide two boxes on the ballot beside which shall appear the words "FOR inclusion within The City of Dover," and "AGAINST inclusion within The City of Dover." Each voter shall indicate their preference by making a mark within the box beside the words expressing their preference. *(Provision to be included to allow for absentee ballots)*

At any such election the polls shall be open from ~~8:30 a.m. to 5:00 p.m.~~ ~~11:00 a.m. to 8:00 p.m.~~ When the polls are closed the election officers shall publicly count the votes and forthwith certify to the clerk of the council the number of votes cast for and against inclusion within the city limits. At the next regular or special meeting of the council the mayor and council shall receive the results of the election and make the same a part of the minutes of said meeting.

If a majority of the votes cast in an election held in a territory proposed to be annexed shall be in favor of the inclusion of that territory, the council may thereupon adopt a resolution annexing said territory and including same within the limits of The City of Dover. Upon the adoption of a resolution of annexation a copy thereof certified by the clerk of council and a plot of the area annexed shall be forthwith filed for record with the Recorder of Deeds of Kent County, and the area so annexed shall for all purposes thenceforth be part of The City of Dover.

If a majority of the votes cast in an election held in a territory proposed to be annexed shall be against the inclusion of that territory within the limits of The City of Dover, the proposed annexation of said territory shall be declared to have failed. Nothing in this Charter shall prohibit the council from resubmitting a proposal of annexation to the voters of said territory, or any portion thereof, under the authority of this section and in accordance with the provisions thereof.

Sec. 2. Status, general corporate powers, specific provisions for condemnation of property. *(Review current provisions of condemnation of properties in light of the recent eminent domain decision; Any act included in Section 2 should require 3/4 vote of Council)*

The inhabitants of the City of Dover within the boundaries defined in Section 1 of this Charter, or within the boundaries hereafter established, shall continue to be a body politic and corporate, by the name of "The City of Dover," and under that name shall have perpetual succession; may have and use a corporate seal; may sue and be sued; may hold and acquire by purchase, gift, devise, lease or condemnation, real property and personal property within or without its boundaries for any municipal purpose, in fee simple or lesser estate or interest, and may sell, lease, hold, manage, and control such property as its interest may require; and shall have all other powers and functions requisite or appropriate for the government of the city, its peace and order, its sanitation, appearance and beauty, the health, safety, convenience, comfort and well-being of its population, and the protection and preservation of property, public and private.

Whenever it shall be necessary for any municipal purpose to condemn any real property or personal property under this Charter, except as is herein otherwise specifically provided, the Council must follow applicable State Law.

Article II
CITY COUNCIL (should be "MAYOR AND"?)

Section 2.01. General Powers and Duties.

All powers of the city shall be vested in the city council, except as otherwise provided by law or this charter, and the council shall provide for the exercise thereof and for the performance of all duties and obligations imposed on the city by law.

①

(Article II - Mayor and Council) Sec. 4. Government vested in mayor and city council.

The government of the said city and the exercise of all the powers conferred by this Charter (except as otherwise provided herein) shall be vested in a mayor and city council.

Sec. 5. Council to be legislative body;

The council shall be the legislative body of the city and composed of nine (9) members nominated and elected as herein provided. *(Also, see Section 6.02(a)) - delete from here?*

Section 2.02. Eligibility, Terms, and Composition.

- (a) **Eligibility.** Only registered voters of the city shall be eligible to hold the office of council member or mayor.

①

Sec. 5. Qualifications.

In order to be eligible to be elected as mayor or as a member of council, the person must as of the date of the election be:

- (1) A citizen of the United States and of the State of Delaware;
- (2) A resident of the city and having continuously resided therein or in an area annexed to the city during the two (2) years next preceding the day of the election;
- (3) A resident of the election district from which they are seeking election, unless they are seeking election as an at-large councilman or mayor;
- (4) Twenty-one (21) years of age or older; and
- (5) Nominated therefore, as hereinafter provided.

- (b) **Terms.** The term of office of *the Mayor* shall be four years *and of members of City Council shall be two years* elected in accordance with Article VI.

①

Section 5. Terms of mayor and councilmen;

The term of mayor shall be for a period of *four (4)* years commencing on the second Monday in May following their election and continuing for a term of *four (4)* years until the second Monday in May or until their successor has been duly elected and qualified. *(Should include recall provision - See Section 6.04)*

The term of the councilmen shall be for two (2) years. In each regular municipal election held in an odd numbered year, five (5) councilmen shall be elected, four (4) by district voting being from the districts and one at-large as stated herein. In each regular municipal election held in an even numbered year, four (4) councilmen shall be elected by district voting from each of the districts of the city.

(c) **Composition.** There shall be a city council composed of [nine (9)] members.

Single-Member District System

The council shall be composed of an even number of members each of whom shall be elected by district by the voters in that district. The mayor shall be elected in accordance with the provisions of Section 2.03(b), Alternative II.

①

Section 5. Size; Districts;

In order that the members of council shall be distributed over the city, the city shall be divided into four (4) election districts, the district boundaries of which shall be established by council so that the districts are nearly equal in population as shown by the most recent federal decennial census. The district boundaries established for municipal elections shall continue in effect until the next succeeding federal decennial census is made available for use by municipalities in the State of Delaware, at which time council shall redistrict the city so that the districts shall be nearly equal in population in accordance with said census, which redistricting shall be used for the next regular municipal election, which procedure shall be followed by council after each succeeding federal decennial census in this manner so that the districts shall be maintained as nearly equal in population as possible at all times. *(See also Section 6.02(f))*

(Article II - Mayor and Council) Sec. 5. Council to be legislative body; *(moved to above Section 2.01)* size; districts; *(moved to above Section 2.02(c))* terms of mayor and councilmen; *(moved to above Section 2.02(b))* qualifications; *(moved to above Section 2.02(a))* *(Last paragraph - See also Section 2.05(a) - Prohibitions - Holding Other Office)*

The council shall be the legislative body of the city and composed of nine (9) members nominated and elected as herein provided. *(moved to above Section 2.01)*

In order that the members of council shall be distributed over the city, the city shall be divided into four (4) election districts, the district boundaries of which shall be established by council so that the districts are nearly equal in population as shown by the most recent federal decennial census. The district boundaries established for municipal elections shall continue in effect until the next succeeding federal decennial census is made available for use by municipalities in the State of Delaware, at which time

~~council shall redistrict the city so that the districts shall be nearly equal in population in accordance with said census, which redistricting shall be used for the next regular municipal election, which procedure shall be followed by council after each succeeding federal decennial census in this manner so that the districts shall be maintained as nearly equal in population as possible at all times.~~ **(moved to above Section 2.02(c))**

~~The term of mayor shall be for a period of **four (4)** years commencing on the second Monday in May following their election and continuing for a term of **four (4)** years until the second Monday in May or until their successor has been duly elected and qualified.~~ **(moved to above Section 2.02(b))**

~~The term of the councilmen shall be for two (2) years. In each regular municipal election held in an odd numbered year, five (5) councilmen shall be elected, four (4) by district voting being from the districts and one at-large as stated herein. In each regular municipal election held in an even numbered year, four (4) councilmen shall be elected by district voting from each of the districts of the city.~~ **(moved to above Section 2.02(b))**

~~In order to be eligible to be elected as mayor or as a member of council, the person must as of the date of the election be:~~

- ~~(1) A citizen of the United States and of the State of Delaware;~~
- ~~(2) A resident of the city and having continuously resided therein or in an area annexed to the city during the two (2) years next preceding the day of the election;~~
- ~~(3) A resident of the election district from which they are seeking election, unless they are seeking election as an at-large councilman or mayor;~~
- ~~(4) Twenty-one (21) years of age or older; and~~
- ~~(5) Nominated therefore, as hereinafter provided.~~ **(moved to above Section 2.02(a))**

~~If a councilman files and runs for mayor, whether or not they are elected to said office, the term as councilman shall automatically expire on the second Monday of May on the year of the election; and if they have a year remaining on their term, then their office as councilman shall be filled at the same annual election in which they have filed to run for the office of mayor.~~ **(moved to Section 2.05(a) below)**

Section 2.03. Mayor.

- (a) Powers and Duties.** The mayor shall attend meetings of the council, represent the city in intergovernmental relationships, appoint with the advice and consent of the council the members of citizen advisory boards and commission, present an annual state of the city message, and perform other duties specified by the council. The mayor shall be recognized as head of the city government for all ceremonial purposes and by the governor for purposes of military law but shall have no administrative duties.

①

(Article II - Mayor and Council) Sec. 14. Duties of mayor.

The mayor shall be the executive and chief official of the city. The Mayor shall have the powers and perform the duties conferred and imposed by this Charter and ordinances of the city. The mayor shall preside at the annual meeting of the council and at all quarterly town meetings. The council president shall preside at all other meetings of the council. The mayor shall have no vote on council matters of any nature whatsoever. The mayor is an ex officio member of all committees, but shall have no vote.

(Article V – Miscellaneous Provisions) Sec. 53. Police; mayor to be conservator of peace.

There shall be a city police force, the number thereof and their salaries shall be determined by the council, but they shall be chosen and appointed by the mayor. The mayor is hereby vested with all the powers of a conservator of the peace within the city limits. The Mayor shall appoint a Chief of Police subject to removal at any time by the Mayor in accordance with applicable laws. The members of the police force shall be subject to his/her direction and orders delivered through the proper chain of command and in accordance with applicable laws and ordinances. They shall preserve peace and order, and compel obedience within the city limits to the ordinances of the city and the laws of the state. They shall have such other duties as the council and the mayor shall prescribe by ordinance.

Each member of the police force shall be vested with all the power and authority within the city limits and within one mile outside of said limits, (and, in the case of the pursuit of an offender, without limit) of a constable of Kent County.

- (b) Election - Mayor Elected At-Large.** At each regular election the voters of the city shall elect a mayor at large for a term of *four (4)* years. The council shall elect from among its members a deputy mayor who shall act as mayor during the absence or disability of the mayor and, if a vacancy occurs, shall become mayor for the remainder of the unexpired term.

①

(Article II - Mayor and Council) Sec. 15. Council President/Vice-mayor, duties of.

At each annual meeting, the council shall elect one of their number as council president who shall also serve as vice-mayor. During a vacancy in the office of mayor or during the absence or disability of the mayor, the vice-mayor shall have all the powers and duties of the mayor, except as hereinafter provided. The council president and vice-mayor shall retain his/her right to vote as councilman at all times although he/she may be acting as the mayor, unless the mayor's absence appears to be indefinite or extended, in which case council shall pass a resolution appointing the vice-mayor as mayor until the mayor's position is either filled in accordance with section 13 hereof or the mayor returns to his/her duties, which resolution shall provide that the vice-mayor shall have the right to approve or disapprove council action in accordance with section 10 hereof, in which case the vice-mayor shall lose his/her vote as councilman until further action is taken by council.

Section 2.04. Compensation; Expenses.

The city council may determine the annual salary of the mayor and council members by ordinance, but no ordinance increasing such salary shall become effective until the date of commencement of the terms of council members elected at the next regular election. The mayor and council members shall receive their actual and necessary expenses incurred in the performance of their duties of office. *(Recommended establishment of Compensation Commission - See Minutes of 7/20/2006) - Separate recommendation*

①

(Article II - Mayor and Council)**Sec. 12. Compensation and expenses --Mayor and council and other elected or appointed officials.**

The council shall determine the annual salary and emoluments of the mayor and council and other elected or appointed officials by ordinance. Members of the council, the mayor and other elected or appointed officials shall receive reimbursement for actual and necessary expenses incurred when on official business as prescribed by city ordinance or policy.

Section 2.05. Prohibitions.

- (a) **Holding Other Office.** Except where authorized by law, no council members shall hold any other elected public office during the term for which the member was elected to the council. No council member shall hold any other city office or employment during the term for which the member was elected to the council. No former council members shall hold any compensated appointive office or employment with the city until one year after the expiration of the term for which the member was elected to the council, unless granted a waiver by the Board of Ethics (Ethics Commission).

Section 5. *Councilman filing and running for Mayor. (Creation of Title?)*

If a councilman files and runs for mayor, whether or not they are elected to said office, the term as councilman shall automatically expire on the second Monday of May on the year of the election; and if they have a year remaining on their term, then their office as councilman shall be filled at the same annual election in which they have filed to run for the office of mayor.

- (b) **Appointments and Removals.** Neither the city council nor any of its members shall in any manner control or demand the appointment or removal of any city administrative officer or employee whom the city manager or any subordinate of the city manager is empowered to appoint, but the council may express its views and fully and freely discuss with the city manager anything pertaining to appointment and removal of such officers and employees.

①

(Article III - City Manager) Sec. 35. Removal of employees by manager.

Employees appointed by the city manager, or under his/her authorization, may be removed by him/her at any time. The decision of the manager in any such case shall be final and there shall be no appeal therefrom to any other officer, body or court whatsoever.

- (c) **Interference with Administration.** Except for the purpose of inquiries, and investigations under § 2.09, the council or its members shall deal with city officers and employees who are subject to the direction and supervision of the city manager solely through the city manager, and neither the council nor its members shall give orders to any such officer or employee, either publicly or privately.

①

(Article III - City Manager) Sec. 36. Council not to interfere with appointments or removals of manager; giving orders to subordinates of manager prohibited; penalty for same.

Neither the council nor any of its committees or members shall direct or request the appointment of any person to, or removal from, office by the city manager or any of his/her subordinates, or in any manner take part in the appointment or removal of employees in the administrative service of the affairs of the city under the charge of the manager. Except for the purpose of inquiry, the council and its members shall deal with that portion of the administrative service for which the manager is responsible solely through the manager, and neither the council nor any member thereof shall give orders to any subordinate of the city under the city manager either publicly or privately. Any violation of the provisions of this section by a member of the council shall be a misdemeanor, conviction of which shall immediately forfeit the office of the member so convicted.

Section 2.06. Vacancies; Forfeiture of Office; Filling of Vacancies.

- (a) **Vacancies.** The office of a council member shall become vacant upon the member's death, resignation, or removal from office or forfeiture of office in any manner authorized by law.
- (b) **Forfeiture of Office.** A council member shall forfeit that office if the council member:
- (1) Fails to meet the residency requirements,
 - (2) Violates any express prohibition of this charter,
 - (3) Is convicted of a crime involving moral turpitude, or
 - (4) Fails to attend three consecutive regular meetings of the council without being excused by the council.

①

Sec. 13. Filling vacancies for council or mayor. The loss of residence in the city, the loss of residence in the state, the removal from the district where the member resided at the time of the member's election, in the case of a councilman, or the conviction of any crime involving moral turpitude during the term for which the member was elected, shall create a vacancy in the office either of mayor or councilman. ~~In the case of any such vacancy or of any vacancy created by death, resignation or otherwise for which said vacancy shall be less than six (6) months in duration, the council shall fill such vacancy. If such vacancy should be in excess of six (6) months in duration, a special election shall be held to fill such vacancy, this special election to be held no sooner than thirty (30) days from the date of the vacancy, but said special election to be held no later than sixty (60) days after the date of the vacancy.~~ ***(moved to Section 2.06(c) below***

- (c) **Filling of Vacancies.** A vacancy in the city council shall be filled for the remainder of the unexpired term, if any, at the next regular election following not less than sixty days upon the occurrence of the vacancy, but the council by a majority vote of all its remaining members shall appoint a qualified person to fill the vacancy until the person elected to serve the remainder of the unexpired term takes office. If the council fails to do so within thirty days following the occurrence of the vacancy, the election authorities shall call a special election to fill the vacancy, to be held not sooner than ninety days and not later than 120 days following the occurrence of the vacancy, and to be otherwise governed by law. Notwithstanding the requirement in § 2.11(c), if at any time the membership of the council is reduced to less than *, the remaining members may by majority action appoint additional members to raise the membership to *.

①

(Article II - Mayor and Council) Sec. 13. Filling vacancies for council or mayor.

~~The loss of residence in the city, the loss of residence in the state, the removal from the district where the member resided at the time of the member's election, in the case of a councilman, or the conviction of any crime involving moral turpitude during the term for which the member was elected, shall create a vacancy in the office either of mayor or councilman.~~ ***(moved to above Section 2.06(a) and (b))*** In the case of any such vacancy or of any vacancy created by death, resignation or otherwise for which said vacancy shall be less than six (6) months in duration, the council shall fill such vacancy. If such vacancy should be in excess of six (6) months in duration, a special election shall be held to fill such vacancy, this special election to be held no sooner than thirty (30) days from the date of the vacancy, but said special election to be held no later than sixty (60) days after the date of the vacancy. ***(Request that the City Solicitor provide new language to better clarify the intended meaning of "moral turpitude").*** City Solicitor recommended NO CHANGE.

Section 2.07. Judge of Qualifications.

The city council shall be the judge of the election and qualifications of its members, and of the grounds for forfeiture of their office. In order to exercise these powers, the council shall have power to subpoena witnesses, administer oaths and require the production of evidence. A member charged with conduct constituting grounds for forfeiture of office shall be entitled to a public hearing on demand, and notice of such hearing shall be published in one or more newspapers of general circulation in the city at least one week in advance of the hearing.

①

(Article II - Mayor and Council) Sec. 11. Council to be judge of election results and qualification of members;

The council shall be the judge of the election results and qualification of its members and, in such cases, shall have power to subpoena witnesses and compel the production of all pertinent books, records and papers; but the decision of the council in any such case shall be subject to review by the courts. The holding over members shall constitute the council for the purpose of determining election contests.

Section 2.08. City Clerk.

The city council or the city manager shall appoint an officer of the city who shall have the title of city clerk. The city clerk shall give notice of council meetings to its members and the public, keep the journal of its proceedings and perform such other duties as are assigned by this charter or by the council or by state law.

①

Article II - Mayor and Council, Sec. 16. Clerk of council.

The council shall choose a clerk, who shall keep a record of the proceedings of the council and perform such other duties and have such powers as may be prescribed by ordinance.

Sec. 17. City treasurer

At the annual meeting the council shall elect a city treasurer to hold office until the next annual meeting of the council, or until his/her successor has been duly chosen and qualified, but subject to removal at any time by the council.

The city treasurer shall be the custodian of all the city funds and shall deposit them in a banking institution designated by the council.

Section 2.09. Investigations.

The city council may make investigations into the affairs of the city and the conduct of any city department, office, or agency and for this purpose may subpoena witnesses, administer oaths, take testimony, and require the production of evidence. Failure or refusal to obey a lawful order issued in the exercise of these powers by the council shall be a misdemeanor punishable by a fine of not more than \$ _____, or by imprisonment for not more than _____ or both.

①

(Article III - City Manager) Sec. 39. Investigations by council.

The council shall have power to inquire into the conduct of any office, officer or employee of the city and to make investigations as to municipal affairs, and for that purpose may subpoena witnesses, administer oaths, and compel the production of books, papers and other evidence.

Section 2.10. Independent Audit.

The city council shall provide for an independent annual audit of all city accounts and may provide for more frequent audits as it deems necessary. Such audits shall be carried out in accordance with § 5.12 § 5.11 *(correction due to apparent typographical error in the Model City Charter)*.

①

Article IV. Financial Affairs, Sec. 46. Annual audit. (This section also appears in Section 5.11 - Independent Audit) - delete from here?

Annually in the month of July the council shall have the finances of the city and the books and accounts of the city manager and the city treasurer audited by a certified accountant.

As soon as practicable after such audit has been completed, the council shall cause to be made and published a report of the city's finances for the preceding fiscal year.

Section 2.11. Procedure.

- (a) **Meetings.** The council shall meet regularly at least once in every month at such times and places as the council may prescribe by rule. Special meetings may be held on the call of the mayor or of _____ Or more members and, whenever practicable, upon no less than twelve hours' notice to each members. Except as allowed by state law, all meetings shall be public; however, the council may recess for the purpose of discussing in a closed or executive session limited to its own membership any matter which would tend to defame or prejudice the character or reputation of any person, if the general subject matter for consideration is expressed in the motion calling for such session and final action on such motion is not taken by the council until the matter is placed on the agenda.

①

(Article II - Mayor and Council) Sec. 9. Meetings of mayor and council--Generally.

~~At 7:30 p.m. on the second Monday in May following a regular municipal election, the mayor and council shall meet at the usual place for holding council meetings and the newly elected officers shall assume the duties of office, being first duly sworn or affirmed to perform their duties with fidelity. Such meeting shall be called or known as the annual meeting. Thereafter, the council shall hold regular meetings at such times as may be prescribed by ordinance, but not less frequently than once each month. Special meetings may be called and held as prescribed by ordinance. All meetings of the council shall be open to the public except scheduled executive sessions.~~ **Moved to Section 6.01(e).**

At the annual meeting held on the second Monday in May, the members of council shall elect one of their members to serve as council president, such term to be in effect until the next regularly scheduled annual meeting or until a successor is elected. The council president shall serve as vice-mayor. Council president shall preside over regular and special council meetings.

The mayor shall preside over the annual meeting and quarterly town meetings, and at the annual meeting present a state of the city message and offer mayoral appointments for council confirmation. The mayor, upon recommendation from the council president, will present council appointments for council approval.

In the event of absence of the council president, then the senior member of council in terms of length of service as a councilman shall assume the duties of the council president and shall be designated council president acting. In the event that two (2) or more members of council have the same seniority in terms of length of service as a councilman, then the members of council shall vote and elect one of those as council president acting. Council president acting shall fulfill all of the duties and responsibilities of council president during his/her period of unavailability or absence.

State Law reference: Open Meetings Required, 29 Del. C. § 10004.

- (b) **Rules and Journal.** The city council shall determine its own rules and order of business and shall provide for keeping a journal of its proceedings. This journal shall be a public record.
- (c) **Voting.** Voting, except on procedural motions, shall be by roll call and the ayes and nays shall be recorded in the journal. _____members of the council shall constitute a quorum, but a smaller number may adjourn from time to time and may compel the attendance of absent members in the manner and subject to the penalties prescribed by the rules of the council. No action of the council, except as otherwise provided in the preceding sentence and in § 2.06 (c), shall be valid or binding unless adopted by the affirmative vote of _____or more members of council.

①

(Article II - Mayor and Council) Sec. 10. Meetings of Mayor and Council--Procedure.

Five (5) of the members elected to the council shall constitute a quorum to do business, but a less number may adjourn from time to time and may compel the attendance of absent members in such manner and under such penalties as may be prescribed by ordinance.

No ordinance, resolution, motion or order shall be valid unless it shall have (1) the affirmative vote of a majority of the members elected to the council, and (2) the written approval of the mayor, or the vice-mayor in those cases where the vice-mayor is authorized to act as mayor as provided in section 15 hereof, provided that in the absence of such approval by the mayor, or the vice-mayor as the case may be, the council may, after not less than seven (7) days nor more than thirty-five (35) days after the prior vote, pass or adopt the said ordinance, resolution, motion or order which did not receive the approval of the mayor, or the vice-mayor, by the affirmative vote of two-thirds of the members elected to council.

Whenever the council shall adopt an ordinance, resolution, motion or order, it shall be the duty of the mayor, or the vice-mayor, to signify his/her approval or disapproval thereof in writing to the clerk of the council within seven (7) days thereafter. The clerk of the council shall forthwith notify the members of the council of such approval or disapproval.

Motions to adjourn meetings of council and orders to compel the attendance of absent members shall not require the approval of the mayor or vice-mayor.

A councilman *shall may* abstain from voting on a matter that he/she feels would involve the consideration of his/her own official conduct, on a matter in which he/she has a financial interest, in a matter in which he has a conflict of interest or in accordance with a policy adopted by council.

The yeas and nays shall be taken upon the passage of every ordinance and resolution and entered together with the text of the ordinance or resolution upon the journal of the proceedings of the council. The journal shall be deemed conclusive evidence of the facts stated therein except in the case of fraud.

Section 2.12. Action Requiring an Ordinance.

In addition to other act required by law or by specific provision of this charter to be done by ordinance, those acts of the city council shall be by ordinance which:

- (1) Adopt or amend an administrative code or establish, alter, or abolish any city department, office, or agency;
- (2) Provide for a fine or other penalty or establish a rule or regulation for violation of which a fine or other penalty is imposed;
- (3) Levy taxes;
- (4) Grant, renew, or extend a franchise;
- (5) Regulate the rate charged for its services by a public utility;
- (6) Authorize the borrowing of money;
- (7) Convey or lease or authorize the conveyance or lease of any lands of the city;
- (8) Regulate land use and development;
- (9) Amend or repeal any ordinance previously adopted; or
- (10) Adopt, with or without amendment, ordinances proposed under the initiative power.

Acts other than those referred to in the preceding sentence may be done either by ordinance or by resolution.

Section 2.15. Codes of Technical Regulations.

The city council may adopt any standard code of technical regulations by reference thereto in an adopting ordinance. The procedure and requirements governing such an adopting ordinance shall be as prescribed for ordinances generally except that:

- (1) The requirements of **§ 2.13** (*Section 2.13 moved to Dover Code*) for distribution and filing of copies of the ordinance shall be construed to include copies of the code of technical regulations as well as of the adopting ordinance, and
- (2) A copy of each adopted code of technical regulations as well as of the adopting ordinance shall be authenticated and recorded by the city clerk pursuant to **§ 2.16(a)** (*Section 2.16(a) moved to Dover Code; however, committee recommended wording of current Code for Section 1-16 be maintained*).

Copies of any adopted code of technical regulations shall be made available by the city clerk for distribution or for purchase at a reasonable price.

Article III CITY MANAGER

Section 3.01. Appointment; Qualifications; Compensation.

The city council by a majority vote of its total membership shall appoint a city manager for an indefinite term and fix the manager's compensation. The city manager shall be appointed solely on the basis of education and experience in the accepted competencies and practices of local government management. The manager need not be a resident of the city of state at the time of appointment, but may reside outside the city while in office only with the approval of the council.

①

(Article III - City Manager) Sec. 33. The city manager generally. *(Consider Changing Title)*

~~The council shall appoint a city manager who shall be the chief administrative officer of the city. The City Manager need not, when appointed, be a resident of the city or the state. No member of the council shall, during the time for which elected, be chosen as city manager. The manager shall be *professionally accredited and* appointed for an indefinite term but shall be removable at the pleasure of the council. Before the manager may be removed he/she shall, if he/she so demand, be given a written statement of the reasons alleged for his/her removal and the right to be heard publicly thereon at a meeting of the council prior to the final vote on the question of his/her removal, but pending and during such hearing the council may suspend him/her from office. The action of the council in suspending or removing the manager shall be final, it being the intention of this Charter to vest all authority and fix all responsibility for such suspension or removal in the council. In case of the absence or disability of the manager the council may designate some qualified person to perform the duties of the office during such absence or disability. *(Moved to Section 3.02 below)*~~

Section 3.02. Removal.

If the city manager declines to resign at the request of the city council, the city council may suspend the manager by a resolution approved by the majority of the total membership of the city council. Such resolution shall set forth the reasons for suspension and proposed removal. A copy of such resolution shall be served immediately upon the city manager. The city manager shall have fifteen days in which to reply thereto in writing, and upon request, shall be afforded a public hearing, which shall occur not earlier than ten days nor later than fifteen days after such hearing is requested. After the public hearing, if one is requested, and after full consideration, the city council by a majority vote of its total membership may adopt a final resolution of removal. The city manager shall continue to receive full salary until the effective date of a final resolution of removal.

①

(Article III - City Manager) Sec. 33. The city manager generally. *(Consider Changing Title)*

~~The council shall appoint a city manager who shall be the chief administrative officer of the city. The City Manager need not, when appointed, be a resident of the city or the state. No member of the council shall, during the time for which elected, be chosen as city manager. The manager shall be appointed for an indefinite term *(Moved to Section 3.01 above)* but shall be removable at the pleasure of the council. Before the manager may be removed he/she shall, if he/she so demand, be given a written statement of the reasons alleged for his/her removal and the right to be heard publicly thereon at a meeting of the~~

council prior to the final vote on the question of his/her removal, but pending and during such hearing the council may suspend him/her from office. The action of the council in suspending or removing the manager shall be final, it being the intention of this Charter to vest all authority and fix all responsibility for such suspension or removal in the council. In case of the absence or disability of the manager the council may designate some qualified person to perform the duties of the office during such absence or disability.

Section 3.04. Powers and Duties of the City Manager.

The city manager shall be the chief executive officer of the city, responsible to the council for the management of all city affairs placed in the manager's charge by or under this charter. The city manager shall:

- (1) Appoint and suspend or remove all city employees and appointive administrative officers provided for by or under this charter, except as otherwise provided by law, this charter or personnel rules adopted pursuant to this charter. The city manager may authorize any administrative officer subject to the manager's direction and supervision to exercise these powers with respect to subordinates in that officer's department, office or agency;
- (2) Direct and supervise the administration of all departments, offices and agencies of the city, except as otherwise provided by this charter or by law;
- (3) Attend all city council meetings. The city manager shall have the right to take part in discussion but shall not vote;
- (4) See that all laws, provisions of this charter and acts of the city council, subject to enforcement by the city manager or by officers subject to the manager's direction and supervision, are faithfully executed;
- (5) Prepare and submit the annual budget and capital program to the city council, and implement the final budget approved by council to achieve the goals of the city;
- (6) Submit to the city council and make available to the public a complete report on the finances and administrative activities of the city as of the end of each fiscal year;
- (7) Make such other reports as the city council may require concerning operations;
- (8) Keep the city council fully advised as to the financial condition and future needs of the city;
- (9) Make recommendations to the city council concerning the affairs of the city and facilitate the work of the city council in developing policy;
- (10) Provide staff support services for the mayor and council members;
- (11) Assist the council to develop long term goals for the city and strategies to implement these goals;
- (12) Encourage and provide staff support for regional and intergovernmental cooperation;
- (13) Promote partnerships among council, staff, and citizens in developing public policy and building a sense of community; and
- (14) Perform such other duties as are specified in this charter or may be required by the city council.

Sec. 34. Responsibility of manager; powers of appointment and removal.

The city manager shall be responsible to the council for the proper administration of all affairs of the city placed in his/her charge, and to that end, except as otherwise provided herein, he/she shall have the power to appoint and remove all employees in the administrative service of the affairs of the city under his/her charge. All such appointment shall be without definite term.

Sec. 35. Removal of employees by manager.

Employees appointed by the city manager, or under his/her authorization, may be removed by him/her at any time. The decision of the manager in any such case shall be final and there shall be no appeal therefrom to any other officer, body or court whatsoever.

Sec. 37. Duties of the manager.

It shall be the duty of the city manager to supervise the administration of the affairs of the city under his/her charge; to make such recommendations to the council concerning the affairs of the city as may seem to him/her desirable; to keep the council advised of the financial conditions and future needs of the city; to prepare and submit to the council the annual budget estimate; to prepare and submit to the council such reports as may be required by that body; and to perform such other duties as may be prescribed by this Charter or required of him/her by ordinance or resolution of the council.

Sec. 40. Other functions of city manager.

The city manager shall have charge of the light and water plant operated by the city, and of the light and water and sewer systems of the city. The City Manager shall have charge of the supervision of the streets, gutters, curbs and sidewalks of the city and of all work relating thereto. The City Manager shall have charge of the administration of all provisions of this Charter and ordinances and regulations of the council relating to affairs of the city, when not otherwise provided for by this Charter or by any ordinance or resolution of the council. The City Manager shall ex officio be the collector of taxes for the city. It shall be his/her duty to collect all water rents and fees for the tapping of water mains and sewers, all charges for electric current and all city revenue from any source whatsoever. The City Manager shall pay over to the city treasurer at least monthly, and oftener if required by council, all moneys received or collected by him/her and by any employee under him/her.

The City Manager shall keep a full and strict account of all moneys received and all transfers made by him/her to the City Treasurer and such accounts shall be at all times open to inspection by the council. The City Manager shall make such reports and at such times as the council shall direct.

Article IV
DEPARTMENTS, OFFICES, AND AGENCIES

Section 4.01. General Provisions.

(a) Creation of Departments. The city council may establish city departments, offices, or agencies in addition to those created by this charter and may prescribe the functions of all departments, offices,

and agencies. No function assigned by this charter to a particular department, office, or agency may be discontinued or, unless this charter specifically so provides, assigned to any other.

(b) Direction by City Manager. All departments, offices, and agencies under the direction and supervision of the city manager shall be administered by an officer appointed by and subject to the direction and supervision of the manager. With the consent of council, the city manager may serve as the head of one or more such departments, offices, or agencies or may appoint one person as the head of two or more of them.

Sec. ? Power of council to impose and collect transfer tax. (Moved from Section 3 (last paragraph) - (new Section # and Title?): Notwithstanding any statute to the contrary, the City of Dover shall have the power by ordinance to impose and collect a tax, to be paid by the transferor or transferee as determined by council, upon the transfer of real property within the city not to exceed one and a half percent (1.5%) or as amended by State law of the value of the real property as represented by the document transferring the property. The provisions of Section 5401 and Section 5403 of Chapter 54, Title 30 of the Delaware Code shall apply with respect to any realty transfer tax imposed by the City of Dover pursuant to the authority granted herein. The Council of the City of Dover may adopt an ordinance or ordinances to provide for the effective administration and regulation of any tax adopted pursuant to the authority conferred herein. If the taxing power and authority granted herein shall be exercised by way of a stamp affixed to a document, the recorder of deeds in and for Kent County shall not receive for record documents subject to said tax unless stamps provided by the City of Dover are affixed thereto showing payment of the tax.

(Article II - Mayor and Council)

Sec. 20. Power of council to provide for fire protection measures. (Revisit with Regard to Who Provides Fire Protection for Annexed Properties - see also Section 46-41 of the Dover Code)

The council shall have power to adopt all measures requisite or appropriate for protection against fire. To this end the council may adopt ordinances prohibiting the use of building materials that the council deem would create a fire hazard, and may zone or district the city and make particular provisions for particular zones or districts with regard to buildings and building materials. This power shall be deemed to embrace new buildings or additions to or alterations of existing structures of every kind. The council shall have the power to condemn any building or structure or portion thereof that it deems to be a health hazard or constitutes a fire menace or to require or cause the same to be torn down, removed, or so altered as to eliminate the health hazard or menace of fire.

Sec. 22. Power of council to regulate construction of buildings and require permits; building inspector authorized.

The power of the council to adopt ordinances for the safety of the city and its population shall be deemed to embrace the right to prescribe the height and thickness of the walls of any building and the kind and grade of materials used in the construction thereof.

The council may provide for the issuance of building permits and forbid the construction of a new building or the addition to or alteration and repair of an existing building except when a building permit has been obtained therefore. The council may appoint a building inspector and prescribe his/her powers and duties.

Sec. 23. Power of council to create city planning commission; members generally.

The council may create a city planning commission for the development, improvement, and beautification of the city, and prescribe its powers and duties. No member of the planning commission may hold at the same time, any elected city office.

Members of any planning commission created by the city shall consist of two (2) members from each council district and one member serving at large.

All members of the planning commission must be residents of the City of Dover.

Each appointed member of the commission shall receive per diem reimbursement for expenses to be paid quarterly for preparation and attendance at each meeting of the planning commission attended in an amount to be set by council.

Sec. 24. Power of council to franchise or license public utilities and common carriers.

The council shall have the right to grant or refuse franchises or licenses to public utilities and common carriers and fix the terms and conditions thereof and to regulate their use of the streets, lanes, alleys, rights-of-way, and air space or airways of the city.

Sec. 25. Power of council to operate light, power or water plant.

The council shall have power to operate a light, power and water plant for the city, and to do all things necessary for its maintenance and operation. The council may at their option transmit electric current and or water from its said plant to places or properties outside of the city limits upon such terms, charges and conditions as they shall determine.

The council shall have power to adopt ordinances, rules and regulations in regard to the use for public or private purposes of electric current distributed and or water furnished by the city and the amount to be paid by the users thereof, and fix fines and penalties for any willful or negligent injury or damage to its water and light plant, and to any objectionable use in connection with its light and water system, and to any interference with or obstruction of the said system.

Sec. 26. Power of council with reference to sewers.

The council shall have superintendence and supervision of the sewers and the sewer system of the city. They shall have power to install any or additional sewers in the city. The council may by condemnation proceedings take for sewer purposes, private land, or the right to use private land under the surface thereof, for the laying of sewer mains. The proceedings by condemnation under this section shall be the same as prescribed by Section 27 of this Charter with regard to the laying out of new streets, and the resolutions referred to in said section shall be modified to cover the case contemplated by this present section.

The council shall have power to make all ordinances, rules and regulations regarding the sewers and sewer system of the city and the use thereof, and may fix fines and penalties for the violation of the provisions of such ordinances. The council may require any property in the city to be connected with the

water and sewer mains and to compel the owner of such property to pay the cost of such connection and the tapping fee or charge therefore. The connecting with the water or sewer mains and the tapping thereof shall be under the regulation and control of the council.

The council may extend the sewer system of the city to places outside of the city limits upon such terms, charges and conditions as it shall determine.

The council is hereby authorized to impose a charge or rent for the use of the sewer system of the city, both within and without the limits of the city, and in addition to the connection or tapping charges.

Sec. 27. Power of council to layout, locate, abandon, etc., streets, sidewalks, etc.

The council shall have power and authority to lay out, locate, accept, and open new streets and to widen and to alter existing streets or parts thereof, and to vacate or abandon streets or parts thereof, whenever they shall deem it for the best interest of the city.

Whenever, the land comprehended or included in any street, or part thereof, vacated or abandoned under this section is owned by the city, the council may, in their discretion, sell such land either at private or public sale and for such consideration as the council shall deem proper, and shall have the right and power to convey to the purchaser or purchasers thereof a good and sufficient title thereto.

The word 'street' shall be deemed and held to comprehend and include sidewalks, lanes and alleys.

Sec. 28. Power of council to pave streets, sidewalks, etc. and levy assessment for public improvements; municipal lien docket.

The council shall have power to pave or repave, or to cause to be paved, or repaved, the streets and sidewalks of the city, or any part or portion thereof, with such material or materials as it shall determine.

The power hereby conferred shall be exercised in the following manner, to wit:

SPECIAL ASSESSMENTS

A. €. The city shall have the authority to levy and collect special assessments upon property in a limited and determinable area for special benefits accruing to such property as a consequence of any municipal public work or improvement, and to provide for the payment of all, or any part of, the cost of the work, service or improvement out of the proceeds of such special assessments.

When the term "owner" or "owners" is used with respect to special assessments, it shall be deemed to mean the person or persons who owned the property in question at the time of the enactment of the assessment ordinance, and, any change in ownership thereafter shall not be deemed to affect any of the steps or proceedings described in this Charter with respect to special assessments.

The council shall also have the authority to enact ordinances which provide for the levy and collection of assessments against property owners for the cost of installation of sanitary sewers, storm sewers, water mains, streets, sidewalks, street lights, curbs, gutters and other public improvements.

Such ordinances shall prescribe:

- (1) The basis to determine the amount which shall be assessed upon the properties abutting the public work or improvement;
- (2) What portion of corner properties shall be considered frontage and what portion side frontage and whether there shall be any exemption on side frontage;
- (3) Payment provisions providing for payment in installments, except that assessments for current services or service connections shall be payable within one year; and
- (4) Rules under which individual appeals shall be heard.

All special assessments and all water and sewer service charges shall be liens and shall be entered in the municipal lien docket as liens.

The council may provide for the payment of special assessments for whatever purpose levied by installments, but assessments for permanent improvements shall be paid in annual or more frequent installments, and, assessments for current services shall be payable within one year.

MUNICIPAL LIEN DOCKET

B. ~~D.~~ A docket known as the "City of Dover Municipal Lien Docket" shall be prepared and maintained by the city manager. The docket shall be substantially the same in form as the judgment docket for Kent County and shall contain an index according to the name of the owner against whom such lien has been assessed. All taxes and all charges for water service, sewer service, garbage service, electric service, grass cutting services and debris removal, dangerous building ordinance costs and assessments, special assessments for municipal improvements of any nature, and all other charges or assessments made by the city against property owners may be recorded in the municipal lien docket and shall be and constitute a lien upon all of the real estate of the taxable against or upon whom such taxes and/or charges are laid or imposed, of which such taxable was seized at any time after such taxes and/or charges have been levied and imposed, situate in the City of Dover. All liens so recorded shall continue in full force and effect until the same plus accrued costs have been paid in full. Upon payment in full of the lien and all costs, it shall be the duty of the city manager to enter forthwith upon the docket the date of final payment and the words "satisfied in full." Failure to record liens in the municipal lien docket shall not affect liens otherwise provided for in 25 Del. section 2901, et seq.

Sec. 29. Streets, sidewalks, etc. to be under control of council; power of council to prescribe grades thereon and regulate traffic.

The streets, sidewalks, lanes and alleys in the city shall be under the supervision, management and control of the council, and the council may prescribe the grades thereof and adopt ordinances regulating the use thereof and the traffic thereon.

Sec. 30. Power of council to provide for disposal of garbage and sewage.

The council shall have power to provide for the incineration or other sanitary disposal of litter, debris, refuse, garbage and sewage.

Sec. 31. Power of council to regulate parking and provide parking lots.

The council shall have power to adopt ordinances regulating the parking of automobiles and motor vehicles within the city, and may lease or purchase land to be used for parking purposes.

Section 4.02. Personnel System.

(a) Merit Principle. All appointments and promotions of city officers and employees shall be made solely on the basis of merit and fitness demonstrated by a valid and reliable examination or other evidence of competence.

(b) Merit System. Consistent with all applicable federal and state laws the city council shall provide by ordinance for the establishment, regulation, and maintenance of a merit system governing personnel policies necessary to effective administration of the employees of the city's departments, offices and agencies, including but not limited to classification and pay plans, examinations, force reduction, removals, working conditions, provisional and exempt appointments, in-service training, grievances and relationships with employee organizations.

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Sec. 32. Council to determine salaries of city appointees and employees

The salaries or emoluments of all city appointees and city employees shall be determined by the council through the pay system and Collective Bargaining Agreements as amended.

Section 4.03. Legal Officer.

(a) Appointment.

There shall be a legal officer of the city appointed by the city manager as provided in § 4.01(b).

(b) Role. The legal officer shall serve as chief legal adviser to the council, the manager and all city departments, offices and agencies, shall represent the city in all legal proceedings and shall perform any other duties prescribed by state law, by this charter or by ordinance.

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(Article V - Miscellaneous Provisions)

Sec. 54. City solicitor.

At the annual meeting the council shall elect a city solicitor for the term of one year or until his/her successor has been duly chosen and qualified.

The city solicitor may be removed during his/her term by a vote of three-fourths of the members elected to the council.

The city solicitor shall be an attorney at law who shall have practiced in the State of Delaware for at least five (5) years. The City solicitor shall be the chief legal adviser of and attorney for the city. It shall be his/her duty, either personally or by such assistants as they may designate, to attend meetings of the

council; to give advice in writing, when so requested, to the council or the city manager; to prosecute or defend, as the case may be, all suits or cases to which the city may be a party; to prosecute for all offenses against the ordinances of the city and for such offenses against the laws of the state as may be required of him/her by law; to prepare all contracts, bonds and other instruments in writing in which the city is concerned, and to endorse on each his/her approval of the form and correctness thereof; and to perform such other duties of a legal nature as the council may by ordinance require. In addition to the duties imposed upon the solicitor by this Charter or required of him/her by ordinance or resolution of the council he/she shall perform any duties imposed upon the chief legal officers of municipalities by law.

At the annual meeting the council shall elect a deputy city solicitor for the term of one year or until his/her successor has been duly chosen and qualified. The deputy city solicitor shall be an attorney-at-law entitled to practice law in the State of Delaware, and shall serve in such manner as shall be determined by the city solicitor to be necessary and proper.

Article V FINANCIAL MANAGEMENT

Sec. 50. Debt limit. *(Location of this Section?)*

(a) Whenever the needs of the city shall require more money than is at the time in the city treasury from current receipts, the council shall be authorized and empowered to anticipate current revenue by borrowing such sums as shall be needed not in excess of one (1) percent of the total taxable assessment for a general tax. The amount so borrowed shall be paid back out of current revenue received thereafter.

To exercise the power aforesaid the council shall adopt a resolution to that effect, which resolution shall require the affirmative vote of at least three-fourths of all the members of the council, and the approval of the mayor. The indebtedness created under this section shall be evidenced by the bond, or note, of the city, and the faith and credit of the city shall be deemed to be pledged thereby.

(b) The mayor and council is hereby authorized and empowered to borrow from time to time on the faith and credit of The City of Dover sums of money for such purposes as may be deemed necessary and proper by the mayor and council of the said city which purpose shall be consistent with the powers conferred upon the mayor and council of The City of Dover by the Charter thereof, as amended, for the management and maintenance of the said city and for these purposes the mayor and council shall have full power and authority to issue bonds of the said "The City of Dover."

The aggregate of the amounts so borrowed together with all other bonded indebtedness for which the full faith and credit of The City of Dover has been pledged shall not at any time exceed a sum equal to *five (5)* percent of the total assessed value of real property situate within the bounds of The City of Dover as such boundaries shall from time to time appear.

The said bonds shall be issued in one or more series, shall bear such date or dates, shall mature at such time or times, shall bear interest at such rate or rates, shall be payable at such time or times, and at such place or places, shall be in such denominations, and shall contain such other provisions as the mayor and council may provide and shall be set forth in the said bonds. Said bonds may or may not be coupon bonds and may be registered or otherwise as the mayor and council deem advisable.

The mayor and council shall direct and effect the preparation and sale of said bonds at such time or times, at such price or prices, and upon such terms as the said mayor and council deem advisable, and all the monies arising from the sale of said bonds shall be used for the municipal purposes of The City of Dover specified in the resolution authorizing their issue.

The form of said bonds and of any coupons which may be thereunto attached shall be as prescribed by the mayor and council, and all such bonds shall be signed by the mayor and the treasurer of The City of Dover and sealed with the corporate seal thereof. Facsimile signatures of the mayor and treasurer and a facsimile of the corporate seal may be imprinted upon such bonds and any coupons attached to said bonds in lieu of the signatures of the said mayor and treasurer in their own handwriting and of the affixing of the corporate seal itself.

Said bonds of The City of Dover shall be exempt from all state, county and municipal taxes.

The mayor and council of The City of Dover are hereby authorized and required to levy and raise by taxation in each and every year such sums of money as may be required to pay the interest accrued on said bonds while all or any of said bonds remain unpaid, and the said mayor and the city council are further authorized and required to levy and raise by taxation, from time to time such sum or sums of money as shall be needed to establish such sinking funds as the said mayor and the city council may at their discretion authorize for the redemption of said bonds, or any of them, at or before their maturity and such sum or sums of money as shall be required to otherwise redeem any or all or said bonds at or before their maturity. Taxes for interest and for redemption of said bonds shall be levied and raised as taxes for general municipal purposes in the said city are levied and raised and shall be in addition to those levied and raised for any and all other municipal purposes.

A statement appearing in the bonds issued under the provisions of this section to the effect that the bonds have been duly authorized shall be deemed and held to be conclusive evidence in favor of the lawful holder of any such bonds that the terms and conditions of this section have been fully met and complied with.

(c) Bonds may be authorized and issued pursuant to subsection (b), without a referendum vote, by a resolution of the council which shall have the affirmative vote of three-fourths of the members thereof and the approval of the mayor, for the following purposes:

(i) to finance public storm sewers, streets and appurtenances provided that no more than ***1/4 of 1% of total assessed value of real property of*** aggregate principal amount of bonds may be issued at any one time pursuant to this clause (i) and any new bonds issued pursuant to this clause (i) may not cause the total aggregate principal amount of bonds outstanding at any one time pursuant to this clause (i) to exceed one (1) percent of the total taxable assessment for a general tax at the time such new bonds are issued; and

(ii) to refund bonds secured by the city's full faith and credit, prior to their stated maturity, provided that (A) the present value of the aggregate principal and interest payments of the refunding bonds are not greater than the present value of the aggregate principal and interest payments on the bonds to be refunded determined by discounting at the effective interest rate on the refunding bonds, calculated based on the internal rate of return: and (B) at the time of issuance of the refunding bonds there are deposited in escrow, pledged to secure the refunded bonds, sufficient monies and/or direct obligations of, or

obligations the principal of and interest on which are guaranteed by, the United States government, which, without regard to any reinvestment earnings, will be sufficient to pay when due all interest, principal and redemption price on the refunded bonds at maturity or upon earlier call for redemption.

(d) Except for bonds issued pursuant to subsection (c) hereof, all bonds issued under the provisions of subsection (b) shall first be approved by a referendum vote of the qualified voters (as herein defined) of The City of Dover.

Notice of the holding of such referendum election shall be authorized by resolution of the mayor and council, published once a week, for at least three (3) consecutive weeks in at least one newspaper circulated in The City of Dover, Delaware. Such notice shall be set out in summary form the amount and purposes of such bond issue, the date and place of holding the referendum election and the hours the polls will be open.

At said referendum election "qualified voter" shall mean every natural person who is a resident or a nonresident taxable of the city, of the age of eighteen (18) years or upwards. Each qualified voter shall be eligible to vote and shall have one vote.

The City Assessor or his/her designee shall attend the election with the last city assessment and tax payment records for the inspection of the election officers. The referendum election shall be held at such date as the mayor and council shall designate. The referendum election shall be held at such suitable place in said city as the mayor and council shall designate in said published notice. The polls shall be open from 7:00 a.m. (local time), and shall close at 8:00 p.m. (local time). The judge of the election shall, in the case of a tie vote on the bond issue cast the deciding vote, otherwise judge of the election shall refrain from voting, but the election clerks may vote.

The total votes cast for and the total votes cast against the bond issue shall be certified as correct by at least two (2) of the election officers and delivered to the mayor, or to the clerk of council immediately after the total vote count has been certified.

The mayor and council shall at the next regular meeting after the election, or at a special meeting, receive the results of the referendum election and make the same a part of the minutes of said meeting, whereupon if a majority of the votes cast were for the bond issue bonds herein provided for may be issued and sold as provided in subsection (b), but if at such referendum election the majority of the votes cast were against the bond issue, then no bonds shall be issued nor shall any money be borrowed pursuant to the resolution submitted to the referendum.

(e) In addition to the power otherwise granted in this section, the mayor and council may issue special assessment revenue bonds to finance those public projects for which the city may levy and collect special assessments pursuant to Section 28 of this Charter. Such bonds shall not obligate the faith and credit of the city, but shall be payable solely from the proceeds of the special assessments which are pledged to the payment thereof. Such bonds shall be authorized without a referendum vote by a resolution of the council which shall have the affirmative vote of three-fourths of the members thereof and the approval of the mayor.

(f) After authorization of the sale of bonds as provided in this section and in anticipation of the sale and issuance of said bonds, the mayor and council may borrow money and issue notes of the city for the purpose and to the extent of the amount of bonds authorized to be sold, less the amount of any bonds

theretofore issued under such authority. The said borrowing shall be authorized by a resolution of the council which shall have the affirmative vote of three-fourths of the members thereof and the approval of the mayor, and the note or notes thereby authorized shall be signed by the mayor and treasurer of the city. When issued and signed in accordance with this subsection (f), the faith and credit of the city shall be deemed to be pledged for the repayment of all said notes, except those issued pursuant to subsection (e) hereof.

The note or notes issued in anticipation of a bond issue may be renewed from time to time, but the proceeds of the sale of such bonds shall, to the extent necessary, be first used to pay and retire such notes. Said notes may be redeemed at par and accrued interest at any time prior to their maturity if the right so to do shall have been reserved.

(g) For the purposes of the debt limitations prescribed in this section, (i) any bonds which have been refunded pursuant to subsection (c)(ii) shall be treated as no longer outstanding; and (ii) bonded indebtedness, principal amount of bonds and bonds outstanding shall be determined without regard to original issue discount.

Section 5.02. Submission of Budget and Budget Message.

On or before the ____ day of _____ of each year, the city manager shall submit to the city council a budget for the ensuing fiscal year and an accompanying message.

Section 5.03. Budget Message.

The city manager's message shall explain the budget both in fiscal terms and in terms of the work programs, linking those programs to organizational goals and community priorities. It shall outline the proposed financial policies of the city for the ensuing fiscal year and the impact of those policies on future years. It shall describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the city's debt position, including factors affecting the ability to raise resources through debt issues, and include such other material as the city manager deems desirable.

Section 5.04. Budget.

The budget shall provide a complete financial plan of all city funds and activities for the ensuing fiscal year and, except as required by law or this charter, shall be in such form as the city manager deems desirable or the city council may require for effective management and an understanding of the relationship between the budget and the city's strategic goals. The budget shall begin with a clear general summary of its contents; shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year; and shall be so arranged as to show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year. It shall indicate in separate sections:

- (1) The proposed goals and expenditures for current operations during the ensuing fiscal year, detailed for each fund by department or by other organization unit and program, purpose or activity, method of financing such expenditures, and methods to measure outcomes and performance related to the goals;

- (2) Proposed longer-term goals and capital expenditures during the ensuing fiscal year, detailed for each fund by department or by other organization unit when practicable, the proposed method of financing each such capital expenditures, and methods to measure outcomes and performance related to the goals; and
- (3) The proposed goals, anticipated income and expenses, profits and loss for the ensuing year for each utility or other enterprise fund or internal service fund operated by the city, and methods to measure outcomes and performance related to the goals. For any fund, the total of proposed expenditures shall not exceed the total of estimated income plus carried forward fund balance exclusive of reserves.

Section 5.05. City Council Action of Budget.

(a) Notice and Hearing. The city council shall publish the general summary of the budget and a notice stating:

- (1) The times and places where copies of the message and budget are available for inspection by the public, and
- (2) The time and place, not less than two weeks after such publication, for a public hearing(s) on the budget.

(b) Amendment Before Adoption. After the public hearing, the city council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for an estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than total estimated income.

(c) Adoption. The city council shall adopt the budget on or before the ____ day of the _____ month of the fiscal year currently ending. If it fails to adopt the budget by this date, the budget proposed by the city manager shall go into effect.

(d) “Publish” defined. As used in this article, the term “publish” means to print in the contemporary means of information sharing, which includes but is not limited to, one or more newspapers of general circulation in the city, and, if available, in a web site.

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Sections 5.02 through 5.05 above - compared to below

Sec. 44. Annual budget. *Members of the CRC had no objections to the request of the Treasurer/Finance Director for Section 44 to be moved to Article III, under the City Manager; however, using the Model City Charter, this Section would be listed within the “Financial Management” Article.*

On or before the second Monday of May of each year, the city manager shall prepare and submit to the council, a budget, presenting a financial plan for conducting the affairs of the city for the ensuing fiscal year. The total of proposed expenditures shall not exceed the total of anticipated income.

The budget shall include the following information:

1. A detailed statement showing the expenses of conducting each department and office of the city for the current year and last preceding fiscal year.
2. A detailed estimate of the expenses of conducting each department and office of the city for the ensuing fiscal year with reasons for the increases and decreases recommended.
3. The amount of the debt of the city together with a schedule of maturities of bond issues.
4. A statement showing the amount required for interest on the city debt and for paying off any bonds maturing during the year and the amount required for the sinking fund.
5. An itemized statement of all anticipated income of the city with a comparative statement of the amounts received by the city from each of the same or similar sources for the last preceding and current fiscal years.
6. An estimate of the amount of money to be received from taxes.
7. Such other information as the city manager may think desirable or as may be required by the council.

The council shall on or before the second Monday in the month of June in each year adopt a budget for the succeeding fiscal year. The council shall, so far as possible, adhere to the budget so adopted in the making of appropriations.

Section 5.07. Amendments after Adoption.

(a) Supplemental Appropriations. If during or before the fiscal year the city manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the city council by ordinance may make supplemental appropriations for the year up to the amount of such excess.

(b) Emergency Appropriations. To address a public emergency affecting life, health, property or the public peace, the city council may make emergency appropriations. Such appropriations may be made by emergency ordinance in accordance with the provisions of § 2.14. To the extent that there are no available unappropriated revenues or a sufficient fund balance to meet such appropriations, the council may by such emergency ordinance authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid or refinanced as long-term debt not later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made.

(c) Reduction of Appropriations. If at any time during the fiscal year it appears probable to the city manager that the revenues or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the manager shall report to the city council without delay, indicating the estimated amount of the deficit, any remedial action taken by the manager and recommendations as to any other steps to be taken. The council shall then take such further action as it deems necessary to prevent or reduce any deficit and for that purpose it may by ordinance reduce or eliminate one or more appropriations.

(d) Transfer of Appropriations. At any time during or before the fiscal year, the city council may be resolution transfer part or all of the unencumbered appropriation balance from one department, fund, service, strategy or organizational unit to the appropriation for other departments or organizational units or a new appropriation. The manager may transfer funds among programs within a department, fund, service, strategy or organizational unit and shall report such transfers to the council in writing in a timely manner.

(e) Limitation; Effective Date. No appropriation for debt service may be reduced or transferred, except to the extent that the debt is refinanced and less debt service is required, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof. The supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.

Section 5.08. Administration and Fiduciary Oversight of the Budget.

The city council shall provide by ordinance the procedures for administration and fiduciary oversight of the budget.

Section 5.09. Capital Program.

(a) Submission to City Council. The city manager shall prepare and submit to the city council a multi-year capital program no later than three months before the final date for submission of the budget.

(b) Contents. The capital program shall include:

- (1) A clear general summary of its contents;
- (2) Identification of the long-term goals of the community;
- (3) A list of all capital improvements and other capital expenditures which are proposed to be undertaken during the fiscal years next ensuing, with appropriate supporting information as to the necessity for each;
- (4) Cost estimates and recommended time schedules for each improvement or other capital expenditure;
- (5) Method of financing upon which each capital expenditure is to be reliant;
- (6) The estimated annual cost of operating and maintaining the facilities to be constructed or acquired;
- (7) A commentary on how the plan addresses the sustainability of the community and the region of which it is a part; and
- (8) Methods to measure outcomes and performance of the capital plan related to the long-term goals of the community.

The above shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition.

Section 5.10. City Council Action on Capital Program.

(a) Notice and Hearing. The city council shall publish the general summary of the capital program and a notice stating:

- (1) The times and places where copies of the capital program are available for inspection by the public, and
- (2) The time and place, not less than two weeks after such publication, for a public hearing(s) on the capital program.

(b) Adoption. The city council by resolution shall adopt the capital program with or without amendment after the public hearing and on or before the _____ day of the _____ month of the current fiscal year.

Section 5.11. Independent Audit.

The city council shall provide for an independent annual audit *in accordance with §2.10* of all city accounts and may provide for more frequent audits as it deems necessary. An independent certified public accountant or firm of such accountants shall make such audits. Such audits should be performed in accordance with Generally Accepted Auditing Standards (GAAS) and Generally Accepted Governmental Auditing Standards (GAGAS).

The Council shall designate no fewer than three of its members to serve as an Audit Committee. This Committee shall:

- (1) Lead the process of selecting an independent auditor;
- (2) Direct the work of the independent auditor as to the scope of the annual audit and any matters of concern with respect to internal controls; and
- (3) Receive the report of the internal auditor and present that report to the council with any recommendations from the Committee.

The council shall, using competitive bidding, designate such accountant or firm annually, or for a period not exceeding five years, but the designation for any particular fiscal year shall be made no later than 30 days after the beginning of such fiscal year. The standard for independence is that the auditor must be capable of exercising objective and impartial judgement on all issues encompassed within the audit engagement. No accountant or firm may provide any other services to the city during the time it is retained to provide independent audits to the city. The city council may waive this requirement by a majority vote at a public hearing. If the state makes such an audit, the council may accept it as satisfying the requirements of this section.

Article IV. Financial Affairs, Sec. 46. Annual audit. *(This section also appears in Section 2.10 - Independent Audit)* - delete from here?

Annually in the month of July the council shall have the finances of the city and the books and accounts of the city manager and the city treasurer audited by a certified accountant.

As soon as practicable after such audit has been completed, the council shall cause to be made and published a report of the city's finances for the preceding fiscal year.

Article VI ELECTIONS

Section 6.01. City Elections.

(a) **Regular Elections.** The regular city election shall be held [at the time established by state law] on the first _____ [day of week], in _____ [fall or spring month of odd- or even-numbered year], and every 2 years thereafter.

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Sec. 6. Municipal election dates.

Regular municipal elections shall be held each year on the third Tuesday in April and shall be known as regular municipal elections. All other municipal elections that may be held shall be known as special municipal elections. At the regular municipal election held on the third Tuesday in April of any odd numbered year, five (5) councilmen shall be elected for a term of two (2) years, four (4) of whom shall be elected by district voting from each of the districts as designated by council and one of whom shall be elected by at-large voting by all voters of the city, as provided in Section 5 of this Charter. At the regular municipal election held on the third Tuesday in April of any even numbered year, four (4) councilmen shall be elected by district voting from each of the districts as designated by council for a term of two (2) years, and a mayor shall be elected by the voters of the city for a term of two (2) years, as provided in Section 5 of this Charter.

(b) **Registered Voter Defined.** All citizens legally registered under the constitution and laws of the State of Delaware to vote in the city shall be registered voters of the city within the meaning of this charter.

(c) **Conduct of Elections.** The provisions of the general election laws of the State of Delaware shall apply to elections held under this charter. All elections provided for by the charter shall be conducted by the election authorities established by law. Candidates shall run for office without party designation. For the conduct of city elections, for the prevention of fraud in such elections and for the recount of ballots in cases of doubt or fraud, the city council shall adopt ordinances consistent with law and this charter, and the election authorities may adopt further regulations consistent with law and this charter and the ordinances of the council. Such ordinances and regulations pertaining to elections shall be publicized in the manner of city ordinances generally.

~~(d) **Proportional Representation.** The council may be elected by proportional representation by the method of the single transferable vote. *(Ranking of votes has not been approved - this subsection should be eliminated)*~~

①

Sections 6.01 (b) through (c) above - compared to below. Also deletion of (d)?

Sec. 8. Time and place of elections; election board; counting of votes; determination of winners; tie votes; persons eligible to vote; voter registration; official ballots and voting machines; absentee ballots.

The regular municipal election shall be held annually on the third Tuesday of April. At each such regular municipal election, the polls shall be opened at 7:00 a.m. and closed at 8:00 p.m. The council may

designate the places of election and make all necessary rules and regulations not inconsistent with this Charter or with other laws of the State of Delaware for the conduct of elections, for the prevention of fraud in elections, and for the recount of ballots in case of doubt or fraud.

All elections shall be held by an election board. The City Clerk may designate such other persons as he/she shall deem necessary to assist the members of the election board in the conduct of the election and counting of the ballots. Should any or all of the members of the election board be absent from the place of election at 7:00 a.m. on the day of the election or fail or neglect to act in the conduct of such election during the time the polls are open and until the ballots are counted and the results of the election certified, the voters of the city present at such time may choose from the qualified voters of the city such person or persons as shall be necessary to fill places made vacant by the absence or neglect aforesaid.

When the polls are closed, the election board shall publicly count the votes and shall certify the results of the election to each of the persons elected and to the council. The candidate for the office of mayor who receives the highest number of votes cast for that office shall be declared to be elected mayor; the candidate for the office of at-large councilman who receives the highest number of votes cast for that office shall be declared to be elected at-large councilman; and the candidates for the offices of councilmen from each district who receive the highest number of votes cast by voters who reside in that district and cast votes for councilmen of that district shall be declared to be elected to that office. In the event of a tie vote for any office, a special election for said office(s) only shall be held within thirty (30) days and the registration books shall remain closed until the outcome of the special election is determined.

Every resident of the City of Dover who shall have reached the age of eighteen (18) years by the time of the election and who is properly registered to vote shall be entitled to vote at all regular or special municipal elections. A voter will be considered properly registered to vote if they are properly registered to vote for state elections in accordance with Title 15 of the Delaware Code as amended.

The council shall provide for the use of voting machines in all regular and special municipal elections in conformity with Title 15 of the Delaware Code by ordinance duly adopted by council. Voting machines shall be used in accordance with Title 15 of the Delaware Code and by ordinance duly adopted by council. The names of the candidates for each office shall be listed in alphabetical order on the voting machines under the name of the office to which they seek election. The voters shall designate their choice of candidates in accordance with the regular method of operation of voting machines. The council may provide sample ballots plainly marked as such and printed on paper of any color except white to be distributed to any voter or candidate who requests them prior to or during the election.

Any qualified voter, duly registered, who shall be unable to appear to cast their ballot at any election either because of being in the public service of the United States or of this state, or because they will be unavoidably absent from the city on the day of the election, or because of his/her sickness or physical disability may cast a ballot at such election by absentee ballot to be counted in the total of such election. The council may provide the rules and regulations for such absentee voting by ordinance for all elections.

(e) **Beginning of term.** The terms of council members shall begin the _____ day of _____ after their election.

(Article II - Mayor and Council) Sec. 9. Meetings of mayor and council--Generally.

At 7:30 p.m. on the second Monday in May following a regular municipal election, the mayor and council shall meet at the usual place for holding council meetings and the newly elected officers shall assume the duties of office, being first duly sworn or affirmed to perform their duties with fidelity. Such meeting shall be called or known as the annual meeting. ~~Thereafter, the council shall hold regular meetings at such times as may be prescribed by ordinance, but not less frequently than once each month. Special meetings may be called and held as prescribed by ordinance. All meetings of the council shall be open to the public except scheduled executive sessions.~~ **(Moved to Section 2.11)**

~~At the annual meeting held on the second Monday in May, the members of council shall elect one of their members to serve as council president, such term to be in effect until the next regularly scheduled annual meeting or until a successor is elected. The council president shall serve as vice-mayor. Council president shall preside over regular and special council meetings.~~ **(Moved to Section 2.11)**

~~The mayor shall preside over the annual meeting and quarterly town meetings, and at the annual meeting present a state of the city message and offer mayoral appointments for council confirmation. The mayor, upon recommendation from the council president, will present council appointments for council approval.~~ **(Moved to Section 2.11)**

~~In the event of absence of the council president, then the senior member of council in terms of length of service as a councilman shall assume the duties of the council president and shall be designated council president acting. In the event that two (2) or more members of council have the same seniority in terms of length of service as a councilman, then the members of council shall vote and elect one of those as council president acting. Council president acting shall fulfill all of the duties and responsibilities of council president during his/her period of unavailability or absence.~~ **(Moved to Section 2.11)**

Section 6.02. Council Districts; Adjustment of Districts (for use with Alternatives II, III and IV of Section 6.03).

(a) Number of Districts. There shall be _____ city council districts.

①

(Article II - Mayor and Council) Sec. 5. Council to be legislative body; size; districts; terms of mayor and councilmen; qualifications.

The council shall be the legislative body of the city and composed of nine (9) members nominated and elected as herein provided. **Also, see Section 2.01 (delete from here?)**

(b) Council to Redistrict. Following each decennial census, the city council shall, by ordinance, adjust the boundaries of the city council districts using the criteria set forth in Section 6.02(e).

(c) Procedures.

- (1) The city council shall hold one or more public hearings prior to bringing any proposed plan to a vote. Proposed plans must be available to the public for inspection and comment not less than one month before the first public hearing on said plan. The plan shall include a map and description of the districts recommended.

- (2) The city council shall approve a districting plan no later than 10 months (300 days) prior to the first regular city election following the decennial census.

(d) Failure to Enact Ordinance. If the city council fails to enact a redistricting plan within the required time, the city attorney shall, the following business day, inform the _____ Court, _____ County, and ask that a special master be appointed to do the redistricting. The special master shall, within sixty days, provide the Court with a plan drawn in accordance with the criteria set forth in § 6.02(e). That plan shall have the force of law unless the court finds it does not comply with said criteria. The court shall cause an approved plan to go into effect no later than 210 days prior to the first regular city election after the decennial census. The city shall be liable for all reasonable costs incurred by the special master in preparing the plan for the court.

(e) Districting Plan; Criteria. In preparation of its plan for dividing the city into districts for the election of council members, the city council shall apply the following criteria which, to the extent practicable, shall be applied and given priority in the order in which they are herein set forth.

- (1) Districts shall be equal in population except where deviations from equality result from the application of the provisions hereinafter set forth, but no such deviation may exceed five percent of the average population for all city council districts according to the figures available from the most recent census.
- (2) Districts shall consist of contiguous territory; but land areas separated by waterways shall not be included in the same district unless said waterways are traversed by highway bridges, tunnels or regularly scheduled ferry services both termini of which are within the district, except that, population permitting, islands not connected to the mainland or to other islands by bridge, tunnel or regular ferry services shall be included in the same district as the nearest land area within the city and, where such subdivisions exist, within the same ward or equivalent subdivision as described in paragraph (5) below.
- (3) In cities whose territory encompasses more than one county or portions of more than one county, the number of districts, which include territory in more than one county, shall be as small as possible.
- (4) in the establishment of districts within cities whose territory is divided into wards or equivalent subdivisions whose boundaries have remained substantially unaltered for at least fifteen years, the number of such wards or equivalent subdivisions whose territory is divided among more than one district shall be as small as possible.
- (5) Consistent with the foregoing provisions, the aggregate length of all district boundaries shall be as short as possible.

(f) Effect of Enactment. The new city council districts and boundaries as of the date of enactment shall supersede previous council districts and boundaries for all purposes of the next regular city election, including nominations. The new districts and boundaries shall supercede previous districts and boundaries for all other purposes as of the date on which all council members elected at that regular city election take office.

①

(Article II - Mayor and Council) Sec. 5. Council to be legislative body; size; districts; terms of mayor and councilmen; qualifications.

In order that the members of council shall be distributed over the city, the city shall be divided into four (4) election districts, the district boundaries of which shall be established by council so that the districts

are nearly equal in population as shown by the most recent federal decennial census. The district boundaries established for municipal elections shall continue in effect until the next succeeding federal decennial census is made available for use by municipalities in the State of Delaware, at which time council shall redistrict the city so that the districts shall be nearly equal in population in accordance with said census, which redistricting shall be used for the next regular municipal election, which procedure shall be followed by council after each succeeding federal decennial census in this manner so that the districts shall be maintained as nearly equal in population as possible at all times. (See also Section 2.02(c)) - delete from here?

Section 6.03. Methods of Electing Council Members.

The text in this section complements the information on the composition of the council found in Article II, §2.02(c). (Committee did NOT recommend deletion; however, after further review, staff questions the necessity to maintain this Section. DELETE?)

Single-Member District System

At the first election under this charter _____ Council members shall be elected; council members from odd-numbered districts shall serve for terms of *one year* ~~two years~~, and council members from even-numbered districts shall serve for terms of *two* ~~four~~-years. Commencing at the next regular election and at all subsequent elections, all council members shall be elected for *two* ~~four~~-year terms. (Committee did NOT recommend deletion; however, after further review, staff questions the necessity to maintain this Section. DELETE?)

Section 6.04. Recall.

(a) General Authority for Recall.

The registered voters of the city shall have power to recall elected officials of the city, but no recall petition shall be filed against any official within six months after the official takes office, nor, in case of a member subjected to a recall election and not removed, until at least six months after the election.

(b) Commencement of Proceeding; Petitioners' Committee; Affidavit. Any five registered voters may commence recall proceedings by filing with the city clerk an affidavit stating they will constitute the petitioners' committee and be responsible for circulating the petition and filing it in proper form, stating their names and addresses and specifying the address to which all notices to the committee are to be sent, and stating the name and title of the officer sought to be recalled accompanied by a statement, not to exceed 200 words, of the reasons for the recall. Grounds for recall should relate to and affect the administration of the official's office, and be of a substantial nature directly affecting the rights and interests of the public. Promptly after receipt of a recall petition, the clerk shall serve, personally or by certified mail, a copy of the affidavit on the elected officer sought to be recalled. Within 10 days of service of the affidavit, the elected officer sought to be recalled may file a statement with the city clerk, not to exceed 200 words, in response. Promptly after the affidavit of the petitioners' committee is filed, and the response, if any, of the elected official sought to be recalled is filed, the clerk shall issue the appropriate petition blanks to the petitioners' committee.

(c) Petitions.

(1) Number of Signatures. Recall petitions must be signed by registered voters of the city equal in number to at least [10 to 20] percent of the total number of registered voters to vote at the last regular election.

(2) Form and Content. All papers of a petition shall be uniform in size and style and shall be assembled as one instrument for filing. Each signature shall be executed in ink or indelible pencil and shall be followed by the address of the person signing. Recall petitions shall contain the name and title of the official sought to be recalled, the statement of grounds for the recall, and the response of the official sought to be recalled, if any. If no response was filed, the petition shall so state.

(3) Affidavit of Circulator. Each paper of a petition shall have attached to it when filed an affidavit executed by the person circulating it stating that he or she personally circulated the paper, the number of signatures thereon, that all the signatures were affixed in his or her presence, that he or she believes them to be the genuine signatures of the persons whose names they purport to be.

(4) Time for Filing Referendum and Recall Petitions. Recall petitions must be filed within [40 to 160] days of the filing of the petitioners' affidavit initiating the recall procedure.

(d) Procedure after Filing.

(1) Certificate of Clerk; Amendment. Within twenty days after the petition is filed, the city clerk shall complete a certificate as to its sufficiency, specifying, if its is insufficient, the particulars wherein it is defective and shall promptly send a copy of the certificate to the petitioners' committee by registered mail. A petition certified insufficient for lack of the required number of valid signatures may be amended once if the petitioners' committee files a notice of intention to amend it with the clerk within two days after receiving the copy of his or her certificate and files a supplementary petition upon additional papers within ten days after receiving the copy of such certificate. Such supplementary petition shall comply with the requirements of paragraphs (2) and (3) of §6.04(c), and within five days after it is filed the clerk shall complete a certificate as to the sufficiency of the petition as amended and promptly send a copy of such certificate to the petitioners' committee by registered mail as in the case of an original petition. If a petition or amended petition is certified sufficient, or if a petition or amended petition is certified insufficient and the petitioners' committee does not elect to amend or request council review under paragraph (2) of this subsection within the time required, the clerk shall promptly present his or her certificate to the council and the certificate shall then be a final determination as to the sufficiency of the petition.

(2) Council Review. If a petition has been certified insufficient and the petitioners committee does not file notice of intention to amend it or if an amended petition has been certified insufficient, the committee may, within two days after receiving the copy of such certificate, file a request that it be reviewed by the council. The council shall review the certificate at its next meeting following the filing of such request and approve or disapprove it, and the council's

determination shall then be a final determination as to the sufficiency of the petition. A council member who is the subject of a recall petition shall not be eligible to act in the determination of sufficiency or insufficiency of the petition.

(3) Court Review; New Petition. A final determination as to the sufficiency of a petition shall be subject to court review. A final determination of insufficiency, even if sustained upon court review, shall not prejudice the filing of a new petition for the same purpose.

(e) Action of Petitions.

(1) Action by Council. The council shall promptly order a recall election to occur within ___ [30 to 90] days of the date the recall petition was finally determined sufficient.

(2) Withdrawal of Petitions. A recall petition may be withdrawn at any time prior to the fifteenth day preceding the day scheduled for a vote of the city by filing with the city clerk a request for withdrawal signed by at least two-thirds of the petitioners' committee. Upon the filing of such request the petition shall have no further force or effect and all proceedings thereon shall be terminated.

(f) Results of Election.

(1) Recall. Ballots used at recall elections shall read: "Shall [name] be recalled (removed) from the office of _____?" If a majority of the registered voters voting on a proposed recall vote in its favor, the official is removed and the winning candidate for successor, if any, shall be elected as a replacement for the duration of the unexpired term. Otherwise the vacancy shall be filled in accordance with § 2.06(c).

Article VII

GENERAL PROVISIONS - *deleted in its entirety*

Article VIII

CHARTER AMENDMENT - *deleted in its entirety*

Article IX

TRANSITION AND SEVERABILITY

Section 9.01. Officers and Employees.

(a) Rights and Privileges Preserved. Nothing in this charter except as otherwise specifically provided shall affect or impair the rights or privileges of persons who are city officers or employees at the time of its adoption.

(b) Continuance of Office or Employment. Except as specifically provided by this charter, if at the time this charter takes full effect, a city administrative officer or employee holds any office or position which is or can be abolished by or under this charter, he or she shall continue in such office or position until the taking effect of some specific provision under this charter directing that he or she vacate the office or position.

(c) **Personnel System.** An employee holding a city position at the time this charter takes full effect, who was serving in that same or a comparable position at the time of its adoption, shall not be subject to competitive tests as a condition of continuance in the same position but in all other respects shall be subject to the personnel system provided for in §4.02.

Section 9.04. State and Municipal Laws.

(a) **In General.** All city ordinances, resolutions, orders and regulations which are in force when this charter becomes fully effective are repealed to the extent that they are inconsistent or interfere with the effective operation of this charter or of ordinances or resolutions adopted pursuant thereto. To the extent that the constitution and laws of the State of _____ Permit, all laws relating to or affecting this city or its agencies, officers or employees which are in force when this charter becomes fully effective are superseded to the extent that they are inconsistent or interfere with the effective operation of this charter or of ordinances or resolutions adopted pursuant thereto.

(b) **Specific Provisions.** Without limitation of the general operation of subsection (a) or of the number of nature of the provisions to which it applies:

- (1) The following laws and parts of laws generally affecting counties or city agencies, officers or employees are inapplicable to the City of _____ Or its agencies, officers or employees: [enumeration]
- (2) The following public local laws relating to the City of _____ Are superseded: [enumeration]
- (3) The following ordinances, resolutions, orders, and regulations of _____ [former city governing body] are repealed: [enumeration]

Section 9.05. Schedule.

(a) **First Election.** At the time of its adoption, this charter shall be in effect to the extent necessary in order that the first election of members of the city council may be conducted in accordance with the provisions of this charter. The first election shall be held on the ____ of _____. The [city officials to be designated] shall prepare and adopt temporary regulations that are applicable only to the first election and designed to insure its property conduct and to prevent fraud and provide for recount of ballots in cases of doubt or fraud.

(b) **Time of Taking Full Effect.** The charter shall be in full effect for all purposes on and after the date and time of the first meeting of the newly elected city council provided in §9.05(c).

(c) **First Council Meeting.** On the ____ of _____ following the first election of city council members under this charter, the newly elected members of the council shall meet at ____ [time] at _____ [place]:

- (1) For the purpose of electing the [mayor and] deputy mayor, or appointing or considering the appointment of a city manager or acting city manager, and choosing, if it so desires, one of its members to act as temporary clerk pending appointment of a city clerk pursuant to §2.08; and *Note: Omit bracketed words if §2.03, Alternative II is used.*

- (2) For the purpose of adopting ordinances and resolutions necessary to effect the transition of government under the charter and to maintain effective city government during that transition.

(d) Temporary Ordinances. In adopting ordinances as provided in §9.05(c), the city council shall follow the procedures prescribed in §2.12, except that at its first meeting or any meeting held within sixty days thereafter, the council may adopt temporary ordinances to deal with cases in which there is an urgent need for prompt action in connection with the transition of government and in which the delay incident to the appropriate ordinance procedure would probably cause serious hardship or impairment of effective city government. Every temporary ordinance shall be plainly labeled as such but shall be introduced in the form and manner prescribed for ordinances generally. A temporary ordinance may be considered and may be adopted with or without amendment or rejected at the meeting at which it is introduced. After adoption of a temporary ordinance, the council shall cause it to be printed and published as prescribed for other adopted ordinances. A temporary ordinance shall become effective upon adoption or at such later time preceding automatic repeal under this subsection as it may specify, and the referendum power shall not extend to any such ordinance. Every temporary ordinance, including any amendments made thereto after adoption, shall automatically stand repealed as of the ninety-first day following the date on which it was adopted, renewed, or otherwise continued except by adoption in the manner prescribed in §2.12 or ordinances of the kind concerned.

(e) Initial Expenses. The initial expenses of the city council, including the expense of recruiting a city manager, shall be paid by the city on vouchers signed by the council chairman.

(f) Initial Salary of Mayor and Council Members. The mayor shall receive an annual salary in the amount of \$_____ and each other council member in the amount of \$_____, until such amount is changed by the council in accordance with the provisions of this charter.

Section 9.06. Severability.

If any provision of this charter is held invalid, the other provisions of the charter shall not be affected. If the application of the charter or any of its provisions to any person or circumstance is held invalid, the application of the charter and its provisions to other persons or circumstances shall not be affected.

①

Sec. 57. Severability.

If any part of this Charter, as it may from time to time be amended, are held to be unconstitutional, such holding shall not be deemed to invalidate the remaining portions of this Charter or amendments thereto."

/jg

CODE AMENDMENTS
RECOMMENDATIONS OF 2005 CHARTER REVIEW COMMITTEE

Section 3 (2nd and 3rd paragraphs only). employee pension, benefit and retirement systems authorized.

The City of Dover is hereby authorized, empowered and permitted to establish a system of pensions or benefits through group insurance or otherwise as may be found proper and necessary, providing for life, accident, health, hospitalization and death benefits, or any or either of them, for the regular employees of the said "The City of Dover." The said "The City of Dover" is hereby authorized, empowered and permitted to enter into an agreement or agreements with one or more insurance companies to provide a group insurance plan or plans, as may be required or proper to carry out such system of pensions or benefits. The election to exercise such authority on the part of the city shall be evidenced by an ordinance or resolution duly adopted by the Council of The City of Dover as other ordinances or resolutions are adopted, and the same shall be recorded in the official minutes of the said council. Such ordinance or resolution shall provide for and establish a fund for the payment of the costs of such pension system or benefits by making appropriations out of the treasury of the said "The City of Dover," or by requiring contributions payable from time to time by the employees included in such plan or plans, or by a combination of both, or by any other method not prohibited by law. The participation in any plan adopted shall be deemed to be mandatory by the City of Dover and made a condition of employment and continuing employment.

The city council shall have power to enact ordinances for a pension or retirement system for the police of the City of Dover, and to set aside a special fund for that purpose which fund shall be administered in accordance with ordinances made and provided in that behalf and the laws of the State of Delaware.

Sec. 7. Nomination petitions for candidates for council and mayor.

The mode of nomination of candidates for the council and for mayor shall be by petition, signed by not less than **25/100** ten (10) nor more than **50/150** twenty-five (25) electors of the city, filed with the clerk of council on or before 4:00 p.m. on the second Friday of February of each year for candidates for council and on or before 4:00 p.m. on the last working day in January for candidates for mayor in the years when a mayor is to be elected. Should the second Friday of February fall on a legal holiday, the filing date shall be 4:00 p.m. on the next working day thereafter which is not a legal holiday. **(Council by District = 25 and 50; Council At-Large and Mayor = 100 and 150)**

Whenever a petition nominating a person for the office of mayor or councilman shall have been filed as above prescribed, the name of such person shall be printed on the ballot for the regular municipal election as a candidate for the office for which they were nominated, provided they possess the qualifications prescribed by this Charter for a candidate for such office.

No nominating petition shall designate more than one person to be voted for as a member of council or as mayor.

The signers of a nominating petition for a member of the council must be electors of the city residing in the city election district in which the nominee resides; but the signers to the nominating petition for the mayor and for the at-large councilman may be city electors residing in the city at-large.

There must be attached to each nominating petition an affidavit of the circulator thereof, stating the number of signers and that each signature appended thereto was made in their presence, and is the genuine signature of the person whose name it purports to be, and that all of said signers are entitled to vote at the regular municipal election referred to; and, in the case of a petition nominating a candidate for councilman running from a particular district and to be elected by district voting, that the circulator of the petition verily believes that each signer of said petition is a resident of the same city election district in which the nominee resides.

With each signature shall be stated the place of residence of the signer, giving the street and number or other description sufficient to identify the same. The form of the nominating petition shall be substantially as follows:

We, the undersigned, electors of The City of Dover, hereby nominate _____, who resides in the _____ City District of the said City of Dover, for the office of Councilman (or for the office of Mayor as the case may be) to be voted for at the regular municipal election to be held in the said City, on the _____ day of _____ in the year _____; and we individually certify that we are qualified to vote for a candidate for the office named, and that we have not signed any other nominating petition for that office, and that our places of residences are truly stated after our signatures.

Name _____

Street and Number _____

(Space for Signatures)

STATE OF DELAWARE

KENT COUNTY

SS.

_____ being duly sworn (or affirmed) deposes and says that they were the circulator of the foregoing petition paper containing _____ signatures, and that the signatures appended thereto were made in his/her presence, and are the signatures of the persons whose names they purport to be, and that they verily believes the residence of each

signer thereof to be truly stated, and that all of said signers are entitled to vote at the regular municipal election referred to in said paper; and, in case the petition is nominating a candidate for councilman to be elected from a specific district by district voting, that each signer of said petition is a resident of the same city election district in which the nominee resides.

(Signed) _____

Subscribed and sworn to (or affirmed) before me this _____ day of _____

_____ Justice of the Peace (or Notary Public)

Last sentence of Section 11 **Power to fix procedure.** *(Possible Split - Move "Power to fix procedure" to Dover Code)*

The council shall determine its own rules and order of business and keep a journal of its proceedings. It shall have power to compel the attendance of absent members, and may punish its members for disorderly behavior.

~~power to fix procedure.~~

~~The council shall determine its own rules and order of business and keep a journal of its proceedings.~~

Section 2.13 - Ordinances in General.

- (a) **Form.** Every proposed ordinance shall be introduced in writing and in the form required for final adoption. No ordinance shall contain more than one subject, which shall be clearly expressed in its title. The enactment clause shall be "The city of Dover hereby ordains . . ." Any ordinance which repeals or amends an existing ordinance or part of the city code shall set out in full the ordinance, sections or subsections to be repealed or amended, and shall indicate matters to be omitted by enclosing it in brackets or by strikeout type and shall indicate new matters by underscoring or by italics.
- (b) **Procedure.** Any member at any regular or special meeting of the council may introduce an ordinance. Upon introduction of any ordinance, the city clerk shall distribute a copy to each council member and to the city manager, shall file a reasonable number of copies in the office of the city clerk and such other public places as the council may

designate, and shall publish the ordinance together with a notice setting out the time and place for a public hearing thereon and for its consideration by the council. The public hearing shall follow the publication by at least seven days, may be held separately or in connection with a regular or special council meeting and may be adjourned from time to time; all persons interested shall have an opportunity to be heard. After the hearing, the council may adopt the ordinance with or without amendment or reject it, but if it is amended as to any matter of substance, the council may not adopt it until the ordinance or its amended sections have been subjected to all the procedures herein before required in the case of a newly introduced ordinance. As soon as practicable after adoption, the clerk shall have the ordinance and a notice of its adoption published and available at a reasonable price.

- (c) **Effective Date.** Except as otherwise provided in this charter, every adopted ordinance shall become effective at the expiration of 30 days after adoption or at any later date specified therein.
- (d) **“Publish” Defined.** As used in this section, the term “publish” means to print in the contemporary means of information sharing, which includes but is not limited to, one or more newspapers of general circulation in the city, and, if available, in a web site: (1) the ordinance or a brief summary thereof, and (2) the places where copies of it have been filed and the times when they are available for public inspection and purchase at a reasonable price.

Sec. 18. Ordinances authorized; maximum penalty for violation. *(Also in Section 2.12 - Action Requiring an Ordinance)*

The council is hereby vested with the authority to adopt ordinances of every kind relating to any subject coming within the powers and functions of the city, or relating to the government of the city, its peace and order, its sanitation, appearance and beauty, the health, safety, convenience and comfort of its population, and the protection and preservation of property, and to fix and impose and enforce the payment of, fines and penalties for the violation of any such ordinance; provided that no fine or penalty shall exceed the sum of one thousand dollars (\$1,000.00); and no provision in this Charter as to ordinances on any particular subject shall be deemed or held to be restrictive of the power to adopt ordinances on any subject not specifically enumerated.

Sec. 19. Power of council to define and abate nuisances.

The council shall have power to define nuisances and cause their abatement. The operation of any instrument, device, or machine of any kind whatsoever, that shall cause electrical interference with radio or television reception within the limits of the city shall, at the option of the council, be deemed to be a nuisance.

Sec. 21. Power of council to adopt zoning ordinances.

The council may adopt zoning ordinances limiting and restricting to specified districts, and regulating therein, buildings and structures according to their construction and the nature and extent of their use.

Section 2.14. Emergency Ordinances. (Keep wording of current Dover Code - See Section 1-9 below)

~~To meet a public emergency affecting life, health, property or the public peace, the city council may adopt one or more emergency ordinances, but such ordinances may not levy taxes, grant, renew or extend a franchise, regulate the rate charged by any public utility for its services or authorize the borrowing of money except as provided in § 5.07 (b). An emergency ordinance shall be introduced in the form and manner prescribed for ordinances generally, except that it shall be plainly designated as an emergency ordinance and shall contain, after the enacting clause, a declaration stating that an emergency exists and describing it in clear and specific terms. An emergency ordinance may be adopted with or without amendment or rejected at the meeting at which it is introduced, but the affirmative vote of at least _____ Members shall be required for adoption. After its adoption, the ordinance shall be published and printed as prescribed for other adopted ordinances. It shall become effective upon adoption or at such later time as it may specify. Every emergency ordinance except one made pursuant to § 5.07 (b) shall automatically stand repealed as of the sixty-first day following the date on which it was adopted, but this shall not prevent re-enactment of the ordinance in the manner specified in this section if the emergency still exists. An emergency ordinance may also be repealed by adoption of a repealing ordinance in the same manner specified in this section for adoption of emergency ordinances.~~

~~**Section 2.16. Authentication and Recording; Codification; Printing of Ordinances and Resolutions. (Keep wording of current Dover Code - See Section 1-16 below)**~~

~~(a) — **Authentication and Recording.** The city clerk shall authenticate by signing and shall record in full in a properly indexed book kept for the purpose all ordinances and resolutions adopted by the city council.~~

~~(b) — **Codification.** Within three years after adoption of this charter and at least every ten years thereafter, the city council shall provide for the preparation of a general codification of all city ordinances and resolutions having the force and effect of law. The general codification shall be adopted by the council by ordinance and shall be published, together with this charter and any amendments thereto, pertinent provisions of the constitution and other laws of the state of Delaware, and such codes of technical regulations and other rules and regulations as the council may specify. This compilation shall be known and cited officially as the Dover city code. Copies of the code shall be furnished to city officers, placed in~~

libraries, public offices, and, if available, in a web site for free public reference and made available for purchase by the public at a reasonable price fixed by the council.

- (e) ~~**Printing of Ordinances and Resolutions.**~~ The city council shall cause each ordinance and resolution having the force and effect of law and each amendment to this charter to be printed promptly following its adoption, and the printed ordinances, resolutions and charter amendments shall be distributed or sold to the public at reasonable prices as fixed by the council. Following publication of the first Dover city code and at all times thereafter, the ordinances, resolutions and charter amendments shall be printed in substantially the same style as the code currently in effect and shall be suitable in form for integration therein. The council shall make such further arrangements as it deems desirable with respect to reproduction and distribution of any current changes in or additions to the provisions of the constitution and other laws of the state of Delaware, or the codes of technical regulations and other rules and regulations included in the code.
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Section 3.03. Acting City Manager.

By letter filed with the city clerk, the city manager shall designate a city officer or employee to exercise the powers and perform the duties of city manager during the manager's temporary absence or disability; the city council may revoke such designation at any time and appoint another officer of the city to serve until the city manager returns.

Sec. 38. Right of manager to sit in council meetings.

The city manager and such other officers of the city as may be designated by vote of the council, shall be entitled to seats in the council, but shall have no vote therein.

~~Section 4.04. Land Use, Development and Environmental Planning.~~ (Keep wording of current Zoning Code, Appendix B of the Dover Code - See Section 1-9 below)

Consistent with all applicable federal and state laws with respect to land use, development, and environmental planning, the city council shall:

- ~~(1) Designate an agency or agencies to carry out the planning function and such decision-making responsibilities as may be specified by ordinance;~~
- ~~(2) Adopt a comprehensive plan and determine to what extent zoning and other land use control ordinances must be consistent with the plan;~~

-
- ~~(3) Determine to what extent the comprehensive plan and zoning and other land use ordinances must be consistent with regional plan(s); and~~
- ~~(4) Adopt development regulations, to be specified by ordinance, to implement the plan.~~

~~The designated agency, the city manager, and the mayor and council shall seek to act in cooperation with other jurisdictions and organizations in their region to promote integrated approaches to regional issues.~~

Sec. 42. Signing of warrants.

The City treasurer shall pay out no money except upon warrant signed by the city manager and countersigned by the mayor.

The mayor and the city manager shall sign no warrants on the city treasurer except pursuant to appropriations or resolutions theretofore made by the council.

The City treasurer shall keep a true and detailed account of all moneys received and of all moneys paid out by him/her. The City treasurer shall preserve all vouchers for moneys paid by him/her. His/her books and accounts shall at all times be open to inspection by the council or the mayor or the city manager.

The City treasurer shall make such reports and at such times as the council may direct.

The city treasurer shall be required to give bond in such amount and in such form and with such surety as the council shall determine or approve.

Section 5.01. Fiscal Year.

The fiscal year of the city shall begin on the first day of July and end on the last day of June.

① *committee needs to determine the text to be included (using Model City Charter or Dover City Charter wording).*

Sec. 43. Fiscal year.

The fiscal year of the city shall begin the first day of July and shall end with the next succeeding thirtieth day of June.

Sec. 45. Payment of claims; issuance of warrants after approval of city manager; reports by manager thereon to council.

No claim against the city shall be paid except on an order on the treasurer, signed by the city manager, and approved and countersigned by the mayor. The city manager shall examine all payrolls, bills and other claims and demands against the city and shall issue no warrant for payment, unless he/she finds that the claim is proper and in proper form and correctly computed.

Sec. 47. General assessment; levy on utility property.

The City shall cause to be made a true, just, and impartial valuation and assessment of all real property within the city, locating each parcel of real property by street and number or other description. The valuation and assessment shall be made every three years by an assessor or assessors who shall be elected by the Council at its annual meeting by majority vote thereof. An assessor must be a freeholder within the corporate limits of the city. Before entering upon the duties of office, an assessor shall be sworn or affirmed by the Mayor to perform the duties of the assessor's office with fidelity and without favor or partiality.

Whenever Council shall direct, all real property in the City of Dover shall be assessed by a certified independent outside appraiser chosen by Council. This assessment shall be in lieu of the valuation and assessment made by a freeholder assessor elected by Council as described hereinabove and in lieu of the assessor's duties described hereinabove.

In addition to an assessment every three years, the assessor or assessors shall include supplemental assessments made annually for the purposes of (1) adding property not included in the last assessment (*shall be included with the supplemental quarterly billing*) or (2) increasing or decreasing the assessment value of property which was included in the last general assessment.

The assessment made every three years and any supplemental assessments made annually shall be made prior to the first day of May in any given year and shall be known as the general assessment.

The general assessment shall be set down by the assessor or assessors in *three (3) two (2)* or more copies, as the Council shall direct, and shall be delivered to the Council as soon as made. The Council shall, prior to the fifteenth day of May of each year, cause a copy of the general assessment to be posted in *three (3) two (2)* public places in the city for ten (10) days.

The Council may direct that appeals from any general assessment be heard by a committee of not less than three (3) Council members appointed by the Council president. The committee of Council members shall sit at a stated place and time to hear the appeals of all taxpayers dissatisfied with the assessment of their properties, shall collect such information as they consider proper and necessary, and shall report their findings and recommendations to a meeting of the full Council. At the meeting of the full Council the recommendations of the committee shall be received, together with such other information as the Council shall permit or require, and the appeal of each dissatisfied taxpayer shall be heard. The Council shall have full power to correct, revise, alter, add to, deduct, and take from the general assessment. The decision of a majority of the Council members elected shall be final and conclusive. A Council member may not vote on his or her own appeal.

Notice of the place and time that a committee of Council members will sit to hear appeals and of the place and time that the full Council will sit to act on such appeals shall be posted with the general assessment in *three (3)* ~~two (2)~~ public places for a period of ten (10) days. Notice of the posting of the copies of the general assessment and of the place and time of the meetings of the committee of Council members and of the full Council to hear appeals shall be published in at least one issue of a newspaper published in the city.

The assessment as revised and adjusted by the Council shall be the basis for the levy and collection of taxes for the city.

The Council shall have the right to levy and collect taxes on gas mains, telephone, telegraph, communications systems, or trolley poles or other erection of like character within the limits of the city, together with the wires thereon strung; and to this end the Council may at any time direct the same to be included in or added to the general assessment.

Nothing contained in this section shall be deemed or held to invalidate or otherwise effect any assessment made prior to the approval of this section or any tax levied thereunder.

Section 5.06. Appropriation and Revenue Ordinances.

To implement the adopted budget, the city council shall adopt, prior to the beginning of the fiscal year:

- (a) an appropriation ordinance making appropriations by department, fund, service, strategy or other organizational unit and authorizing an allocation for each program or activity;**
 - (b) a tax levy ordinance authorizing the property tax levy or levies and setting the tax rate or rates; and**
 - (c) any other ordinances required to authorize new revenues or to amend the rates or other features of existing taxes or other revenue sources.**
-

Sec. 48. Maximum budget.

The council shall in the month of June of each year determine the amount of money to be raised for the city for general purposes for the next fiscal year not exceeding two (2) percent of the total taxable assessment for a general tax, and shall also determine the amount of money required to be raised in such year by the city for interest, sinking fund and redemption of the bonds of the city. A reasonable sum for delinquencies, discounts and costs of collection may be added by the council to the amounts aforesaid. The amounts determined as aforesaid together with any additional sum or sums authorized to be levied and collected, as in this section hereinafter provided, shall be levied and collected by the council on the property and persons assessed as aforesaid and in accordance with such assessment and according to a rate established by the council.

Sec. 49A. Assessment, payment, and collection of taxes for new construction.

In the event that the mayor and council of the City of Dover desire to collect and levy taxes on newly constructed property not taxed by virtue of the city's annual assessment, the city may enact an ordinance to do so provided that: At the beginning of each quarter of each year, there shall be a true, just, and impartial valuation and assessment of all newly constructed real property within the city, locating each parcel of real property by street and number or other description. Property shall be deemed to be newly constructed when the city permits occupancy and use. The said valuation and assessment shall be made by an assessor or assessors who shall be elected by council in accordance with the provisions set forth in Section 47 of this Charter.

The aforementioned assessment shall be during the months of January, April, July, and October of each year.

The aforementioned assessment shall be deemed a general assessment for all property with new construction.

The council may direct appeals from any general assessment for new construction in accordance with Section 47 of this Charter.

Nothing in this section contained shall be deemed or held to invalidate or otherwise affect any assessment made prior to the approval of this section or any tax levied thereunder.

All taxes shall be paid to the collector of taxes. Said taxes shall be paid within thirty (30) days of billing and those taxes not paid shall accrue a penalty in the amount of one and one-half (1½) percent per month. For every tax that is not paid as prescribed herein, the tax collector shall have all the powers conferred upon or vested in the Receiver of Taxes and County Treasurer for Kent County.

The council shall have the authority to allow errors and delinquents in the assessment.

The provisions of 9 Del. C. § 8705 and 25 Del. C. §§ 2901 through 2905, as they may from time to time be amended, shall be deemed and held to apply to all taxes laid and imposed upon the provisions of this Charter.

Sec. 49. Payment and collection of taxes; errors and delinquents in assessments.

All taxes shall be paid to the collector of taxes. For all taxes not paid on or before July 31st in the calendar year that they are assessed, there shall be added and collected a one and one-half percent (1.5% (18% per annum) for every month or fraction of a month after the 31st day of July that said taxes remain unpaid.

It shall be the duty of the collector of taxes to proceed forthwith to collect all taxes unpaid by the first day of October in the calendar year that they were assessed and in the collection of said taxes he/she shall have all the powers conferred upon or vested in the Receiver of Taxes and County Treasurer for Kent County.

The council shall have the authority to allow errors and delinquents in the assessment.

The provisions of §8705, Title 9 of the Delaware Code shall be deemed and held to apply to all taxes laid and imposed under the provisions of this Charter.

Sec. 51. Trees.

Trees being among the chief beauties of the city, and their preservation requiring that they be treated with special care and intelligence, the city manager is empowered to appropriate annually an amount of money adequate for their care and preservation. The City Manager may be given authority to take necessary or appropriate action to prevent injuries to trees from electric wires or from any other source or cause whatsoever, and to combat the pests and diseases to which they are subject, and when necessary to employ tree experts provided that they do not exceed the appropriation made by the council.

Sec. 55. Printed copies of ordinances and resolutions to be proper evidence.

Printed copies of the ordinances and resolutions of the City Council of Dover, published by authority of the council, shall be admitted as evidence thereof in all courts, and in pleading it shall not be necessary to recite or draw them out at large.

Section 7.01. Conflicts of Interest, Board of Ethics. (Keep wording of current Dover Code - See Chapter 30 below)

~~(a) **Conflicts of Interest.** The use of public office for private gain is prohibited. The city council shall implement this prohibition by ordinance, the terms of which shall include, but not be limited to: acting in an official capacity on matters in which the official has a private financial interest clearly separate from that of the general public; the acceptance of gifts and other things of value; acting in a private capacity on matters dealt with as a public official; the use of confidential information; and appearances by city officials before other city agencies on behalf of private interests. This ordinance shall include a statement of purpose and shall provide for reasonable public disclosure of finances by officials with major decision-making authority over monetary expenditures and contractual and regulatory matters and, insofar as permissible under state law, shall provide for fines and imprisonment for violations.~~

~~(b) **Board of Ethics.** The city council shall, by ordinance, establish an independent board of ethics to administer and enforce the conflict of interest and financial disclosure ordinances. No member of the board may hold elective or appointed office under the city or any other government or hold any political party office. Insofar as possible under state law, the city council shall authorize the board to issue binding advisory opinions, conduct investigations on its own initiative and on referral or complaint from officials or citizens, subpoena witnesses and documents, refer cases for prosecution, impose administrative fines, and to hire independent counsel. The city council shall appropriate sufficient funds to the board of ethics to enable it to perform the duties assigned to it and to provide annual training and education of city officials and employees, including candidates for public office, regarding the ethics code.~~

~~**Section 7.02. Prohibitions.** (Keep wording of current Dover Code - See Chapter 30 below)~~

~~(a) **Activities Prohibited:**~~

- ~~———— (1) No person shall be appointed to or removed from, or in any way favored or discriminated against with respect to any city position or appointive city administrative office because of race, gender, age, sexual orientation, disability, religion, country of origin, or political affiliation.~~
- ~~———— (2) No person shall willfully make any false statement, certificate, mark, rating or report in regard to any test, certification or appointment under the provisions of this charter or the rules and regulations made there under, or in any manner commit or attempt to commit any fraud preventing the impartial execution of such provisions, rules and regulations.~~
- ~~———— (3) No person who seeks appointment or promotion with respect to any city position or appointive city administrative office shall directly or indirectly give, render or pay any money, service or other valuable thing to any person for or in connection with his or her test, appointment, proposed appointment, promotion or proposed promotion.~~
- ~~———— (4) No person shall knowingly or willfully solicit or assist in soliciting any assessment, subscription or contribution for any political party or political purpose to be used in conjunction with any city election from any city officer or city employee.~~

~~(5) No city officer or city employee shall knowingly or willfully make, solicit or receive any contribution to the campaign funds of any political party or committee to be used in a city election or to campaign funds to be used in support of or opposition to any candidate for election to city office or city ballot issue. Further, no city employee shall knowingly or willfully participate in any aspect of any political campaign on behalf of or opposition to any candidate for city office. This section shall not be construed to limit any person's right to exercise rights as a citizen to express opinions or to cast a vote nor shall it be construed to prohibit any person from active participation in political campaigns at any other level of government.~~

~~(b) **Penalties.** Any person convicted of a violation of this section shall be ineligible for a period of five years following such conviction to hold any city office or position and, if an officer or employee of the city, shall immediately forfeit his or her office or position. The city council shall establish by ordinance such further penalties as it may deem appropriate.~~

Section 9.02. Departments, Offices, and Agencies.

(a) Transfer of Powers. If a city department, office or agency is abolished by this charter, the powers and duties given it by law shall be transferred to the city department, office or agency designated in this charter or, if the charter makes no provision, designated by the city council.

(b) Property and Records. All property, records and equipment of any department, office or agency existing when this charter is adopted shall be transferred to the department, office or agency assuming its powers and duties, but, in the event that the powers or duties are to be discontinued or divided between units or in the event that any conflict arises regarding a transfer, such property, records or equipment shall be transferred to one or more departments, offices or agencies designated by the city council in accordance with this charter.

Section 9.03. Pending Matters.

All rights, claims, actions, orders, contracts, and legal administrative proceedings shall continued except as modified pursuant to the provisions of this charter and in each case shall be maintained, carried on or dealt with by the city department, office or agency appropriate under this charter.

/jg

WHEREAS, the 2005 Charter Review Committee has determined that the establishment of a Compensation Commission could prove to be very useful to the citizens of Dover; and

WHEREAS, a Compensation Commission would have the objective of making recommendations regarding salaries for the Mayor, City Council, and paid members of City committees and commissions; and

WHEREAS, Section 2-201 of the Dover Code authorizes the council to establish compensation and expenses for the Mayor and Council, city employees and other elected or appointed officials.

NOW, THEREFORE, BE IT RESOLVED BY THE 2005 CHARTER REVIEW COMMITTEE FOR THE CITY OF DOVER, DELAWARE, that the Mayor and Council of the City of Dover establish a Compensation Commission to consider compensation for the Mayor, City Council, and paid members of City committees and commissions. This committee:

1. Shall consist of five (5) members, one (1) to be appointed by the Mayor, one (1) by the Council President, three (3) by Council. Members shall be City residents who are registered to vote in City elections. That the Finance Director and Human Resources Director shall serve as ex-officio, non-voting members;
2. The appointments shall be made during the Annual Meeting, with meetings to be held as needed, with a report due to Council six (6) months prior to the election, with one (1) public hearing held prior to their submission of the report to Council;
3. Members shall serve two (2) year terms and cannot be re-appointed within the next two (2) years;
4. That Section 2-201 of the Dover Code be amended by including the following paragraph: *“Upon receiving the resolution of the commission, the city council may reduce or reject the commission’s recommendation, but it may not increase any item in the resolution. The recommendations contained in the resolution, and any permitted changes to such recommendations, shall not become effective unless adopted by ordinance enacted at least three (3) months prior to the elections of the next succeeding Mayor and Council, and shall take effect only for the next succeeding terms of office of the Mayor and Council”.*

ADOPTED: *

ACTION FORM

PROCEEDING: Legislative, Finance, & Administration	AGENDA ITEM NO.:
DEPARTMENT OF ORIGIN: Finance Department	DATE SUBMITTED: 11/13/07
	DEFERRED TO: 11/26/07
PREPARED BY: Donna Mitchell, Treasurer/Finance Director	
SUBJECT: DRAFT Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2007	
REFERENCE: N/A	
RELATED PROJECT: N/A	
APPROVALS: Treasurer/Finance Director	
EXHIBITS: Audit Calendar – Appendix G of Audit Services Proposal	
EXPENDITURE REQUIRED: AMOUNT BUDGETED: FUNDING SOURCE (Dept./Page in CIP & Budget):	
TIMETABLE:	
RECOMMENDED ACTION: Acceptance of the draft report.	

BACKGROUND

In accordance with the auditing services calendar we are providing the Committee with a Draft of the City of Dover Comprehensive Annual Financial Report for the year ending June 30, 2007. This draft has also been provided to the City audit firm Faw, Casson, & Company LLC.

Still to be completed is the review of the statistical section, divider tabs, and page numbering as well as including any changes recommended by our auditors.

The CAFR has the following sections and subsections:

Introductory Section

Letter of Transmittal (read in conjunction with Management Discussion & Analysis)
GFOA Certificate of Achievement
Organizational Chart
List of Elected & Appointed Officials

Financial Section

Independent Auditor's Report
Management Discussion and Analysis (**overview of FY07 results**)
Basic Financial Statements and Notes
Required Supplementary Information (General Fund Budget & Pensions)
Supplementary Information (All other Budget Schedules)

Statistical Section

Trends, debt service, customers, gallons/kwh's sold and consumed etc.

The final draft is expected to be completed and presented to the Committee on November 26. If between now and then you have any questions or concerns please feel free to contact us.

APPENDIX G
PROFESSIONAL AUDITING SERVICES CALENDAR

<u>ACTIVITY TO BE COMPLETED</u>	<u>DATE</u>
* Draft Request for Proposal – L. F. & A. Review	March 12, 2007
Proposal Issued/Advertised	March 14, 2007
Notification of Interest	March 26, 2007
* On-site Interviews – L.F. & A./Finance Director	March 22 – March 30, 2007
Proposal Due Date (Sealed dollar cost bids will not be opened until all technical reviews are completed and scored)	April 18, 2007 by 2:00 p.m.
* Review of Proposals – L.F. & A./Finance Director (1 meeting) (Will be sent to each Committee Member for review)	April 19, 2007 – May 7, 2007
Selected Firm Notified	May 8, 2007
Contract Signing Date	May 23, 2007
Audit Commencement	May 23, 2007
Interim Work Completed	June 22, 2007
Detailed Audit Plan Submitted	July 10, 2007
Fieldwork Completed	August 31, 2007
Draft Schedules & Statements – Finance/Auditor	October 22, 2007
Draft Report to L. F. & A.	November 5, 2007
* Discussion of Draft Reports with L. F. & A./Auditor	November 12, 2007
Final Recommended Changes - Finance/Auditor	November 19, 2007
* Final Draft CAFR & Auditor Report to L. F. & A.	November 26, 2007
Meetings with auditors (if requested) (Committee participation)	November 27, 2007 – December 7, 2007
Report to Printer	December 20, 2007

City of Dover
Finance Department – Information Notes
November 19, 2007

Prepared For: Members of Legislative, Finance & Administration Committee

Copy To: Mayor, City Council, City Manager, & City Clerk

Submitted By: Donna Mitchell, Treasurer/Finance Director

Subject: Draft Comprehensive Annual Financial Report – June 30, 2007

Attached is the DRAFT Comprehensive Annual Financial Report (CAFR) in accordance with the schedule developed for the Audit Committee review. It is important to note, that this is the first draft. Our auditors are still reviewing individual fund statements and schedules as well as the corresponding narrative in the report. Also, please note that this is the first time we are using the Audit Committee approach in preparing and presenting the CAFR and we will have some hurdles to cross. I have attempted to address any major highlights as well as any subsequent changes that will be incorporated into the final CAFR below. The final CAFR will be presented to the Committee on December 10, 2007.

My recommendation for reviewing the draft CAFR is to start with the Letter of Transmittal (Introductory Section) and the Management Discussion and Analysis (Financial Section). These two sections will guide you through many of the highlights of this past year. The remainder of the report stays pretty much the same year after year, only requiring the numbers to be changed; unless there are subsequent events in the Notes to the Financial Statements, which is the last note included. As of this point in time, there are no subsequent events included.

Background and Government-wide Statements

In 2004 the Governmental Accounting Standards Board implemented a requirement for two new statements that provide a governmental wide financial picture. These new statements are on page 39 and 40 in Part C – Basic Financial Statements. These changes provide financial users and bond investors with financial reports that are issued on the same basis as used for private entities as well as highlighting the services that are not self-supporting and funded through taxes.

In order to implement these changes, the Governmental Funds (General Fund & all Grant Funds) had to be restated to include capital assets net of depreciation and all outstanding debt. This was to provide for consolidating the Governmental Funds with the Enterprise Funds (Utilities & Workers Compensation) on the same accounting basis.

Since the Governmental Funds on a stand alone basis, are not required to carry the fixed asset and debt details, a reconciliation of the Governmental Fund Balances to Government Wide Net Assets is on page 42 of Part C – Basic Financial Statements. This reconciles page 39 to page 41 (Balance Sheet – Government Wide and Governmental only). The reconciliation of the Statement of Activities

government wide, page 40) to the Statement of Revenues, Expenditures and Changes in Fund Balance (income statement – stand alone funds, page 43) is on page 44 of Part C.

Major Highlight

The Electric Fund experienced a \$4.8 million negative change in net assets (net loss). This is because on the financial statements you cannot report the \$5.0 million transfer from the reserve as income (on a budgetary basis it is permissible). We were aware of this issue when we agreed to implement the cost of power supply increase over two years. Our debt ratio is 1.6 as compared to 2.26 that was estimated in the Moody's presentation.

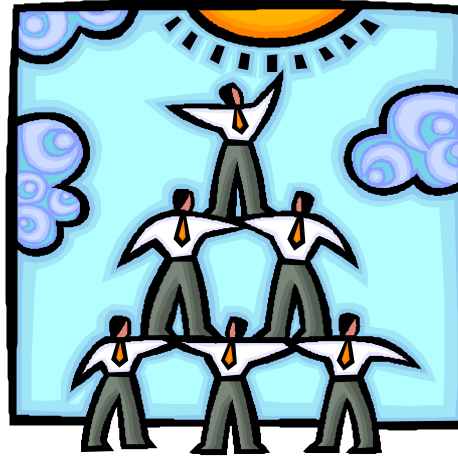
Subsequent Changes

We recently completed the negotiations with Duke Energy for the closeout of their contract. This includes purchasing the inventory and the 2006 Rebate calculation. The report was done as if these items were still outstanding. Since this was completed prior to completion of the audit, all the Electric Fund financial statements and notes need to be changed for any differences. In short, it saves the City almost \$300,000 for the purchase of the inventory and adds \$200,000 to the rebate calculation for a total savings of \$500,000.

Another item that we still need to include in the Notes to the Financial Statements is how the City is addressing the Other Post Employment Benefits – GASB 45. We are still researching how our relationship with the State for health insurance impacts what we need to do. The Committee will be briefed on this matter at the first meeting in January.

The City of Dover, Delaware is a place where people want to live!

opportunity where all citizens are heard, enjoy a high quality of life, and diversity is valued.



DRAFT

**Comprehensive Annual Financial Report
for the Year Ended June 30, 2007**



Through the team effort of its elected officials, employees, and citizens, Dover has a reputation

for being a clean and safe community, with a future of balanced growth and



(Date)

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

Ladies and Gentlemen:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Dover for the fiscal year ended June 30, 2007. This report is published to comply with the provisions of Section 46 of the City Charter. It is also intended to provide financial data to the tax and rate payers, bond holders, trustees, banks, Federal and State Agencies and the financial community at large.

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

The financial statements in this report have been audited by Faw Casson and Co, LLP, an independent firm of certified public accountants as required by Section 46 of the City Charter. Faw Casson and Co., LLP has provided an unqualified opinion on the City of Dover financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

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

THE REPORTING ENTITY AND ITS SERVICES

The City of Dover was incorporated in 1829 under a Charter granted by the General Assembly. Dover is the Capital of the State of Delaware and is located in the central part of the state. It is home to the State legislative offices, Governor's office, and is the County seat for Kent County. The City currently occupies a land area of 23 square miles and serves a population of approximately 35,197.

Introductory Section – Transmittal Letter

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

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

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

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

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

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

LOCAL ECONOMY

The unemployment rate for the local region is 3.5% as compared to a 4.2% rate in 1997. The unemployment rate consistently tracks lower than the national average due to the significant military and state government employment in the City. Unemployment is expected to remain stable. The population is expected to continue to grow at a 2% per year. A portion of the past growth is attributed to a significant number of workers and retirees relocating from other states to seek out a lower tax and housing costs as well as an attractive quality of life. The region is losing manufacturing jobs and gaining in retail sales and services, medical and office related jobs.

Introductory Section – Transmittal Letter

The City of Dover is distinguished as the dominant center of employment, commerce, educational opportunity, and cultural activity in central Delaware. Development activity in the capital city has remained strong over the course of Fiscal Year 2007.

Significant residential growth continues to occur primarily in the more suburban west Dover area, although the other areas of the City are gaining more interest as well. Major institutions and government agencies continue to expand to meet the demands of a growing regional population and economy. Commercial corridor areas of U.S. Routes 13/113 and DE Route 8 have continued to attract medium- and large-scale commercial development with added interest in U.S. Route 113 during the period. Efforts to revitalize the traditional urban core of downtown Dover are beginning to see major results with several recent redevelopment and construction projects that reflect renewed interest and confidence in downtown Dover as a viable central business district. The population of Dover also continues to increase at a manageable rate of slightly more than one percent per year.

Total value of construction for Fiscal Year 2007 reached \$106.9 million, a nearly 16 percent increase in value from Fiscal Year 2006. Growth and development trends during Fiscal Year 2007 are further discussed and summarized below:

A total of 318 new residential housing starts were recorded during Fiscal Year 2007. This reflects continuation of the levels of residential development realized in Dover throughout the 1990s and an increase in recent years.

With the overall decline in manufacturing jobs, the retail and commercial sector of Dover has become more important to the overall economic outlook. Investment in this sector has continued even with the national economic slowdown. In Fiscal Year 2007, Dover continued to expand its dominance as a center for retail and service in central Delaware. Retail commercial development continued to show gains through the period. Additionally, Dover has seen numerous hotel applications for several different locations throughout the city. General office development seemed to be in pace with other segments of the local market with numerous small- to mid-sized office buildings being planned and constructed.

As evidenced by abundant development activity and resultant job creation in several segments of the Dover economy, a considerable inventory of planned projects, and a steadily increasing resident population, the economic condition of Dover appears to be sound and well-positioned for continued growth and prosperity into Fiscal Year 2008.

FINANCIAL POLICIES AND FINANCIAL PLANNING

Unreserved, undesignated fund balances in the general fund (11.6%) falls within the policy guidelines of a minimum of 8% and maximum of 12% as approved by City Council in the City of Dover Financial Policies. The water, wastewater, and electric utilities have the same policy requirement for their budget balances. If the balances fall below 8%, the City Manager is required to submit budgets to bring the balances up to minimum within three years. The current budget balances for the utilities are water (47.9%), wastewater (1.5%) (see major initiatives below), and the electric (7.9%). The water and wastewater utilities

Introductory Section – Transmittal Letter

are accounted for in the same fund. The City policies also require non-recurring revenues to be set aside for capital improvements as designated by City Council (reserve accounts) and a 2% contingency reserve in the general, water, wastewater funds and 1% contingency in the electric fund to address unforeseeable natural disasters and insurance losses. All major funds meet the Contingency Reserve requirement. The wastewater utility imposes impact fees, which are reserved by ordinance, on new developments to assist with financing future expansion projects. The electric utility maintains depreciation and future capacity reserves to assist with asset replacements and system expansions. Financial policies require the City to maintain a minimum of \$10.0 million in each reserve, with replenishment over seven years when used to finance projects.

The John W. Pitts Recreation Center is expected to be completed in January 2008 representing approximately \$3.0 million in capital investment. The City is funding the recreation center through a reserve account for parkland and recreation. The new center will be an addition to our current facilities at a net cost of approximately \$260,000 after consideration of user fees.

City Council has another major initiative underway for the construction of a regional library. This project is estimated to cost \$18.0 million and is still in the planning and development phase. Construction is expected to begin in FY09. City Council has approved hiring a coordinator to assist with the planning and development for approximately \$80,000. The capital construction is expected to be financed through the library reserve, a state grant (50% matching funds), donations, proceeds from sale of current facility, and general obligation bonds. Once completed, additional operating expenses estimated at \$200,000 will be budgeted in the General Fund.

Improving Dover's water quality is recognized as the water utilities highest priority. Although the City's water supply meets all requirements of the State of Delaware, Division of Public Health Office of Drinking Water, Dover has experienced a brown water problem since implementing the State regulation to chlorinate and fluoridate our water supply. The City is continuing its efforts to implement the changes/improvements as recommended by their consulting engineer last year. City Council has made this a high priority on our list of projects. The FY08 budget includes \$1.1 million in capital projects to address this problem.

The City has in the past few years encountered problems with inflow and infiltration of our wastewater system. In an effort to resolve this problem the City contracted with a video pipe inspection company to clean, video inspect, smoke test, and provide digital reports of any problems detected in the sanitary sewer system which was completed this year. The City has started to implement recommended changes based on the findings of the contractor. The FY08 budget includes \$.4 million in capital projects to address some of the failing sewer mains. City Council also approved a forty-five cent rate increase over a two year period in FY04 to cover the increase in wastewater treatment fees and bring the budget balance in compliance with policy. The City is projecting to issue \$11.5 million of revenue bonds in FY09 to assist in financing its five year capital improvement program.

The Electric Utility will begin work on the 69kv Feeders #3 & #4 at the Cartanza 230kv substation this upcoming year which is expected to cost \$14.9 million. The addition of the transmission lines will provide the City with a redundant line to prevent outages as well as

Introductory Section – Transmittal Letter

carry the City's load and capacity requirements over the next twenty years. The utility will also be upgrading the College Road Substation (\$2.4 million) and St. Jones Substation (\$3.5 million). The City plant operator, North American Energy Services will be completing the installation of a Selective Non-Catalytic Reduction (SNCR) pollution control system in order to comply with the Delaware Regulation 1146 on Unit 3 at the McKee Run generating plant at a cost of \$3.0 million. The FY08 five year capital improvement budget totals \$47.5 to be financed by \$22.2 million in revenue bonds, transfers from the operating fund, and capital project reserves.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dover, Delaware for its comprehensive annual financial report for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Dover has received a Certificate of Achievement for the last 22 consecutive years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 25, 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged as a policy document, a financial plan, an operations guide, and a communications device.

Thank you for your continuing interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. I also express my appreciation to the City employees for their assistance and cooperation during the year and for providing information for this report. My appreciation is extended to Mr. Anthony DePrima, City Manager, and his staff for their continued support of the Finance Department. Special appreciation is extended to the employees of the Finance Department, whose dedicated service made this report and the year a success. Thank you Tracey Lisiecki, Linda Gomes, Ray Cola, Anita Hundzinski, Sharon Daniel, Rhonda McMaster and Peggy Teal.

Respectfully submitted,

Donna S. Mitchell, CPA
Treasurer/Finance Director

Carleton E. Carey, Sr.
Mayor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dover
Delaware

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



President

Executive Director

**CITY OF DOVER, DELAWARE
List of Elected Officials
June 30, 2007**

	Length of Services	Term Expires
Mayor		
Stephen R. Speed *	3 Years	May 2008
City Council		
<u>At-Large</u>		
Carleton E. Carey, Sr.	10 Years	May 2009
<u>First District</u>		
Beverly C. Williams **	4 Years	May 2008
Kenneth L. Hogan	3 Years	May 2009
<u>Second District</u>		
William P. McGlumphy***	1 Year	May 2008
Eugene B. Ruane	6 Years	May 2009
<u>Third District</u>		
James G. McGiffin, Jr.	1 Year	May 2009
Timothy A. Slavin	3 Years	May 2008
<u>Fourth District</u>		
Sophia R. Russell	2 Years	May 2008
Reuben Salters	18 Years	May 2009
* Previously served on City Council from May 2002 to May 2004		
** Council President		
*** Previously served on City Council from May 2000 to May 2004		

CITY OF DOVER, DELAWARE
List of Appointed Officials
June 30, 2007

	<u>Length of Time in Position</u>	<u>Length of Time with the City</u>
City Clerk/Assistant Treasurer/Alderman – Traci A. McDowell	8 Years	20 Years
Deputy City Clerk/Alderman – Hollie M. Ford***	6 Months	3 Years
City Manager/Civil Defense Director – Anthony J. DePrima**	6 Years	16 Years
City Solicitor – Nicholas H. Rodriguez	39 Years	39 Years
Deputy City Solicitor – William Pepper	18 Years	18 Years
Council President – Beverly C. Williams	3 Years	5 Years
Fire Chief – Jason Osika	6 Months	9 Years
Fire Marshal – David Truax	11 Years	16 Years
Inspections Director/Planner – Ann Marie Townshend	1 Year	1 Year
Police Chief – Jeffrey Horvath	6 Years	23 Years
Treasurer/Finance Director – Donna Mitchell	7 Years	7 Years

** Previously served as City Planner 1991-2001

*** Position has been vacant since January 2007

CITY OF DOVER, DELAWARE
List of Commissions & Committees

BOARD OF ADJUSTMENT

Kishor C. Sheth, Chairman
Arthur G. Ericson
Dr. Edward Goate'
William Hufnel
Richard Senato

CODE BOARD OF APPEALS

Eugene B. Ruane,
Chairman
Anthony J. DePrima,
City Manager
William P. McGlumphy,
Councilman

ELECTION BOARD

Thomas J. Leary, Chairman
Gerald P. Foss
William T. Garfinkel
Beulah Gray
Goldie Legates
Traci McDowell

HISTORIC DISTRICT

C. Terry Jackson, President
Joseph McDaniel
James D. McNair, II
Ken Robertson
Richard Scrafford

HUMAN RELATIONS COMMISSION

Dr. Samuel B. Hoff, Chairman
Gregory J. Bunkley
Dr. Phyllis Edamatsu
Ivan F. Finney
Paul Fleming
William H. Franklin, Jr.
Rev. Wayne A. Johnson, Sr.
Prameela D. Kaza
Mittie Kelley
Ellen O. Wasfi
Theresa Whalen
Roy Sudler, Jr.

LEGISLATIVE, FINANCE & ADMINISTRATION

Reuben Salters, Chairman
Kenneth L. Hogan, Councilman
Bobby C. Jones
Daniel Shevock
Timothy A. Slavin,
Councilman

PARKING AUTHORITY

Thomas G. Smith, Chairman
Michael J. Ambruso
Timothy P. Mullaney, Sr.
Ronald G. Poliquin
Laura G. Simmons

PARKS, RECREATION & COMMUNITY ENHANCEMENT

Eugene B. Ruane, Chairman
William P. McGlumphy, Councilman
Ann Horsey
David A. Lewis, Jr.
Sophia R. Russell, Councilwoman

PENSION – CIVILIAN

Eugene B. Ruane, Chairman
Kenneth Hogan, Councilman
Pat Braun
Anthony J. DePrima
Chappy Lucas
Donna S. Mitchell
Judy Rigby

PENSION – POLICE

Timothy Mullaney, Chairman
Anthony J. DePrima
Larry Gray
Kenneth L. Hogan, Councilman
Chief Jeffrey Horvath
William Knotts
Eugene B. Ruane, Councilman

PLANNING COMMISSION

John J. Friedman, Chairman
John H. Baldwin, Sr.
William J. DiMondi
Thomas Holt
Francis C. Nichols
Michael von Reider
Fred Tolbert
Col. Robert D. Welsh
Frank Zaback

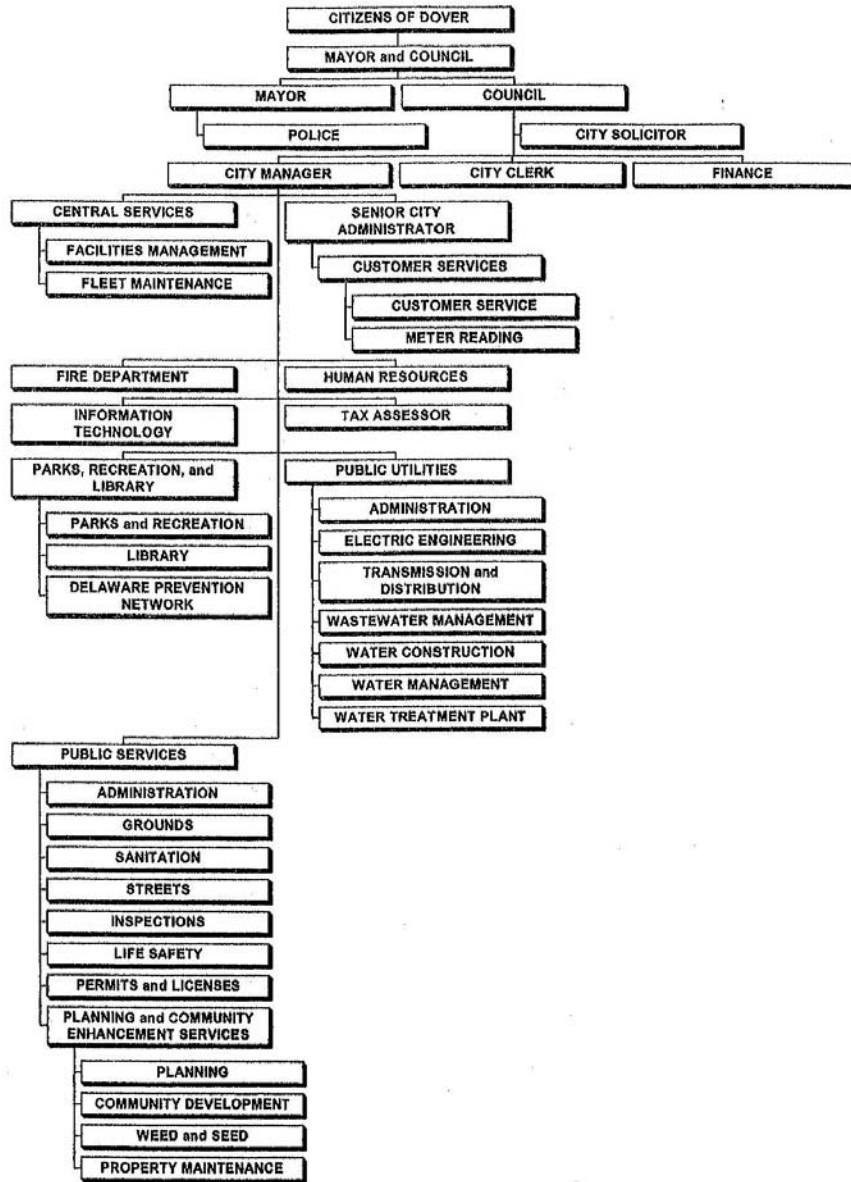
SAFETY ADVISORY & TRANSPORTATION

Kenneth L. Hogan, Chairman
Carleton E. Carey, Sr, Councilman
Paul Lakeman
John Link

UTILITY

Carleton E. Carey, Sr, Chairman
Edgar Cregar
Eugene B. Ruane, Councilman
Timothy A. Slavin, Councilman
Richard Snaman

CITY OF DOVER, DELAWARE
ORGANIZATIONAL CHART
June 30, 2007





Mayor & Council

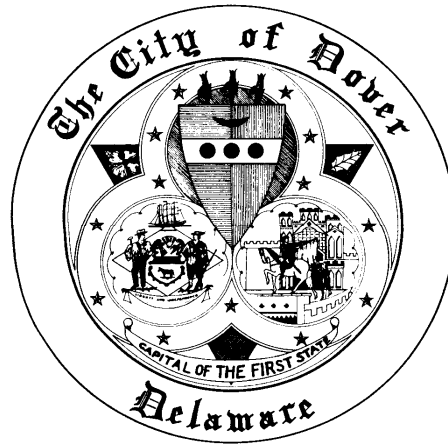
Dover's governing body is composed of a Mayor and nine Council Members, with one Council Member elected by Council to serve as Council President. Council members are elected from four districts and serve staggered, two-year terms. One member of Council and the Mayor are elected at-large and also serve two-year terms.



THE CITY OF DOVER, DELAWARE

VISION

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



MISSION

The City of Dover will, in the next two (2) years:

- Establish a Regional Library
- Establish the "Delaware Entertainment and Sports Complex"
- Promote Homeownership
- Promote Affordable Housing

The City of Dover Management's Discussion and Analysis For the Year Ended June 30, 2007

Financial Highlights

Total assets of the City exceeded its liabilities by \$177.5 million (total net assets). Of this amount, only \$24.8 million was reported as "unrestricted net assets" which represents the amount available to use to meet the City's ongoing obligations to citizens and creditors. The general government reported \$11.5 million and the business type activities, Water/Wastewater and Electric funds reported \$13.3 million of unrestricted net assets. The difference between the unrestricted amounts and the total net assets, \$152.7 million, is restricted primarily for debt and capital construction purposes.

- The governmental activities experienced a \$2.7 million increase on investments in capital assets net of related debt, a \$3.0 million increase in restricted net assets, and a \$.1 million decrease in unrestricted net assets resulting in a net change of a positive \$5.6 million.
- The business-type activities saw a negative change in net assets of \$2.4 million.
- Fiduciary funds experienced an increase in net assets of \$4.8 million. Our latest actuarial analysis resulted in an increase in the City's contribution rate for the General Employees Pension Plan from 27.40% in fiscal year 2007 to 29.32% budgeted in fiscal year 2008.

Overview of the Financial Statements

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

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

- The first two statements are *government-wide financial statements* (pages 39 & 40) that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements (pages 41-49) are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental fund statements (pages 41-44) tell how general government services, like public safety and public works, were financed in the short term as well as what remains for future spending.

- Proprietary fund statements (pages 45-47) offer short and long-term financial information about the activities the government operates like businesses, which for the City of Dover are the Electric revenue, Water/Wastewater funds.
- The *Fiduciary fund* statements (pages 48-49) provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee, or fiduciary, for its Employee Pension plans and acts in an agency capacity for the Parking Authority, Library Consortium, Dover Arts Council, Downtown Dover Development Corporation, Main Street Business Improvement District, and the Fourth of July Celebration Committee, none of which are considered to be component units of the City. All of the City's Fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City may not use these assets to finance its operations. The City is responsible for insuring that the assets reported in these funds are used for their intended purposes.

The financial statements also include notes (pages 53-89) that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements on pages 93-98. Other supplementary information includes details on non-major funds and other information that can be found on pages 101-121.

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

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

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
<i>Scope</i>	<i>Entire City government (except fiduciary funds)</i>	<i>The activities of the City that are not proprietary or fiduciary, such as public safety and public works</i>	<i>Activities the City operates similar to private businesses, such as electric, water and wastewater funds</i>	<i>Instances in which the City is the trustee or agent for someone else's resources</i>
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	<i>Accrual accounting and economic resources focus</i>	<i>Modified accrual accounting and current financial resources focus</i>	<i>Accrual accounting and economic resources focus</i>	<i>Accrual accounting and economic resources focus</i>
<i>Type of asset/liability information</i>	<i>All assets and liabilities, both financial and capital, and short-term and long-term</i>	<i>Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included</i>	<i>All assets and liabilities, both financial and capital, and short-term and long-term</i>	<i>All assets and liabilities, both short-term and long-term</i>
<i>Type of inflow/outflow information</i>	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>	<i>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter</i>	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>

Government-wide Statements

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

- *Governmental activities*—Most of the City's basic services are included here, such as general government, public safety, public works, library and recreation, community and economic development, central services and financial administration. Property taxes, non property taxes and state and federal grants finance most of these activities.
- *Business-type activities*—The City charges fees to customers to help it cover the costs of certain services it provides. The City's electric and water and wastewater services are included here.

Fund Financial Statements

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

The City has three kinds of funds:

- *Governmental Funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Since this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a separate page, which explains the relationship (or differences) between them. The City's general fund is the only governmental fund considered to be a major fund under the requirements of Governmental Accounting Standards Board Statement No. 34

- *Proprietary Funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
 - The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
 - The City's two enterprise funds are both considered major funds under the requirements of GASB Statement No. 34.
- *Fiduciary Funds* – The City is responsible for assets that because of a trust arrangement can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operation.

Financial Analysis of the City as a Whole

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

The City of Dover, Delaware's Net Assets as of June 30, 2006 and 2007 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Assets						
Non-capital assets	\$ 17.8	\$ 19.8	\$ 64.6	\$ 62.5	\$ 82.4	\$ 82.3
Capital assets	30.1	32.4	109.0	108.7	139.1	141.1
Total assets	\$ 47.9	\$ 52.2	\$ 173.6	\$ 171.2	\$ 221.5	\$ 223.4
Liabilities						
Current liabilities	4.2	3.0	\$ 11.6	\$ 14.8	\$ 15.8	\$ 17.8
Non-current liabilities	4.2	4.1	27.2	24.0	31.4	28.1
Total liabilities	8.4	7.1	\$ 38.8	\$ 38.8	\$ 47.2	\$ 45.9
Net Assets						
Invested in capital assets, net of related debt	\$ 27.0	\$ 29.7	\$ 89.1	\$ 89.3	\$ 116.1	\$ 119.0
Restricted net assets	0.9	3.9	33.8	29.8	34.7	33.7
Unrestricted net assets	11.6	11.5	11.9	13.3	23.5	24.8
Total net assets	39.5	45.1	\$ 134.8	\$ 132.4	\$ 174.3	\$ 177.5

The City of Dover, Delaware's Changes in Net Assets as of June 30, 2006 and 2007 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Revenues:						
Program revenues						
Charges for services	\$ 7.7	\$ 8.6	\$ -	\$ -	\$ 7.7	\$ 8.6
Water/wastewater charges for services	-	-	12.5	12.5	12.5	12.5
Electric charges for services	-	-	68.0	85.9	68.0	85.9
Operating grants and contributions	3.1	3.1	-	-	3.1	3.1
Capital grants and contributions	0.5	0.8	-	-	0.5	0.8
General revenues						
Property taxes	8.8	9.0	-	-	8.8	9.0
Transfer taxes	3.1	3.0	-	-	3.1	3.0
Gain (Loss) on sale of capital assets	-	-	(0.1)	-	(0.1)	-
Earnings on investments-other	0.6	1.2	1.5	2.6	2.1	3.8
Total revenues	<u>\$ 23.8</u>	<u>\$ 25.7</u>	<u>\$ 81.9</u>	<u>\$ 101.0</u>	<u>\$ 105.7</u>	<u>\$ 126.7</u>
Expenses						
General government	\$ 1.8	\$ 2.3	\$ -	\$ -	\$ 1.8	\$ 2.3
Public safety	13.9	14.6	-	-	13.9	14.6
Public works	5.2	5.6	-	-	5.2	5.6
Library and recreation	1.3	1.9	-	-	1.3	1.9
Community and economic development	0.6	0.6	-	-	0.6	0.6
Central services	1.4	1.5	-	-	1.4	1.5
Financial administration	3.8	3.6	-	-	3.8	3.6
Interest charges	0.1	0.1	-	-	0.1	0.1
Plus (less) indirect expense allocation	(4.7)	(4.7)	4.7	4.7	-	-
Water/wastewater	-	-	8.2	8.8	8.2	8.8
Electric	-	-	55.0	84.5	55.0	84.5
Total expenses	<u>\$ 23.4</u>	<u>\$ 25.5</u>	<u>\$ 67.9</u>	<u>\$ 98.0</u>	<u>\$ 91.3</u>	<u>\$ 123.5</u>
Increase in net assets before transfers	0.4	0.2	14.0	3.0	14.4	3.2
Transfers	6.3	5.4	(6.3)	(5.4)	-	-
Change in net assets	6.7	5.6	7.7	(2.4)	14.4	3.2
Net assets, beginning of year	32.8	39.5	127.1	134.8	159.9	174.3
Net assets	<u>\$ 39.5</u>	<u>\$ 45.1</u>	<u>\$ 134.8</u>	<u>\$ 132.4</u>	<u>\$ 174.3</u>	<u>\$ 177.5</u>

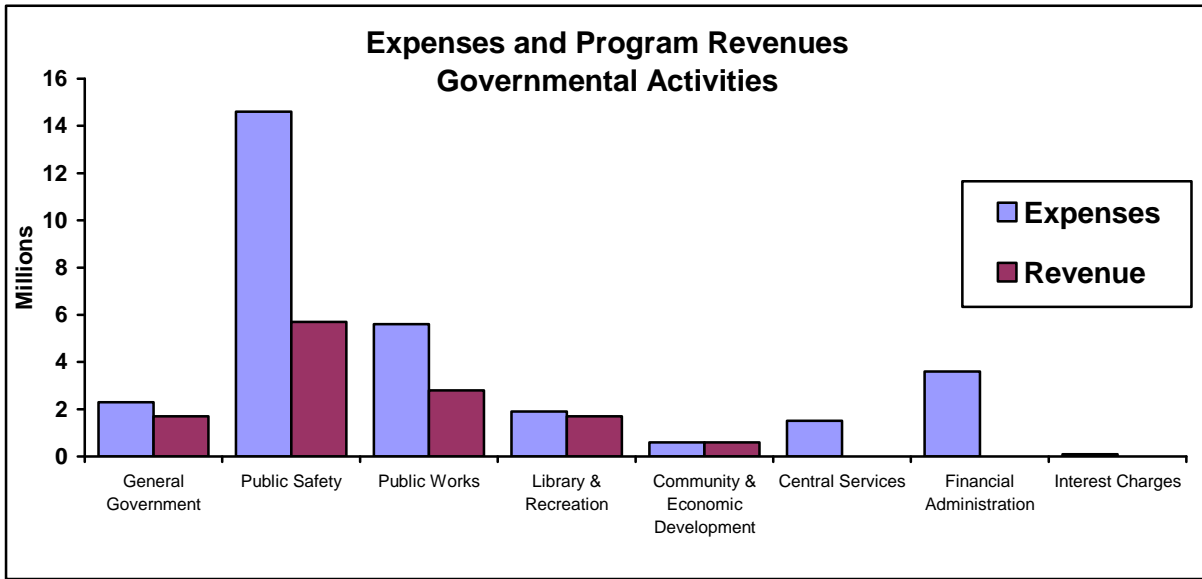
Governmental Activities

Governmental net assets increased by \$5.6 million. Net revenues were greater than the prior year by \$1.9 million.

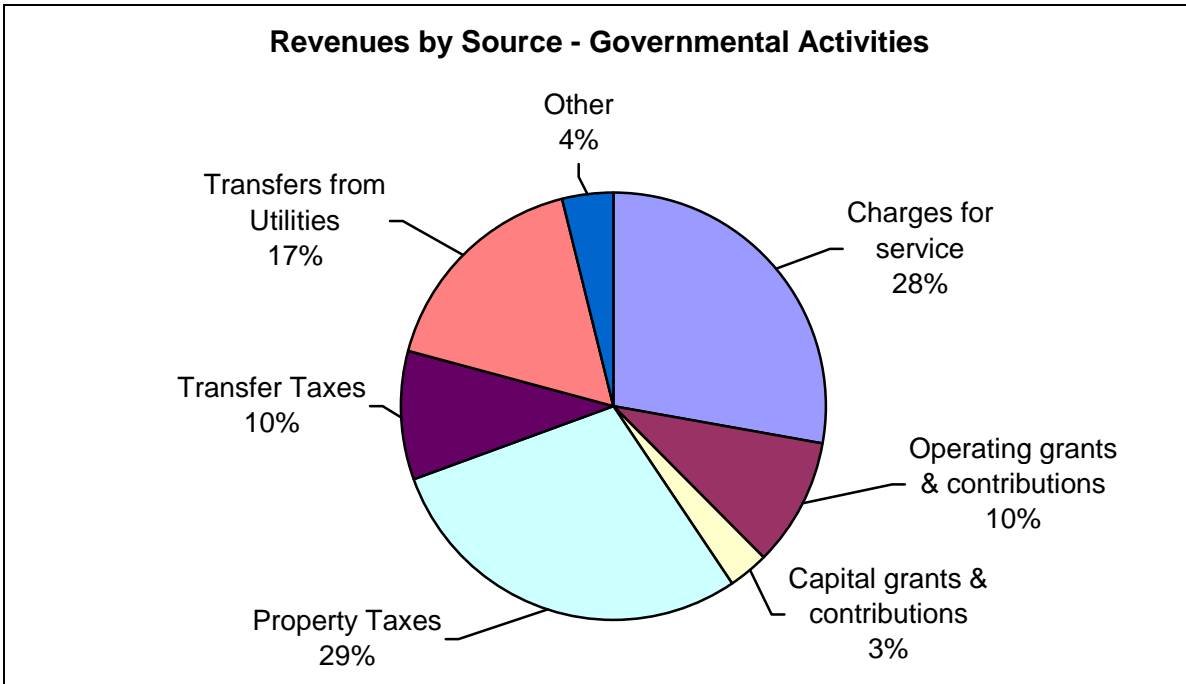
The following sources of revenues increased over the previous year: business licenses, permits, public safety services, property taxes, investment earnings, Court of Chancery Fees and other miscellaneous services. Also, included in FY07 revenues is a one-time receipt from Kent County for libraries of \$.6 million. The revenue increases totaled \$2.8 million. Revenue sources that decreased were public safety fines, transfer taxes, public safety grants, and capital grants for a total of \$.9 million.

Expenditure increases of \$2.1 million were primarily a result of increases in staffing, and personnel cost across all functions, along with increases in capital outlay. Financial Administration experienced a net decrease as a result of a favorable adjustment to our net pension obligation of \$.4 million.

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



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



Business-Type Activities

As noted earlier, the business-type activities saw a negative change in net assets of \$2.4 million. The decrease was a result of increased power supply cost in the electric utility as explained below.

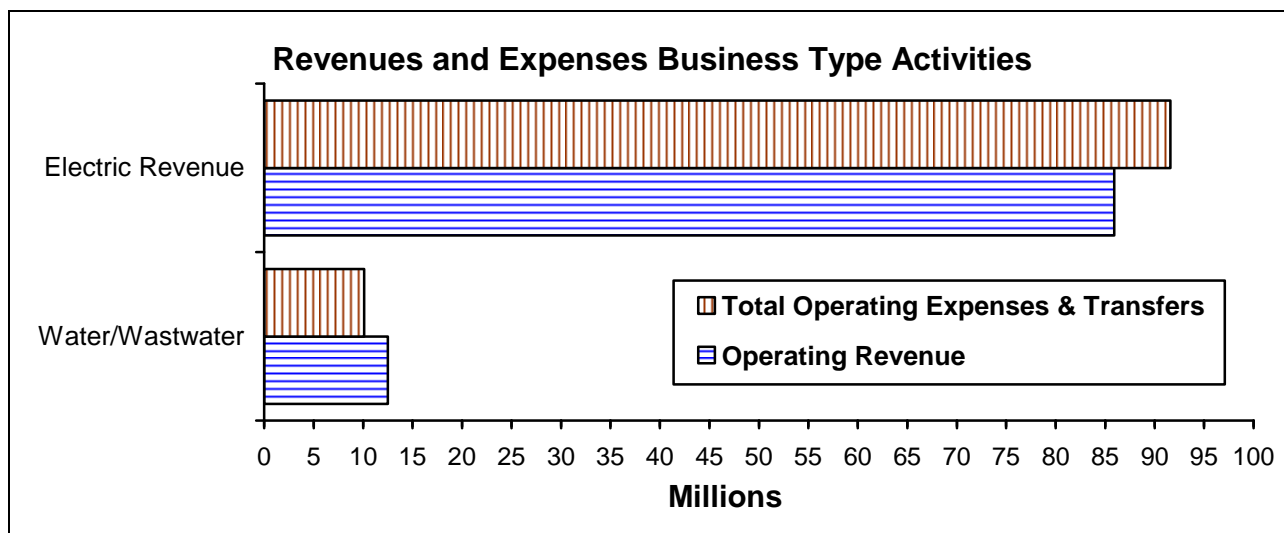
The water/wastewater utility had a positive change in net assets of \$2.5 million. The utility experienced a decrease in net income over the previous year of \$.5 million due to higher personnel and operating expenses. The water/wastewater utility maintained the same level of revenues and non-operating income and expenses as the prior year.

The electric utility realized a negative change in net assets of \$4.8 million due to the following changes.

A significant change in both revenues and expenses in FY07 were attributed to the expiration of our power supply/asset management contract on June 30, 2006. The cost per kilowatt for power supply and generation increased from \$.054 to \$.089. The City implemented an overall rate increase of approximately 31% (additional revenue of \$19.3 million) to help offset the \$28.4 million increase in the cost of power supply and generation. In addition to the rate increase the City reduced the transfer to the General Fund by \$1.0 million and used \$5.0 million of its rate stabilization reserve in order to phase in the needed rate increase over two years. The utility also experienced increases in non-service revenues of \$1.3 million attributed to the sale of emission credits. Operating expenses increased \$.7 million attributed to personnel, professional fees, material and supply cost increases. Non-Operating revenues and expenses experienced a net increase as a result of greater investment earnings of \$.7 million.

The City had a long-term power supply/asset management agreement with Duke Energy which expired on June 30, 2006. The Duke Energy agreement was a ten year fixed price contract. The fixed price covered all cost of supply and plant operations as a bundled rate to the City. The Duke agreement provided for a price escalator each year which we passed through to our customers as a power cost adjustment when necessary. The agreement also had a revenue sharing arrangement which the City would be rebated for a portion of positive net results. All market and liability risks were borne by Duke. As fuel prices have increased over the past few years the City has been able to enjoy the benefits of the contract rates that were agreed to in 1996.

Effective May 4, 2006 the City entered into an Energy Management Agreement with PACE Global Asset Management, LLC of Fairfax Virginia to assist the City with its energy procurement, energy sale, purchase of fuels, establishment and management of risk policies, develop and manage hedging protocols and related energy procurement challenges. Also, effective May 4, 2006 the City entered into an agreement with North American Energy Services Company of Issaquah Washington for generation asset management. The City bears all market risks, credit risks, and liability under the new contracts which is different from the previous agreement.



Financial Analysis of the City's Funds

Governmental Funds

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

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

The combined fund balances of the City's governmental funds at June 30, 2007, were \$14.3 million. This represented an increase of \$2.8 million during the year. Approximately 64% of the combined fund balances, \$9.1 million, constitutes unreserved, undesignated fund balance, which is available to meet the City's current and future needs. The remainder of fund balance is reserved or designated to indicate that it is not available for operational spending because it is committed to such matters as contingencies, capital projects and parklands.

The General Fund is the primary operating fund of the City, accounting for such activities as general government, public safety, public works, library and recreation, community and economic development, central services and financial administration. The General Fund balance at June 30, 2007, was \$9.1 million, which represents an increase of \$.4 million from the previous year. Primary reasons for this increase are increased revenues from Court of Chancery fees, licenses and permits, property taxes, and investment earnings. Capital expenditures are integrated into current expenditures in the General Fund. Included in the capital expenditures is \$1.9 million partial cost of construction of a 19,000 square foot recreation facility. The John W. Pitts Recreation Center is expected to be completed in January 2008. The City transferred the one-time receipt from Kent County (as explained on page XX) to the Library Reserve for future expansion.

Proprietary Funds

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

As of June 30, 2007, the Water/Wastewater Fund has net assets of \$37.7 million, of which \$3.6 million is unrestricted. The fund's net assets increased \$2.5 million during the year as explained on page 32. At June 30, 2007, the Electric Fund has net assets of \$94.7 million, of which \$9.7 million is unrestricted. This fund experienced a decrease in net assets of \$4.8 million during the year as explained on page 32.

General Fund Budgetary Highlights

Revenue and other financing sources slightly exceeded the final budgeted amounts by approximately \$1.5 million in the General Fund for fiscal year 2007. Receipts in excess of budgeted amounts for library revenues, Court of Chancery Fees, transfers and sale of assets were offset by receipts less than budgeted amounts for transfer taxes, interfund service fees, miscellaneous grants and property taxes. Expenditures were less than budgeted by \$2.2 thousand. The General Fund budget balance carry forward was \$.5 million higher than budgeted as a result of the above reasons.

During the fiscal year 2007, the City Council amended the budget three times. These budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

1. To amend the carried forward budget balances for the actual results of the prior fiscal year and to re-appropriate budget balances for ongoing capital projects.
2. To amend all program revenue and expenses based on the analyses provided by a mid-year review.
3. To amend all program revenues and expenses for the fiscal year as a result of budget reviews conducted while compiling the next fiscal year's budget.

The General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget & Actual is included in Required Supplementary Information (page XX).

Capital Asset and Debt Administration

At the end of Fiscal Year 2007, the City's governmental and proprietary funds had invested \$32.4 million and \$108.7 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$2.3 million for governmental activities and a net decrease of \$.3 million for the propriety funds since the end of last fiscal year (presented in millions of dollars): (See Note 5 for detailed information).

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2007	2006	2007	2006	2007
Depreciable Assets, Net						
Buildings	\$ 5.2	\$ 5.1	\$ -	\$ -	\$ 5.2	\$ 5.1
Equipment	2.1	2.8	-	-	2.1	2.8
Vehicles	1.0	1.0	-	-	1.0	1.0
General infrastructure	15.8	18.1	-	-	15.8	18.1
Utility, plant, buildings, and infrastructure	-	-	105.6	105.7	105.6	105.7
Other	0.5	0.6	-	-	0.5	0.6
Non-depreciable Assets						
Land	3.9	3.9	1.6	1.6	5.5	5.5
Construction in progress	1.6	0.9	1.8	1.4	3.4	2.3
	\$ 30.1	\$ 32.4	\$ 109.0	\$ 108.7	\$ 139.1	\$ 141.1

A summary of debt outstanding at June 30, 2006 and 2007 is as follows which represents no change for the governmental funds and a decrease of \$3.2 million for the proprietary funds, since the end of last year (presented in millions of dollars):

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2007	2006	2007	2006	2007
Non-current liabilities						
Bonds (net of discount/issuance cost)	\$ 3.0	\$ 2.8	\$ 26.4	\$ 23.5	\$ 29.4	\$ 26.3
Vehicle and equipment leases	0.1	-	0.1	-	0.2	-
Liability for compensated absences	1.1	1.4	0.7	0.5	1.8	1.9
	\$ 4.2	\$ 4.2	\$ 27.2	\$ 24.0	\$ 31.4	\$ 28.2

Additional detailed data for all debt of the City is presented in the Notes to the Basic Financial Statements in Note 6.

The state limits the amount of general obligation debt the City can issue to twenty-five percent of the assessed value of real property within the City. The City has used .50% of its debt limit.

Economic Factors and Next Year's Budgets and Rates

The City is expected to complete negotiations on two of the three collective bargaining agreements that expire on June 30, 2007. Projected increases in personnel costs have been budgeted in all of the major funds. Property tax revenue is projected to increase \$.2 million primarily due to growth. All other General Fund revenues are projected to remain flat. A increase in rental inspection fees is being proposed for January 1, 2008.

Water and Wastewater revenue are projected to remain flat in 2007 due no rate increases or consumption increases. Kent County implemented a fee increase for wastewater treatment resulting in an increase in revenue of \$.4 million. The treatment fees are passed on to City customers based on their water usage. Operational expenses are projected to increase by \$1.1 million over the prior year as a result of a re-organization of both the water and wastewater utilities and the electric utility. All business type activities have been centralized under one director in order to share resources and information. The water and wastewater utility picked up the Engineering & Construction Inspection Division that was previously reported in the General Fund as a result of the re-organization. The City has budgeted an additional \$2.5 million over prior year for capital improvement projects to address water quality and inflow/infiltration concerns in the water and wastewater utilities as was as system expansion. The Water/Wastewater utilities five year capital improvement plan totals \$25.5 million. The City is expecting to issue approximately \$10.0 million in revenue bonds, to assist with financing these projects in FY09.

The City has proposed 9.75% rate increase for FY08 to complete the phase in of the revenue requirements for the increase in power supply cost. As mentioned earlier on page XX, the City used \$5.0 million of the rate stabilization reserve in order to phase in the rate increase over two years. Operational expenses are projected to increase by \$.6 million as a result of increased personnel and associated cost. The City is planning to issue \$22.2 million in revenue bonds to fund projected \$47.5 million in capital improvements or additions over the next five years.

Contacting the City's Financial Management

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

Financial Section, Part C – Basic Financial Statements

**The City of Dover
Statement of Net Assets
June 30, 2007**

			Governmental Activities		Business-Type Activities		Total
Assets:							
Cash and cash equivalents	100	200	\$ 2,291,923		\$ 11,997,764		\$ 14,289,687
Investments	101	201	13,802,798		37,817,658		51,620,456
Receivables, net	102	202	1,458,767		7,752,348		9,211,115
Internal balances	103	203	484,920		(484,920)		-
Due from other governments	104	204	609,885		-		609,885
Inventory, at cost	105	205	197,941		5,390,362		5,588,303
Prepaid items	109	209	-		45,308		45,308
Other	107	207	1,011,955		-		1,011,955
Land and construction in progress	108.1	208.1	4,897,963		3,029,284		7,927,247
Capital assets, net of depreciation	108	208	27,514,540		105,623,032		133,137,572
Total assets			52,270,692		171,170,836		223,441,528
Liabilities:							
Accounts payable and accrued liabilities	115	215	2,073,695		12,674,684		14,748,379
Unearned revenue	116	216	888,978		158,823		1,047,801
Customer deposits	117	217	-		1,405,686		1,405,686
Other	118	218	86,622		519,509		606,131
Non-current liabilities							
Due within one year	119	219	1,077,263		2,624,897		3,702,160
Due in more than one year	120	220	2,994,349		21,367,522		24,361,871
Total liabilities			7,120,907		38,751,121		45,872,028
Net Assets:							
Invested in capital assets net of related debt	126	226	29,709,046		89,289,351		118,998,397
Restricted for:	131	231					
Capital construction	131.1	231.1	3,621,421		29,756,382		33,377,803
Other purposes							
Expendable	131.3	231.3	322,439		-		322,439
Nonexpendable	131.4	231.4	21,594		6,564		28,158
Unrestricted	132	232	11,475,285		13,367,418		24,842,703
Total Net Assets			\$ 45,149,785		\$ 132,419,715		\$ 177,569,500

See accompanying notes to financial statements

Financial Section, Part C – Basic Financial Statements

The City of Dover
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenue			Net (Expenses) Revenue and Changes in Net Assets		Total
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
Governmental activities								
General government	\$ 2,338,952	\$ (970,342)	\$ 1,673,412	\$ 16,000	\$ -	\$ 320,802	\$ -	\$ 320,802
Public safety	14,597,456	-	4,499,315	1,207,784	-	(8,890,357)	-	(8,890,357)
Public works	5,569,947	(762,825)	1,312,328	656,322	790,612	(2,047,860)	-	(2,047,860)
Library and recreation	1,875,872	-	1,100,412	581,248	-	(194,212)	-	(194,212)
Community and economic development	639,545	-	-	647,191	-	7,646	-	7,646
Central services	1,536,392	(984,350)	-	-	-	(552,042)	-	(552,042)
Financial administration	3,642,278	(2,053,853)	-	-	-	(1,588,425)	-	(1,588,425)
Interest charges	106,815	-	-	-	-	(106,815)	-	(106,815)
Total governmental activities	<u>\$ 30,307,257</u>	<u>\$ (4,771,370)</u>	<u>\$ 8,585,467</u>	<u>\$ 3,108,545</u>	<u>\$ 790,612</u>	<u>\$ (13,051,263)</u>		<u>\$ (13,051,263)</u>
Business type activities								
Water/wastewater	8,754,443	1,092,328	12,525,215	-	-	-	2,678,444	2,678,444
Electric	84,543,945	3,679,042	85,935,071	-	-	-	(2,287,916)	(2,287,916)
Total business type activities	<u>\$ 93,298,388</u>	<u>\$ 4,771,370</u>	<u>\$ 98,460,286</u>	<u>\$ -</u>	<u>\$ -</u>			
Total City						(13,051,263)	390,528	(12,660,735)
General revenues								
Taxes								
Property taxes						9,032,995	-	9,032,995
Transfer taxes						3,008,371	-	3,008,371
Gain(Loss) on sale of capital assets						10,405	-	10,405
Earnings on investments						1,230,540	2,664,831	3,895,371
Total general revenues						13,282,311	2,664,831	15,947,142
Transfers						5,385,000	(5,385,000)	-
Total general revenues and transfers						18,667,311	(2,720,169)	15,947,142
Changes in net assets						5,616,048	(2,329,641)	3,286,407
Net assets beginning						39,533,737	134,749,356	174,283,093
Net assets ending						<u>\$ 45,149,785</u>	<u>\$ 132,419,715</u>	<u>\$ 177,569,500</u>

See accompanying notes to financial statements

**The City of Dover
Governmental Funds Balance Sheet
June 30, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 747,089	\$ 1,161,748	\$ 1,908,837
Investments	8,310,633	4,204,000	12,514,633
Receivables, net			
Accounts	1,263,457	103,692	1,367,149
Taxes	87,523	-	87,523
Due from Other Funds			
Charges	646,657	12,612	659,269
Temporary Advances	66,000	-	66,000
Due from Other Governments	-	609,885	609,885
Prepaid Items	163,802	-	163,802
Inventory, at cost	197,941	-	197,941
Total Assets	\$ 11,483,102	\$ 6,091,937	\$ 17,575,039
Liabilities			
Vouchers Payable	\$ 1,415,634	\$ 99,995	\$ 1,515,629
Deferred Revenue	888,978	524,532	1,413,510
Due to Other Funds			
Charges	21,868	152,481	174,349
Temporary advances	-	66,000	66,000
Other	86,622	-	86,622
Total liabilities	2,413,102	843,008	3,256,110
Fund Balances			
Reserved for			
Parkland and Recreation	1,774,531	-	1,774,531
Encumbrances	226,421	-	226,421
Patronage Stock	16,594	-	16,594
Library	2,373,776	-	2,373,776
Library Endowment	5,623	-	5,623
Unreserved, designated for			
Capital Assets	160,404	-	160,404
Contingency	645,254	-	645,254
Unreserved, undesignated			
Reported in general fund	3,867,397	-	3,867,397
Reported in special revenue funds	-	5,248,929	5,248,929
Total fund balances	9,070,000	5,248,929	14,318,929
Total liabilities and fund balances	\$ 11,483,102	\$ 6,091,937	\$ 17,575,039

See accompanying notes to financial statements

**The City of Dover
Reconciliation of Governmental Fund Balances
To Government-Wide Net Assets
June 30, 2007**

Total fund balances for governmental funds (Page XX)	\$ 14,318,929
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, therefore, are not reported in the funds.	32,412,503
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	524,532
The net pension asset resulting from contributions in excess of the annual required contribution in 2007 (police) is not a current financial resource, therefore, is not reported in the governmental funds.	848,153
The net pension obligation resulting from contributions less than the annual required contribution in 2007 (general) is not a use of current financial resources, therefore, is not reported in the governmental funds.	(329,944)
An internal service fund (page XX) is used by the City to charge the cost of the workers' compensation fund. The net assets of the internal service fund is included in governmental activities in the statement of net assets.	1,447,224
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.	(4,071,612)
Total net assets of governmental activities (Page XX)	<u>\$ 45,149,785</u>

See accompanying notes to financial statements

Financial Section, Part C – Basic Financial Statements

**The City of Dover
Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
For the Year Ended June 30, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue			
Fines	\$ 773,680	\$ 540,566	\$ 1,314,246
Library revenue- general	56,430	-	56,430
Library revenue county reimbursement	932,576	-	932,576
Licenses and permits	2,689,348	-	2,689,348
Sanitation fees and rebates	1,293,399	-	1,293,399
Recreation	-	12,793	12,793
Miscellaneous services	1,337,349	20,206	1,357,555
Property taxes	9,032,995	-	9,032,995
Transfer taxes	2,187,811	820,560	3,008,371
Grants received	1,053,887	3,496,720	4,550,607
Court of Chancery fees	929,120	-	929,120
Investment income	547,744	607,085	1,154,829
Total revenue	20,834,339	5,497,930	26,332,269
Expenditures			
Current:			
General government	1,000,622	-	1,000,622
Library services	1,005,737	247,563	1,253,300
Public safety and law enforcement	14,753,215	302,531	15,055,746
Public works	1,908,289	643,673	2,551,962
Recreational services	1,452,987	-	1,452,987
Streets and sanitation services	3,018,222	-	3,018,222
Engineering services	314,728	-	314,728
Financial administration	829,002	-	829,002
Garage and stores	402,915	-	402,915
Insurance	165,584	-	165,584
Retiree health care	736,286	-	736,286
Employee pension	402,204	-	402,204
Community and economic development	-	639,545	639,545
Street lights	624,243	-	624,243
Debt Service:			
Principal retirement	368,384	-	368,384
Interest and fiscal charges	96,644	-	96,644
Total expenditures	27,079,062	1,833,312	28,912,374
Excess (deficiency) of revenues over (under) expenditures	(6,244,723)	3,664,618	(2,580,105)
Other financing sources (uses)			
Proceeds from sale of asset	10,405	-	10,405
Transfers in	7,398,602	918,120	8,316,722
Transfers out	(768,120)	(2,163,602)	(2,931,722)
Total other financing sources	6,640,887	(1,245,482)	5,395,405
Net change in fund balances	396,164	2,419,136	2,815,300
Fund balances at beginning of year	8,673,836	2,829,793	11,503,629
Fund balances at end of year	\$ 9,070,000	\$ 5,248,929	\$ 14,318,929

See accompanying notes to financial statements

Financial Section, Part C – Basic 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, 2007**

Change in fund balances--total governmental funds (Page XX) \$ 2,815,300

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental fund reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and allocated over the estimated useful lives and reported as depreciation in the current period. 2,294,672

Capitalization of net capital asset expenditures incl. CIP	4,834,777	
Loss on removal of assets under \$5,000 & transfers out	(303,637)	
Current Year depreciation and amortization	(2,132,974)	
Accumulated depreciation for assets transferred in	<u>(103,494)</u>	

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. 345,000

Changes in other assets are not available to pay for current period expenditures and therefore are deferred in the funds. (651,451)

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. Amortization of 2003 bond issuance cost. (10,171)

Reduction of liability for capital lease expenditures. 23,384

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.

Compensated absences	(222,814)	
Prepaid pension asset - police plan	247,359	
Net pension obligation - general plan	<u>545,133</u>	569,678

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. 229,636

Change in net assets of governmental activities (Page XX) \$ 5,616,048

See accompanying notes to financial statements

Financial Section, Part C – Basic Financial Statements

**The City of Dover
Statement of Net Assets - Proprietary Funds
June 30, 2007**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water/ Wastewater Fund	Electric Revenue Fund	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,125,712	\$ 5,954,091	\$ 9,079,803	\$ 383,086
Investments	708,551	6,120,199	6,828,750	1,288,165
Receivables, net	856,580	6,895,768	7,752,348	4,095
Due from other funds-charges	2,955	18,472	21,427	-
Inventory	100,060	5,290,302	5,390,362	-
Prepaid items	-	45,308	45,308	-
Total current assets	<u>4,793,858</u>	<u>24,324,140</u>	<u>29,117,998</u>	<u>1,675,346</u>
Non-current assets:				
Restricted assets				
Cash	1,528,459	1,389,502	2,917,961	-
Investments	4,104,580	26,884,328	30,988,908	-
Land and construction in progress	239,566	2,789,718	3,029,284	-
Capital assets, net of depreciation	33,616,812	72,006,220	105,623,032	-
Total non-current assets	<u>39,489,417</u>	<u>103,069,768</u>	<u>142,559,185</u>	<u>-</u>
Total assets	<u>44,283,275</u>	<u>127,393,908</u>	<u>171,677,183</u>	<u>1,675,346</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	795,199	11,879,485	12,674,684	228,122
Due to other funds - charges	135,579	370,768	506,347	-
Capital leases payable	-	-	-	-
Deferred revenue	25,285	133,538	158,823	-
Accrued interest payable	89,985	429,524	519,509	-
Customer deposits	-	1,405,686	1,405,686	-
Revenue bonds payable	653,585	1,780,000	2,433,585	-
Liability for compensated absences	43,739	147,573	191,312	-
Total current liabilities	<u>1,743,372</u>	<u>16,146,574</u>	<u>17,889,946</u>	<u>228,122</u>
Non-current liabilities:				
Revenue bonds payable	4,737,735	16,335,568	21,073,303	-
Liability for compensated absences	58,403	235,816	294,219	-
Total non-current liabilities	<u>4,796,138</u>	<u>16,571,384</u>	<u>21,367,522</u>	<u>-</u>
Total liabilities	<u>6,539,510</u>	<u>32,717,958</u>	<u>39,257,468</u>	<u>228,122</u>
Net Assets				
Invested in capital assets, net of related debt	29,993,517	59,295,834	89,289,351	-
Restricted net assets	4,104,580	25,658,366	29,762,946	-
Unrestricted	3,645,668	9,721,750	13,367,418	1,447,224
Total net assets	<u>\$ 37,743,765</u>	<u>\$ 94,675,950</u>	<u>\$ 132,419,715</u>	<u>\$ 1,447,224</u>

See accompanying notes to financial statements

Financial Section, Part C – Basic Financial Statements

**The City of Dover
Statement of Revenues, Expenses and
Changes in Fund Net Assets- Proprietary Funds
For the Year Ended June 30, 2007**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water/ Wastewater Fund	Electric Revenue Fund	Total	
Operating Revenues				
Charges for services	\$ 10,723,746	\$ 83,109,811	\$ 93,833,557	\$ -
Miscellaneous services/income	1,801,469	2,825,260	4,626,729	573,662
Total operating revenues	12,525,215	85,935,071	98,460,286	573,662
Operating Expenses				
Water/wastewater services	7,025,090	-	7,025,090	-
General administrative	1,092,328	4,370,066	5,462,394	260,429
Purchased power	-	70,725,844	70,725,844	-
Transmission/distribution	-	3,666,515	3,666,515	-
Engineering	-	1,927,648	1,927,648	-
Metering	-	281,728	281,728	-
Utility tax	-	1,461,435	1,461,435	-
Depreciation	1,309,538	3,843,097	5,152,635	-
Contractual services	-	-	-	84,905
Taxes	-	-	-	46,403
Retirees healthcare	125,480	498,269	623,749	-
Self insurance-workers' compensation	-	-	-	28,000
Total operating expenses	9,552,436	86,774,602	96,327,038	419,737
Operating income	2,972,779	(839,531)	2,133,248	153,925
Non-operating Revenues (Expenses)				
Interest earned:				
Operating funds	178,140	592,787	770,927	-
Reserve funds	202,477	1,370,291	1,572,768	68,190
Net increase in fair value of investments	26,402	294,734	321,136	7,521
Interest and fiscal charges	(190,536)	(859,730)	(1,050,266)	-
Bond discount amortized	(31,597)	(104,310)	(135,907)	-
Gain/(loss) on sale of assets	(72,202)	(484,345)	(556,547)	-
Total non-operating revenue (expenses)	112,684	809,427	922,111	75,711
Income before transfers	3,085,463	(30,104)	3,055,359	229,636
Transfers out	(585,000)	(4,800,000)	(5,385,000)	-
Total transfers	(585,000)	(4,800,000)	(5,385,000)	-
Change in net assets	2,500,463	(4,830,104)	(2,329,641)	229,636
Total net assets--beginning	35,243,302	99,506,054	134,749,356	1,217,588
Total net assets--ending	\$ 37,743,765	\$ 94,675,950	\$ 132,419,715	\$ 1,447,224

See accompanying notes to financial statements

Financial Section, Part C – Basic Financial Statements

**The City of Dover
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2007**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Wastewater Fund	Electric Revenue Fund	Total	
Cash Flows from Operating Activities				
Receipts from customers	\$ 12,559,453	\$ 84,807,083	\$ 97,366,536	\$ -
Payments to suppliers (including purchased power)	(6,212,645)	(75,135,260)	(81,347,905)	(148,153)
Payments from (to) employees	(1,737,311)	(4,388,086)	(6,125,397)	-
Payments of personnel related costs	(939,936)	(2,032,867)	(2,972,803)	573,662
Other receipts (payments) including claims paid	(24,106)	(1,500,758)	(1,524,864)	(204,838)
Net cash provided by operating activities	<u>3,645,455</u>	<u>1,750,112</u>	<u>5,395,567</u>	<u>220,671</u>
Cash Flows from Noncapital Financing Activities				
Transfers out	(585,000)	(4,800,000)	(5,385,000)	-
Net cash used by noncapital financing activities	<u>(585,000)</u>	<u>(4,800,000)</u>	<u>(5,385,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(1,779,901)	(3,593,174)	(5,373,075)	-
Principal paid on revenue bond maturities	(1,392,407)	(1,730,000)	(3,122,407)	-
Interest paid on capital debt	(201,368)	(885,334)	(1,086,702)	-
Net cash used by capital and related financing activities	<u>(3,373,676)</u>	<u>(6,208,508)</u>	<u>(9,582,184)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest on investments	178,140	592,787	770,927	-
Redemption of investment securities	-	10,966,203	10,966,203	-
Purchase of investment securities	(1,077,931)	(4,329,387)	(5,407,318)	(349,781)
Interest on restricted cash	202,477	1,370,291	1,572,768	68,190
Net cash provided (used) by investing activities	<u>(697,314)</u>	<u>8,599,894</u>	<u>7,902,580</u>	<u>(281,591)</u>
Net increase (decrease) in cash and cash equivalents	(1,010,535)	(658,502)	(1,669,037)	(60,920)
Balances--beginning of the year	5,664,706	8,002,095	13,666,801	444,006
Balances--end of the year	<u>\$ 4,654,171</u>	<u>\$ 7,343,593</u>	<u>\$ 11,997,764</u>	<u>\$ 383,086</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 2,972,779	\$ (839,531)	\$ 2,133,248	\$ 153,925
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,309,538	3,843,097	5,152,635	-
Changes in assets and liabilities				
(Increase)/decrease in receivables	24,774	(1,336,916)	(1,312,142)	-
(Increase)/decrease in due from other funds	8,727	70,846	79,573	-
(Increase)/decrease in due from other governments/agencie:	-	992	992	(95)
(Increase)/decrease in inventory	(26,231)	(3,464,204)	(3,490,435)	-
(Increase)/decrease in prepaid expenses	-	(45,308)	(45,308)	11,250
Increase/(decrease) in accounts payable and accrued expen	(618,143)	3,614,344	2,996,201	55,591
Increase/(decrease) in deferred revenue	737	2,440	3,177	-
Increase/(decrease) in due to other funds	(24,106)	(36,427)	(60,533)	-
Increase/(decrease) in customer deposits	-	134,650	134,650	-
Increase/(decrease) in liability for compensated absences	(2,620)	(193,871)	(196,491)	-
Net cash provided (used) by operating activities	<u>\$ 3,645,455</u>	<u>\$ 1,750,112</u>	<u>\$ 5,395,567</u>	<u>\$ 220,671</u>
Non-cash investing, capital and financing activities:				
Change in fair value of investments	\$ 26,402	\$ 294,734	\$ 321,136	\$ 7,521
See accompanying notes to financial statements				

**The City of Dover
Statement of Fiduciary Net Assets
June 30, 2007**

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 961,063	\$ 430,768
Investments at fair value:		
Mutual Funds	31,699,914	-
U.S. government and agencies securities	-	-
Corporate bonds and notes	-	-
Total investments:	31,699,914	-
Receivables	332,989	226,364
Prepaid items	-	590
Due from special revenue fund	-	22
Due from other governments	-	-
Total assets	<u>\$ 32,993,966</u>	<u>\$ 657,744</u>
Liabilities		
Accounts payable	40,795	28,829
Due to special revenue fund	-	11,303
Due to agencies	-	617,612
Total liabilities	<u>40,795</u>	<u>\$ 657,744</u>
Net Assets held in trust for pension benefits	<u>\$ 32,953,171</u>	

See accompanying notes to financial statements

**The City of Dover
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2007**

	Pension Trust Funds
Additions:	
Net investment income/loss	\$ 4,686,149
City's contribution- payroll based	2,093,613
City's contribution- lump sum	778,242
Employee contribution	267,819
State insurance premium tax proceeds	429,653
State contribution toward COLA increases	217,500
Other	2,462
Total additions to net assets	<u>8,475,438</u>
Deductions:	
Benefit payments	3,607,269
General administration	38,600
Refund of pension contribution	26,609
Total deductions from net assets	<u>3,672,478</u>
Changes in net assets	4,802,960
Net assets - beginning	<u>28,150,211</u>
Net assets - ending	<u>\$ 32,953,171</u>

See accompanying notes to financial statements

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007**

1. FINANCIAL REPORTING ENTITY

A. The City

The City of Dover was incorporated in 1829 and is a municipal corporation governed by an elected mayor and a nine-member council. The accompanying financial statements present the financial position and operating results for fiscal year ended June 30, 2007.

B. Reporting Entity

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

Included within the reporting entity:

The City has complete financial and operational oversight of the following functions, and, therefore, they are included in this report - police protection, street maintenance, sanitation, recreation, library, community development, public improvements, planning, safety inspections, electric generation and distribution, water and wastewater services, legislative services and general administration, including employee benefits.

Not included within the reporting entity:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

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

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

The City reports the following major governmental fund:

General Fund

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

The City reports the following major proprietary funds:

Electric Revenue Fund

This fund incorporates all transactions related to the generation transmission and distribution of electricity. Pace Global and North American Energy Services have been contracted to manage the City's power supply and generation assets.

Water/Wastewater Fund

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

The City reports the following non-major funds:

Internal Service Fund

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

Special Revenue Funds

The City has twelve Special Revenue Funds to account for proceeds from specific revenue sources which are legally or administratively restricted to specified expenditure purposes.

Fiduciary Funds

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

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

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

The City acts as the receiving and paying agent for the Dover Parking Authority, Library Consortium, Dover Arts Council, Downtown Dover Development Corporation, Main

Street Dover, Inc., and Fourth of July Celebration Committee and the transactions are shown under the Agency Funds category.

B. Basis of Accounting and Measurement Focus

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

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

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

Property taxes are recognized in the fiscal period for which they are levied provided they are "available"- i.e., they are collected in the current period or are expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty (60) days after year-end, except for trash collection, which has a thirty (30) day collection period.

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

The government-wide financial statements as well as all proprietary and fiduciary trust funds are accounted for using the accrual basis of accounting and the economic resources measurement focus. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. A reconciliation of the governmental fund financial statements prepared on the modified accrual basis of accounting to the government-wide financial statements prepared on the accrual basis of accounting is also provided. The types of transactions included in program revenues in the government-wide statement of activities include charges for services, operating grants and capital grants.

Operating income reported in the proprietary fund financial statements includes revenue and expenses related to the continuing operations of the fund. Principal operating revenue for proprietary funds are charges to customers for sales and services. Principal operating expenses are the costs of providing goods and services, which include purchased power, administrative expenses and depreciation of capital

assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

C. Capital Assets and Long-Term Liabilities

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

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

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

Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is shown in Note 5 of this section.

Depreciation in the proprietary funds has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are presented below:

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

D. Budget Procedures

Legally adopted budgets are prepared for the General Fund, Water/Wastewater Fund, Electric Revenue Fund, the Internal Service Fund and the following non-major special

revenue funds: Municipal Street Aid Fund, Community Development Block Grant, Delaware Prevention Network Grant and State Department of Transportation Grant Funds.

The Electric Improvement and Extension Fund and the Water/Wastewater Improvement and Extension Fund are sections of each utility enterprise. These sections are required by bond resolutions. Separate budgets for these funds cover the planning and control of only the capital items of the utilities. The financial transactions of these funds are included in the financial statements of the Electric Revenue Fund and the Water/Wastewater Fund.

The City prepares the budget for the General Fund revenues on the cash basis, except for property taxes and billable services, which are on a modified accrual basis. The expenditures are accounted for when the purchase orders are issued.

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

The budget and actual schedule (in the legal budget format (non GAAP) adopted by the City) of the City's only major governmental fund, the general fund, is presented in the Required Supplementary Information Section of this report. The budget and actual schedules of the other funds are presented in the supplementary information section of this report because they are "not required".

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

E. Major Transfers

The Electric Revenue Fund annually transfers a budgeted portion of its revenues to the General Fund. Transfers are also usually made from the Realty Transfer Tax Fund, Municipal Street Aid Fund, ERLSP Fund, Police Grant Fund and Water/Wastewater Fund to the General Fund. The purpose of these transfers is to provide routine subsidies to the General Fund for operating functions, capital project expenditures and debt service requirements.

The General Fund, General Fund Contingency Reserve Account, Electric Revenue Fund and the Water/Wastewater Fund are providing for post-retirement benefits other than pensions by transferring \$250,000, \$100,000, \$100,000 and \$50,000, respectively, during the year ended June 30, 2007.

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

F. Inventories

Inventories are treated as operational expenditures at the time of use rather than at the time of purchase for both the governmental and proprietary funds.

The warehouse inventories, consisting mostly of parts and supplies, are maintained on a perpetual inventory basis. Inventories of all funds are valued at cost, utilizing a weighted moving average method of valuation.

G. Cash and Investments

The City's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of United States Government and its agencies notes and bonds, corporate bonds and common stocks, open-end mutual funds and an investment pool. All investments are stated at fair value.

H. Accounts Receivable

Allowances for uncollectible accounts are maintained and uncollectible accounts are charged off against these allowances. The authority to write off accounts is vested with the City Council.

I. Restricted Assets

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

Restricted assets at June 30, 2007 total \$35,090,834 including cash and cash equivalents of \$4,079,709 and \$31,011,125 in investments. Of this amount, \$1,183,965 is attributed to governmental activities and \$33,906,869 is attributable to business-type activities.

J. Unbilled Service Receivables

The City follows a policy of billing for services in accordance with billing cycle procedures. All known services rendered are billed and incorporated in the books at the end of the fiscal year. Billing information which is unreported by June 30, 2007, by the operating departments is billed and accounted for in the month the information is received.

K. Bond Accounts/Issuance Costs

In governmental funds, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for Proprietary Funds and in the

government-wide financial statements are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts and issuance costs are presented as a reduction of the face amount of bonds payable.

L. Fund Equity/Net Assets

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or that are legally restricted by third parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Unreserved, undesignated fund balance represents the amount available for appropriation. Proprietary funds report net assets in three categories; 1) invested in capital assets net of related debt; 2) restricted net assets; and 3) unrestricted net assets. Fund equity/net assets is further explained in Note 8.

M. Estimates

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

3. COMPENSATED ABSENCES

The City grants a specific number of vacation days with pay to its employees. Upon termination or retirement, an employee is paid for accumulated vacation days. The City also grants one paid sick day per month to all employees with the exception of employees covered by the International Brotherhood of Electric Workers (IBEW) contract. The IBEW employees are granted eleven (11) sick days per year. All employees may accumulate sick days, payable upon retirement, at a maximum of 130 days for less than 25 years of service or 150 days for more than 25 years of service. No accrued sick leave is paid when an employee is terminated.

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

In governmental funds, compensated absences are recorded as an expenditure as payments become due; accordingly, no liability is recorded in the Governmental Funds

Statement. Typically the General Fund has been used in prior years to liquidate the liability for compensated absences recorded in governmental activities.

4. DEPOSITS AND INVESTMENTS

A. Cash in Bank and Cash Equivalents

All bank balances of deposits at year end are insured by federal depository insurance or collateral pledged is housed at the Federal Reserve Bank of Cleveland in the City's name. All collateral, including additions thereto and substitutions thereof shall consist of direct obligations of the United States of America.

Custodial credit risk – deposits. The bank shall, at its own expense, in all ways service or cause to be serviced and preserve the Collateral, to be held by the Federal Reserve Bank of Cleveland. The Collateral is required to have a market value of at least 102% of the balance. The Bank may substitute for all or any portion of the Collateral held by it as security or deposited other Collateral having a current market value at least equal to 102% of the balances, after which it shall notify the City of the Collateral withdrawn and then substituted within 10 business days.

The City's minimum requirements for its depository are as follows:

- Federally or State of Delaware chartered Financial Institution
- Qualified depository as defined by the State of Delaware
- A member of the Federal Reserve System
- Maintain FDIC insurance
- Be assigned or maintain a rating of "B" or better by Standard & Poor's, Moody's, Fitch Ratings or other such bank rating service.
- Collateralize all account balances in accordance with the Collateralization Agreement and provide the City with a certified board resolution of collateralization
- Local presence

On June 30, 2007, the carrying amount of unrestricted bank deposits was \$10,209,978 and the carrying amount of restricted bank deposits totaled \$4,079,709. Included in the amount of unrestricted bank deposits is \$2,914,598 of cash transferred to the Enterprise Funds operating accounts on June 29, 2007 for availability to pay Bond interest and principal due on July 2, 2007. The restricted deposits are held by the City for bond related transactions, special purpose operating and capital grants. Fiduciary funds deposits of \$1,391,831 are excluded.

B. Investments

The City Council has adopted an investment policy which is reviewed every two years and updated as needed for best practices. The Pension Boards have their own distinct investment policy over the Pension Trust funds since the objectives differ from those of

the City. The City investments are segregated from the Pension Trust investments for clarity. As of June 30, 2007, the City had the following investments:

Investment Type	Fair Value	(Years)
Government-Wide:		
Fixed income securities:		
U. S. Government Treasuries	\$ 3,126,096	7.68
U. S. Government Agencies	20,683,316	1.38
Corporate Bonds	<u>20,764,112</u>	0.81
Fair Value of fixed income securities	44,573,524	
Portfolio weighted average maturity		1.56
Other investments:		
Money Market Mutual Funds	2,819,774	
Delaware Public Employees Retirement System Pool	4,204,000	
Equity Stock	<u>23,158</u>	
Total Other Investments	<u>7,046,932</u>	
Total Government-Wide Investments	<u><u>\$ 51,620,456</u></u>	
Pension Funds (Trustee held):		
Short-term corporate bond open-end mutual funds	\$ 6,725,386	2.70
Intermediate-term corporate bond open-end mutual funds	<u>3,502,092</u>	7.50
Fair value of fixed income open-end mutual funds	10,227,478	
Portfolio weighted average maturity		4.10
Other investments:		
Domestic equity open-end mutual funds	16,577,193	
International equity open-end mutual funds	<u>4,895,243</u>	
Fair value of other investments	<u>21,472,436</u>	
Total fair value pension funds	<u><u>\$ 31,699,914</u></u>	

Interest rate risk. The City's investment policy requires the Treasurer to periodically review and analyze its investments for exposure to fluctuating interest rates. Debt securities are held to maturity to further reduce exposure to interest rate fluctuations.

The investments are held in the City's name. Wilmington Trust Company issues monthly statements which the Finance Department reviews for contractual and investment policy compliance.

Credit risk. The City's investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. As of June 30, 2007, the City's fixed income and short-term investments had the following risk characteristics as compared to the Standard's & Poor's:

<u>Authorized Investments</u>	<u>Policy</u>	<u>Portfolio Characteristics</u>
Certificates of Deposit, Time Deposits & Bankers Acceptances	B	0%
Corporate Debt		
Commercial Paper	A1/P1	
Corporate Bonds	AA	AAA - 59%
		AA - 27%
		A1/P1 - 14%
Pension Trusts		AAA - 74%
Short-term Corporate bond open-end mutual funds	Avg. AA	AA - 8%
	Min. BB	A - 10%
		BBB - 8%
Mid-term Corporate bond open-end mutual funds	Avg. AA	AAA - 57%
	Min. BBB	AA - 10%
		A - 16%
		BBB - 17%
Equity open-end mutual funds		
Equity investments		

Concentration of credit risk. The City has limitations on its investment portfolio as follows:

Us Government	No Restrictions
Certificates of Deposits and Time Deposits	50% of total, max 10% for any one issuer
U. S. Government Agency Securities	75% of total, max 40% in any one agency
Corporate Equities	50% of total, max 25% in any industry, 10% in any one issuer, and, additionally, 5% of any issuer's total outstanding securities
Repurchase Agreements	50% of total
Reverse Repurchase Agreements	25% of total
Money market funds	25% of total, 10% in any one fund except for the cash account
Municipal Obligations	10% in any one issuer

The Pension Trust fund has its investments exclusively in open-end mutual funds, with limits on its investments as follows:

General Restriction	Domestic: Investment no more than 5% in any one security. May maintain no more than 8% in any one security. International Equities: Maintain limit of 15% of international equity portfolio.
Domestic Equity funds	Minimum 46% of total Maximum 56% of total Target 51% Benchmark Russell 3000
International Equity	Minimum 9% of total Maximum 18% of total Target 14% of total Benchmark MSCI EAFE
Fixed Income	Minimum 30% of total Maximum 40% of total Target 35% of total Benchmark Lehman Intermediate Government/Credit

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy is to have its investments held in the City's name by the City's agents to avoid custodial credit risk. The funds in the amount of \$4,204,000 held in the Delaware Public Employees' Retirement System are held in a pooled fund with no specific identification of any investor's assets.

5. CAPITAL ASSETS

A summary of the Capital asset activity for the year ended June 30, 2007 is presented below:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,958,887	\$ -	\$ -	\$ 3,958,887
Construction in progress	1,561,476	1,897,473	2,519,873	939,076
Total capital assets, not being depreciated	<u>5,520,363</u>	<u>1,897,473</u>	<u>2,519,873</u>	<u>4,897,963</u>
Capital assets, being depreciated:				
Buildings	7,906,384	947	5,793	7,901,538
Furniture and fixtures	314,280	-	61,528	252,752
Equipment	8,613,508	1,182,624	1,143,134	8,652,998
Vehicles	3,095,087	628,424	658,346	3,065,165
Lights	542,435	-	-	542,435
Improvements other than buildings	27,074,573	3,645,182	61,412	30,658,343
Books and audio visuals	879,695	-	866,361	13,334
D.R.M.O. police equipment	80,155	-	22,127	58,028
Fully depreciated assets	463,284	-	73,919	389,365
Total capital assets, being depreciated	<u>48,969,401</u>	<u>5,457,177</u>	<u>2,892,620</u>	<u>51,533,958</u>
Less accumulated depreciation for:				
Buildings	(2,565,038)	(192,409)	4,433	(2,753,014)
Furniture and fixtures	(256,399)	(10,295)	61,528	(205,166)
Equipment	(6,449,331)	(508,333)	1,161,548	5,808,191
Vehicles	(2,114,824)	(399,752)	423,639	(2,090,937)
Lights	(354,042)	(26,956)	-	(380,998)
Improvements other than buildings	(11,670,401)	(1,097,564)	49,347	(12,718,618)
Books and audio visuals	(881,743)	(1,159)	866,361	(16,541)
D.R.M.O. police equipment	(80,155)	-	22,127	(58,028)
Total accumulated depreciation	<u>(24,371,933)</u>	<u>(2,236,468)</u>	<u>2,588,983</u>	<u>(24,019,418)</u>
Total capital assets, being depreciated, net	<u>24,597,468</u>	<u>3,220,709</u>	<u>303,637</u>	<u>27,514,540</u>
Governmental activities capital assets, net	<u>\$ 30,117,831</u>	<u>\$ 5,118,182</u>	<u>\$ 2,823,510</u>	<u>\$ 32,412,503</u>

(continued)

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Electric Revenue Fund				
Capital assets, not being depreciated				
Land	\$ 1,458,066	\$ -	\$ -	\$ 1,458,066
Construction in progress	762,121	1,108,018	538,487	1,331,652
Total capital assets, not being depreciated	<u>2,220,187</u>	<u>1,108,018</u>	<u>538,487</u>	<u>2,789,718</u>
Capital assets, being depreciated				
Buildings	16,037,982	178,162	-	16,216,144
Production	59,168,466	-	2,279	59,166,187
Transmission	21,367,216	873,500	245,428	21,995,288
Distribution	44,539,971	1,677,041	662,872	45,554,140
Administration	1,533,216	-	14,120	1,519,096
Vehicles	500,795	293,706	79,154	715,347
Total capital assets, being depreciated	<u>143,147,646</u>	<u>3,022,409</u>	<u>1,003,853</u>	<u>145,166,202</u>
Less accumulated depreciation for:				
Buildings	(8,971,234)	(436,228)	-	(9,407,462)
Production	(33,554,513)	(1,323,682)	2,279	(34,875,916)
Transmission	(7,531,099)	(629,121)	98,869	(8,061,351)
Distribution	(18,590,676)	(1,315,756)	310,245	(19,596,187)
Administration	(746,819)	(94,857)	14,120	(827,556)
Vehicles	(407,064)	(63,600)	79,154	(391,510)
Total accumulated depreciation	<u>(69,801,405)</u>	<u>(3,863,244)</u>	<u>504,667</u>	<u>(73,159,982)</u>
Total capital assets, being depreciated, net	<u>73,346,241</u>	<u>(840,835)</u>	<u>499,186</u>	<u>72,006,220</u>
Total electric revenue fund capital assets, net	<u>\$ 75,566,428</u>	<u>\$ 267,183</u>	<u>\$ 1,037,673</u>	<u>\$ 74,795,938</u>
Water/Wastewater Fund				
Capital assets, not being depreciated				
Land	\$ 163,240	\$ -	\$ -	\$ 163,240
Construction in progress	992,898	928,043	1,844,615	76,326
Total capital assets, not being depreciated	<u>1,156,138</u>	<u>928,043</u>	<u>1,844,615</u>	<u>239,566</u>
Capital assets, being depreciated				
Plant, wells, pumping stations, and storage	14,161,744	618,240	-	14,779,984
Distribution mains, hydrants, and accessories	11,820,951	584,400	131,234	12,274,117
Sewage plant mains, and pumping stations	21,671,949	1,473,315	339,085	22,806,179
Vehicles and equipment	3,737,288	110,097	241,799	3,605,586
Total capital assets, being depreciated	<u>51,391,932</u>	<u>2,786,052</u>	<u>712,118</u>	<u>53,465,866</u>
Less accumulated depreciation for:				
Plant, wells, pumping stations, and storage	(4,686,539)	(336,307)	-	(5,022,846)
Distribution mains, hydrant, and accessories	(4,055,695)	(225,237)	5,268	(4,275,664)
Sewage plant mains, and pumping stations	(8,205,607)	(455,780)	339,085	(8,322,302)
Vehicles and equipment	(2,132,725)	(324,907)	229,390	(2,228,242)
Total accumulated depreciation	<u>(19,080,566)</u>	<u>(1,342,231)</u>	<u>573,743</u>	<u>(19,849,054)</u>
Total capital assets, being depreciated, net	<u>32,311,366</u>	<u>1,443,821</u>	<u>138,375</u>	<u>33,616,812</u>
Total water/wastewater fund capital assets, net	<u>33,467,504</u>	<u>2,371,864</u>	<u>1,982,990</u>	<u>33,856,378</u>
Business-type activities capital assets, net	<u>\$ 109,033,932</u>	<u>\$ 2,639,047</u>	<u>\$ 3,020,663</u>	<u>\$ 108,652,316</u>

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

Governmental activities:	
General government	\$ 15,412
Central services	90,600
Public safety	427,137
Public works	1,397,367
Library and recreation	120,886
Financial administration	81,572
Total depreciation expense - governmental activities	<u>\$ 2,132,974</u>
Business-type activities:	
Water/wastewater	\$ 1,309,538
Electric	3,843,097
Total depreciation expense-business-type activities	<u>\$ 5,152,635</u>

The decrease in accumulated depreciation for governmental activities is \$352,515 comprised of \$2,236,468 current depreciation and \$2,588,983 accumulated depreciation on fully depreciated assets under \$5,000 that were written off or disposed of.

The increase in accumulated depreciation for the Electric Fund is \$3,358,577 comprised of \$3,863,244 current depreciation and \$504,667 accumulated depreciation on fully depreciated assets under \$5,000 that were written off or disposed of.

The increase in accumulated depreciation for the Water/Wastewater Fund is \$768,488 comprised of \$1,342,231 current depreciation and \$573,743 accumulated depreciation on fully depreciated assets under \$5,000 that were written off or disposed of.

In accordance with generally accepted accounting principles, the interest paid during the construction of projects for enterprise funds is capitalized. This amount is netted against the interest earned on the project funds.

6. LONG -TERM OBLIGATIONS

A. Lease Payments

The City had certain capital leases on vehicles and construction equipment. The lease payments were budgeted in the applicable department budget as an annual appropriation. All of the City's lease terms have expired as of June 30, 2007.

B. Summary of Bonded Indebtness by Issue

<u>Debt Issue</u>	<u>Original Amount</u>	<u>Remaining Amount</u>	<u>Interest Rate</u>	<u>Maturity Range</u>	<u>Federal Arbitrage Applicable</u>	<u>Purpose</u>
<u>Governmental Activities</u>						
1993 General Obligation Bonds	\$ 3,340,000	\$ 160,000	4.728%	7/1/94 - 7/1/08	No	Advance refund 87 & 88 issues and street repaving, storm drainage, and handicap ramp projects
2003 General Obligation Bonds	\$ 3,430,000	\$ 2,635,000	3.870%	7/1/04-7/1/16	No	Refunding of '92 & '95 issues
<u>Business Type Activities</u>						
<u>Water/Wastewater Bonds</u>						
State of Delaware - Revolving Loan Fund - Municipal Revenue	\$ 750,000	\$ 545,657	3.600%	10/1/00 - 4/1/20	No	Wastewater Pump Station # 7 - Leipsic
2003 Revenue Bonds	\$ 7,980,000	\$ 5,115,000	3.790%	7/1/04 - 7/1/23	Yes	Complete refund 1986B Series; partial refunding 1993 and 1993A Series; expansion and upgrades of water and sanitary sewer system
(Coverage ratio on Water/Wastewater Bonds requires net revenues to be at least 1.2 times the maximum annual debt service)						
<u>Electric Revenue Bonds</u>						
2004 Taxable Revenue Bonds	\$ 22,535,000	\$ 18,950,000	4.820%	7/1/05-7/1/15	No	Complete refund 1990 and 1993 Series
(Coverage ratio on Electric Bonds requires net revenues to be at least 1.25 times the maximum annual debt service)						

C. Status as of June 30, 2007 – General Obligation Bonds

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

<u>General Obligation Bonds</u>	<u>General Purpose</u>
1993 Series	\$ 160,000
2003 Series	2,635,000
Total	<u>\$ 2,795,000</u>

The total General Obligation Bonds outstanding amount includes \$350,000 payable within one year.

D Change in Long-Term Debt

The following tables summarize the debt transactions for the year ended June 30, 2007, including bonds and capital leases payable within one year:

i. General Long-Term Debt

Item	Balance 7/01/06	Additions	Reductions	Balance 6/30/07	Payable within one Year
Vehicle & Equipment Leases	\$ 23,384	\$ -	\$ 23,384	\$ -	\$ -
Compensated Absences	1,145,341	1,282,826	1,060,012	1,368,155	727,263
General Obligation Bonds	3,140,000	-	345,000	2,795,000	350,000
Sub-total of General Long-Term Debt	\$ 4,308,725	\$ 1,282,826	\$ 1,428,396	\$ 4,163,155	\$ 1,077,263

**ii. Enterprise Funds Debt
Water/ Wastewater Fund**

Item	Balance 7/01/06	Additions	Reductions	Balance 6/30/07	Payable within one Year
Vehicle & Equipment Leases	\$ 9,287	\$ -	\$ 9,287	\$ -	\$ -
Compensated Absences	104,762	100,840	103,460	102,142	43,739
Revenue Bonds-Water and Wastewater	6,475,000	-	1,360,000	5,115,000	620,000
State of Delaware Municipal Revenue Bond	578,065	-	32,408	545,657	33,585
Sub-total of Water/ Wastewater Fund	\$ 7,167,114	\$ 100,840	\$ 1,505,155	\$ 5,762,799	\$ 697,324

iii. Electric Revenue Fund

Item	Balance 7/01/06	Additions	Reductions	Balance 6/30/07	Payable within one Year
Vehicle & Equipment Leases	\$ 36,221	\$ -	\$ 36,221	\$ -	\$ -
Compensated Absences	577,260	218,079	411,950	383,389	147,573
Revenue Bonds	20,680,000	-	1,730,000	18,950,000	1,780,000
Sub-total of Electric Revenue Fund	\$ 21,293,481	\$ 218,079	\$ 2,178,171	\$ 19,333,389	\$ 1,927,573
Sub-total of Enterprise Fund Debt	\$ 28,460,595	\$ 318,919	\$ 3,683,326	\$ 25,096,188	\$ 2,624,897
Grand Totals of Long-Term Debt	\$ 32,769,320	\$ 1,601,745	\$ 5,111,722	\$ 29,259,343	\$ 3,702,160

The revenue and general obligation bonds payable for the Water/Wastewater Fund and Electric Revenue Fund, and major funds, shown in the statement of net assets is net of unamortized bond discount, issuance costs and deferred interest as follows:

Fund	As Shown Above	Discount/ Issuance Costs	Balance Sheet
General	\$ 2,795,000	\$ 91,543	\$ 2,703,457
Water/Wastewater	5,660,657	269,337	5,391,320
Electric	18,950,000	834,432	18,115,568
Total	\$ 27,405,657	\$ 1,195,312	\$ 26,210,345

The City does not receive reimbursement for debt service from any other governmental units. The City does not have any special assessment debt or defeased bonds as of June 30, 2007.

E. Debt Service Requirements

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

i. Governmental Activities:

Fiscal Year	1993 General Obligation Bonds		2003 General Obligation Bonds		Total
	Principal	Interest	Principal	Interest	
2008	\$ 80,000	\$ 6,150	\$ 270,000	\$ 81,318	\$ 437,468
2009	80,000	2,050	285,000	75,269	442,319
2010	-	-	260,000	68,410	328,410
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	\$ 160,000	\$ 8,200	\$ 2,635,000	\$ 455,422	\$ 3,258,622

ii. Business-type Activities

Fiscal Year	Water/Wastewater Fund				2004 Electric Revenue Fund		
	2003 Revenue Bonds		Municipal Revenue Bonds		Taxable Revenue Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2008	620,000	157,748	33,585	19,343	1,780,000	797,104	3,407,780
2009	640,000	142,706	34,804	18,124	1,840,000	726,448	3,402,082
2010	655,000	125,022	36,070	16,859	1,905,000	647,580	3,385,531
2011	290,000	116,322	37,379	15,550	1,995,000	560,300	3,014,551
2012	300,000	106,422	38,737	14,192	2,080,000	464,620	3,003,971
2013	310,000	95,572	40,144	12,785	2,180,000	361,070	2,999,571
2014	320,000	84,052	41,601	11,326	2,270,000	248,706	2,975,685
2015	330,000	71,512	43,113	9,815	2,390,000	128,010	2,972,450
2016	155,000	65,468	44,679	8,250	2,510,000	-	2,783,397
2017	160,000	59,068	46,301	6,626	-	-	271,995
2018	165,000	52,302	47,984	4,946	-	-	270,232
2019	175,000	44,866	49,727	3,202	-	-	272,795
2020	180,000	37,126	51,533	1,397	-	-	270,056
2021	190,000	28,766	-	-	-	-	218,766
2022	200,000	19,764	-	-	-	-	219,764
2023	210,000	10,106	-	-	-	-	220,106
2024	215,000	-	-	-	-	-	215,000
Total	\$ 5,115,000	\$ 1,216,822	\$ 545,657	\$ 142,415	\$ 18,950,000	\$ 3,933,838	\$ 29,903,732

The preceding tables do not include compensated absences.

F. Bond Deferred Interest Costs/Unamortized

The following adjustments were made to the deferred interest for the fiscal year ending June 30, 2007.

	Balance 7/1/2006	Additions FY 2007	Amortized FY 2007	Balance 6/30/2007
General Fund GO Bonds	\$ 101,714	\$ -	\$ 10,171	\$ 91,543
Discounts/Issuance Costs				
Water/Wastewater Bonds	\$ 300,934	\$ -	\$ 31,597	\$ 269,337
Discounts/Issuance Costs				
Electric Revenue Bonds	\$ 938,742	\$ -	\$ 104,310	\$ 834,432
Discounts/Issuance Costs				

G. Bonds Payable within One Year – Detail by Issue

Principal payments on bonds are due as follows:

i. Payable by General Fund – General Obligation Bonds

Issue	Principal Amount Due	Date Due
1993 Series General Obligation	\$ 80,000	July 1, 2007
2003 Series General Obligation	\$ 270,000	July 1, 2007
Total General Fund	\$ 350,000	

ii. Payable by Water/Wastewater Fund – Revenue Bonds

Issue	Principal Amount Due	Date Due
2003 Water/Wastewater Revenue	\$620,000	July 1, 2007
Subtotal - Revenue	\$620,000	

iii. State of Delaware Municipal Revenue Bonds – State Revolving Fund

Issue	Principal Amount Due	Date Due
Subordinated Series 2000-SRF	\$ 16,643	October 1, 2007
Subordinated Series 2000-SRF	\$ 16,942	April 1, 2008
Subtotal – Revenue SRF	\$ 33,585	
Total Water/Wastewater	\$653,585	

iv. Payable by Electric Fund – Revenue Bonds

Issue	Principal Amount Due	Date Due
2004 Electric Revenue	\$1,780,000	July 1, 2007
Total Electric Fund	\$1,780,000	

Total bond indebtedness principal to be paid in fiscal year 2008 is \$2,783,585.

7. RESTRICTED ASSETS

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

Governmental Activities

Grants-capital construction	These represent the State DOT, Garrison Oak, and Greenway grants reported in the non-major special revenue funds.	\$ 1,247,645
Library Reserve-capital construction	The city established this reserve for the construction of a new library.	2,373,776
	Capital Construction	\$ 3,621,421
Grants-other purposes Expendable	These represent all other funds reported in the special revenue except post-retirement benefit funds, and includes interest income on the Mary Paton library endowment.	\$ 322,439
Stocks	Southern States Cooperative Ltd. patronage stock which cannot be sold to other parties.	\$ 16,594
Mary Paton	An endowment from Mary Elizabeth Paton of which only interest income can be used for library purposes. A permanent fund was not established because the city follows the principal of establishing the minimum number of separate funds consistent with legal specifications, operational requirements and the principles of fund classification.	5,000
	Other purposes - non-expendable	\$ 21,594
Total Restricted Net Assets		<u>\$ 3,965,454</u>

Net restricted assets for construction purposes - expendable

Water/Wastewater	Restrictions on investments imposed by bond covenants	\$ 4,104,580
Electric	Restrictions on investments imposed by bond covenants	25,651,802
		<u>\$ 29,756,382</u>

Net restricted assets for other purposes - non-expendable

Electric	Southern States Cooperative Ltd. patronage stock which cannot be sold to other parties	<u>\$ 6,564</u>
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8. FUND EQUITY/NET ASSETS

In the governmental fund financial statements, the stocks, Mary Paton and Library Reserve restricted assets in preceding note are reported as reserved fund balances. Additionally, the following unrestricted net assets are reported as reservations or designations of fund balances as follows:

Parkland and Recreation	A separate account established by ordinance for the construction and/or development of parklands and recreation facilities.	<u>\$ 1,774,531</u>
Reserved for Encumbrances	Commitments to third parties to be paid in the following fiscal year.	<u>\$ 226,421</u>
Designated for capital assets	A separate account established in 2003 for the acquisition of future capital assets.	<u>\$ 160,404</u>
Designated for contingency	A separate account established by ordinance for emergencies or uninsured capital losses with approval of City Council	<u>\$ 645,254</u>

9. PROPERTY TAXES

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

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

There are no material delinquent property taxes as of June 30, 2007.

10. GRANTS RECEIVED

The total grants received in various non-major Special Revenue Funds are as follows:

Police grants	\$ 503,604
Library related	247,541
Municipal Street Aid	656,322
Housing grants	469,618
Delaware Prevention Network	70,400
DeIDOT grant	1,415,503
Substance Abuse Prevention grant	107,173
Greenway grant	26,559
	<u>\$ 3,496,720</u>

Total grants received directly in the General Fund are as follows:

General Government	\$ 16,000
Public Safety	704,180
Recreation	333,707
Total	<u>\$ 1,053,887</u>

11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2007 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major governmental funds	\$ 150,133
	Water/ Wastewater Fund	125,756
	Electric Revenue Fund	370,768
Water/ Wastewater Fund	General Fund	607
	Non-Major Governmental Funds	2,348
Electric Fund	General Fund	8,649
	Water/Wastewater Fund	9,823
Non-Major Governmental Funds	General Fund	12,612
Total		<u>\$ 680,696</u>

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

B. Due to/from Other Funds-Temporary Advances

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major governmental funds	\$ 66,000
Total		<u>\$ 66,000</u>

C. Interfund Transfers

	Transfers In		
	General Fund	Non-major Governmental Funds	Total
<u>Transfers Out</u>			
General Fund	\$ -	\$ 768,120	\$ 768,120
Non-major governmental funds	2,163,602	-	2,163,602
Water/ Wastewater Fund	535,000	50,000	585,000
Electric Revenue Fund	4,700,000	100,000	4,800,000
Total	<u>\$ 7,398,602</u>	<u>\$ 918,120</u>	<u>\$ 8,316,722</u>

Transfers are generally made for the purpose of providing operating, capital or debt service subsidies to the receiving fund in accordance with City policy. However, the general fund transfers to the non-major government funds represent the City's share of street related improvements and appropriations to post-retirement medical benefits.

12. DEFERRED COMPENSATION BENEFITS

A. 401A Qualified Retirement Plan

Effective July 1, 2000, the City implemented a self-directed defined contribution money purchase plan. The contribution and funding requirements of the plan are established by the City and may be amended by the City. The plan is administered by the International City Management Retirement Corporation (RC). The assets are held in the name of each participant with the ICMA (International City/County Management Associations) Retirement Trust.

Quarterly statements are mailed to each participant by RC. All administration fees are borne by the participants.

The City provides a 100% match of the employee's required contribution of 3% on base wages plus on-call pay, pay adjustments, and scheduled overtime. Effective April 27, 2005, the City provides a 100% match of the employee's voluntary contribution to the City's 457 Deferred Compensation Plan up to 3%. All full-time regular employees are eligible, excluding law enforcement personnel. Personnel that elect the defined contribution plan are not eligible for the defined benefit plan. All contributions are 100% vested upon election of the plan. To be eligible for benefit payments, the participant must meet the same eligibility requirements as the participants in the defined benefit plan as described in Note 17. Employees are eligible to withdraw or rollover to another plan the employer and employee benefits upon separation of service. Withdrawals prior to age 59 ½ could be subject to penalty.

As of June 30, 2007, there were 259 eligible full-time employees of whom 84 are participants in this plan. The City contributed a total of \$199,070 on wages of approximately \$3,511,397. The plan assets totaled \$1,696,189 as of June 30, 2007.

B. 457 Deferred Compensation Plan

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

In May 1994, the City amended its pension plan to allow employees the choice of the defined benefit plan or the 457 Plan. The City provided a maximum 5% matching contribution to the 457 Plan and added an alternative investment firm with Nationwide Retirement Solutions.

On September 11, 2000, the City amended the 457 Plan to allow for matching employer contributions up to a maximum of 3% for those employees who also enroll in the 401A Qualified Retirement Plan as their pension plan for a total maximum contribution of 6%. Effective April 27, 2005, the City's matching contribution is made to the City's 401A Qualified Retirement Plan.

The ICMA Plan has assets of \$5,202,951 as of June 30, 2007, with 159 employees participating. The Nationwide plan has assets of \$2,761,247 as of June 30, 2007 with 50 employees participating. Quarterly statements are mailed to each participant by the plan administrators. All administration fees are borne by the participants. All contributions are 100% vested upon election of the plan. To be eligible for benefit payments the participant must meet the same eligibility requirements as the participants in the defined benefit plan as described in Note 17. Employees are eligible to withdraw or rollover to another plan the employer and employee benefits upon separation of service. Withdrawals prior to age 59 ½ could be subject to penalty.

Employees who select the defined benefit plan are also eligible for the 457 Deferred Compensation Plan; however, no matching employer contribution is made.

As of June 30, 2007, there are 378 employees eligible to enroll in the 457 Deferred Compensation Plan. The City made no contribution for the fiscal year ended June 30, 2007.

13. POST-RETIREMENT BENEFITS

The City provides health care coverage, as required under a City resolution, for retired employees, their spouses, and families on a pre-determined basis. This benefit is not paid from the civilian or police pension plans. These costs are budgeted for each year

in the General Fund, Water/Wastewater Fund, and the Electric Revenue Fund. The fund from which the retired employee was paid provides the cost of the post-retirement health care benefit.

Currently, 223 retirees are eligible for post-retirement health care benefits and 193 are enrolled.

The health care costs for this fiscal year are as follows:

General Government	\$ 736,286
Water/Wastewater Fund	125,480
Electric Revenue Fund	498,269
Total Benefit Provided	<u>\$1,360,035</u>

14. INSURANCE

A. Health Insurance – State of Delaware

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

B. Workers' Compensation Fund – Self-Insurance

On July 1, 1990, the City began self-insuring its Workers' Compensation insurance. For this purpose, the City has established a separate fund.

Claims are processed and administered by a third party administrator. The City manages the revenue and expenditures in this fund and maintains all the records. An actuarial analysis was completed in fiscal year 2006.

As of June 30, 2007, there is \$228,122 in outstanding claims in this fund. An appropriate umbrella policy for the excess coverage has been purchased and is in effect as of June 30, 2007.

The City maintains a fund balance to cover any significant claims or settlements. There have been no significant reductions or settlements exceeding coverage in the past four fiscal years. Workers' Compensation activity is as follows:

	<u>2007</u>	<u>2006</u>
Claims payable beginning of year	\$ 172,531	\$ 224,263
Claims incurred	260,429	176,146
Payment of claims	<u>(204,838)</u>	<u>(227,878)</u>
Claims payable end of year	<u>228,122</u>	<u>172,531</u>

C. Other than Health or Workers' Compensation Insurance

The City purchases commercial insurance policies to cover risks not insured through self-insurance funds. The City has designated a contingency account to provide for uninsured capital losses (See Note 8). There have been no significant reductions or settlements exceeding coverage in the past four fiscal years.

15. RENTAL INCOME

The City has a lease agreement with an individual for agricultural use of the Garrison Farm. The lease payment of \$35,533 has been recorded as miscellaneous revenue in the General Fund.

The City's Electric Revenue Fund owns an office building which houses the City's Customer Service and Information Technology Departments. At June 30, 2007 the City had leases with three tenants for the remaining space available. The City started the fiscal year with four tenants and on March 31, 2007 one lease ended. Lease revenue is \$205,289 in the Electric Revenue Fund consisting of building rental of \$152,695, substation rental of \$30,000 and pole rentals of \$22,594.

The City maintains several water tower leases for a group of telecommunications companies. These are recorded as revenue of the Water/Wastewater Fund and total \$287,017 in fiscal year 2007.

16. ROBBINS HOSE COMPANY NO. 1, INC.

The City has entered into a written agreement with the volunteer fire company to assist with payments on several pieces of fire fighting equipment. The payments are budgeted as expenditures in the General Fund-Fire Department budget.

The schedules of payments are as follows:

<u>Equipment</u>	<u>Annual Appropriation</u>	<u>Ending Date</u>
Ladder #1	\$70,000	FY 2008
Engine #4	\$126,000	FY 2008
Fire Station #2 - Mortgage	\$60,000	FY 2014

In addition to the appropriations, the City has paid vendors directly for Communications Equipment and radios in the amount of \$272,141.

17. PENSION PLANS

The City participates in three pension plans: City of Dover Police Pension Plan, State of Delaware Police Pension Plan, and The City of Dover General Employee Pension Plan. The City of Dover Police Pension Plan, a single employer defined benefit plan, covers all uniformed police officers hired prior to September 1, 1982. The State of Delaware Police Pension Plan, a multi-employer cost-sharing plan, covers all uniformed police officers hired on or after September 1, 1982. The City of Dover General Employee Pension Plan, a single employer defined benefit plan, covers all full-time permanent employees, other than police officers. The City makes employer contributions to all three plans.

The City holds and administers the assets of the two single-employer defined benefit plans and, accordingly, is required to prepare pension trust fund financial statements using the accrual basis of accounting. Separate pension fund financial statements for each plan have not been issued; accordingly, they are presented as required by GASB Statement No. 34, as follows:

**The City of Dover, Delaware
Statement of Pension Trust Fund Net Assets
June 30, 2007**

	Police Pension	Employee Pension	Totals
ASSETS:			
Cash and cash equivalents	\$ 226,776	\$ 734,287	\$ 961,063
Investments at fair value			
Mutual Funds	13,407,931	18,291,983	31,699,914
Receivables	332,989	-	332,989
LIABILITIES:			
Accounts Payable	(17,374)	(23,421)	(40,795)
 Net assets held in trust for pension benefits	 \$ 13,950,322	 \$ 19,002,849	 \$ 32,953,171

**The City of Dover, Delaware
Statement of Changes in Pension Trust Fund Net Assets
For the Year Ended June 30, 2007**

	Police Pension	General Pension	Total Pension Trust Funds
Additions			
Net investment income/loss	\$ 1,997,298	\$ 2,688,851	\$ 4,686,149
City's contribution - payroll based	320	2,085,868	2,086,188
City's contribution - lump sum	95,000	690,667	785,667
Employee contribution	101	267,718	267,819
State contributions	429,653	-	429,653
State contributions toward COLA increases	217,500	-	217,500
Other	2,462	-	2,462
Total Additions to Net Assets	2,742,334	5,733,104	8,475,438
Deductions			
Benefit payments	1,246,539	2,360,730	3,607,269
General administration	16,530	22,070	38,600
Refund of pension contribution	-	26,609	26,609
Total Deductions From Net Assets	1,263,069	2,409,409	3,672,478
Changes in net assets	1,479,265	3,323,695	4,802,960
Net assets - beginning	12,471,057	15,679,154	28,150,211
Net assets - ending	\$ 13,950,322	\$ 19,002,849	\$ 32,953,171

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

The City's total payroll for all eligible full-time regular employees for the year ended June 30, 2007, was \$17,960,553. Of this amount \$12,838,801 in total payroll earnings was reported to and covered by the three pension plans.

Following is further information on each plan.

A. City of Dover Police Pension Plan

This contributory pension plan began on January 1, 1970 under the authority of the City Code, Chapter 18, Article II. The contribution and funding requirements of the plan are established by the City and may be amended by the City. It is a closed plan. The last active employee retired on June 29, 2006. An officer's pension right is vested upon the completion of 15 years of continuous service. As of June 30, 2007, there are 47 retirees and benefactors receiving benefits.

The percentage of covered payroll, which employees contribute, is stated in the City Code, and is considered by the actuaries in their determination of the actuarial requirement for employer normal cost. For the year ended June 30, 2007, \$2,529 in payroll earnings were reported to and covered by this plan.

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

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

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

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

The plan is managed by the City of Dover Police Pension Board established in the City Code. The committee recommends changes and amendments to City Council, which approves changes to the code. The rate of the City's contribution is determined by the actuarial study.

The State contributes to the City of Dover Police Pension Plan on behalf of the City. The State assesses a .25% surcharge on insurance policies issued in the state. Each year this amount is allocated to the municipalities in Delaware in direct ratio to the number of officers employed. For the year ended June 30, 2007, the State contribution was \$429,653. The State also provides 75% for the annual cost of living increase (COLA) granted to police retirees on January 1 each year. For 2007, the State's contribution was \$217,500. The total on-behalf contributions by the State to

the Plan was \$647,153. This amount is included as Grants received revenue and Public Safety and Law Enforcement expenditures in the General Fund.

The legally defined liability for the City of Dover Police Pension Plan is the full amount required to pay the current year's total benefits. The City has met this liability for fiscal year 2007. An actuarial study as of July 1, 2006 in accordance with GASB Statement 25 and 27 has been completed. The City's actuary is Pike Associates of Potomac, Maryland.

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

During the past year, the City contributions combined with the State insurance tax proceeds (excluding COLA contributions not part of the actuarial valuation) have exceeded the calculated annual pension cost and have resulted in a net pension asset (NPA), defined as the accumulated value of contributions, deficiencies, or excesses over required contributions, of \$848,153 as follows:

Annual required contribution	\$ 485,055
Interest on net pension asset	(45,060)
Adjustment to annual required contribution	<u>57,581</u>
Annual pension cost	497,576
Contributions	<u>(744,935)</u>
(Increase)/decrease in net pension asset	(247,359)
Net pension obligation (asset) at beginning of year	<u>(600,794)</u>
Net pension obligation (asset) at end of year	<u><u>\$ (848,153)</u></u>

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

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

	Annual Pension Cost	Percentage Contributed	NPO (Asset) End of Year
2005	\$ 535,722	159%	\$ (453,977)
2006	\$ 568,994	126%	\$ (600,794)
2007	\$ 497,576	150%	\$ (848,153)

The funding requirement for fiscal year 2006-2007 for this plan is presented below:

			As required by the City Code and the plan provisions (\$101)
1.	Employee Contribution	4% of payroll	
2.	Employer's Contribution A. July 2006 – June 2007	12.66%	Actuarially determined percent of payroll for current normal cost (\$320)
3.	Employer's Contribution Additional Lump Sum	\$95,000	Lump sum contribution as actuarially determined to fund the unfunded liability
4.	State of Delaware Contributions	\$647,153	Surcharge on insurance premiums and COLA
5.	Annual Pension Cost	\$497,576	Actuarially computed using entry age cost method
6.	Net Pension Asset	\$848,153	As of June 30, 2007

The net pension asset is a result of matching funds that the State of Delaware provides (75%) for the annual cost of living increase granted to police retirees on January 1 of each year. The increase on January 1, 2007 is not included in the liability calculation that was performed on July 1, 2006. The July 1, 2007 valuation will take into account the January 1, 2007 COLA and the State contribution.

Actuarial methods and significant assumptions:

Valuation date	July 1, 2006
Actuarial cost method	Entry age cost method
Amortization method	Level percentage of projected payroll
Remaining amortization period	18 years
Amortization Period	Closed
Asset valuation method	Current market value

Actuarial Assumptions:

Investment rate of return	7.5%
Projected salary increases	4.5%
Includes inflation at	3.5%
Automatic Cost of Living (retirees)	2.0%

B. State of Delaware Police Pension Plan

The City participates in the State of Delaware “County and Municipal Police Pension Plan” for uniformed police officers whose employment with the City started on or

after September 1, 1982 per the City of Dover Code, Chapter 18 (Police Department) Article II (Pension Plan). This is a cost-sharing multiple-employer defined benefit

pension plan. The State of Delaware enacted legislation to provide for the plan and is responsible for setting benefits, contributions and amending plan provisions. This is a contributory plan with the employee contributing 7% of gross salary, exclusive of overtime. For the year ended June 30, 2007, \$5,208,970 in payroll earnings were reported to and covered by this plan.

The City’s actuarially determined contributions as the employer were 12.36%, 13.84% and 13.97% for the fiscal years ended June 30, 2005, 2006 and 2007, respectively. The City’s contributions to the plan for years ending June 30, 2005, 2006 and 2007 were \$567,244, \$678,889, and \$727,573 and were equal to the required contributions for each year. These contributions cover the City’s total liability for funding, as determined by the State of Delaware. The City does not have any unfunded liability in this plan.

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

As of June 30, 2007 city membership in this plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	13
Active employees: Fully Vested 10 years	52
Non Vested	38

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

Disability benefits paid to a participant who is totally disabled in the performance of duty are 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents. Partial disability benefits for duty-related or ordinary

disability are calculated the same as a service pension (subject to maximum and minimum limitations).

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

The City of Dover's employer contribution was 12.36%, 13.84% and 13.97% of the total employer contributions to the plan for each fiscal year 2005, 2006 and 2007.

The State of Delaware passed legislation in 2006 to amend the plan provisions

eliminating the FICA adjustment and increasing the employee contribution from 5% to 7%.

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

C. City of Dover General Employee Pension Plan

The City of Dover General Employee Pension Plan started on July 1, 1967, under the authority of the City Code, Article IX, General Employee Pension Plan, Sections 2-176 through 2-215, and was made contributory on July 1, 1983. The contribution and funding requirements of the plan are established by the City and may be amended by the City. Employees contribute 3.5% of gross salary, exclusive of unscheduled overtime. An employee's pension right is vested upon completion of 10 years of continuous service. Participation in the plan became mandatory for employees hired after July 1, 1991. At the present time, 189 employees and 169 retirees participate in the plan, while 84 employees have chosen to participate in the deferred contribution money purchase option, which began May 1, 1994. Current membership in the General Employee Pension Plan as of June 30, 2007, is comprised of the following:

Retired and beneficiaries currently receiving benefits	169
Active employees: Fully Vested	92
Non Vested	97
Deferred Vested	32

The percentage of covered payroll, which employees contribute, is stated in the City Code, and is considered by the actuaries in their determination of the actuarial requirement for employer normal cost. For the year ended June 30, 2007, payroll earnings of \$7,627,303 were reported to and covered by this plan.

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

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

An employee may also take an early reduced retirement on any date following the attainment of age 55 and the completion of 10 years of continuous service. However, the early retirement benefit is calculated in the same manner as the

normal retirement benefit, reduced by one-half of one percent for each month the benefit commences prior to the age 65.

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

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

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

The legally defined liability for the City of Dover General Employee Pension Plan is the full amount required to pay the current year's total benefits. The City has not met this liability for fiscal year 2007. An actuarial study as of July 1, 2006 has been completed in accordance with GASB Statements No. 25 and 27. The City's actuary is Pike Associates of Potomac, Maryland.

The annual required contribution (ARC) conforms to the aggregate entry age cost method as defined in Statement 25. The net pension obligation (NPO), which is defined as a liability equal to the accumulated value of deficiencies of required contributions at June 30, 2007 is \$329,944, as follows:

Annual required contribution	\$ 2,231,594
Interest on net pension obligation	65,631
Adjustment to annual required contribution	<u>(65,823)</u>
Annual pension cost	2,231,402
Contributions made	<u>2,776,535</u>
Increase (decrease) in net pension obligation	(545,133)
Net pension obligation (asset) at beginning of year	<u>875,077</u>
Net pension obligation (asset) at end of year	<u><u>\$ 329,944</u></u>

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

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

	Annual Pension Cost	Percentage Contributed	NPO End of Year
2005	\$ 1,729,127	91%	\$ 589,650
2006	\$ 2,024,109	86%	\$ 875,077
2007	\$ 2,231,402	124%	\$ 329,944

On May 1, 1994, a deferred compensation option was offered to employees in lieu of participation in the General Employee Pension Plan, and 41 employees elected to switch to the deferred compensation plan. (See Note 12 - Deferred Compensation Benefits.)

The funding requirement for fiscal year 2006-2007 for this plan is as follows:

- | | | | |
|----|---|-----------------|---|
| 1. | Employee Contribution | 3.5% of payroll | As required by the City Code and the plan provisions (\$267,718) |
| 2. | Employer's Contribution
July 2006– June 2007 | 27.4% | Actuarially determined percent of payroll for current normal cost (\$2,085,868) |
| 3. | Employer's Contribution
Additional Lump Sum | \$683,242 | Lump Sum Contribution to reduce unfunded liability |
| 4. | Annual Pension Cost | \$2,231,402 | Actuarially computed using entry age cost method |
| 5. | Net Pension Obligation | \$329,944 | As of June 30, 2007 |

Actuarial Methods and significant assumptions:

Valuation date	July 1, 2006
Actuarial cost method	Aggregate entry age cost method
Amortization method	Level percentage of projected payroll
Remaining amortization period	18 years
Amortization Period	Closed
Asset valuation method	Current market value

Actuarial Assumptions:

Investment rate of return	7.5%
Projected salary increases	4.5%
Includes inflation at	3.5%

Services to Our Residents and Customers

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

The City also Offers

Parking
Downtown Development
Historic Preservation

Financial Section, Part D-Required Supplementary Information

**CITY OF DOVER
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget & Actual (Non-GAAP Basis)
For the Year Ended June 30, 2007**

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning Balance	\$ 4,232,792	\$ 5,437,696	\$ 5,437,696	\$ -
Fines and Other Police Revenue	760,000	706,020	717,310	11,290
911 Fees	64,000	64,000	56,370	(7,630)
Investment Income	290,000	290,000	307,698	17,698
Library Revenue	399,500	379,900	989,005	609,105
Licenses and Permits	2,310,000	2,691,500	2,689,348	(2,152)
Miscellaneous Service Charges	93,054	253,054	247,052	(6,002)
Police Extra Duty Fees	350,000	350,000	358,756	8,756
Property Taxes	9,148,680	9,254,909	9,032,995	(221,914)
Recreation Revenues	95,500	102,200	98,613	(3,587)
Sanitation Fees & Rebate	1,258,540	1,282,540	1,283,358	818
Rent Revenue	28,213	28,213	35,533	7,320
Court of Chancery Fees	710,000	761,000	929,120	168,120
Internet Revenue	10,000	10,000	7,483	(2,517)
Curbside Recycling	24,000	24,000	10,041	(13,959)
Electric Fund Appropriation	5,700,000	4,700,000	4,700,000	-
Water/Wastewater Fund Appropriation	535,000	535,000	535,000	-
Franchise Fee	410,000	422,000	440,745	18,745
Transfer Tax	2,900,000	2,900,000	2,187,811	(712,189)
Sale of Assets	-	-	159,495	159,495
Interfund Service Receipts Water/Wastewater	1,176,357	1,112,461	1,092,328	(20,133)
Interfund Service Receipts Electric	3,869,378	3,732,641	3,679,042	(53,599)
Grants:				
Police Related	149,285	192,753	140,833	(51,920)
Homeland Security	69,650	169,650	87,351	(82,299)
State Grant- Trail Maintenance	-	-	1,100	1,100
Recreation	300,000	335,000	332,607	(2,393)
Misc Grant Revenue	5,500	5,500	18,000	12,500
Transfer from Civil Traffic Penalties	950,000	500,000	540,566	40,566
Transfer from Capital Asset Reserve	-	324,824	324,824	-
Transfer from Municipal Street Aid	660,000	656,504	657,474	970
Transfer from Delaware Prevention Network	-	-	3,000	3,000
Transfer from Realty Transfer Tax	-	-	821,728	821,728
Transfer from Parkland Reserve	964,800	974,800	781,538	(193,262)
TOTAL REVENUES	\$ 37,464,249	\$ 38,196,165	\$ 38,703,820	\$ 507,655
EXPENDITURES:				
Tax Assessor	\$ 273,777	\$ 221,612	\$ 224,895	\$ (3,283)
Fire	1,299,787	1,137,347	1,188,173	(50,826)
Library	1,087,627	1,012,635	1,005,737	6,898
Recreation	1,728,179	1,813,458	1,452,987	360,471
Planning Commission	338,564	297,362	295,426	1,936
Public Inspections	1,191,003	1,223,379	1,167,072	56,307
Police	12,064,643	11,930,056	11,695,791	234,265
Streets	1,009,197	885,866	868,910	16,956
Sanitation	2,453,231	2,246,285	2,163,486	82,799
Public Works-Engineering	312,126	302,068	314,729	(12,661)

(Continued)

Financial Section, Part D-Required Supplementary Information

(Continued)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE POSITIVE (NEGATIVE)
Allocated Expenditures:				
Human Resources	\$ 399,475	\$ 354,997	\$ 349,509	5,488
Administrative Services	1,036,712	1,039,318	1,048,692	(9,374)
City Manager	642,239	630,607	629,503	1,104
Information Technology	941,400	942,129	892,449	49,680
Finance	715,733	669,261	654,883	14,378
Public Works-Administration	317,485	237,276	235,183	2,093
Facilities Management	1,402,610	1,355,050	1,330,499	24,551
Central Services	759,832	727,860	733,291	(5,431)
Vehicle Maintenance	676,695	675,762	649,012	26,750
City Clerk	308,362	244,689	236,271	8,418
Mayor	114,661	114,841	106,908	7,933
Council	119,218	117,494	110,404	7,090
Grounds Maintenance	1,168,150	1,098,239	1,105,432	(7,193)
Insurance	465,980	465,980	452,414	13,566
Retiree Benefits	763,982	763,982	736,286	27,696
Subtotal	\$ 31,590,668	\$ 30,507,553	\$ 29,647,942	\$ 859,611
Debt Service:				
Principal and Interest	441,232	441,232	441,232	-
Transfer to Post Retirement Benefit	250,000	250,000	250,000	-
Transfer to Contingency	8,007	-	-	-
Transfer to Street Program	350,000	418,120	418,120	-
Transfer to Parkland Reserve	350,000	360,000	361,375	(1,375)
Transfer to Capital Asset Reserve	-	-	159,810	(159,810)
DSWA Recycling Program	24,000	24,000	9,622	14,378
Inventory Write Offs	-	-	13,010	(13,010)
I/T Emergency Preparedness Plan	-	100,000	87,351	12,649
Appropriation to Pension Fund	402,204	402,204	402,204	-
Transfer to Library Escrow	583,500	1,620,970	2,226,932	(605,962)
Provision for Uncollectibles	10,000	10,000	10,000	-
Street Lights	746,200	520,000	624,242	(104,242)
TOTAL EXPENDITURES	\$ 34,755,811	\$ 34,654,079	\$ 34,651,840	\$ 2,239
Budget Balance-Carry Forward	\$ 2,708,438	\$ 3,542,086	\$ 4,051,980	\$ 509,894
Perspective and GAAP (Non-GAAP) Differences:				
Escrows not included in fund balance			\$ 48,796	
Fair value of investment adjustment			(6,957)	
Reserve for Encumbrances			(226,421)	
Unreserved Fund Balance			\$ 3,867,398	

Notes to Required Supplementary Information

A. Budgetary Basis of Accounting

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

B. Explanation of Excess Expenditures over Appropriations

Actual revenues exceeded the final appropriation by \$507,655 mainly a result of a one-time receipt from Kent County for Libraries. Expenditures were lower than budget by \$2,239 across several functions. Several purchases/projects were not able to be completed in FY07 and will be rebudgeted in FY08. Transfers to reserves were greater than budget as a result of non-recurring unexpected receipts.

The net result is an increase to the General Fund ending fund balance of \$509,894.

**Police Pension Fund
Supporting Schedule – 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
7/1/98	\$ 14,704,970	\$ 15,310,072	\$ 605,102	96.1%	\$ 462,976	130.7%
7/1/00	\$ 17,148,623	\$ 16,659,729	\$ (488,894)	102.9%	\$ 298,678	163.7%
7/1/02	\$ 16,640,675	\$ 17,480,732	\$ 840,057	95.2%	\$ 138,353	607.2%
7/1/03	\$ 11,660,850	\$ 17,492,167	\$ 5,831,317	66.7%	\$ 138,353	4214.8%
7/1/04	\$ 11,829,963	\$ 17,587,922	\$ 5,757,959	67.3%	\$ 63,830	9020.8%
7/1/05	\$ 11,944,213	\$ 17,850,795	\$ 5,906,582	66.9%	\$ 65,673	8993.9%
7/1/06	\$ 12,471,057	\$ 17,532,104	\$ 5,061,047	71.1%	\$ 65,745	7698.0%

Plan costs reflect a change in the method used to value plan assets. Investment gains or losses under the revised method are spread over five years. The change has significantly reduced the impact of recent investment losses on the July 1, 2002 valuation. The principal plan experiences impacting the unfunded liability were more than expected invested earnings and a liability gain due primarily to more deaths than expected. The City will continue amortizing the unfunded actuarial accrued liability over 18 years with payments increasing at 3 1/2% per year utilizing the level percentage of projected payroll method. The amortization period is closed.

**Police Pension Fund
Required Supplementary Information
Schedule of Employers' Contribution**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1998	\$ 129,073	100%
1999	\$ 120,188	100%
2000	\$ 117,721	100%
2001	\$ 92,435	100%
2002	\$ 80,553	100%
2003	\$ 91,373	595%
2004	\$ 538,271	87%
2005	\$ 533,486	159%
2006	\$ 560,638	128%
2007	\$ 485,055	154%

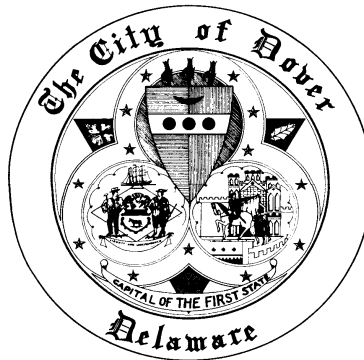
**General Employee Pension Fund
Required Supplementary Information
Schedule of Funding Progress**

Valuation Date	Plan Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded as a Percent of Payroll
7/1/98	\$ 18,792,809	\$ 22,096,611	\$ 3,303,802	85.0%	\$ 6,592,117	50.1%
7/1/00	\$ 22,095,632	\$ 27,497,493	\$ 5,401,861	80.4%	\$ 6,559,611	82.4%
7/1/02	\$ 20,638,445	\$ 32,013,030	\$ 11,374,585	64.5%	\$ 6,774,554	167.9%
7/1/03	\$ 19,133,025	\$ 36,131,839	\$ 16,998,814	53.0%	\$ 6,661,757	255.2%
7/1/04	\$ 17,531,096	\$ 37,764,973	\$ 20,233,877	46.4%	\$ 7,320,938	276.4%
7/1/05	\$ 16,277,640	\$ 39,860,241	\$ 23,582,601	40.8%	\$ 7,370,418	320.0%
7/1/06	\$ 15,712,605	\$ 41,103,526	\$ 25,390,921	38.2%	\$ 7,627,303	332.9%

The unfunded actuarial accrued liability for this plan is being amortized over 30 years beginning July 1, 1994, 18 of which remain as of June 30, 2007, with payments increasing at 3 1/2% per year as of July 1, 2002. Plan costs reflect a change in the method used to value plan assets. Investment gains or losses under the revised method are spread over five years. The change has significantly reduced the impact of investment losses on the July 1, 2002 valuation. The unfunded accrued liability increased due to the recognition of these deferred losses and due to the fact the City granted retirees a 2% COLA. The amortization period is closed. The City utilizes the level percentage of projected payroll method to amortize the unfunded liabilities, currently 29.32%.

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1998	\$ 501,624	100%
1999	\$ 512,143	100%
2000	\$ 478,016	100%
2001	\$ 487,736	100%
2002	\$ 591,311	100%
2003	\$ 941,910	100%
2004	\$ 1,433,298	73%
2005	\$ 1,726,989	91%
2006	\$ 2,022,614	86%
2007	\$ 2,231,594	124%



FINANCIAL STATEMENTS SPECIAL REVENUE FUNDS

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

POLICE GRANTS

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

LIBRARY GRANTS

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

MUNICIPAL STREET AID

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

CDBG HOUSING GRANTS

The City receives a U.S. Department of Housing and Urban Development Entitlement Grant for the Community Development Block Grant Program. This provides housing to low or moderate-income persons as well as public housing rehabilitation and community policing.

DPN GRANTS

The Delaware Prevention Network grant provides comprehensive and coordinated strategies to prevent substance abuse. The grant is administered by the State of Delaware, Office of Prevention.

WEED AND SEED GRANTS

The City of Dover receives funds from the Delaware Criminal Justice Council for Weed and Seed grants to revitalize designated neighborhoods and improve relationships among residents, businesses and government by developing and creating a strategic plan to establish initiatives in community policing, law enforcement, prevention intervention and treatment, and neighborhood restoration.



**FINANCIAL STATEMENTS
SPECIAL REVENUE FUNDS**
(continued)

STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS

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

GREENWAY GRANT

The State of Delaware, Department of Transportation, provides Suburban Street Funds to the City as a Project Sponsor for the planning and development of the St. Jones River Greenway. The grant is administered by the State Division of Parks and Recreation. All grant transactions are recorded in this fund.

SUBSTANCE ABUSE PREVENTION GRANT

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

POST-RETIREMENT BENEFITS

The City is currently accumulating funds for future benefits, other than pensions for retirees and future retirees, by transferring contributions from the General, Water/Wastewater and Electric Revenue Funds specifically for such benefits.

ELECTRONIC RED LIGHT SAFETY PROGRAM (ERLSP)

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

GARRISON OAK TECHNOLOGY PARK

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

REALTY TRANSFER TAX

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

Financial Section, Part E – Supplementary Information

CITY OF DOVER
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG HOUSING GRANTS	DPN GRANT	STATE D.O.T. GRANTS	GREENWAY GRANT	SUBSTANCE ABUSE PREV. GRANT	POST RETIREMENT BENEFITS	ERLSP	GARRISON OAK TECH. PARK	REALTY TRANSFER TAX	TOTALS
ASSETS:													
Cash	\$ 321,854	\$ 30,062	\$ 146	\$ 55,248	\$ 6,009	\$ 314,634	\$ 11	\$ 8,903	\$ -	\$ 1,227	\$ 375,545	\$ 48,109	\$ 1,161,748
Receivables	76,540	-	-	-	-	381	-	15,012	-	-	-	11,759	103,692
Investments	-	-	-	-	-	-	-	-	4,204,000	-	-	-	4,204,000
Due from other funds-charges	4,712	436	-	-	-	7,464	-	-	-	-	-	-	12,612
Due from other governments	-	-	-	6,850	5,568	552,521	26,559	-	-	18,387	-	-	609,885
TOTAL ASSETS	\$ 403,106	\$ 30,498	\$ 146	\$ 62,098	\$ 11,577	\$ 875,000	\$ 26,570	\$ 23,915	\$ 4,204,000	\$ 19,614	\$ 375,545	\$ 59,868	\$ 6,091,937
LIABILITIES AND FUND BALANCE:													
Liabilities:													
Vouchers Payable	\$ 62,292	\$ 14,295	\$ -	\$ 6,825	\$ 5,318	\$ 4,470	\$ -	\$ 6,773	\$ -	\$ -	\$ -	\$ 22	\$ 99,995
Deferred Revenue	-	-	-	-	-	524,532	-	-	-	-	-	-	524,532
Due to other funds-charges	74,257	-	-	108	259	-	-	-	-	18,567	-	59,290	152,481
Due to other funds-temporary advances	-	-	-	30,000	6,000	-	25,000	5,000	-	-	-	-	66,000
Total Liabilities	\$ 136,549	\$ 14,295	\$ -	\$ 36,933	\$ 11,577	\$ 529,002	\$ 25,000	\$ 11,773	\$ -	\$ 18,567	\$ -	\$ 59,312	\$ 843,008
Fund Balances:													
Unreserved	\$ 266,557	\$ 16,203	\$ 146	\$ 25,165	\$ -	\$ 345,998	\$ 1,570	\$ 12,142	\$ 4,204,000	\$ 1,047	\$ 375,545	\$ 556	\$ 5,248,929
Total Fund Balances	\$ 266,557	\$ 16,203	\$ 146	\$ 25,165	\$ -	\$ 345,998	\$ 1,570	\$ 12,142	\$ 4,204,000	\$ 1,047	\$ 375,545	\$ 556	\$ 5,248,929
TOTAL LIABILITIES AND FUND BALANCES	\$ 403,106	\$ 30,498	\$ 146	\$ 62,098	\$ 11,577	\$ 875,000	\$ 26,570	\$ 23,915	\$ 4,204,000	\$ 19,614	\$ 375,545	\$ 59,868	\$ 6,091,937

Financial Section, Part E – Supplementary Information

CITY OF DOVER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES
YEAR ENDED JUNE 30, 2007

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG HOUSING GRANTS	DPN GRANT	STATE D.O.T. GRANTS	MUNICIPAL GREENWAY GRANT	SUBSTANCE ABUSE PREV. GRANT	POST RETIREMENT BENEFITS	ERLSP	GARRISON OAK TECH. PARK	REALTY TRANSFER TAX	TOTALS
REVENUES:													
Grant received	\$ 503,604	\$ 247,541	\$ 656,322	\$ 469,618	\$ 70,400	\$ 1,415,503	\$ 26,559	\$ 107,173	\$ -	\$ -	\$ -	\$ -	\$ 3,496,720
Recreation revenue	-	-	-	-	-	-	-	12,793	-	-	-	-	12,793
Police Fines	-	-	-	-	-	-	-	-	-	540,566	-	-	540,566
Revenue from other funds - General Fund	-	-	-	-	-	-	-	-	-	-	-	820,560	-
Miscellaneous revenue	1,277	-	-	-	-	18,929	-	-	-	-	-	-	20,206
Investment income (loss)	11,173	-	1,198	1,646	-	9,119	55	30	563,487	197	18,456	1,724	607,085
TOTAL REVENUES	\$ 516,054	\$ 247,541	\$ 657,520	\$ 471,264	\$ 70,400	\$ 1,443,551	\$ 26,614	\$ 119,996	\$ 563,487	\$ 540,763	\$ 18,456	\$ 822,284	\$ 5,497,930
EXPENDITURES:													
Program expenditures	\$ 302,531	\$ 247,563	\$ -	\$ 464,326	\$ 67,409	\$ 617,114	\$ 26,559	\$ 107,810	\$ -	\$ -	\$ -	\$ -	\$ 1,833,312
TOTAL EXPENDITURES	\$ 302,531	\$ 247,563	\$ -	\$ 464,326	\$ 67,409	\$ 617,114	\$ 26,559	\$ 107,810	\$ -	\$ -	\$ -	\$ -	\$ 1,833,312
Excess (deficiency) of revenues over expenditures	\$ 213,523	\$ (22)	\$ 657,520	\$ 6,938	\$ 2,991	\$ 826,437	\$ 55	\$ 12,186	\$ 563,487	\$ 540,763	\$ 18,456	\$ 822,284	\$ 3,664,618
Other financing sources (uses):													
Operating transfers-in	-	-	-	-	-	418,120	-	-	500,000	-	-	-	918,120
Operating transfers-out	(136,720)	-	(657,474)	(4,114)	(3,000)	-	-	-	-	(540,566)	-	(821,728)	(2,163,602)
Excess (deficiency) of revenues and other financing sources over expenditures & other uses	\$ 76,803	\$ (22)	\$ 46	\$ 2,824	\$ (9)	\$ 1,244,557	\$ 55	\$ 12,186	\$ 1,063,487	\$ 197	\$ 18,456	\$ 556	\$ 2,419,136
UNRESERVED FUND BALANCE AT BEGINNING OF YEAR	\$ 189,754	\$ 16,225	\$ 100	\$ 22,341	\$ 9	\$ (898,559)	\$ 1,515	\$ (44)	\$ 3,140,513	\$ 850	\$ 357,089	\$ -	\$ 2,829,793
UNRESERVED FUND BALANCE AT END OF YEAR	\$ 266,557	\$ 16,203	\$ 146	\$ 25,165	\$ -	\$ 345,998	\$ 1,570	\$ 12,142	\$ 4,204,000	\$ 1,047	\$ 375,545	\$ 556	\$ 5,248,929

**CITY OF DOVER
MUNICIPAL STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2007**

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 221	\$ 100	\$ 100	\$ -
Grant received	660,000	656,504	656,322	(182)
Interest earned	100	300	1,198	898
TOTAL REVENUES	\$ 660,321	\$ 656,904	\$ 657,620	\$ 716
OTHER FINANCING USES:				
Operating transfer-out	\$ 660,000	\$ 656,504	\$ 657,474	\$ (970)
BALANCE CARRIED TO NEXT YEAR	\$ 321	\$ 400	\$ 146	\$ -

CITY OF DOVER
HOUSING GRANTS - CDBG

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ -	\$ -	\$ 22,341	\$ 22,341
Federal grant received	314,371	574,965	469,618	(105,347)
Interest earned-State CDBG	-	-	1,646	1,646
TOTAL REVENUES	\$ 314,371	\$ 574,965	\$ 493,605	\$ (81,360)
EXPENDITURES:				
Federal program expenditures	\$ 314,371	\$ 574,965	\$ 464,326	\$ 110,639
State program expenditures	-	-	-	-
TOTAL EXPENDITURES	\$ 314,371	\$ 574,965	\$ 464,326	\$ 110,639
OTHER FINANCING USES:				
Operating transfer-out	\$ -	\$ -	\$ (4,113)	\$ (4,113)
Balance Carried to Next Year	\$ -	\$ -	\$ 25,166	\$ (25,166)

CITY OF DOVER
DELAWARE PREVENTION NETWORK GRANT FUND

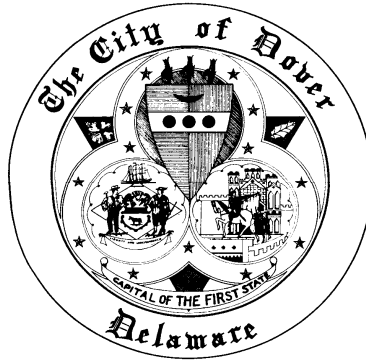
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL

YEAR ENDED June 30, 2007

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ -	\$ -	\$ 9	\$ 9
Grant received	70,000	70,400	70,400	-
TOTAL REVENUES	\$ 70,000	\$ 70,400	\$ 70,409	\$ 9
EXPENDITURES:				
Program expenditures	\$ 70,000	\$ 70,400	\$ 70,409	\$ (9)
TOTAL EXPENDITURES	\$ 70,000	\$ 70,400	\$ 70,409	\$ (9)
BALANCE CARRIED TO NEXT YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF DOVER
 STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 3,940	\$ (898,559)	\$ (898,559)	\$ -
Grants received: State	1,000,000	1,326,420	1,269,288	(57,132)
Interest earned	-	7,000	7,361	361
TOTAL REVENUES	\$ 1,003,940	\$ 434,861	\$ 378,090	\$ (56,771)
EXPENDITURES:				
Program expenditures	\$ 1,350,000	\$ 311,165	\$ 493,536	\$ (182,371)
TOTAL EXPENDITURES	\$ 1,350,000	\$ 311,165	\$ 493,536	\$ (182,371)
Other financing sources (uses):				
Operating transfers-in	\$ 350,000	\$ 418,120	\$ 418,120	\$ -
Operating transfers-out	-	-	-	-
BALANCE CARRIED TO NEXT YEAR	\$ 3,940	\$ 541,816	\$ 302,674	\$ (239,142)



**FINANCIAL SCHEDULES
PROPRIETARY FUND TYPES
ENTERPRISE FUNDS**

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

WATER/WASTEWATER FUND

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

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

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

ELECTRIC REVENUE FUND

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

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

The funds are combined for GAAP reporting purposes with assets capitalized

Financial Section, Part E – Supplementary Information

**CITY OF DOVER
WATER/WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2007**

	ORIGINAL BUDGET		FINAL BUDGET		ACTUAL		VARIANCE POSITIVE (NEGATIVE)
REVENUES:							
Beginning balance-water	\$ 2,065,305	\$	2,041,746	\$	2,041,746	\$	-
Beginning balance-wastewater	968,218		808,997		808,997		-
Beginning balance-wastewater adjustment	(1,642,113)		(1,349,486)		(1,349,486)		-
Water fees	4,222,500		4,222,500		4,250,634		28,134
Wastewater fees	2,618,250		2,618,250		2,619,013		763
Wastewater adjustment	3,761,010		3,904,341		3,854,100		(50,241)
Miscellaneous services	98,750		98,750		83,760		(14,990)
Water tank space rent	303,000		303,000		287,017		(15,983)
Interest earnings	78,000		100,000		108,274		8,274
Impact fees	750,000		750,000		725,120		(24,880)
TOTAL REVENUES	\$ 13,222,920	\$	13,498,098	\$	13,429,175	\$	(68,923)
EXPENSES:							
Water services	\$ 962,106	\$	947,688	\$	814,930	\$	132,758
Water construction	569,216		567,475		516,610		50,865
Water treatment plant	796,627		796,218		805,524		(9,306)
Water meter reading	67,077		66,277		62,525		3,752
Wastewater services	835,162		838,567		739,840		98,727
Kent County sewer fees	3,853,000		3,664,336		3,702,815		(38,479)
Intrafund service fee	1,176,357		1,112,461		1,092,328		20,133
Retirees health care	151,220		151,220		125,480		25,740
Debt service-water	922,832		276,275		276,231		44
Debt Service-wastewater	660,244		232,447		232,417		30
Transfer to Capital Asset Reserve	300,000		895,557		895,557		-
Transfer to Impact Fee Reserve	89,756		89,756		408,508		(318,752)
Transfer to General Fund from Water	267,500		267,500		267,500		-
Transfer to General Fund from Wastewater	267,500		267,500		267,500		-
Transfer to Water Imp and Ext	551,701		576,701		576,701		-
Transfer to Wastewater I & E	115,272		389,642		389,642		-
Transfer to Post-Retirement Benefits Reserve	50,000		50,000		50,000		-
Transfer to Pension Unfunded liability	50,225		50,225		50,225		-
Transfer to Pension Cola	39,850		39,850		39,850		-
TOTAL EXPENSES	\$ 11,725,645	\$	11,279,695	\$	11,314,183	\$	(34,488)
BUDGET BALANCE-WATER	\$ 1,976,441	\$	2,037,928	\$	2,220,461	\$	182,533
BUDGET BALANCE-WASTEWATER	\$ 1,254,937	\$	1,289,956	\$	1,092,732	\$	(197,224)
BUDGET BALANCE - WASTEWATER ADJUSTMENT	\$ (1,734,103)	\$	(1,109,481)	\$	(1,198,201)	\$	(88,720)

**CITY OF DOVER
WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND**

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL**

JUNE 30,2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance restated-water	\$ 44,148	\$ 142,798	\$ 160,692	\$ 17,894
Beginning balance restated-wastewater	258,767	135,206	186,230	51,024
Prior year bond proceeds restated-wastewater	-	240,083	240,083	-
Interest earnings	20,000	24,000	30,006	6,006
Transfer from Water Fund	551,701	576,701	576,701	-
Transfer from Wastewater Fund	115,272	389,642	389,642	-
Transfer from Impact Fee Reserve	850,000	428,979	426,494	(2,485)
TOTAL REVENUES	\$ 1,839,888	\$ 1,937,409	\$ 2,009,848	\$ 72,439
EXPENSES:				
Water	\$ 562,025	\$ 699,672	\$ 447,201	\$ 252,471
Wastewater	1,221,215	1,189,408	972,483	216,925
Water meter reading	5,648	-	-	-
Water treatment plant	31,000	31,000	30,061	939
TOTAL EXPENSES	\$ 1,819,888	\$ 1,920,080	\$ 1,449,745	\$ 470,335
BUDGET BALANCE-WATER	\$ 10,000	\$ 827	\$ 275,134	\$ 274,307
BUDGET BALANCE-WASTEWATER	\$ 10,000	\$ 16,502	\$ 284,969	\$ 268,467

**CITY OF DOVER
ELECTRIC REVENUE FUND**

**SCHEDULE OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL**

JUNE 30, 2007

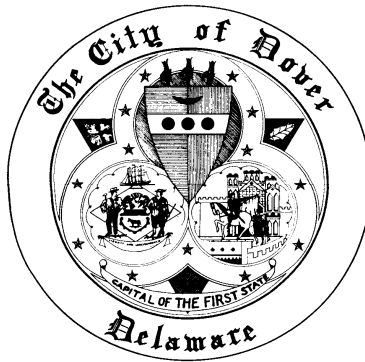
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance-operating	\$ 4,974,107	\$ 5,455,085	\$ 5,455,085	\$ -
Direct base sales	81,578,240	80,281,040	79,505,603	(775,437)
Purchased power adjustment	-	2,655,400	2,142,773	(512,627)
Rental income	145,505	204,467	205,289	822
Miscellaneous services	584,900	2,424,900	2,420,949	(3,951)
Utility tax	1,937,446	1,428,100	1,461,435	33,335
Green Energy	-	134,350	133,852	
Interest earned-operating	420,000	419,000	427,328	8,328
Trf from Rate Stabilization Reserve	5,000,000	5,000,000	5,000,000	-
TOTAL REVENUES	\$ 94,640,198	\$ 98,002,342	\$ 96,752,314	\$ (1,249,530)
EXPENSES:				
Plant Operations	\$ 6,126,384	\$ 5,483,923	\$ 5,009,842	\$ 474,081
Power Supply	65,154,000	63,753,400	57,926,074	5,827,326
PJM Charges - Load	-	-	5,054,477	(5,054,477)
Power Supply Management/Incentive	2,175,000	3,056,200	3,153,000	(96,800)
PJM Credits	(6,126,384)	(1,520,923)	(4,517,569)	2,996,646
Generation Fuels	-	-	3,879,167	(3,879,167)
Transmission/Distribution	3,282,637	3,344,777	3,168,037	176,740
Transition Costs	-	92,000	87,001	4,999
Electrical Engineering	2,001,295	2,029,626	1,826,367	203,259
Administration	562,322	590,202	654,609	(64,407)
Meter Reading	323,111	312,553	281,728	30,825
Utility Tax	1,937,446	1,428,100	1,461,435	(33,335)
Provision for Uncollectible	125,000	-	-	-
Retirees Health Care	526,400	526,400	498,269	28,131
Green Energy Payment to DEMEC	-	134,350	133,852	498
Interest on Deposits	25,000	25,000	39,323	(14,323)
Intrafund Service Fees	3,869,378	3,732,641	3,679,042	53,599
Other Appropriations:				
OPEB Reserve	100,000	100,000	100,000	-
Pension Cola	101,692	101,692	101,692	-
Pension Unfunded Liability	89,271	89,271	89,271	-
General Fund	5,700,000	4,700,000	4,700,000	-
Debt Service	2,149,048	2,200,257	2,149,044	51,213
Rate Stabilization Fund	500,000	-	-	-
TOTAL EXPENSES	\$ 88,621,600	\$ 90,179,469	\$ 89,474,661	\$ 704,808
BUDGET BALANCE - CARRY FORWARD	\$ 6,018,598	\$ 7,822,873	\$ 7,277,653	\$ (545,220)

**CITY OF DOVER
ELECTRIC IMPROVEMENT AND EXTENSION FUND**

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL**

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 2,471,378	\$ 2,709,730	\$ 2,709,730	\$ -
General Service Billing	645,749	-	-	-
Transfer from Depreciation Reserve	3,374,792	2,620,238	2,620,238	-
Interest earnings	214,000	157,000	165,459	8,459
DEMA Grant	-	39,500	39,500	-
TOTAL REVENUES	\$ 6,705,919	\$ 5,526,468	\$ 5,534,927	\$ 8,459
EXPENSES:				
Transmission/Distribution	\$ 1,656,654	\$ 1,970,654	\$ 1,938,515	\$ 32,139
Engineering	4,972,724	3,436,360	2,142,930	1,293,430
Meter Reading	60,241	32,000	30,228	1,772
Administration	16,300	73,500	56,271	17,229
TOTAL EXPENSES	\$ 6,705,919	\$ 5,512,514	\$ 4,167,944	\$ 1,344,570
BUDGET BALANCE- CARRY FORWARD	\$ -	\$ 13,954	\$ 1,366,983	\$ 1,353,029



**FINANCIAL STATEMENTS
PROPRIETARY FUND TYPES
INTERNAL SERVICE FUNDS**

WORKERS' COMPENSATION INSURANCE FUND

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

Budgetary schedules are included for public review of budgetary compliance.

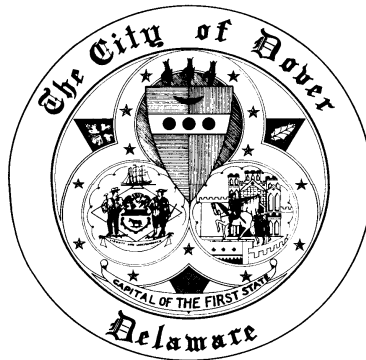
**CITY OF DOVER
INTERNAL SERVICE FUND - WORKERS' COMPENSATION**

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL**

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Beginning balance	\$ 1,000,507	\$ 1,211,478	\$ 1,211,478	\$ -
Interest earned	33,613	55,000	39,793	(15,207)
City contribution	593,497	593,188	573,462	(19,726)
TOTAL REVENUES	\$ 1,627,617	\$ 1,859,666	\$ 1,824,733	\$ (34,933)
OPERATING EXPENSES:				
Program expenses	\$ 350,000	\$ 325,000	\$ 260,429	\$ 64,571
Contractual services	28,000	28,000	28,000	-
Insurance	109,000	89,000	84,905	4,095
Bank fees	-	1,250	1,603	(353)
State of Del. - Self-Insurance Tax	-	45,000	46,403	(1,403)
TOTAL EXPENSES	\$ 487,000	\$ 488,250	\$ 421,340	\$ 66,910
BUDGET BALANCE - CARRY FORWARD	\$ 1,140,617	\$ 1,371,416	\$ 1,403,393	\$ 31,977

Note: The above schedule is not required under GAAP, but is included for public review of budgetary compliance. Accordingly, no reconciliation to the GAAP financial statements is provided. GASB 31 Adjustment \$7,521.



**FINANCIAL STATEMENTS
FIDUCIARY FUND TYPES
AGENCIES**

PARKING AUTHORITY

The City acts as the receiving and disbursing agent for the Dover Parking Authority. The transactions are recorded in this fund with respect to the City's agency capacity.

LIBRARY CONSORTIUM

The Library Consortium is an Agency Fund, which incorporates the transactions of three libraries. They are the City of Dover Public Library, Harrington Public Library, and Smyrna Public Library. Receipts from these libraries are for services to provide a book catalogue system. Disbursements are for the cost of the book catalogue system.

DOVER ARTS COUNCIL

The Dover Arts Council is an organization, which promotes the arts and cultural activities in the City. The City acts as the receiving and disbursing agent for the Dover Arts Council. The relevant transactions of Dover Arts Council are presented in this section.

DOWNTOWN DEVELOPMENT

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

MAIN STREET PROJECT

The Main Street Program is designed to encourage economic development and the preservation of historic resources in Downtown Dover and neighboring business districts. The relevant transactions pertaining to the Main Street Project are presented in this section.

The funding for Main Street comes from Business Improvement District tax, membership dues, donations, and special purpose grants directly received by this agency.

FOURTH OF JULY CELEBRATION COMMITTEE

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

**CITY OF DOVER
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

YEAR ENDED JUNE 30, 2007

	BALANCE JUNE 30, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007
PARKING AUTHORITY				
ASSETS:				
Cash	\$ 82,150	\$ 320,291	\$ 140,426	\$ 262,015
Investments	225,299	2,824	228,123	-
Due from special revenue	-	22	-	22
Receivables	9,182	19,820	17,646	11,356
Total Assets	\$ 316,631	\$ 342,957	\$ 386,195	\$ 273,393
LIABILITIES:				
Vouchers payable	\$ 83	\$ 32,012	\$ 27,887	\$ 4,208
Due to special revenue fund	-	11,303	-	11,303
Due to agencies	\$ 316,548	39,410	98,076	\$ 257,882
Total Liabilities	\$ 316,631	\$ 82,725	\$ 125,963	\$ 273,393
LIBRARY CONSORTIUM				
ASSETS:				
Cash	\$ 537	\$ 43	\$ -	\$ 580
Total Assets	\$ 537	\$ 43	\$ -	\$ 580
LIABILITIES:				
Due to agencies	\$ 537	\$ 43	\$ -	\$ 580
Total Liabilities	\$ 537	\$ 43	\$ -	\$ 580
DOVER ARTS COUNCIL				
ASSETS:				
Cash	\$ 2,350	\$ -	\$ -	\$ 2,350
Total Assets	\$ 2,350	\$ -	\$ -	\$ 2,350
LIABILITIES:				
Due to agencies	\$ 2,350	\$ -	\$ -	\$ 2,350
Total Liabilities	\$ 2,350	\$ -	\$ -	\$ 2,350
DOVER DOWNTOWN DEVELOPMENT CORPORATION				
ASSETS:				
Cash	\$ 124,173	\$ 514,458	\$ 550,828	\$ 87,803
Investments	301,632	3,781	305,413	-
Receivables	203,084	38,355	27,302	214,137
Total Assets	\$ 628,889	\$ 556,594	\$ 883,543	\$ 301,940
LIABILITIES:				
Vouchers payable	\$ 56,216	\$ 530,280	\$ 570,683	\$ 15,813
Due to General Fund	-	20,000	20,000	-
Due to agencies	572,673	-	286,546	286,127
Total Liabilities	\$ 628,889	\$ 550,280	\$ 877,229	\$ 301,940

(Continued)

(Continued)

	BALANCE		ADDITIONS		DEDUCTIONS		BALANCE	
	JUNE 30, 2006						JUNE 30, 2007	
MAIN STREET								
ASSETS:								
Cash	\$	56,560	\$	116,680	\$	111,745	\$	61,495
Receivables		1,331		57,221		57,681		871
Prepaid items		590		-		-		590
Due from other governments		4,144		-		4,144		-
Total Assets	\$	62,625	\$	173,901	\$	173,570	\$	62,956
LIABILITIES:								
Vouchers payable	\$	6,317	\$	62,328	\$	60,503	\$	8,142
Due to agencies		56,062		2,700		3,953		54,809
Due to General Fund		246		8,068		8,309		5
Total Liabilities	\$	62,625	\$	73,096	\$	72,765	\$	62,956
4TH JULY CELEBRATION COMMITTEE								
ASSETS:								
Cash	\$	9,315	\$	24,188	\$	16,978	\$	16,525
Total Assets	\$	9,315	\$	24,188	\$	16,978	\$	16,525
LIABILITIES:								
Vouchers payable	\$	-	\$	16,825	\$	16,450	\$	375
Due to agencies		9,315		6,549		-		15,864
Due to General Fund		-		815		529		286
Total Liabilities	\$	9,315	\$	24,189	\$	16,979	\$	16,525
TOTAL - ALL AGENCY FUNDS								
ASSETS:								
Cash	\$	275,085	\$	975,660	\$	819,977	\$	430,768
Investments		526,931		6,605		533,536		-
Receivables		213,597		115,396		102,629		226,364
Prepaid items		590		-		-		590
Due from special revenue		-		22		-		22
Due from General Fund		4,144		-		4,144		-
Total Assets	\$	1,073,280	\$	1,097,683	\$	1,460,286	\$	657,744
LIABILITIES:								
Vouchers payable	\$	62,616	\$	641,445	\$	659,073	\$	28,538
Due to General Fund		246		28,883		28,838		291
Due to special revenue		-		11,303		-		11,303
Due to agencies		957,485		48,702		388,575		617,612
Total Liabilities	\$	1,073,280	\$	730,333	\$	1,076,486	\$	657,744

Table 1

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in capital assets, net of related debt	\$ 19,554,571	\$ 21,824,685	\$ 23,343,787	\$ 27,056,161	\$ 29,709,046
Restricted	1,002,363	1,852,754	2,023,096	887,235	3,965,454
Unrestricted	5,423,283	4,067,810	7,431,716	11,590,341	11,475,285
Total governmental activities net assets	<u>\$ 25,980,217</u>	<u>\$ 27,745,249</u>	<u>\$ 32,798,599</u>	<u>\$ 39,533,737</u>	<u>\$ 45,149,785</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 73,946,422	\$ 81,968,635	\$ 82,878,764	\$ 89,089,027	\$ 89,289,351
Restricted	39,568,228	36,010,001	32,620,056	33,801,000	29,762,946
Unrestricted	8,253,229	4,831,263	11,569,305	11,859,329	13,367,418
Total business-type activities net assets	<u>\$ 121,767,879</u>	<u>\$ 122,809,899</u>	<u>\$ 127,068,125</u>	<u>\$ 134,749,356</u>	<u>\$ 132,419,715</u>
Primary government					
Invested in capital assets, net of related debt	\$ 93,500,993	\$ 103,793,320	\$ 106,222,551	\$ 116,145,188	\$ 118,998,397
Restricted	40,570,591	37,862,755	34,643,152	34,688,235	33,728,400
Unrestricted	13,676,512	8,899,073	19,001,021	23,449,670	24,842,703
Total primary government net assets	<u>\$ 147,748,096</u>	<u>\$ 150,555,148</u>	<u>\$ 159,866,724</u>	<u>\$ 174,283,093</u>	<u>\$ 177,569,500</u>

Five years worth of trend data is shown here instead of ten, due to data not available prior to fiscal year 2003.

Table 2

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

Fiscal Year	Property Tax	Transfer Tax	Total
1998	\$ 5,687,602	\$ 931,731	\$ 6,619,333
1999	5,698,657	1,163,148	6,861,805
2000	6,081,831	1,205,779	7,287,610
2001	6,021,821	987,753	7,009,574
2002	6,190,763	1,207,241	7,398,004
2003	7,076,050	2,663,963	9,740,013
2004	7,183,124	1,627,172	8,810,296
2005	7,370,318	2,379,548	9,749,866
2006	8,792,652	3,048,064	11,840,716
2007	9,032,995	3,008,371	12,041,366

Table 3

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 1,710,749	\$ 1,426,396	\$ 905,382	\$ 836,668	\$ 2,338,952
Public safety	11,131,850	12,319,713	12,533,566	13,879,609	14,597,456
Public Works	4,029,404	4,536,928	4,563,747	4,493,296	5,569,947
Library and recreation	1,512,396	1,371,944	1,706,743	1,309,601	1,875,872
Community and economic development	392,101	545,899	711,743	600,907	639,545
Central services	48,032	297,857	236,451	447,877	1,536,392
Financial administration	241,609	1,902,719	1,566,911	1,774,380	3,642,278
Interest on long-term debt	249,661	224,155	129,352	118,130	106,815
Total governmental activities expenses	<u>19,315,802</u>	<u>22,625,611</u>	<u>22,353,895</u>	<u>23,460,468</u>	<u>30,307,257</u>
Business-type activities					
Water and Sewer	8,789,932	9,291,404	8,678,186	9,263,236	8,754,443
Electric	52,380,785	53,387,490	56,384,796	58,620,196	84,543,945
Total business-type activities	<u>61,170,717</u>	<u>62,678,894</u>	<u>65,062,982</u>	<u>67,883,432</u>	<u>93,298,388</u>
Total primary government expenses	<u>80,486,519</u>	<u>85,304,505</u>	<u>87,416,877</u>	<u>91,343,900</u>	<u>123,605,645</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	524,342	1,117,648	1,209,067	1,428,996	1,673,412
Public safety	3,000,136	2,956,135	3,684,792	4,487,028	4,499,315
Public works	1,080,356	1,083,894	1,081,064	1,253,313	1,312,328
Library and recreation	434,149	443,925	447,948	549,959	1,100,412
Operating grants and contributions	1,683,806	2,090,106	2,267,722	3,156,369	3,108,545
Capital grants and contributions	717,603	1,154,728	544,360	500,103	790,612
Total governmental activities program revenues	<u>7,440,392</u>	<u>8,846,436</u>	<u>9,234,953</u>	<u>11,375,768</u>	<u>12,484,624</u>
Business-type activities					
Charges for services:					
Water and Sewer	10,541,804	10,454,520	11,173,425	12,496,877	12,525,215
Electric	59,578,543	59,476,870	63,303,032	68,005,332	85,935,071
Total business-type activities program revenues	<u>70,120,347</u>	<u>69,931,390</u>	<u>74,476,457</u>	<u>80,502,209</u>	<u>98,460,286</u>
Total primary government program revenues	<u>77,560,739</u>	<u>78,777,826</u>	<u>83,711,410</u>	<u>91,877,977</u>	<u>110,944,910</u>
Net (expense)/revenue:					
Governmental activities	(11,875,410)	(13,779,175)	(13,118,942)	(12,084,700)	(17,822,633)
Business-type activities	8,949,630	7,252,496	9,413,475	12,618,777	5,161,898
Total primary government net revenue (expense)	<u>(2,925,780)</u>	<u>(6,526,679)</u>	<u>(3,705,467)</u>	<u>534,077</u>	<u>(12,660,735)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	7,076,050	7,183,124	7,370,318	8,792,652	9,032,995
Transfer taxes	2,663,963	1,627,172	2,379,548	3,048,064	3,008,371
Gain (loss) on sale of capital assets			3,750	-	10,405
Investment earnings	254,510	97,171	332,853	640,381	1,230,540
Transfers	5,440,923	6,636,740	6,611,024	6,338,741	5,385,000
Total governmental activities	<u>15,435,446</u>	<u>15,544,207</u>	<u>16,697,493</u>	<u>18,819,838</u>	<u>18,667,311</u>
Business-type activities:					
Gain (loss) on sale of capital assets	-	16,213	(13,264)	(127,477)	-
Investment earnings	2,152,263	198,661	1,312,098	1,528,672	2,664,831
Capital contributions	-	211,390	-	-	-
Transfers	(5,440,923)	(6,636,740)	(6,611,024)	(6,338,741)	(5,385,000)
Total business-type activities	<u>(3,288,660)</u>	<u>(6,210,476)</u>	<u>(5,312,190)</u>	<u>(4,937,546)</u>	<u>(2,720,169)</u>
Total primary government	<u>12,146,786</u>	<u>9,333,731</u>	<u>11,385,303</u>	<u>13,882,292</u>	<u>15,947,142</u>
Change in Net Assets					
Government activities	3,560,036	1,765,032	3,578,551	6,735,138	844,678
Business-type activities	5,660,970	1,042,020	4,101,285	7,681,231	2,441,729
Total primary government	<u>\$ 9,221,006</u>	<u>\$ 2,807,052</u>	<u>\$ 7,679,836</u>	<u>\$ 14,416,369</u>	<u>\$ 3,286,407</u>

Five years worth of trend data is shown here instead of ten, due to data not available prior to fiscal year 2003.

Table 4

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 689,233	\$ 720,698	\$ 1,099,450	\$ 2,158,007	\$ 4,396,945
Unreserved	4,682,483	3,729,125	4,156,574	6,515,829	4,673,055
Total General Fund	<u>5,371,716</u>	<u>4,449,823</u>	<u>5,256,024</u>	<u>8,673,836</u>	<u>9,070,000</u>
All other governmental funds					
Unreserved, reported in:					
Special revenue funds	805,171	2,119,882	2,984,929	2,829,793	5,248,929
Total all other governmental funds	<u>805,171</u>	<u>2,119,882</u>	<u>2,984,929</u>	<u>2,829,793</u>	<u>5,248,929</u>
Total fund balances	<u>\$ 6,176,887</u>	<u>\$ 6,569,705</u>	<u>\$ 8,240,953</u>	<u>\$ 11,503,629</u>	<u>\$ 14,318,929</u>

Five years worth of trend data is shown here instead of ten, due to data not available prior to fiscal year 2003.

Table 5

**Changes in Fund Balances of Governmental Funds
Last Four Fiscal Years
(Modified accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Fines	\$ 650,004	\$ 619,493	\$ 1,117,440	\$ 1,759,979	\$ 1,314,246
Library revenue	334,702	333,157	346,652	451,705	989,006
Licenses and permits	1,934,820	2,017,287	2,251,091	2,465,845	2,689,348
Sanitation fees and rebates	1,080,356	1,083,894	1,081,064	1,253,313	1,293,399
Recreation	-	-	-	-	12,793
Miscellaneous services	1,039,303	988,511	916,244	996,174	1,357,555
Taxes	9,740,013	8,810,296	9,749,866	11,840,716	12,041,366
Grants	2,396,409	3,244,834	2,812,082	3,919,800	4,550,607
Court of Chancery fees	-	559,260	710,380	792,280	929,120
Investment income	226,165	95,127	315,642	603,451	1,154,829
Total revenues	17,401,772	17,751,859	19,300,461	24,083,263	26,332,269
Expenditures					
General government	698,081	693,874	902,139	836,419	1,000,622
Library services	1,021,282	1,132,413	1,144,289	1,162,301	1,253,300
Public safety	10,671,475	11,755,081	12,432,257	13,922,271	15,055,746
Public works	1,696,969	2,864,345	2,478,911	3,340,643	2,551,962
Recreational services	482,936	486,789	617,624	705,241	1,452,987
Streets and sanitation services	2,971,180	2,957,758	2,711,775	3,242,649	3,018,222
Engineering services	56,703	225,658	253,299	289,208	314,728
Financial administration	391,721	597,973	687,450	725,963	829,002
Garage and stores	545,371	382,851	418,710	417,202	402,915
Insurance	128,127	203,997	168,430	153,202	165,584
Retiree health care	456,025	541,715	590,587	645,457	736,286
Employee pension	-	-	-	-	402,204
Street lights	465,923	470,110	550,682	545,426	624,243
Community and economic development	392,101	545,899	711,743	600,906	639,545
Miscellaneous	437,824	-	-	-	-
Debt service					
Principal	637,960	668,341	490,171	464,480	368,384
Interest	249,661	217,374	121,350	107,959	96,644
Other charges (Issuance of debt)	-	122,387	-	-	-
Total expenditures	21,303,339	23,866,565	24,279,417	27,159,327	28,912,374
Excess of revenues over(under) expenditures	(3,901,567)	(6,114,706)	(4,978,956)	(3,076,064)	(2,580,105)
Other financing sources (uses)					
Transfers in	6,499,751	8,249,757	8,965,067	8,850,767	8,316,722
Transfers out	(1,053,828)	(1,928,012)	(2,354,043)	(2,512,026)	(2,931,722)
Refunding bonds issued	-	3,430,000	-	-	-
Payments to refunded bond escrow agent	-	(3,244,281)	-	-	-
Capital leases	84,377	-	-	-	-
Sale of capital assets	-	-	3,750	-	10,405
Total other financing sources (uses)	5,530,300	6,507,464	6,614,774	6,338,741	5,395,405
Net change in fund balances	\$ 1,628,733	\$ 392,758	\$ 1,635,818	\$ 3,262,677	\$ 2,815,300
Debt service as a percentage of noncapital expenditures	4.17%	4.22%	2.52%	2.11%	1.61%

Five years worth of trend data is shown here instead of ten, due to data not available prior to fiscal year 2003.

CITY OF DOVER
GENERAL FUND
REVENUES AND OTHER FINANCING TREND DATA
LAST TEN FISCAL YEARS

REVENUES:	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Beginning Balance	\$1,973,939	\$2,252,671	\$2,810,398	\$2,827,370	\$380,166	\$2,266,936	\$2,890,843	\$2,865,516	\$ 3,223,548	\$ 5,437,696
Fines and Other Police Revenue	538,272	644,025	593,272	635,711	658,869	650,004	619,493	858,604	823,439	773,680
Franchise fees	254,889	182,093	-	-	-	331,515	462,859	395,821	416,595	440,745
Right-of-Way Revenue	-	-	57,763	169,262	56,339	-	-	-	-	-
Court of Chancery Fees	-	-	-	-	-	-	559,260	710,380	792,280	929,120
Internet Revenue	-	-	-	-	10,613	17,903	20,779	17,205	12,951	7,483
Interest Earnings & Transfers	367,927	319,866	346,200	336,533	217,917	146,113	219,515	139,444	263,223	307,698
Library Revenue - General	42,645	47,375	36,332	34,601	33,536	42,251	37,357	50,852	58,905	53,634
Library Revenue - Co. Reimb.	264,786	264,786	285,745	286,090	290,607	292,451	295,800	295,800	392,800	935,371
Library Trust Receipt	-	-	-	-	105,410	-	-	-	-	-
Licenses and Permits	1,403,271	1,595,404	1,514,171	2,141,937	1,888,673	1,934,820	2,017,287	2,251,092	2,465,845	2,689,348
Miscellaneous Service Charges	124,221	192,292	128,749	215,266	49,991	98,447	55,184	55,310	120,433	247,052
Police Extra Duty Fees	115,130	173,977	194,381	345,324	389,503	393,601	307,426	303,195	250,985	358,756
Property Taxes	5,687,602	5,698,657	6,081,831	6,021,821	6,190,763	7,076,050	7,183,124	7,370,318	8,792,652	9,032,995
Recreation Revenue	85,115	89,115	94,181	88,460	88,865	92,699	102,483	101,296	98,254	98,613
Rent Revenue	-	-	-	65,610	15,250	28,214	28,214	28,213	35,533	35,533
Electric Fund Appropriation	3,975,000	3,975,000	3,975,000	3,975,000	3,975,000	4,525,000	4,701,664	5,463,008	5,716,956	4,700,000
Electric Improvement & Extension Fund Approp.	-	-	-	-	1,887,950	-	-	-	-	-
Water/Sewer Fund Appropriation	225,000	-	225,000	-	900,000	450,000	831,000	848,016	535,785	535,000
Senior Surrey Fees	-	-	-	-	-	-	-	-	-	-
Transfer Tax	931,731	1,163,148	1,205,779	987,753	1,207,241	2,663,963	1,627,172	2,379,548	3,048,064	3,009,539
Curbside Recycling	-	-	-	-	-	-	-	-	8,869	10,041
Sanitation Fees	-	-	207,084	920,115	1,059,007	1,080,356	1,083,894	1,081,064	1,244,444	1,283,358
Transfer from Reserve	159,000	112,454	-	-	-	-	859,816	1,040	124,504	1,106,362
Sale of Land	-	-	-	-	-	-	2,800	13,000	59,850	159,495
Interfund Service Receipts- Water/Wastewater	-	-	-	-	-	-	848,864	932,708	1,045,326	1,092,328
Interfund Service Receipts- Electric	-	-	-	-	-	-	3,151,045	3,536,040	3,652,063	3,679,042
Grants:										
Emergency Related	-	-	-	-	-	66,263	48,655	-	-	-
Homeland Security	-	-	-	-	-	-	-	-	164,872	87,351
Municipal Street Aid	560,950	705,936	848,294	845,221	822,385	803,446	794,301	792,242	659,910	657,474
Police Department	201,212	194,208	369,219	114,270	96,611	124,360	248,070	611,801	1,279,116	681,399
Recreation Related	92,839	54,597	-	74,865	3,007	-	20,000	25,000	300,000	332,607
State Revenue Sharing/Other	455,682	5,119	337,964	-	-	21,203	-	-	-	-
Misc Grant Revenue	-	-	-	-	-	-	1,258	9,900	19,700	22,100
Delaware River & Bay Authority	-	15,910	-	-	-	-	-	-	-	-
Downtown Amenities	-	-	-	253,983	-	-	-	-	-	-
DelDot Enhancements	-	-	-	-	57,056	-	-	-	-	-
TOTAL REVENUES	\$17,459,211	\$17,686,633	\$19,311,363	\$20,339,192	\$20,384,759	\$23,105,595	\$29,018,163	\$31,136,413	\$35,606,902	\$38,703,820

Source: City of Dover Financial Reports.

Table 6b

CITY OF DOVER
GENERAL FUND
EXPENDITURES AND OTHER USES TREND DATA
LAST TEN FISCAL YEARS

EXPENDITURES:	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Administrative Services	\$ 37,017	\$ 39,779	\$ 38,139	\$ 39,744	\$ 41,327	\$ 38,759	\$ 849,620	\$ 1,072,083	\$ 951,557	\$ 1,048,692
Central Services	29,274	34,256	37,271	37,061	48,152	38,109	659,788	755,866	678,110	733,291
City Clerk	106,051	76,918	80,892	96,564	105,075	103,961	243,852	301,129	333,612	236,271
City Manager	84,224	89,555	117,662	111,332	91,399	101,439	310,272	358,401	563,970	629,503
Community Services - Admin.	491	-	-	-	-	-	-	-	-	-
Construction	106,651	90,587	112,622	138,867	78,830	85,304	-	-	-	-
Engineering	40,446	45,023	44,359	48,286	47,030	56,703	225,658	253,299	289,208	314,729
Facilities Management	\$ 244,256	\$ 232,706	\$ 249,224	\$ 251,784	\$ 338,644	\$ 388,957	\$ 871,691	\$ 958,764	\$ 824,260	1,330,499
Finance	137,125	147,273	140,523	181,055	157,672	172,862	526,973	598,639	649,802	654,883
Fire	575,037	579,802	631,868	765,747	582,435	775,129	858,193	911,534	948,785	1,188,173
Grounds Maintenance	197,941	196,315	229,654	246,111	267,376	295,385	952,009	989,042	1,054,767	1,105,432
Human Resources	60,879	61,903	67,628	68,297	88,830	102,472	236,467	271,823	306,782	349,509
Information Technology	194,556	146,747	128,127	132,062	135,569	180,100	675,002	741,812	859,120	892,449
Insurance	116,043	83,535	123,649	113,220	105,400	128,127	523,069	431,871	429,139	452,414
Library	698,001	765,926	742,208	779,665	759,169	791,726	910,126	909,005	953,761	1,005,737
Mayor & Council	36,327	72,738	69,261	79,580	87,893	111,910	223,890	221,958	225,071	217,312
Parks and Recreation	389,207	365,043	380,175	394,915	413,409	482,936	486,789	617,624	705,241	1,452,987
Planning Commission	70,305	82,768	105,011	123,374	96,863	96,907	196,907	202,516	201,563	295,426
Police	7,111,440	7,084,608	7,504,239	8,082,681	8,646,777	9,016,043	9,952,938	10,472,023	11,205,497	11,695,791
Public Inspections	506,594	528,968	562,472	752,168	729,450	769,831	811,805	898,687	957,385	1,167,072
Public Works - Admin.	65,086	68,108	71,091	74,125	81,657	78,312	273,982	306,773	318,900	235,183
Sanitation	1,580,601	1,419,315	1,602,953	1,807,335	1,657,753	2,025,888	2,202,051	1,940,866	2,257,821	2,163,486
Streets	585,706	1,035,061	983,226	1,293,463	1,020,123	1,046,294	1,122,311	1,237,428	1,081,869	868,910
Tax Assessor	107,321	109,297	161,067	114,360	164,012	120,745	154,792	301,445	195,383	224,895
Vehicle Maintenance	506,702	552,450	492,592	667,421	449,159	502,044	533,699	581,689	672,608	649,012
Other Charges:										
Other Appropriations	56,500	56,500	75,013	126,282	79,352	183,831	1,456	-	500,000	668,120
Park Construction	57,006	54,822	73,895	-	-	-	-	-	1,193,323	361,375
Approp. to Street Lights	-	-	-	-	-	-	470,110	534,682	545,426	624,242
Approp. to Capital Outlays	40,000	20,000	60,000	60,000	20,000	-	-	-	150,000	159,810
Internet Service	-	-	-	10,493	7,622	-	-	-	-	-
Copier Expense	-	-	-	-	-	-	-	4,863	-	-
N. Dover Athletic Complex	-	-	-	40,000	-	-	-	-	-	-
Transfer to Contingency Fund	50,000	50,000	50,000	50,000	-	250,000	-	-	-	-
Transfers to Reserves	-	-	-	-	105,410	796,372	634,774	974,970	-	-
Transfer to Grant Funds	-	-	-	-	-	-	867	-	-	-
Appropriations to Other Funds	400,000	269,331	243,810	329,234	-	6,515	-	-	-	-
Environmental Related Expense	14,196	3,494	35,568	61,227	30,000	-	-	-	-	-
I/T Emergency Preparedness Plan	-	-	-	-	-	-	-	-	-	87,351
Accounts Receivable Uncollectibles	-	-	-	-	-	-	-	10,000	10,000	10,000
Inventory Write Offs	-	-	-	-	-	-	14,256	7,114	12,176	13,010
Retiree Benefits	198,607	218,417	243,187	306,106	375,173	456,025	541,715	590,587	645,457	736,286
Employee Pension	-	-	-	-	-	-	-	-	-	402,204
Police Pension	-	-	-	226,863	-	-	-	-	-	-
Workers Compensation Fund	-	-	-	-	616,449	296,914	-	16,000	-	-
Library Escrow	-	-	-	-	-	-	-	-	-	2,226,932
DSWA Recycling Program	-	-	-	-	-	-	-	-	9,894	9,622
Trash Container Expense	43,360	47,246	-	-	-	-	-	-	-	-
Consulting	68,627	11,099	51,561	150,000	-	-	-	-	-	-
Debt Service: Principal	375,000	390,000	405,000	425,000	445,000	465,000	485,000	330,000	335,000	345,000
Debt Service: Interest	322,100	304,514	282,905	301,625	244,813	223,543	198,509	110,372	103,719	96,232
Debt Service: Bond Issue Costs	-	-	-	-	-	-	-	122,387	-	-
Debt Service: Bond Proceeds	-	-	-	-	-	-	(3,430,000)	-	-	-
Debt Service: Payment to Bond Agent	-	-	-	-	-	-	3,244,281	-	-	-
TOTAL EXPENDITURES	\$ 15,212,677	\$ 15,334,104	\$ 16,198,852	\$ 18,486,047	\$ 18,117,823	\$ 20,214,952	\$ 26,085,239	\$ 27,912,865	\$ 30,169,206	\$ 34,651,840

Source: City of Dover Financial Reports.

Table 7

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

Real Property						
Fiscal Year	Total Assessed Value	Less: Exempt Properties	Total Taxable Assessed Value	Estimated Actual Value	Ratio of Total Taxable Value to Total Assessed Value	Direct Tax Rate
1998	\$ 1,225,566,600	\$ 415,424,700	\$ 810,141,900	\$ 2,042,611,000	39.66%	0.685
1999	1,254,742,300	419,460,500	835,281,800	2,091,237,167	39.94%	0.685
2000	1,583,051,400	723,466,300	859,585,100	2,638,419,000	32.58%	0.685
2001	1,342,023,600	465,530,500	876,493,100	2,236,706,000	39.19%	0.685
2002	1,687,672,100	784,466,500	903,205,600	2,812,786,833	32.11%	0.685
2003	2,209,978,500	504,226,700	1,705,751,800	2,209,978,500	77.18%	0.411
2004	2,576,251,900	841,436,800	1,734,815,100	2,576,251,900	67.34%	0.411
2005	2,605,638,000	841,290,300	1,764,347,700	2,605,638,000	67.71%	0.411
2006	3,146,043,800	618,735,300	2,527,308,500	3,146,043,800	80.33%	0.330
2007	3,516,580,775	618,433,400	2,898,147,375	3,516,580,775	82.41%	0.330

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

NOTES

1. There is no tax on personal properties. Therefore, no figures are presented.
2. In 2003 the City changed assessed values to 100% of estimated actual values from 60%. In doing so, the tax rate was lowered from \$.685 to \$.4110 to stay revenues neutral.
3. In 2005, the City property values were reassessed, effective for tax year 2006. The tax rate was lowered from \$.411 to \$.330.

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

NOTES

1. Dover charter provides that the amount of to be raised through property taxes shall not exceed 2% of the total taxable assessment.
2. Kent County Property tax rates reflect the 1987 reappraisal of properties in Kent County.
3. The City of Dover changed from 60% of assessed value to 100% and accordingly lowered the tax rate in 2003.

Fiscal Year	City of Dover General Fund	Kent County	Capital School District	Vo-Tech School District	Total
1998	0.685	0.260	0.871	0.107	1.923
1999	0.685	0.250	0.879	0.105	1.919
2000	0.685	0.250	0.936	0.073	1.944
2001	0.685	0.250	0.936	0.073	1.944
2002	0.685	0.250	1.022	0.095	2.052
2003	0.411	0.250	1.120	0.087	1.868
2004	0.411	0.250	1.173	0.087	1.921
2005	0.411	0.250	1.173	0.087	1.921
2006	0.330	0.250	1.075	0.118	1.773
2007	0.330	0.250	1.459	0.118	2.157

Sources: Tax Assessor's Office - City

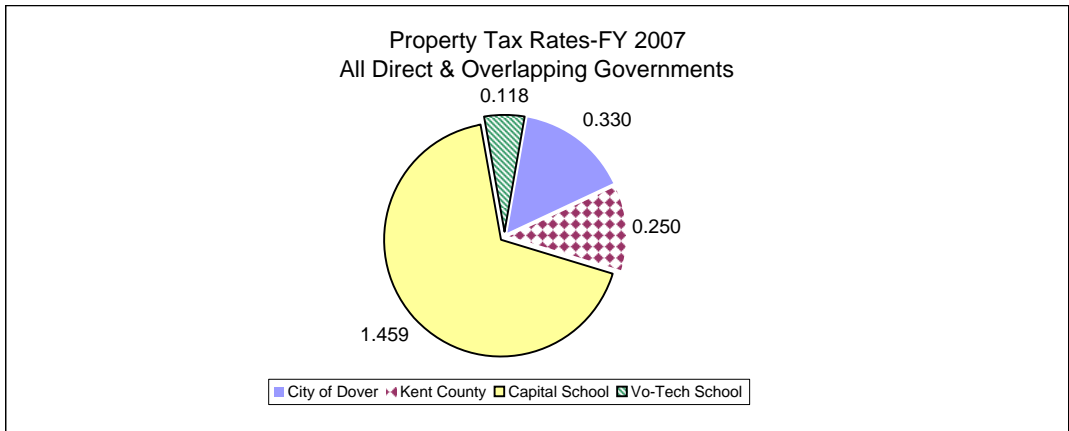


TABLE 9

- NOTES**
1. Section 48 of the City of Dover charter provides that the amount of money to be raised through property taxes shall not exceed 2% of the total taxable assessment.
 2. Kent County Property tax rates reflect the 1987 reappraisal of properties in Kent County.
 3. The City of Dover changed from 60% of assessed value to 100% and accordingly lowered the tax rate in 2003.
 4. The City of Dover reassessed property values and "rolled back" the tax rate in 2006.

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

Fiscal Year	City of Dover General Fund	Kent County	Caesar Rodney School District	Vo-Tech School District	Total
1998	0.685	0.260	0.860	0.107	1.912
1999	0.685	0.250	0.860	0.105	1.900
2000	0.685	0.250	0.884	0.073	1.892
2001	0.685	0.250	0.986	0.073	1.994
2002	0.685	0.250	1.030	0.095	2.060
2003	0.411	0.250	1.030	0.087	1.778
2004	0.411	0.250	1.161	0.087	1.909
2005	0.411	0.250	1.161	0.087	1.909
2006	0.330	0.250	1.459	0.087	2.126
2007	0.330	0.250	1.480	0.118	2.178

Sources: Tax Assessor's Office - City

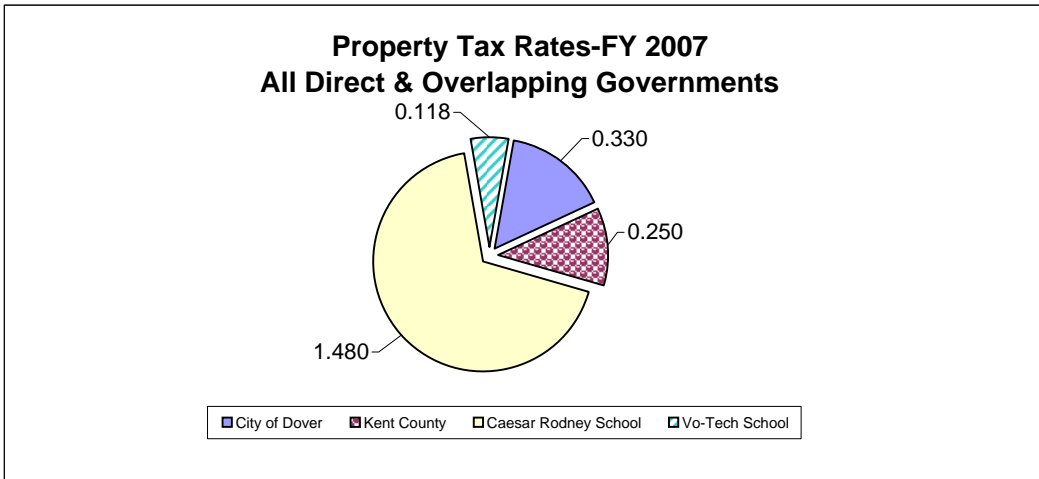


Table 10

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

TAX PAYERS	TYPE OF BUSINESS	2007 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	1998 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop, Inc.	Race Track/Video Lottery/Hotel	\$ 86,339,300	1	3.42%	\$ 17,314,000	3	2.18%
Dover Mall LP	Dover Commons/Dover Mall Shopping Ctr	68,301,000	2	2.70%	23,671,400	1	2.98%
Kraft-General Foods Corp.	Food Manufacturer	20,624,800	3	0.82%	13,920,000	2	1.75%
Robino Bay Court Plaza	Shopping Center	19,087,300	4	0.76%	-	-	0.00%
Berks City Real Estate Assoc	Boscov's	18,034,400	5	0.71%		9	0.00%
Country Village Association	Apartments	15,691,800	6	0.62%		5	0.00%
Millers Dover Downs	Shopping Center	14,528,900	7	0.57%		7	0.00%
Dover South Coast Partnership	North Dover Shopping Center	14,470,300	8	0.57%		10	0.00%
Dover East Estates LP	Mobile Home Park	11,647,200	9	0.46%		11	0.00%
K.W. Lands GP	Hotels	11,382,100	10	0.45%	4,959,500	11	0.62%
TOTAL		\$ 280,107,100		11.08%	\$ 59,864,900		7.53%

Source: Tax Assessor's Office, City of Dover

NOTE

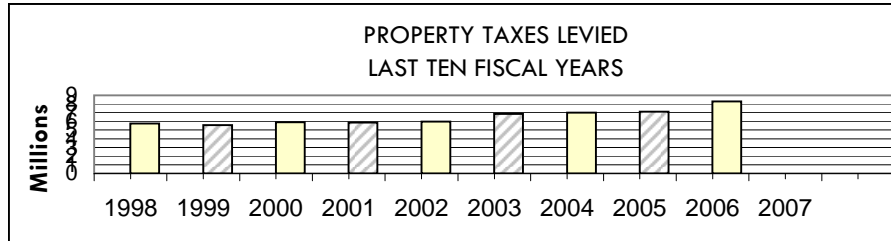
Total taxable assessed valuation for current year is	\$ 2,527,308,500
Total taxable assessed valuation for 1998 was	\$ 794,721,300

Table 11

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

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy	Collected in Subsequent Years	Total Collections to Date	Collection as Percentage of Levy
1998	\$ 5,738,198	\$ 5,586,429	\$ 149,442	\$ 5,735,871	99.96%
1999	5,578,321	5,494,225	81,470	5,575,695	99.95%
2000	5,894,545	5,734,142	157,776	5,891,917	99.96%
2001	5,866,188	5,747,774	115,764	5,863,538	99.95%
2002	5,974,417	5,828,062	143,705	5,971,767	99.96%
2003	6,842,874	6,724,009	115,699	6,839,708	99.95%
2004	7,011,906	6,941,843	60,044	7,001,887	99.86%
2005	7,109,977	7,009,126	94,993	7,104,119	99.92%
2006	8,287,536	8,149,491	Not Available	8,149,491	98.33%
2007				-	#DIV/0!

Source: City of Dover Financial Reports.
Revised October 1998



NOTES

1. Section 48 of the City of Dover chapter provides that the amount of money to be raised through property taxes shall not exceed 2% of the total taxable assessment.
2. The table above includes receipt of property taxes and penalties. It excludes payments in lieu of taxes and farm land roll back taxes.

Table 12

**City of Dover, Delaware
Special Assessment Collections
Last Ten Fiscal Years**

Fiscal Year	Assessment Billings	Assessments Collected
1998	\$4,060	\$23,038
1999	-0-	16,885
2000	2,300	12,527
2001	8,675	11,965
2002	4,240	5,611
2003	2,925	4,066
2004	2,241	3,398
2005	1,960	2,358
2006	1,252	929
2007	1,562	1,280

Source: City of Dover Financial Records.

NOTE

1. Interest billed in 2007 was \$1,222. This is not included in the \$1,562 figure.

Table 13

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

Fiscal Year	Principal	Interest	Total Debt Service(1)	Total General Expenditures(2)	Ratio of Debt Service to Total General Expenditures
1998	\$ 375,000	\$ 322,100	\$ 697,100	\$ 15,212,677	4.58%
1999	390,000	304,514	694,514	15,334,104	4.53%
2000	405,000	282,904	687,904	16,196,852	4.25%
2001	425,000	301,625	726,625	18,486,047	3.93%
2002	445,000	244,813	689,813	18,117,823	3.81%
2003	465,000	223,543	688,543	20,214,952	3.41%
2004	485,000	200,740	685,740	26,085,239	2.63%
2005	330,000	110,371	440,371	27,912,865	1.58%
2006	335,000	103,718	438,718	30,169,206	1.45%
2007	345,000	96,232	441,232	34,651,840	1.27%

Source: City of Dover Financial Records.

NOTES

1. The debt service figures include the General Obligation Bonds payable from the General Fund only.
2. The General Expenditures include all operating items, capital items and debt service.
(See Table 6b)

Table 14

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

Fiscal Year	Governmental Activities		Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita	Population
	General Obligation Bonds	Capital Leases	Water/Sewer Revenue Bonds	Electric Revenue Bonds	General Obligation Bonds Water/Sewer	Capital Leases				
1998	\$ 6,230,000	\$ -	\$ 12,740,000	\$ 29,235,000	\$ 750,000	\$ -	\$ 48,955,000	12.6%	\$ 1,772	27,630
1999	5,840,000	-	11,920,000	28,335,000	600,000	-	46,695,000	12.0%	\$ 1,690	27,630
2000	5,435,000	-	11,805,000	27,375,000	450,000	-	45,065,000	7.2%	\$ 1,631	27,630
2001	5,010,000	-	10,863,838	26,350,000	300,000	-	42,523,838	6.7%	\$ 1,318	32,271
2002	4,565,000	90,143	9,861,726	26,164,844	150,000	399,613	41,231,326	6.5%	\$ 1,266	32,562
2003	4,100,000	554,217	8,803,629	24,085,000	-	393,030	37,935,876	5.9%	\$ 1,154	32,860
2004	3,805,000	313,035	9,759,511	22,830,000	-	309,915	37,017,461	5.7%	\$ 1,116	33,179
2005	3,475,000	152,864	8,429,336	22,535,000	-	161,836	34,754,036	5.3%	\$ 1,037	33,511
2006	3,140,000	-	7,053,065	20,680,000	-	68,892	30,941,957	4.7%	\$ 914	33,858
2007	2,795,000	-	5,660,657	18,950,000	-	-	27,405,657		\$ 807	33,962

Source: City of Dover Financial Records

Population Source 1997-1999: U. S. Census

Population Source 2003-2006: Delaware Population Consortium

Table 15

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

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1998	27,630	\$ 810,141,900	\$ 6,980,000	\$ 750,000	\$ 6,230,000	0.77%	\$ 225.48
1999	27,630	835,281,800	6,440,000	600,000	5,840,000	0.70%	211.36
2000	27,630	859,585,100	5,885,000	450,000	5,435,000	0.63%	196.71
2001	32,135	876,493,100	5,310,000	300,000	5,010,000	0.57%	155.90
2002	32,135	903,205,600	4,715,000	150,000	4,565,000	0.51%	142.06
2003	⁽²⁾ 32,043	1,705,751,800	4,100,000	-	4,100,000	0.24%	138.95
2004	⁽²⁾ 32,043	1,734,815,100	3,805,000	-	3,805,000	0.22%	118.75
2005	⁽²⁾ 32,043	⁽³⁾ 1,764,347,700	3,475,000	-	3,475,000	0.20%	108.45
2006	⁽²⁾ 32,043	⁽³⁾ 2,527,308,500	3,140,000	-	3,140,000	0.12%	97.99
2007	⁽²⁾ 32,043	⁽³⁾ 3,516,580,775	2,795,000	-	2,795,000	0.08%	87.23

Source: City of Dover Financial Records and Tax Assessor's Office.

NOTES

1. This table includes all long-term general obligation bonded debt only.
2. As a result of Count Question Resolution Process, the Census Bureau revised the 2000 population for the City of Dover to 32,043 people.
3. Assessed value reflects the net billable tax base and does not include the exempt value of \$598,135,900 and exemption for Senior Citizens of \$19,297,500.
4. In 2003 the City changed assessed values to 100% of estimated actual values from 60%. In doing so, the tax rate was lowered from \$.685 to \$.411 to stay revenue neutral.
5. In 2005 the City property values were reassessed, effective for tax year 2006. The tax rate was lowered from \$.411 to \$.330.

Table 16

**City of Dover, Delaware
Computation of Direct and Overlapping Debt
with the Capital School District
June 30, 2007**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 3,038,285	100%	\$ 3,038,285
Kent County ⁽¹⁾	6,975,273	34	2,371,593
Capital School District ⁽²⁾	<u>17,571,220</u>	80	<u>14,056,976</u>
TOTAL	<u>\$ 27,584,778</u>		<u>\$ 19,466,853</u>

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

NOTES

1. Kent County: Total debt for Kent County is \$22,894,771 at June 30, 2007. Although, Kent County's bonds are general obligation bonds, \$16,964,303 is payable from the Kent County Sewer Fund(s) or other committed sources.
2. Capital School District: As of June 30, 2007 the net outstanding debt was \$17,881,861. The amount applicable to City of Dover at 80% is \$14,056,976.

**City of Dover, Delaware
 Computation of Direct and Overlapping Debt
 with the Caesar Rodney School District
 June 30, 2007**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 3,038,285	100%	\$ 3,038,285
Kent County ⁽¹⁾	5,930,468	34	2,016,359
Caesar Rodney School District ⁽²⁾	<u>\$ 9,934,690</u>		<u>-</u>
TOTAL	<u><u>\$ 18,903,443</u></u>		<u><u>\$ 5,054,644</u></u>

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

NOTES

1. Kent County: Total debt for Kent County is \$22,894,771 at June 30, 2007. Although, Kent County's bonds are general obligation bonds, \$16,964,303 is payable from the Kent County Sewer Fund (s), or other committed sources.
2. Caesar Rodney School District: As of June 30, 2007 the net outstanding debt was \$9,934,690.

Table 18

**City of Dover, Delaware
Computation of Legal Debt Margin
Last Ten Fiscal Years**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 202,535,475	\$ 207,732,675	\$ 214,896,275	\$ 219,123,275	\$ 225,801,400	\$ 426,473,950	\$ 433,703,775	\$ 441,086,925	\$ 632,988,025	\$ 724,536,844
Total Net Debt applicable to limit	2,980,000	6,440,000	5,885,000	5,310,000	4,715,000	4,100,000	3,805,000	3,475,000	3,140,000	2,795,000
Legal debt margin	\$ 199,555,475	\$ 201,292,675	\$ 209,011,275	\$ 213,813,275	\$ 221,086,400	\$ 422,373,950	\$ 429,898,775	\$ 437,611,925	\$ 629,848,025	\$ 721,741,844
Total Net Debt applicable to limit as a percentage of debt limit	1.49%	3.20%	2.82%	2.48%	2.13%	0.97%	0.89%	0.79%	0.50%	0.39%

Legal Debt Margin Calculation for Fiscal Year 2007

Net (Taxable) Assessed Value on Books	<u>\$ 2,898,147,375</u>
Debt Limit - 25 Percent of Total Assessed Value	\$ 724,536,844
DEBT (For which the City's full faith and credit has been pledged)	
Gross Bonded Debt	<u>2,795,000</u>
LEGAL DEBT MARGIN	<u>\$ 721,741,844</u>

Source: City of Dover Financial Reports, City of Dover Charter, Section 50(b), and Tax Assessor's Office

Table 19

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

Fiscal Year	Gross Revenue	Operating Expenses	Available For Debt Service	Debt Service Requirements of Each Fiscal Year			
				Principal	Interest	Total	Coverage
1998	\$ 46,834,241	\$ 34,918,906	\$ 11,915,335	\$ 845,000	\$ 1,815,765	\$ 2,660,765	4.48%
1999	49,354,963	37,160,994	12,193,969	900,000	1,755,363	2,655,363	4.59%
2000	52,264,065	40,153,523	12,110,542	960,000	1,690,922	2,650,922	4.57%
2001	51,765,524	41,007,889	10,757,635	1,025,000	1,620,938	2,645,938	4.07%
2002	54,903,340	44,315,614	10,587,726	1,095,000	1,549,344	2,644,344	4.00%
2003	59,737,571	46,611,778	13,125,793	1,170,000	1,480,203	2,650,203	4.95%
2004	59,611,552	47,393,103	12,218,449	1,255,000	1,380,002	2,635,002	5.01%
2005	63,467,514	51,505,300	11,962,214	1,335,000	1,115,728	2,450,728	4.88%
2006	68,377,892	53,839,945	14,537,947	1,855,000	910,256	2,765,256	5.26%
2007	86,527,858	82,358,862	4,168,996	1,730,000	859,048	2,589,048	1.61%

Source: City of Dover Financial Records.

NOTES

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

2. Calculation of gross revenue for fiscal year 2007 is as follows:

Gross Revenue:

Operating Revenues	\$ 85,935,071
Interest Earned-Operating Funds	<u>592,787</u>
Total Gross Revenue	\$ 86,527,858

3. Direct operating expenses do not include depreciation expense.

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

5. In June 1990, the City issued Electric Revenue Bonds in the amount of \$29,830,000 for partial defeasance of 1985 Electric Revenue Refunding Bonds and for financing the Combustion Turbine Project. The debt service for fiscal year 1991 reflects only the actual

debt service on 1985 Electric Revenue Refunding Bonds as no amount was paid on the 1990 issue. The debt service for the fiscal year 1991-92 includes the debt service on unrefunded 1985 Series and full year debt service on 1990 Series.

6. In January 1993, the City issued Electric Revenue Refunding Bonds in the amount of \$20,985,000 to partially refund the 1990 Series.

7. Up to the fiscal year 1996, the total debt service includes payments on the Series 1985, 1990 and 1993 bonds. The debt service for the fiscal years 1996, 1997 and 1998 includes the City's payments on unrefunded series 1990 bonds and Series 1993 bonds.

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

Table 20

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available For Debt Service	Maximum Requirements		
				Maximum Debt Service Requirement	Actual Coverage	Coverage Required
1998	\$ 7,554,016	\$ 6,059,855	\$ 1,494,161	\$ 1,484,797	1.01%	1.20%
1999	7,772,228	5,124,037	2,648,191	1,484,797	1.78%	1.20%
2000	8,236,506	5,777,844	2,458,662	1,484,310	1.66%	1.20%
2001	8,932,763	6,620,732	2,312,031	1,524,280	1.52%	1.20%
2002	9,639,256	6,185,232	3,454,024	1,524,380	2.27%	1.20%
2003	10,604,052	7,180,175	3,423,877	1,472,412	2.33%	1.20%
2004	10,101,660	7,608,196	2,493,464	1,553,713	1.60%	1.20%
2005	10,619,688	7,223,283	3,396,405	1,553,713	2.19%	1.20%
2006	12,372,563	7,805,396	4,567,167	1,551,228	2.94%	1.20%
2007	12,294,847	8,242,898	4,051,949	797,748	5.08%	1.20%

Source: City of Dover Financial Records.

NOTES

1. In January 1993 the City issued Water and Wastewater Revenue Refunding Bonds in the amount of \$7,745,000. These bonds were issued to partially defease Water and Wastewater Revenue Bonds 1986 Series A, 1986 Series B, and fully defease all outstanding bonds of Series 1989.
2. In September 1993, the City issued Water and Sewer Revenue bonds in the amount of \$4,595,000 through 1993 Series A.
3. The maximum debt service requirement presented above includes all outstanding revenue bonds including non-refunded Series 1993 ,1993 A and 2003.
4. Direct operating expenses do not include depreciation expense for coverage purposes as per the bond indenture.
5. The operating expenses for fiscal year 1997 include 18 months of Kent County Sewer fees. This was due to a change in the County's billing system. This extraordinary item is for this one year only.
6. In October 2003, the City issued Water and Sewer Revenue Bonds in the amount of \$7,980,000. These bonds were issued to fully defease Water and Wastewater Revenue Bond Series 1986 B and to partially defease Water and Wastewater Revenue Bond Series 1993 and Series 1993 A and to provide approximately \$1,600,000 for future capital projects.

Table 21

**City of Dover
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Per Capita		Median Age	School Enrollment	Unemployment Rate
		Personal Income	Personal Income			
1997	27,630	\$ 389,721,150	\$ 14,105	29.6	6,382	4.3%
1998	27,630	\$ 389,721,150	\$ 14,105	29.6	6,315	3.9%
1999	27,630	\$ 389,721,150	\$ 14,105	29.6	6,293	3.6%
2000	32,271	\$ 627,509,595	\$ 19,445	32.9	6,204	3.9%
2001	32,562	\$ 633,168,090	\$ 19,445	32.9	6,185	4.0%
2002	32,860	\$ 638,962,700	\$ 19,445	32.9	6,255	4.0%
2003	33,179	\$ 645,165,655	\$ 19,445	32.9	6,091	4.3%
2004	33,511	\$ 651,621,395	\$ 19,445	32.9	6,439	3.9%
2005	33,858	\$ 658,368,810	\$ 19,445	32.9	6,315	3.2%
2006	33,962	\$ 660,391,090	\$ 19,445	32.9	6,432	2.9%

Population Source 1997-1999: U. S. Census

Population Source 2003-2006: Delaware Population Consortium

Per Capital Personal Income and Median Age Sources: 1990 and 2000 U. S. Census

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

School Enrollment Source: School Districts' Administrations based on census at start of school year

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

Table 22

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

NAME	ACTIVITY	NUMBER OF EMPLOYEES 6/30/2007	NUMBER OF EMPLOYEES 06/30/1998
Dover Air Force Base	Government	8,000	8,610 ⁽¹⁾
State of Delaware	Government	0	3,577 ⁽⁴⁾
Dover Mall LP	Shopping Center	0	1,500 ⁽²⁾
Bayhealth Medical Center	Health Care	2,008	1,246 ⁽⁵⁾
Dover Downs Co., Inc.	Race Track, Video Lottery & Hotel	1,061	410
Delaware State University	Education	600	727
Capital School District	Education	898	805
Playtex Products, Inc.	Personal Care	720	972
Kraft Foods Inc.	Food Manufacturer	520	924
City of Dover	Government	0	352

Source: City of Dover Finance Department

NOTES

1. Dover Air Force Base total includes active duty, reservists and civilian employees.
2. Figures from Central Delaware Economic Development Council.
3. Some figures were estimated.
4. Number of employees in Kent County
5. Bayhealth Medical Center was previously listed as Kent General Hospital.

Table 23

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
Administrative Services	16.5	16.5	16.5	16.0	16.0	16.0	16.0	16.0	16.0	14.0	
Community Services	2.5	-	-	-	-	-	-	-	-	-	-
Central Services	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0
Facilities Management	8.0	8.0	9.0	9.0	11.0	11.0	12.0	13.0	13.0	12.0	
Fleet Maintenance	-	-	4.0	4.0	5.0	5.0	5.0	5.0	6.0	6.0	
City Clerk	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	
Mayor	0.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
City Manager	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	5.0	
Finance	7.0	7.0	6.5	6.5	6.5	7.0	7.0	7.0	8.0	8.0	
Fire	5.0	5.0	6.0	5.5	5.5	5.5	5.5	5.5	5.5	6.0	
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5	
Information Technology	7.0	7.0	7.0	7.0	7.0	6.0	7.0	7.0	8.0	8.0	
Parks and Recreation	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
Library	17.5	17.5	17.5	18.0	17.0	17.0	17.0	17.0	17.0	17.0	
Delaware Prevention Network	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	1.0	-	
Weed and Seed	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0	
Planning	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	4.0	
Inspections	11.0	11.0	11.0	11.0	11.0	14.0	14.0	14.5	14.5	15.0	
Community Development	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Police Civilian	25.0	25.0	26.0	31.0	31.0	31.0	30.0	29.0	29.0	29.0	
Police Law Enforcement	81.0	81.0	81.0	81.0	81.0	81.0	81.0	85.0	87.0	90.0	
Public Works Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	
Public Works E & I	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	
Grounds Maintenance	11.0	11.0	12.0	14.0	14.0	15.0	15.0	15.0	15.0	16.0	
Sanitation	12.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	
Streets	12.0	12.0	12.0	11.0	11.0	13.0	13.0	11.0	11.0	11.0	
Tax Assessor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
General Fund Total	247.0	245.5	253.5	259.0	262.0	269.5	271.5	277.5	281.5	286.5	-
Electric Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	
Electric Engineering	20.0	20.0	21.0	19.0	19.5	20.5	21.5	18.5	19.5	20.5	
Transmission and Distribution	31.0	31.0	27.0	31.0	31.0	31.0	31.0	29.0	29.0	28.0	
Electric Meter Reading	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
Emergency Preparedness	4.0	4.0	4.0	1.0	1.0	1.0	1.0	-	-	-	
Electric Tree Trimmers	5.0	5.0	5.0	5.0	5.0	5.0	5.0	-	-	-	
Electric Fund Total	68.0	68.0	65.0	64.0	64.5	65.5	66.5	55.5	56.5	56.5	-
Construction	12.0	12.0	12.0	14.5	18.0	12.0	10.0	8.0	8.0	8.0	
Wastewater Management	10.0	10.0	8.5	9.0	9.0	9.5	9.5	9.5	9.5	11.0	
Water Management	10.0	10.0	8.5	9.0	9.0	9.5	9.5	4.5	4.5	5.0	
Water Treatment Plant	4.0	4.0	4.0	4.0	5.0	5.0	8.0	8.0	8.0	9.0	
Water Meter Reading	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Water/Wastewater Fund Total	38.0	38.0	35.0	37.5	42.0	37.0	38.0	31.0	31.0	34.0	-
Total Full-Time Equivalents	353.0	351.5	353.5	360.5	368.5	372.0	376.0	364.0	369.0	377.0	-

Source: City of Dover Personnel Records

* Per Revised Budget

** Per Projection

Table 24

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

	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
	Feb. 16, 1929	Feb. 16, 1929	Feb. 16, 1929	Feb. 16, 1929	Feb. 16, 1929	Feb. 16, 1929	Feb. 16, 1929	Feb. 16, 1929	Feb. 16, 1929	Feb. 16, 1929
Date of Incorporation	14,344.30	14,355.30	14,379.04	14,382.79	14,382.79	14,406.68	14,571.35	14,714.60	14,674.58	14,674.58
Land area - Acres	22,413	22,430	22,467	22,473	22,473	22,5104	22,7677	22,991	22,929	22,929
Land area - Square Miles	147.21	147.75	147.79	148.81	148.81	149.1	150.69	152.96	153.76	153.76
Total Miles of Street	87.86	88.4	88.44	89.46	89.46	89.75	91.34	93.61	94.41	94.41
City Maintained Miles of Streets	59.35	59.35	59.35	59.35	59.35	59.35	59.35	59.35	59.35	59.35
State Maintained Miles of Streets	27,630	27,630	27,630	32,135	32,135	32,043	32,043	32,043	32,043	32,043
Population-U. S. Census data	33,881	34,120	34,120	34,120	33,169	33,829	33,829	33,829	34,288	35,197
Population-City Count	18,516	18,637	22,076	20,387	20,381	19,850	18,259	18,714	19,502	19,502
Registered Voters										
Electric Utility:										
Total Generating Units	4	4	4	4	4	4	4	4	4	4
Co-Generating Unit	1	1	1	1	1	0	0	0	1	1
	5	5	5	5	5	4	4	4	4	5
Total Generating Capacity	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	176 mw
Co-Generating Capacity	16 mw	16 mw	16 mw	16 mw	16 mw	0 mw	0 mw	0 mw	0 mw	16mw
	191 mw	191 mw	191 mw	191 mw	191 mw	175 mw	175 mw	175 mw	175 mw	191 mw
Area of Service	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.
Substations	18	18	14	14	14	16	16	16	16	15
High Peak Load	149 mw	150 mw	157 mw	158 mw	171 mw	165 mw	163 mw	160	160	176 mw
Customers:										
Residential	16,597	16,640	16,797	16,819	17,246	17,636	17,757	17,867	18,297	18,807
Commercial	2,452	2,499	2,468	2,488	2,626	2,836	2,915	2,813	3,280	3,535
Primary	41	39	32	32	32	30	33	32	32	32
Vapor Lights Only	821	854	853	858	865	874	874	867	867	872
69 KV Industrial	3	3	3	3	3	4	4	4	4	3
Municipal- Total number of meter	138	145	147	213	149	149	148	149	149	0
Total Customers Sales \$	\$45,270,583	\$47,461,261	\$50,028,090	\$49,408,410	\$52,555,412	\$56,599,722	\$57,151,810	\$60,170,424	\$63,844,353	\$63,108,810
Total Customers Sales kWh	643,784,000	672,283,973	714,629,252	711,570,587	722,908,715	749,280,252	741,523,091	731,635,019	736,810,231	734,072,008
Purchased Power:										
From Duke Louis Dreyfus \$	\$26,999,365	\$28,834,983	\$31,664,769	\$32,455,247	\$34,377,595	\$36,222,102	\$37,675,178	\$39,628,388	\$41,871,486	\$0
From Duke Louis Dreyfus kWh	641,917,409	708,299,000	758,626,663	744,657,254	774,177,780	778,715,700	780,677,900	767,750,050	781,466,220	788,824
Fire Department:										
Stations	2	2	2	2	2	2	2	2	2	2
Officers	8	8	8	8	8	8	8	8	8	8
Firemen - Membership (Volunteer)	80	80	80	80	80	100	100	100	100	100
Equipment	16	16	16	16	13	15	15	11	14	14
(Continued)										
Table 24										
(Continued)										
	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
Parks and Recreation:										
Major Parks	3	3	3	3	2	3	3	3	3	3
Small Parks	18	18	22	23	23	23	23	22	22	22
Police Department:										
Station	1	1	1	1	1	1	1	1	1	1
Substation	1	1	1	1	1	1	0	1	1	1
Uniformed Personnel	81	78	81	81	81	81	85	87	88	90
Automobiles	62	58	65	69	65	60	74	79	71	66
Motorcycles	5	5	5	5	5	5	5	5	5	5
Motor Boats	1	1	1	1	1	1	1	1	1	1
Bicycles	5	5	5	5	5	5	5	4	4	4
Specialty Vehicles	10	7	7	7	7	7	5	5	6	6
Trailers	5	5	5	5	4	3	3	3	4	4
Public Library:										
Books	84,541	90,673	96,017	101,809	85,594	93,340	97,820	101,631	111,496	120,203
Audiovisual Materials (VCRs, DV CDs, Cassettes, Recorded Books)	4,380	5,280	6,116	8,751	12,578	6,725	9,823	10,138	7,171	11,507
Members	25,347	28,680	33,511	35,824	38,898	43,185	46,318	48,626	39,202	37,036
Magazines Subscriptions	310	306	285	285	285	289	359	359	359	359
Newspapers	24	24	12	12	12	10	12	12	12	15
Circulation of Books	308,639	307,412	295,298	305,809	307,533	327,310	348,269	398,842	398,666	400,336
Water Utility:										
Supply - Wells	21	21	21	13	15	22	22	22	22	22
Storage Tanks	6	6	6	6	6	6	6	6	6	6
Total Storage Capacity (gallons)	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Water Mains (miles)	156	156	157	160	162	165	175	185 miles	176 miles	176 miles
Average Daily Gallons Pumped	5,144,000	5,300,000	5,130,000	5,133,000	5,260,000	5,168,536	5,149,613	4,898,000	5,218,000	4,721,174
Peak Daily Gallons	8,191,000	8,456,000	8,645,000	7,847,000	8,770,000	8,194,800	7,400,000	8,421,000	8,358,000	8,672,000
Water Gallons - Pumped	1,877,000,000	1,935,000,000	1,847,000,000	1,816,000,000	1,898,129,650	1,890,466,700	1,879,000,000	1,788,000,000	1,904,666,300	1,869,585,000
Number of Metered Customers	10,818	11,004	11,126	11,407	11,670	10,999	11,150	11,625	11,764	11,962
Number of New Connections					263	173	298	475	139	198
Wastewater Utility:										
Pumping Stations	34	32	33	33	34	34	34	34	38	42
Wastewater Mains	140 miles	140 miles	140 miles	150 miles	150 miles	152 miles	155 miles	160 miles	185 miles	185 miles
Average Daily Gallons	4,344,000	3,800,000	4,134,000	4,283,000	4,190,000	5,131,076	5,708,000	5,127,000	4,241,798	4,631,172
Peak Daily Gallons	5,238,000	4,600,000	5,228,000	5,170,000	4,530,000	7,000,000	7,000,000	5,983,000	Not Measured	Not Measured
Total Annual Gallons	1,585,000,000	1,387,000,000	1,509,000,000	1,564,000,000	1,530,000,000	1,872,843,000	2,083,000,000	1,871,000,000	1,548,256,115	1,722,795,930
Number of New Connections	-	-	-	-	236	133	250	350	350	350
Water Treatment Plant:										
Capacity	5.0 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD
Sales to Customers:										
Water Fees	\$3,103,642	\$3,079,779	\$3,070,128	\$3,033,403	\$3,145,235	\$3,803,967	\$3,769,635	\$3,791,254	\$4,289,413	\$4,289,413
Wastewater Fees	\$1,935,520	\$1,956,149	\$2,224,211	\$2,345,141	\$2,227,758	\$2,532,802	\$2,521,499	\$2,719,577	\$2,605,428	\$2,605,428
Wastewater Adjustment	\$2,436,182	\$2,452,087	\$2,512,562	\$2,686,790	\$2,814,587	\$2,778,521	\$2,743,359	\$2,611,290	\$3,865,683	\$3,865,683

Sources: Various City departments

**City of Dover, Delaware
Population and Housing Summary Statistics
For 2000**

	Dover City	Dover Division
Population	32,043	126,697 MSA
Land area	22.4 Sq. Mi.	154.5 Sq. Mi.
Median age	32.9 Yrs.	34.4 Yrs.
Male	15,122	61,070
Female	17,013	65,627
White	17,655	93,106
Black	11,961	26,180
Native American	146	806
Asian	1,016	2,137
Other race	1,357	1,611
Hispanic origin	1,327	4,069
Family households	7,500	33,615
Non-family households	4,840	13,609
Married couple households	4,983	24,994
Female householders, no husband	2,061	6,530
Persons per household	2	3
Number of dwelling units	13,195	50,481
Single family dwelling units	5,982	12,029
Semi-detached dwelling units	1,960	2,389
Mobile homes	770	3,166
Owner occupied dwelling units	6,454	33,040
Median unit value	\$111,300	\$114,100
Renter occupied dwelling units	5,886	14,184
Median contract rent	\$599	\$375

Source: As a result of Count Question Resolution Process, the Census Bureau revised the 2000 population count for the City of Dover to 32,043 people.

Table 26

City of Dover, Delaware
Property Value and Construction
Last Ten Fiscal Years

Fiscal Year			Fiscal Year	
Year	Number of Building Permits	Value of Building Permits	Assessed Property Value Taxable	Non-taxable
1998	1,011	52,313,548	810,141,900	415,424,700
1999	1,100	69,820,835	835,281,800	415,109,400
2000	1,128	71,171,067	859,585,100	429,870,200
2001	1,239	106,469,263	876,493,100	465,530,500
2002	1,089	55,718,018	903,205,600	470,679,900
2003	1,021	65,556,895	1,705,751,800	504,226,700 ⁽²⁾
2004	912	96,736,792	1,734,815,100	841,436,800
2005	2,760	69,102,159	1,764,347,700	841,290,300
2006	2,653	91,769,464	2,527,308,500	618,435,300 ^{(1) (3)}
2007			3,516,580,775	618,433,400

Sources: Permit Data - Inspection Department, City of Dover & Property Value - Tax Assessor, City of Dover

NOTE

1. Total non-taxable of \$618,433,400 for the fiscal year 2007, includes assessed value of \$19,297,500 Senior Citizen exempt and \$599,135,900 exempt properties.
2. In 2003 the City changed assessed values to 100% of estimated actual values from 60%. In doing so, the tax rate was lowered from \$.685 to \$.411 to stay revenue neutral.
3. In 2005, the City property values were reassessed, effective for tax year 2006. The tax rate was lowered from \$.411 to \$.330.

Table 27

**City of Dover, Delaware
Number of Various Businesses Licensed
Ten Calendar Years**

BUSINESS	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Attorneys	92	85	85	82	79	75	80	89	94	0
Barber Shops	6	6	7	5	4	4	5	5	6	0
Beauty Shops	45	47	53	59	61	58	57	59	51	0
Certified Public Accountants & Accountants	13	18	12	19	18	21	22	23	22	0
Contractors	721	649	769	923	935	1,000	1,113	1,112	1,170	0
Dentists	28	28	30	32	28	30	28	26	30	0
Eating Establishments	173	146	152	155	155	155	163	168	166	0
Merchants	538	381	399	394	383	385	401	389	389	0
Physicians & Surgeons	93	83	98	120	118	112	118	119	144	0
Real Estate Broker of Record	29	18	22	21	17	16	15	14	14	0
Other Categories	1,131	1,728	1,351	1,956	1,750	1,897	1,844	1,976	2,042	0
Totals	2,869	3,189	2,978	3,766	3,548	3,753	3,846	3,980	4,128	0

Source: City of Dover, Department of Inspections.

“Other” category includes: Consulting and Customary Home Occupations

Table 28

**City of Dover, Delaware
Analysis of Development Projects, Permits, and Inspections
Last Ten Fiscal Years**

The following types of units were approved:

Type	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Apartments	215	101	---	204	77	240	492	72	288	
Single Family	207	106	7	89	113	250	271	439	453	
Single Family Duplexes	190	---	---	---	---	74	68	72	190	
Town Homes	323	---	20	4	---	256	169	227	160	
Mobile Homes	---	---	5	12	---	---	---	---	---	---
Total	935	207	32	309	190	820	1000	810	1091	0

(1)

The Planning Commission approved the following estimated square footage of projects:

Type	Sq. Feet FY 1997 ⁽¹⁾	Sq. Feet FY 1999	Sq. Feet FY 2000	Sq. Feet FY 2001	Sq. Feet FY 2002	Sq. Feet FY 2003	Sq. Feet FY 2004	Sq. Feet FY 2005	Sq. Feet FY 2006	Sq. Feet FY 2007
Office	---	44,985	50,022	101,719	35,983	77,641	147,484	133,936	69,395	139,378
Retail	302,460	23,773	141,644	275,131	26,195	89,507	---	3,420	127,018	206,589
Industrial	31,600	407,760	356,260	18,054	---	17,771	161,800	13,176	---	158,876
Institutional	167,740	322,004	279,314	192,260	188,835	149,463	508,729	55,309	52,854	478,124
Total	560,540	798,522	827,240	1,073,164	286,753	340,382	818,013	283,589	345,361	1,189,556

Source: City of Dover, Department of Inspections.

Table 29

**City of Dover, Delaware
Crime Clearance Comparison
National Average vs Dover Police Department
Last Ten Calendar Years**

Cities with Population 25,000 to 49,999

	% Dover 1996	% National 1996	Dover Actual Incidences 1996	% Dover 1997	% National 1997	Dover Actual Incidences 1997	% Dover 1998	% National 1998	Dover Actual Incidences 1998	% Dover 1999	% National 1999	Dover Actual Incidences 1999	% Dover 2000	% National 2000	Dover Actual Incidences 2000
Violent crime (total)	54.1%	52.4%	257	62.7%	49.8%	244	60.0%	50.0%	314	68.4%	49.2%	285	62.3%	48.7%	223
Murder	None	74.1%	-	None	69.8%	-	None	70.9%	-	100.0%	72.8%	1	None	62.5%	None
Aggravated Assault	68.1%	61.4%	144	74.7%	58.2%	158	74.9%	57.7%	187	82.0%	57.4%	150	73.6%	56.8%	140
Forcible Rape	72.7%	48.6%	22	62.5%	44.6%	16	80.0%	45.0%	29	73.7%	42.2%	40	81.3%	41.7%	16
Robbery	27.5%	31.6%	91	35.7%	29.5%	70	35.7%	30.4%	98	45.7%	29.8%	94	34.3%	30.0%	67
Property crime (total)	31.2%	20.6%	2,584	28.8%	19.8%	2,523	30.1%	19.1%	2,748	31.1%	19.3%	2,383	28.7%	18.6%	2,118
Burglary	21.3%	13.9%	258	28.6%	13.5%	224	29.4%	13.3%	218	32.6%	13.3%	227	23.9%	12.8%	176
Theft	34.1%	23.0%	2,080	30.8%	22.1%	2,097	31.4%	21.2%	2,299	32.7%	21.4%	1,979	29.8%	20.4%	1,750
Motor Vehicle Theft	14.7%	15.7%	235	8.2%	15.2%	170	16.7%	15.1%	209	7.9%	14.8%	152	15.6%	15.2%	160
Arson	63.6%	17.8%	11	6.3%	18.5%	32	27.3%	19.1%	22	36.0%	20.3%	25	56.3%	19.5%	32

	% Dover 2001	% National 2001	Dover Actual Incidences 2001	% Dover 2002	% National 2002	Dover Actual Incidences 2002	% Dover 2003	% National 2003	Dover Actual Incidences 2003	% National 2004	% Dover 2004	Dover Actual Incidences 2004	% Dover 2005	Dover Actual Incidences 2005
Violent crime (total)	65.4%	51.0%	208	63.8%	49.8%	229	70.6%	49.0%	278	49.0%	62.0%	273	71.0%	226
Murder	100.0%	77.9%	1	0.0%	72.3%	1	0.0%	66.4%	1	69.3%	100.0%	3	100.0%	4
Aggravated Assault	76.6%	60.4%	128	68.7%	58.7%	134	73.8%	57.8%	187	57.9%	66.7%	186	68.6%	156
Forcible Rape	62.5%	41.2%	16	58.3%	40.4%	24	76.7%	40.2%	29	38.6%	80.0%	17	86.3%	22
Robbery	42.9%	31.3%	63	57.1%	30.9%	70	59.0%	30.7%	61	31.1%	41.8%	67	59.1%	44
Property crime (total)	33.5%	18.6%	1,891	31.2%	18.8%	1,886	33.5%	18.7%	2,052	19.8%	34.3%	1,892	37.1%	1,684
Burglary	40.5%	13.4%	153	39.7%	12.8%	121	46.5%	12.7%	185	12.8%	45.6%	136	54.4%	103
Theft	34.1%	20.2%	1,621	32.0%	20.8%	1,643	33.0%	20.8%	1,751	20.8%	34.6%	1,628	37.0%	1,460
Motor Vehicle Theft	11.0%	15.8%	100	12.0%	15.4%	108	20.2%	14.7%	109	15.3%	15.5%	116	19.5%	113
Arson	41.2%	19.1%	17	21.4%	19.1%	14	21.4%	19.3%	7	22.2%	41.7%	12	87.5%	8

Source: City of Dover Police Department Annual Reports

In 2004 Dover switched from the Uniform Crime Reporting (UCR) Program to the National Incident Based Reporting System (NIBRS)

Table 30

City of Dover, Delaware
 Number of Service Requests - Dover Police Department
Last Ten Calendar Years

SERVICE REQUESTS										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Alarms	2,390	2,559	2,749	2,490	2,345	2,632	2,394	2,299	2,253	2,359
Animal	-	-	793	961	1,081	1,026	952	1,254	1,213	1,034
Assist Other Agencies	230	235	370	357	413	468	502	555	537	454
Casualties	24	29	-	-	-	-	-	-	-	-
City Ordinance Violation Complaints	-	-	-	-	-	33	43	121	77	120
Community Service Requests	249	672	462	164	774	1,104	1,140	695	418	213
Drug Overdose	-	-	15	15	30	33	23	26	24	36
Escorts, including City Hall- 2003 forward	34	11	11	-	-	-	422	419	441	384
Fire/Rescue Assists	434	459	-	-	-	-	-	-	-	-
Lock Jocks	2,392	2,282	2,400	2,293	2,157	2,241	2,435	2,480	2,467	1,964
Lost and Found Property	203	239	263	239	254	297	326	418	447	460
Loud Music	-	-	-	-	-	-	825	867	895	411
Megan's Law (sex offender registration)	-	-	5	18	39	34	60	94	157	401
Mental Patients	141	178	175	148	122	221	263	261	198	221
Missing Persons	180	206	-	-	-	-	470	303	330	343
Noise	-	-	827	237	410	433	461	440	435	973
No Parking Signs/Barricades	84	66	-	-	-	-	-	-	-	-
Property Check	142	141	172	112	564	417	365	163	115	128
Property Retrieval	-	-	113	72	160	157	175	181	223	177
Protection from Abuse Order Violations	-	-	-	-	-	-	46	58	70	60
Public Assistance	-	-	29	104	104	199	338	375	258	223
Sudden Death	22	25	39	17	19	36	27	23	28	19
Suicide (and attempts)	29	33	58	67	55	58	52	54	60	82
Traffic Request	-	-	229	207	177	123	130	133	226	244
Unsecured Buildings	76	81	71	68	74	53	92	81	63	102

Source: City of Dover Police Department Annual Reports

Table 31

**City of Dover, Delaware
Schedule of Insurance
as of June 30, 2007**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
1. Property- Blanket coverage based on replacement cost of Real and Personal Property (all risks of physical loss or damage) including property of other City Departments.	\$81,550,327
Only fire, extended coverage, vandalism, and malicious mischief applicable to storage building on South State Street. \$10,000 Deductible each loss applicable to all Real and Personal Property.	
Flood (all scheduled locations except if located in Flood Zones: A, B/shaded X, V & D) \$50,000 Deductible	\$2,000,000
2. Inland Marine- Miscellaneous Scheduled and Unscheduled Equipment	
Computer Equipment - \$1,000 Deductible	\$500,000
Police Equipment - \$1,000 Deductible	\$16,000
Unscheduled Equipment - \$1,000 Deductible (Maximum any one item \$5,000)	\$100,000
Employee Tools - \$250 Deductible	\$62,500
3. General Liability- Each Event	\$1,000,000
General Total Limit	\$3,000,000
Personal Injury Each Person	\$1,000,000
Advertising Injury Each Person	\$1,000,000
Medical Expenses	\$0
Sexual Abuse Coverage	\$incl
Sewer Back-Up - \$0 Deductible	\$100,000
4. Automobile- Liability	\$1,000,000
Personal Injury Protection	\$300,000
Uninsured Motorist	\$1,000,000
Comprehensive - \$500 Deductible-Specified Vehicles	
Collision - \$1,000 Deductible-Specified Vehicles (Physical Damage Applies to Police & Specified Electric & Sanitation Trucks)	
Non-owned Liability	\$1,000,000
Hired Auto Liability	\$1,000,000
5. Employee Benefit Plans Administration Liability - Claims Made Retroactive Date: 7/1/1996	
Total Limit	\$3,000,000
Each Wrongful Act Limit	\$1,000,000
Deductible	\$1,000
6. Law Enforcement Liability - Occurrence	
Total Limit	\$3,000,000
Each Wrongful Act	\$1,000,000
Deductible	\$5,000
7. Public Entity Management Liability - Claims Made Retroactive Date: 7/1/96	
Total Limit	\$3,000,000
Each Wrongful Act Limit	\$1,000,000
Deductible	\$25,000
8. Employment Practices Liability - Claims Made Retroactive Date: 7/1/96	
Total Limit	\$3,000,000
Each Wrongful Employment Practice Offense Limit	\$1,000,000
Deductible	\$25,000

(Continued)

ACTION FORM

PROCEEDING: Legislative, Finance & Administration	AGENDA ITEM NO.: 11/26/07 - 3
DEPARTMENT OF ORIGIN: Finance	DATE SUBMITTED: 11/19/07
PREPARED BY: Donna Mitchell, Treasurer/Finance Director	
SUBJECT: Closeout of Duke Contract	
REFERENCE: N/A	
RELATED PROJECT: N/A	
APPROVALS: City Manager	
EXHIBITS: N/A	
EXPENDITURE REQUIRED: Purchase of Inventory (non-budget item)	
REBATE BUDGETED: \$800,000 (will require a budget adjustment to FY08) Actual revenue will be recorded in the amount of \$1,079,000 in FY07 and included in the Carry Forward Budget Balance.	
TIMETABLE:	
RECOMMENDED ACTION: The Legislative and Finance Committee's recommendation to authorize the City Manager to sign the Duke contact close documents.	

BACKGROUND AND ANALYSIS

The City's contract with Duke Energy ended on June 30, 2006. The contract had a provision that required an audit of the financial results each year. Duke requested we negotiate a settlement to close out the contract and forego the audit. The remaining items that needed to be settled were the purchase of all spare parts and fuel inventories, metering equipment and the annual rebate to the City. The pre-negotiated invoice and the post-negotiated invoices are as follows:

		Duke Invoice 9/7/2006	Negotiated Settlement 11/17/2007
Consumable Inventory expenses for fiscal year 05-06	=	\$2,666,923.00	\$2,666,923.00
Meter System expenses for fiscal year 05-06	=	\$75,000.00	\$75,000.00
Spare Parts Inventory expenses for fiscal year 05-06	=	\$1,214,326.00	\$910,745.00
Rebate for FY06		(\$879,777.00)	(\$1,079,000.00)
Net Invoice Amount		<u>\$3,076,472.00</u>	<u>\$2,573,668.00</u>
Net Cash Flow Savings			\$502,804.00