COUNCIL COMMITTEE OF THE WHOLE

The Council Committee of the Whole met on January 15, 2019 at 6:00 p.m. with Mr. Hare presiding in the absence of Council President Slavin. Members of Council present were Mr. Anderson (arrived at 6:03 p.m.), Mr. Sudler, Mr. Neil, Mr. Cole, Mr. Polce (arrived at 6:02 p.m.), and Mr. Lindell. Mayor Christiansen was also present. Civilian members present for their Committee meetings were Mr. Caldwell (*Parks, Recreation, and Community Enhancement*), Mrs. Doyle (*Utility*), and Mr. Shevock (*Legislative, Finance, and Administration*). Dr. Warfield (*Parks, Recreation, and Community Enhancement*), and Mrs. Haass (*Utility*) were absent.

PARKS, RECREATION, AND COMMUNITY ENHANCEMENT COMMITTEE

The Parks, Recreation, and Community Enhancement Committee met with Chairman Sudler presiding.

AGENDA ADDITIONS/DELETIONS

Mr. Neil moved for approval of the agenda, seconded by Mr. Caldwell and unanimously carried.

Presentation - Inclusive Playgrounds

Mr. Tom Talley, a Rotarian with Brandywine-Naamans Club in Wilmington and Can-Do Playground Chair, and Ms. Deb Edwards, Assistant Governor for the five (5) local Rotary clubs, reviewed information regarding how the Rotary developed Can-Do Playgrounds near Wilmington, and in Milford and Middletown to accommodate children and families of all abilities. Mr. Talley noted that the projects required a lot of planning, expertise, and coordination between the State and municipalities. He stated that he and Ms. Edwards wanted to determine whether the City of Dover is interested in developing an all-inclusive playground, like the Can-Do Playgrounds, so they can explain the City's interest to the local Rotary clubs.

Mr. Anderson noted that he thought this was important because it would help serve members throughout the community, and asked if the local rotaries were interested. Responding, Ms. Edwards indicated that they had just learned about the City's interest and were asked to come share information. She noted that she had sent a preliminary email to the presidents of the local rotary clubs, however, they needed to gather additional information regarding the expectations of the City that she could take back to the presidents and the hopefully begin a collaborative effort between all of the clubs.

Mr. Neil stated that the Rotary Club was very much a part of the City, noting that they were sponsoring the Jolly Trolley for First Fridays. He advised that he spent 20 years in the state of Maryland in vocational rehabilitation and was very proud of what he was able to accomplish in terms of public affairs for the vocation. Mr. Neil stated that he thought the fact that the Rotary had developed a blueprint based on experience would make it much easier for the City. In response, Mr. Talley noted that there had been a number of publications which had recognized the Can-Do Playgrounds, and people from Pennsylvania, Maryland, and New Jersey have brought their

children to utilize the playgrounds. He stated that they have been able to change the lives of young people.

Mr. Polce, referring to the $480,000 charitable contributions for the Wilmington project, asked who contributed and what the average contribution was from the surrounding community. He indicated that the City always loves the opportunity to partner with the community, especially in regarding to capital investment, however, he also likes to consider how much the City will be responsible for paying. In response, Mr. Talley stated that he did not know how much money the City would be responsible for or how much would have to be raised. He indicated that, in the past, they had divided up the fundraising initiative and worked with Parks and Recreation for the State because they contributed the land. Mr. Talley advised that some of the contributions were from foundations and various businesses within the community, noting that the Longwood Foundation was one of the largest contributors. He noted that the Rotary District also utilized its grant process and contributed more than $100,000.

Responding to Mr. Polce in regard to the monetary contributions of Nemours, Mr. Talley stated that several physicians and the therapy departments at Nemours contributed to the project, one (1) of their nurses helped in the planning, and they refer patients' families to the playground.

Mr. Lindell noted that his family frequently visits the Milford Can-Do Playground and his five-year-old daughter loves it, and it provides her with an opportunity to interact with children she would not typically and new social skills. He noted that the information regarding the Milford playground stated that there was $850,000 in contributions, and asked if that was the total cost of the playground. In response, Mr. Talley explained that $850,000 was the total, including the value of the land which was supplied by the City of Milford. He noted that the cost of the playground equipment is only one aspect, explaining that the land, engineering, drainage, leveling, etc. were other elements that the State provided assistance within the past. Mr. Lindell stated that he is a fan of public/private partnerships and he thought that this seemed like a very noble project to undertake, however, he noted that it is easy to build something but maintaining it takes additional commitment which needs to be considered when making a decision to proceed. Responding, Mr. Talley advised that the Rotary entered into an agreement with the State which defined their roles, and the Rotarians agreed to provide volunteers to help the State maintain the playground. He stated that they also created an endowment fund to help with maintenance costs. Mr. Talley noted that they had just completed a 10-year anniversary celebration and had a second fundraiser to upgrade the playground, make repairs, and add an interpretive area.

Mr. Caldwell stated that he was in favor of an inclusive playground for the City of Dover because it would benefit kids in the area; however, he thought that the City needed to determine who would be involved and what the financial impact would be.

Mr. Sudler noted that individuals in the community had contacted him regarding this need and he was happy to hear that members share this vision for an inclusive playground. He advised that he had spoken with Senator Colin Bonini who is willing to provide financial assistance and wants to talk to the City about making a contribution. Mr. Sudler noted that there are also grass-roots initiatives outside of the City that can help make this a reality.

Mr. Neil noted that there was a plan for Dover Park and he thought it would be beneficial to include this type of playground as an enhancement to that plan and the Rotary can play a role. He asked what the current status was for Dover Park. Responding, Mr. Sudler stated that he thought Dover Park would be a great staring point since the City was currently revitalizing that park. Mrs. Donna Mitchell, City Manager, stated that she would like to look at this option for Dover Park and would also like to look at the master plan for each of the City's parks to determine if this would be feasible for all three (3) major City parks.

Mr. Kirby Hudson, Director of Parks and Recreation, agreed that he thought the City should begin with Dover Park since there is a five-year master plan. He also thought the City should look at this concept for Schutte Park. Mr. Hudson stated that the concept is excellent and would be a draw that is desperately needed for all the City parks. He cautioned members to keep demographics in mind, explaining that he would not want the City to put all its resources into an area where they will not be utilized because there are not children in that area anymore.

Mrs. Mitchell stated that the current master plan for Dover Park has a five-year implementation for affordability, explaining that the City will spend $130,000 a year over the five (5) years. She advised that there are optional suggestions in the plan for future years if the City can afford it and noted that if the City partners with a group such as the Rotary, she did not think it would take five (5) years to complete the plan. Mrs. Mitchell stated that since the City already had master plans for Schutte Park and Dover Park, she would prefer an opportunity to get the master plan for Silver Lake Park completed and work with the Rotary group and City staff to review the master plans and come back with a conceptual idea during the budget process.

Mr. Anderson stated that he was curious to know if there is local interest from civic organizations in providing funding. In response, Mayor Christiansen stated that, as a Rotarian, he knew that if the City asked, the Rotary would do it. Mr. Hare, as a Rotarian, agreed with Mayor Christiansen, but noted that the five (5) Rotary Clubs in Dover do not have $400,000 and it would take time to get grant proposals in and determine the funding sources.

Ms. Edwards indicated that, as a representative for the five (5) Rotary Clubs in the area, she will need to get confirmation from all the clubs that they are interested in this project. She explained that, in order to get their support, she will need to provide an idea of the City's level of expectation for the Rotary's involvement.

Mr. Anderson moved to recommend referring the inclusive playgrounds to staff, with a positive recommendation, and that staff return with a feasibility report in six (6) months. The motion was seconded by Mr. Neil and unanimously carried.

Mr. Lindell moved for adjournment of the Parks, Recreation, and Community Enhancement Committee meeting. The motion was seconded by Mr. Neil and unanimously carried.

Meeting adjourned at 6:43 p.m.

UTILITY COMMITTEE

The Utility Committee met with Chairman Cole presiding.

AGENDA ADDITIONS/DELETIONS

Mr. Sudler moved for approval of the agenda, seconded by Mr. Lindell and unanimously carried.

Evaluation of Proposals - Tree Trimming

Mr. James Robinson, Electric Director, reviewed the background and analysis regarding the evaluation of proposals for tree trimming.

Mr. Polce noted that the City had two (2) arborists on staff and asked if a cost-benefit analysis had been done to determine whether hiring arborists internally would be more beneficial than contracting it out. Responding, Mr. Robinson stated that he was not aware that a cost-benefit analysis had been done; however, he thought it may have been considered in the past. He informed members that there is special training involved with putting people up in the power zone, and while arborists know the trees very well, they don't necessarily know the electricity aspect. Additionally, the equipment has to be specially designed to work in the power zone. Mr. Robinson stated that, during his prior experience in Massachusetts, the electric department had its own forestry crew and they found that it was basically a tradeoff. He noted that one of the benefits for the City of Dover is being able to continue with a firm that knows the City very well, and that the City knows very well. Mr. Robinson advised that the City may want to consider other alternatives if it did not have that type of situation.

Mr. Polce stated that he would not encourage the City to spend money on a cost-benefit analysis if it was not readily available. He noted that they were not talking about a large sum of money; however, since there are already two (2) arborists on staff, he wondered how much more it would cost for the additional work.

Staff recommended awarding a contract to Asplundh Tree Expert LLC as per the proposal submitted in response to RFP #19-001EL.

Mr. Hare moved to recommend approval of staff's recommendation. The motion was seconded by Mr. Lindell and unanimously carried.

Mr. Neil moved for adjournment of the Utility Committee meeting. The motion was seconded by Mr. Hare and unanimously carried.

Meeting adjourned at 6:48 p.m.

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee met with Chairman Hare presiding.

AGENDA ADDITIONS/DELETIONS
By unanimous consent, the agenda was approved.

Report of Independent Public Accountants for the Fiscal Year Ending June 30, 2018
Mr. Remi Omisore, CliftonLarsonAllen LLP (CLA), reviewed a presentation entitled "City of Dover, Delaware Audit Results Year Ended June 30, 2018" **(Attachment #1)**.

Staff recommended acceptance of the report.

Mr. Sudler noted that Mr. Omisore stated that no one had received any additional information from other auditors and that the City was very cooperative and professional. He asked if this was normal or if these types of situations happen quite often. Responding, Mr. Omisore advised that it does not happen quite often, which is why it is a required disclosure. He explained that he would have to disclose if anyone put any undue pressure on the auditors, so Council could perform any follow up and determine the course of action.

In response to Mr. Polce, Mr. Omisore stated that CLA worked with approximately 2,000 other municipalities or jurisdictions across the country. He noted that CLA is a top 10 firm in the U.S., and the only firm in the top 10 that does not specialize in any SEC clients. Mr. Omisore stated that CLA's only clients are governments, not for profits, and some privately held businesses, noting that CLA has more government clients than any other firm in the country.

Mr. Polce expressed concern with the City's capital asset sheet, explaining that he thought that the City was probably a bit over leveraged. He indicated that the City is continuing to look at its depreciative assets and what they are truly valued at, and are continuing to probably lose its financial footing. Mr. Polce asked if a majority of the municipalities or local jurisdictions CLA is working with are in similar situations. Responding, Mr. Omisore stated that it is a major concern, and it is difficult to summarize everything in one (1) key line item. He advised that the pressures of maintaining capital assets going through infrastructure is one of the main concerns, as well as finding applicable revenue streams for funding. He stated that, as Mr. Polce noted, the leverage model is to borrow today and pay for it tomorrow; however, he indicated that it would eventually need to be reconciled and is a heavy concern. Mr. Omisore stated that the Government Finance Officers Association (GFOA) published a study two (2) or three (3) years ago regarding what this problem and the appropriate source of funding it. He stated that he would send the study to Ms. Lori Peddicord, Controller/Treasurer, for distribution to members.

Mr. Anderson moved to recommend acceptance of the report, as recommended by staff. The motion was seconded by Mr. Neil and unanimously carried.

Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2018
Ms. Lori Peddicord, Controller/Treasurer, reviewed a presentation entitled "City of Dover Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018" **(Attachment #2)**.

Staff recommended acceptance of the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2018.

Mr. Sudler moved to recommend approval of staff's recommendation, seconded by Mr. Anderson and unanimously carried.

Proposed Ordinance #2019-02 - Amending Chapter 70 - Offenses and Miscellaneous Provisions, Section 70-7 - Registered Sexual Offenders

Mr. Hare explained that Proposed Ordinance #2019-02 would amend Chapter 70 - Offenses and Miscellaneous Provisions, Section 70-7 - Registered Sexual Offenders, to comply with recently adopted State legislation.

Staff recommended adoption of the Ordinance.

Mr. Neil expressed concern with lines 64 and 65 of the Proposed Ordinance, which state that it "is unlawful for a sexual offender to wear costumes for the primary purpose of entertaining, attracting or encouraging interaction with children." He questioned whether it would be unconstitutional to ban convicted sex offenders from wearing any costume at any time, noting that he could imagine a defense attorney using intent as a means to exonerate the individual. In response, Mr. Hare explained that the Ordinance did not propose any amendments to lines 64 or 65. He indicated that Mrs. Traci McDowell, City Clerk, could research the State Code, explaining that he was hesitant to make any changes that were not in line with the State.

Mr. Polce moved to recommend adoption of Ordinance #2019-02, as recommended by staff. The motion was seconded by Mr. Cole and unanimously carried.

Mr. Neil moved for adjournment of the Legislative, Finance, and Administration Committee meeting. The motion was seconded by Mr. Shevock and unanimously carried.

Meeting adjourned at 7:26 p.m.

Mr. Sudler moved for adjournment of the Council Committee of the Whole meeting. The motion was seconded by Mr. Neil and unanimously carried.

Meeting adjourned at 7:26 p.m.

William F. Hare
Acting Chair

WFH/TM/dd/jt
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Attachments
Attachment #1 - Presentation entitled "City of Dover, Delaware Audit Results Year Ended June 30, 2018"
Attachment #2 - Presentation entitled "City of Dover Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018"

ATTACHMENT #1
Council Committee of the Whole Meeting of 01/15/2019

City of Dover, Delaware
Audit Results
Year Ended June 30, 2018



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WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Create Opportunities

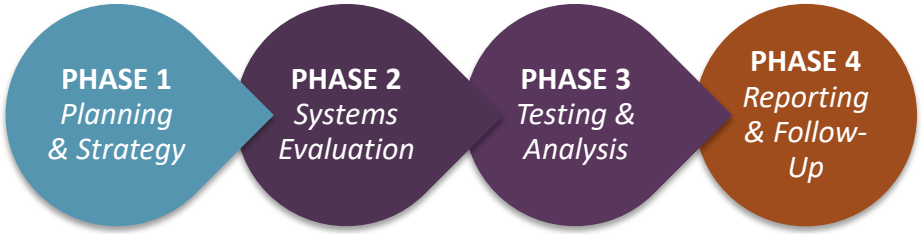
Agenda

- Scope and Responsibilities in a Financial Statement Audit
- Required Communications
- Accounting Estimates and Assumptions
- Financial Statement Summary
- GASB Update/Emerging Issues
- Questions

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Scope and Responsibilities

- Audit of the financial statements, *Comprehensive Annual Financial Statement* (CAFR)
- Report on internal controls over financial reporting and compliance
- Communications to those charged with governance on key components of the audit



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Auditors Required Communications

- We have performed an audit of the financial statements in accordance with Generally Accepted Auditing Standards (GAAS) .
- Purpose of an audit is to:
  - Obtain reasonable (not absolute) assurance about whether the financial statements are free from material misstatement
  - Assess accounting principles used and significant estimates made by management
  - Evaluate the overall financial statement presentation
- Unmodified Opinion
- Significant Accounting Polices
  - City's significant accounting policies are described in Note 2 to the financial statements and are in accordance with generally accepted accounting principles and consistent with industry practices and standards



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Auditors Required Communication

- Significant Disclosures
  - Deposits and Investments (Page 70-75)
  - Capitals Assets (Page 75-77)
  - Long Term Liabilities (page 78-82/90-99/100-118)
  - Fund Balance (Page 83)
- Significant Management Judgments & Estimates
  - Allowance for uncollectible receivables
  - Useful lives of capital assets
  - Incurred but not reported claims
  - Pension and other post-employment benefits (OPEB) liabilities



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Auditors Required Communication

- Significant corrected or uncorrected misstatements included in governance communication
- No disagreements with management
- Management was very cooperative and professional during the audit process
- Management did not consult with other accountants on the application of GAAP or GASB
- No major issues were discussed with management prior to us being selected as the auditors



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Key Assumptions

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

ESTIMATE	INPUT	CURRENT RATE	1% DECREASE	CURRENT	1% INCREASE
Police Pension Liability	Discount Rate	6.5%	$6,775,556	$4,897,467	$3,297,647
General Employee Pension Liability	Discount Rate	6.5%	$27,391,639	$19,856,962	$13,587,496
OPEB Liability	Discount Rate	6.5%	$40,823,264	$31,759,477	$24,370,995
OPEB Liability	Healthcare trend rate	8.50%	$23,453,178	$31,759,477	$42,032,238

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Summary of Net Changes



Government Wide

$12.1 million

Fiduciary Funds



$9.7 million



Government Activities

$6.9 million



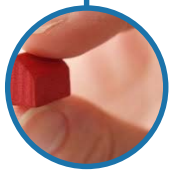
Business Type Activities

$5.2 million



General Fund

$1.8 million



Non-major Funds

$.7 million



Water/Wastewater

$3.7 million



Electric

$1.5 million

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State and Local Government Industry



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Governmental Accounting Standards Board Update

Effective Dates

- **2018**
  - **Statement 75—Other postemployment benefits (OPEB) plan reporting-employers**
  - Statement 80—Blending Requirements for Certain Component Units
  - Statement 81—Irrevocable Split-Interest Agreements
  - **Statement 82—Pension Issues**
  - Statement 85—Omnibus 2017
  - Statement 86—Certain Debt Extinguishment Issues
- **2019**
  - Statement 83—Asset Retirement Obligations
- **2020**
  - **Statement 84—Fiduciary Activities**
  - Statement 88—Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
  - Statement 90—Majority Equity Interests
- **2021**
  - **Statement 87—Leases**
  - Statement 89—Accounting for Interest Cost Incurred before the End of a Construction Period

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD



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QUESTIONS?

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CITY OF DOVER

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

FY 2018 Financial Highlights

The Government-wide change in Net position is inclusive of Pension & OPEB expense, actuarial adjustments, cost vs. market differences on investments and depreciation.

	Governmental Activities	Business Type Activities	Total
Changes in Net Position	$ 6,876,666	$ 5,229,691	$ 12,106,357
Net Position Beginning	10,552,059	176,041,558	186,593,617
Net Position Ending	$ 17,428,725	$ 181,271,249	$ 198,699,974

The most significant activities that affected the changes in Net Position were:

- A positive change in Net Position, in the amount of $6.9 million, for governmental activities due to an increase in revenue from charges for services, operating grants and contributions, property taxes and transfer taxes.
- The positive change in Net Position, in the amount of $5.2 million, for business-type activities was attributable in part to increases in water, sewer, groundwater inflow adjustment and sewer treatment fees; and increases in usage, rent revenue and miscellaneous revenues.

Capital Assets

Capital Asset Summary information

	General Fund	Water/Wastewater Fund	Electric Fund	Total
Asset Beginning Balance	$ 104,321,409	$ 94,820,249	$ 190,035,743	$ 389,177,401
New Assets	2,642,786	4,165,017	7,089,826	13,897,629
Disposed Assets	(1,254,942)	(2,005,972)	(2,674,142)	(5,935,056)
Asset Ending Balance	105,709,253	96,979,294	194,451,427	397,139,974
Net Accumulated Depreciation	(46,592,334)	(37,763,788)	(114,178,454)	(198,534,576)
Net Capital Assets	$ 59,116,919	$ 59,215,506	$ 80,272,973	$ 198,605,398
Current Year Depreciation	$ 3,496,182	$ 2,359,886	$ 4,772,651	$ 10,628,719

Major Assets added this fiscal year:

- General Fund
  - Vehicles and related equipment totaling $0.3 million
  - Broadcast and production equipment for Council Chambers; and computer and facility equipment totaling $0.2 million
  - Various projects including Silver Lake dam improvements and street/paving/curb work in the amount of $2 million
- Water/Wastewater Fund
  - Infrastructure and facility equipment in the amount of $0.1 million
  - Various projects including multiple pump station upgrades/replacements and water main replacements totaling $4 million
- Electric Fund
  - Various projects including improvements to Town Point, Blue Hen Apts., Clearview in the amount of $4 million
  - VanSant Unit Upgrades $1.8 million
  - ERP system $1 million
  - Vehicles and equipment totaling $0.1 million

Long-Term Debt

Long-Term Debt is inclusive of Compensated absences, Bonds, OPEB Obligation and Net Pension Liability.

	General Fund	Water/Wastewater Fund	Electric Fund	Total
LT Debt Beginning Balance	$ 57,693,393	$ 19,288,238	$ 31,783,052	$ 108,764,683
New Debt	1,562,248	125,586	273,088	1,960,922
Reduction of Debt	(10,133,630)	(2,095,365)	(3,047,956)	(15,276,951)
LT Debt Ending Balance	$ 49,122,011	$ 17,318,459	$ 29,008,184	$ 95,448,654

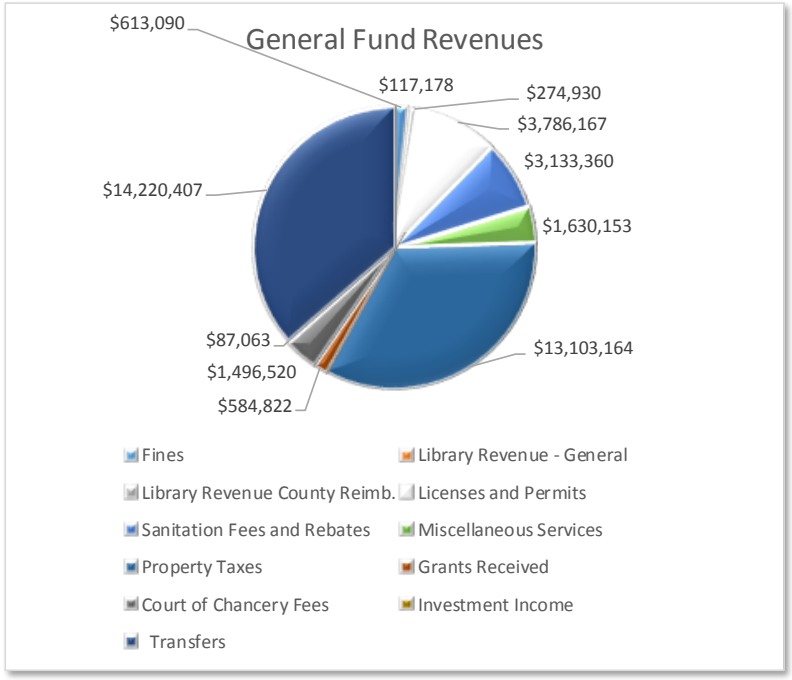
- General Fund change in long-term debt is due to:
  - $1.6 million increase, offset to zero by $1.6 million decrease, in compensated absences
  - $6.0 million decrease in Net OPEB Liability and $2.2 million decrease in Net Pension Liability
  - Scheduled decrease for principal payments
- Water/Wastewater Fund change in long-term debt is due to:
  - $51,321 net increase to compensated absences
  - $1.0 million decrease for Net OPEB Liability and $0.2 million decrease or Net Pension Liability
  - Scheduled decrease for principal payments
- Electric Fund change in long-term debt is due to:
  - $85,163 net decrease in compensated absences
  - $1.6 million decrease for Net OPEB Liability and $0.4 million decrease for Net Pension Liability
  - Scheduled decrease for principal payments

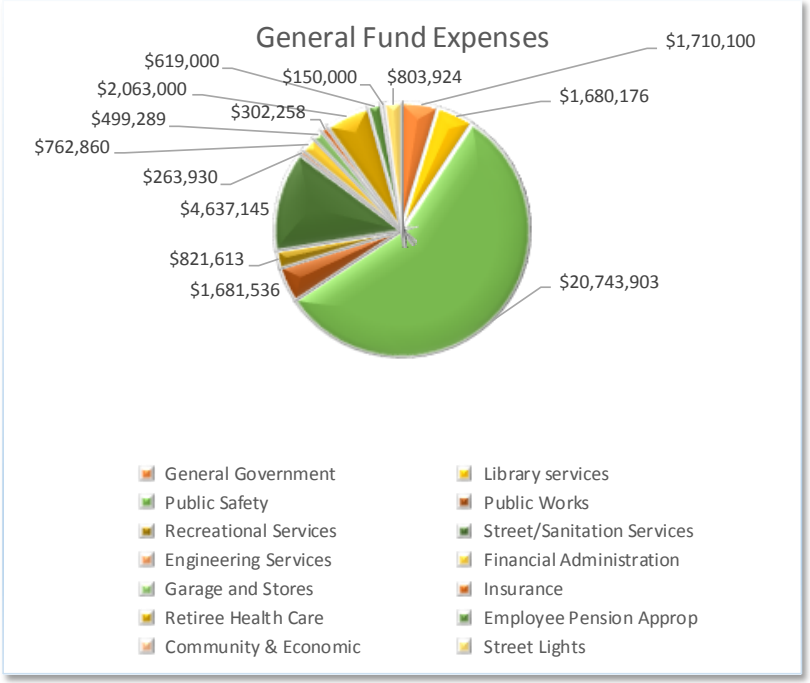
No new bonds were issued in FY 2018

Governmental Statement of Revenues, Expenses and Transfers

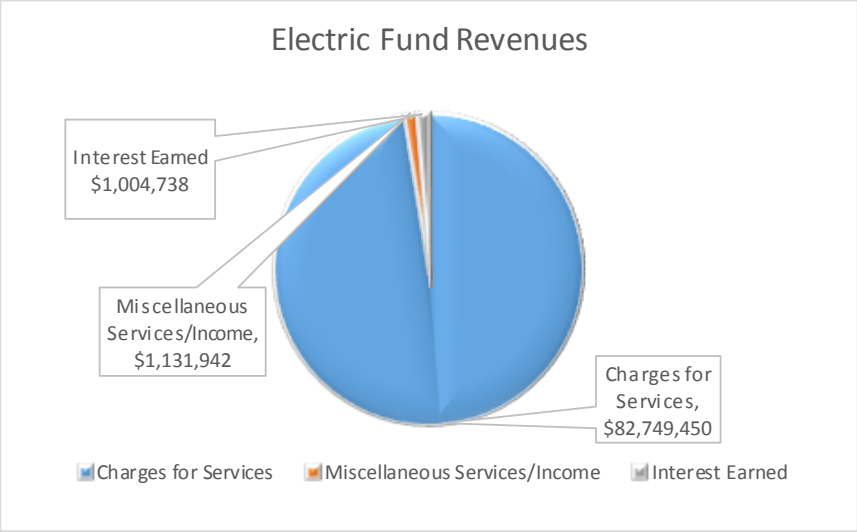
Total net change across all funds:

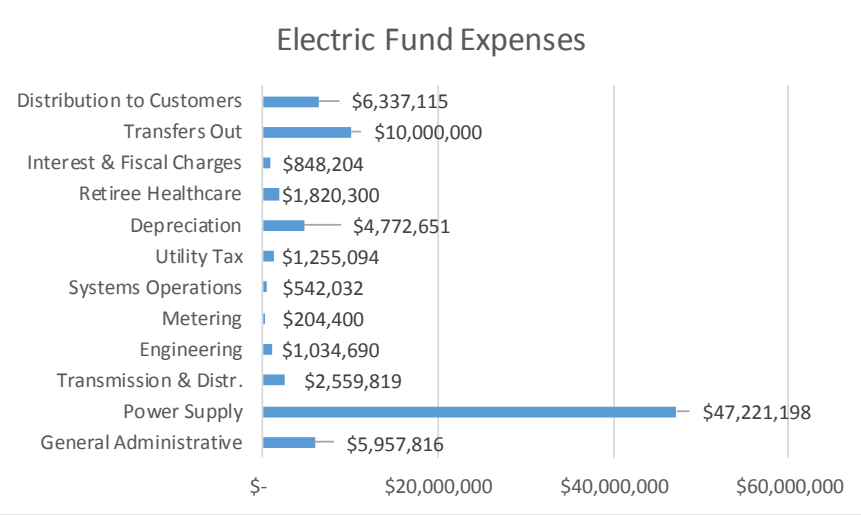
	General Fund	Water/Wastewater Fund	Electric Fund	Total
Revenues	$ 24,826,447	$ 16,567,498	$ 84,888,495	$ 126,282,440
Expenses	(37,199,544)	(11,940,527)	(73,385,775)	(122,525,846)
Net Transfers- Operating	14,220,407	(900,000)	(10,000,000)	3,320,407
Net changes	$ 1,847,310	$ 3,726,971	$ 1,502,720	$ 7,077,001

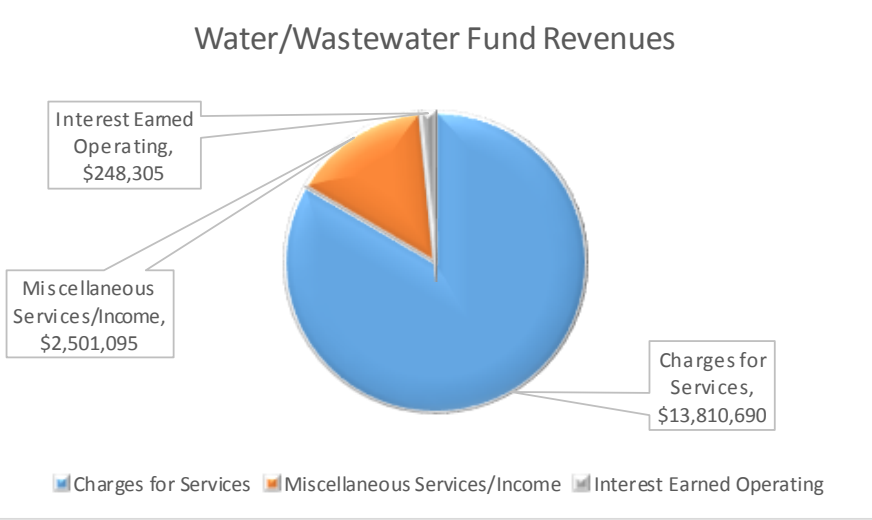


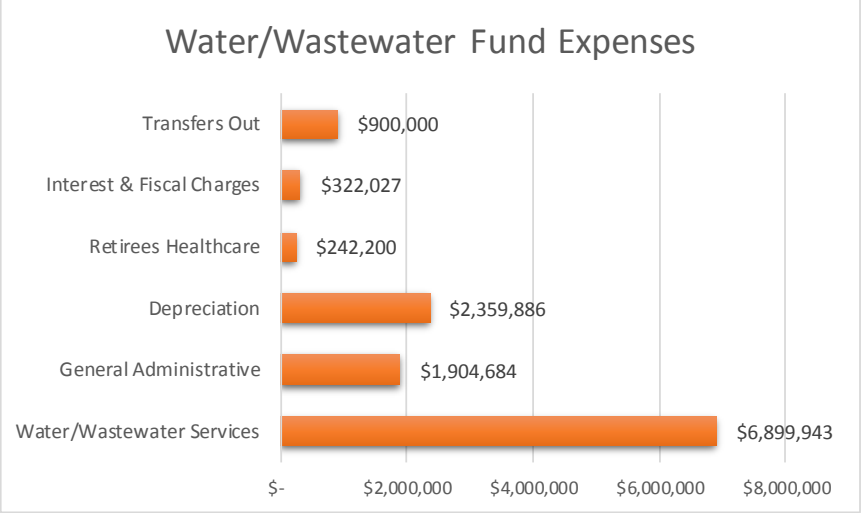


Business-type Statement of Revenues, Expenses and Transfers









Original vs. Final Budgets – Major Operating Funds

	General Fund	
	Original Budget	Final Budget
Revenues	$ 42,931,000	$ 42,974,800
Expenditures/Expenses	(42,861,000)	(43,975,000)
Net Change	$ 70,000	$ (1,000,200)
Beginning Fund Balance	4,597,100	6,072,200
Ending Fund Balance	$ 4,667,100	$ 5,072,000

	Water Fund	
	Original Budget	Final Budget
Revenues	$ 6,573,200	$ 6,573,200
Expenses	(6,328,500)	(6,404,300)
Net Change	$ 244,700	$ 168,900
Beginning Fund Balance	1,330,900	1,680,500
Ending Fund Balance	$ 1,575,600	$ 1,849,400

	Wastewater Fund	
	Original Budget	Final Budget
Revenues	$ 8,865,800	$ 8,865,800
Expenses	(8,789,900)	(8,858,900)
Net Change	$ 75,900	$ 6,900
Beginning Fund Balance	1,166,800	1,399,700
Ending Fund Balance	$ 1,242,700	$ 1,406,600

	Electric Fund	
	Original Budget	Final Budget
Revenues	$ 75,697,500	$ 75,697,500
Expenses	(86,183,600)	(86,418,100)
Net Change	$ (10,486,100)	$ (10,720,600)
Beginning Fund Balance	20,290,200	22,252,500
Ending Fund Balance	$ 9,804,100	$ 11,531,900

All Funds

- Beginning Fund Balance adjusted to audited balance
- Revenues adjusted to actual/trending amounts
- Expenses adjusted for unanticipated expenses/project carryforwards

General Fund

- Fines & Police revenue increased $3,800
- Transfer revenue from Police Grant funds increased $40,000
- With the exception of a $367.5K decrease in Other Employment expenses, increases and decreases to all other expense categories were comparatively minimal

Water & Wastewater Fund

- There were no revisions to revenue estimates
- With the exception of a $144,800 increase to Appropriation to Pension Fund expense, increases and decreases to all other expenses were comparatively minimal

Electric Fund

- There were no revisions to revenue estimates
- With the exception of the below itemized expenses, increases to all other expenses were comparatively minimal:
  - Hedged energy expense decreased by $250,000
  - Transmission/Distribution expense increased by $90,700
  - Contractual Services – Power Supply expense increased by $150,000
  - Legal Expenses increased by $100,000
  - Pension Trust Contribution increased by $234,500
  - Other Employment expenses decreased by $105,200

General Fund Budget

General Fund fund balance increased by $2,167,229 to an ending balance of $8,239,430

	General Fund Final Budget	General Fund Actual
Revenues	$ 42,974,800	$ 44,141,619
Expenditures/Expenses	(43,975,000)	(41,974,390)
Net Change	$ (1,000,200)	$ 2,167,229
Beginning Fund Balance	6,072,200	6,072,201
Ending Fund Balance	$ 5,072,000	$ 8,239,430

- The General Fund is the primary operating fund and the largest source of day-to-day service delivery.
- The budget balance in the fund was $8,239,430 and constitutes 18.6% of 2018 general fund revenues.
- The overage will be allocated to unfunded retirement liabilities and/or capital infrastructure projects or as otherwise designated.

Significant, favorable variances are as follows:

Increase over budgeted revenues included:

- $813,843 Transfer Tax
- $299,258 Permits & Other Licenses
- $146,250 Court of Chancery fees
- $63,978 Interest Earnings
- $52,960 Sanitation fees
- $39,498 Property Taxes

Decrease from budgeted expenses included:

- $630,019 Police expense
- $211,152 Streets expense
- $156,063 Sanitation expense
- $133,004 Public Inspections expense

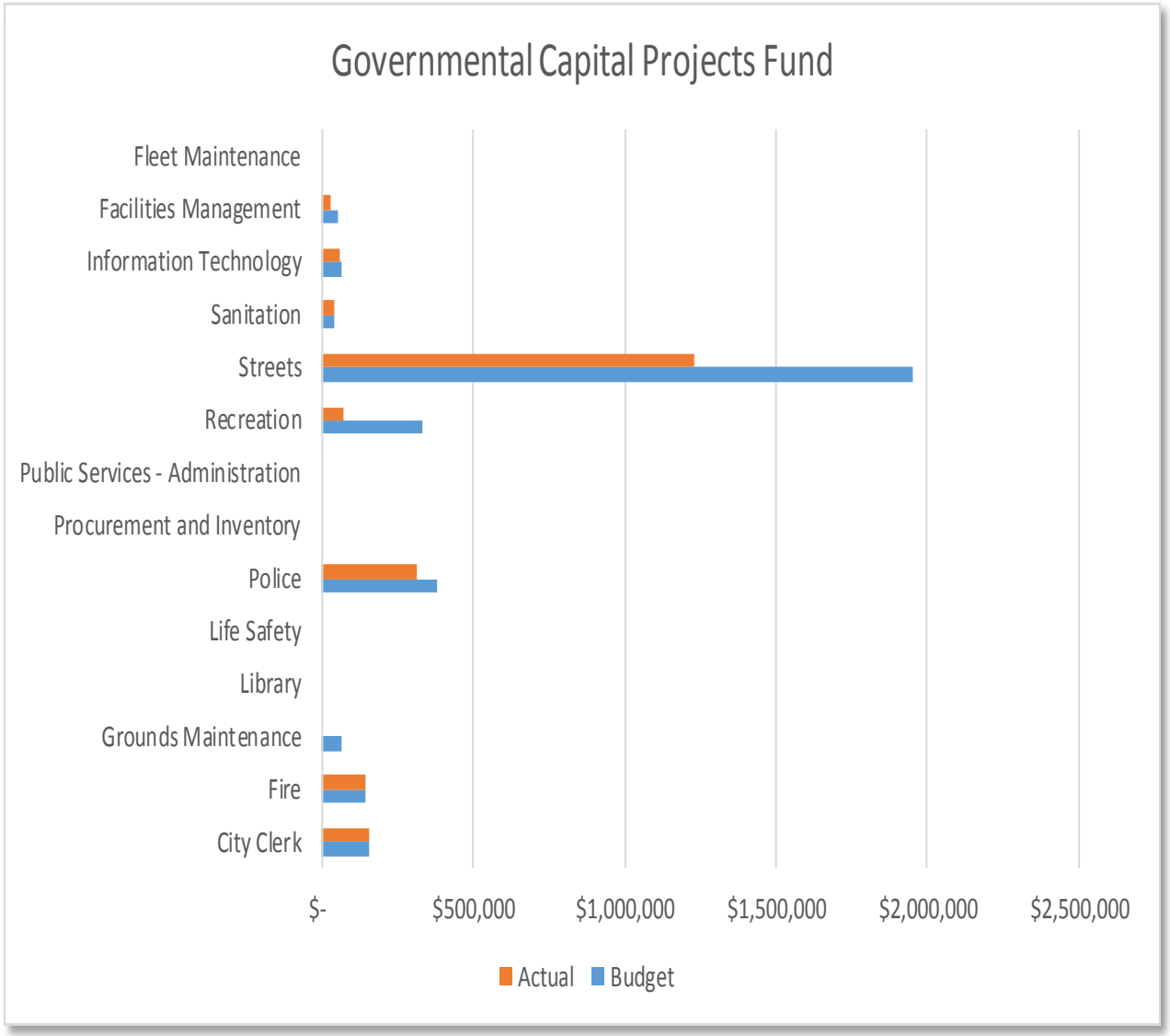
Governmental Capital Projects Fund

Ending fund balance was favorable by $893,501. This entire amount, all will be carried forward to

the next fiscal year.

Projects that will be carried forward include:

- Old PW2 Site Improvements
- Dover Park Master Plan
- Police Roof Repair & Impound Lot
- Schutte Park Land Improvements
- FY18 Street & Alley Program



Proprietary Funds – Water/Wastewater Budget

	Water Fund Final Budget	Water Fund Actual	Wastewater Fund Final Budget	Wastewater Fund Actual
Revenues	$ 6,573,200	$ 7,080,500	$ 8,865,800	$ 9,237,461
Expenses	(6,404,300)	(6,848,127)	(8,858,900)	(9,584,130)
Net Change	$ 168,900	$ 232,373	$ 6,900	$ (346,669)
Beginning Fund Balance	1,680,500	1,680,473	1,399,700	1,399,659
Ending Fund Balance	$ 1,849,400	$ 1,912,846	$ 1,406,600	$ 1,052,990

Water Fund balance increased by $232,373

Fund balance for the Water Utility at the end of the year was $1,912,846 which was a favorable variance of $63,446:

- Water Impact Fees revenue was over budget by $838,673
- Water department expenses came in under budget by $122,747

Offset by:

- Water Fees revenue was under budget by $330,126
- Transfer to Water Impact Fee Reserve in the amount of $706,720

Wastewater Fund balance decreased by $346,669

Fund balance for the Wastewater Utility at the end of the year was $1,052,990 which was an unfavorable variance of $353,610:

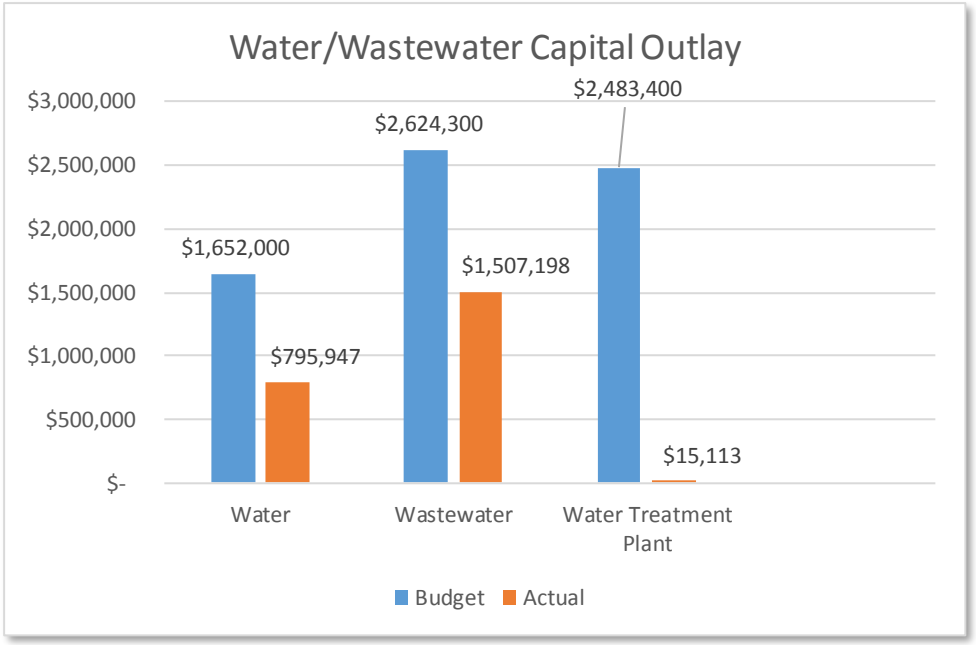
- Sewer Impact Fees were over budget by $753,684

Offset by:

- Wastewater, Groundwater adjustment & Wastewater Treatment fees were under budget by $394,383
- Kent County Treatment Fee expense was over budget by $59,433
- Transfer to Wastewater Impact Fee Reserve in the amount of $770,094

Proprietary Funds – Water/Wastewater I & E Fund

- Ending fund balance was favorable by $4,457,879. Of this amount, $3,551,900 for incomplete projects, will be carried forward to the next fiscal year.
- Some of the projects that will be carried forward include:
  - Puncheon Run Pump Station Improvements
  - Wesley College Inflow & Infiltration
  - Rodney Village Inflow & Infiltration
  - N State St Water Main Replacement
  - WTP Process Improvements
- There continues to be large budget balances due to delay of projects and various other issues like:
  - Land acquisition
  - Bid prices over budget – going out to re-bid
  - Awaiting final invoices on completed projects
  - Awaiting delivery of materials
  - Project Engineering & Design not ready
  - Emergency repairs taking precedence



Proprietary Funds – Electric Fund Budget

	Electric Fund Final Budget	Electric Fund Actual
Revenues	$ 75,697,500	$ 77,410,949
Expenses	(86,418,100)	(83,638,145)
Net Change	$ (10,720,600)	$ (6,227,196)
Beginning Fund Balance	22,252,500	22,252,513
Ending Fund Balance	$ 11,531,900	$ 16,025,317

The Electric Fund fund balance has a favorable variance of $4,493,417

Fund balance for the Electric Utility at the end of the year was $16,025,317 which was a favorable variance of $4,493,417 primarily due to the following favorable variances:

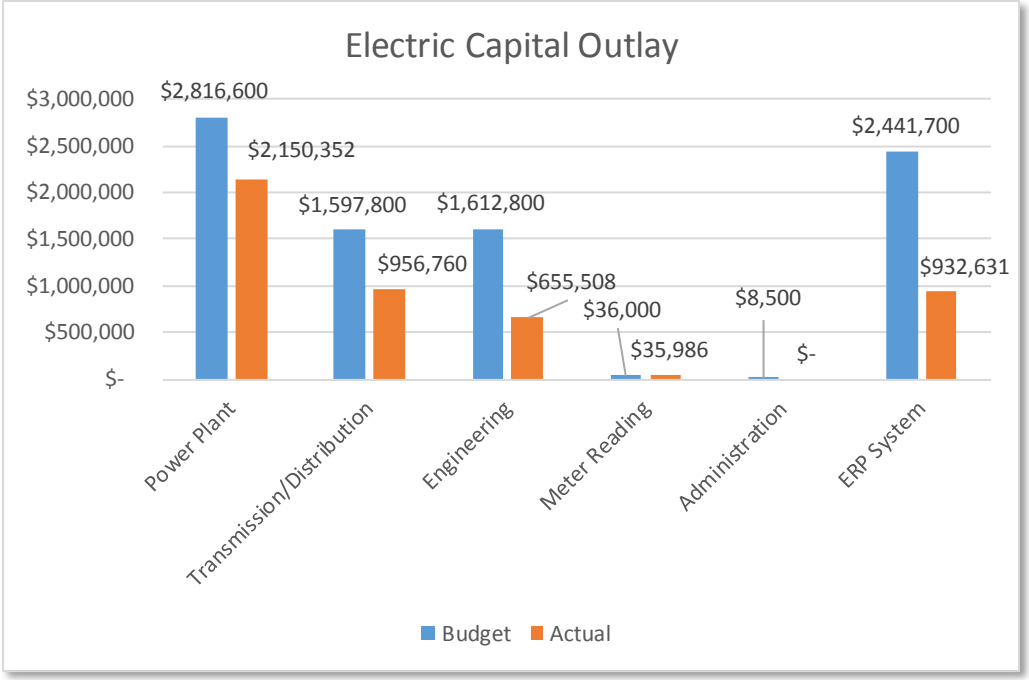
- Direct Base sales $1,838,356
- Power Supply and Generation $1,896,472
- Administration $260,041 - attributable mainly to vacancies within the department and lower costs for city building maintenance supplies
- Electrical Engineering $158,962 – attributable mainly to vacancies within the department and lower environmental expenses and materials and supplies expense
- Transmission/Distribution attributable to vacancies within the department $283,635
- Reduced Interfund Service Fees $120,525

Offset by unfavorable variances as follows:

- Distribution of Earnings – PCA Credit $160,415

Proprietary Funds – Electric I & E Fund

- Electric I & E Budgeted Fund balance has increased by $2,129,000. This is due to an increase in beginning fund balance for projects that were not completed in the prior year and were re-budgeted in current year and subsequently are still in CIP as follows:
  - Purchase of ERP System
- The ending fund balance was favorable by $3,791,789. Some of the projects in this fund have not been completed and the balances, in the amount of $1,818,100, are being carried forward to the next fiscal year. Some of the larger projects are as follows:
  - Substation Relay Upgrade
  - McKee Run Plant Alternate Power



Worker's Compensation and Grants

Worker's Compensation Fund balance increased by $283,522

Grants ending fund balances increased by $658,031

Summary Revenue, Expense and Net Change of Worker's compensation and Grants

	Worker's Compensation	Grants
Revenues	$ 858,105	$ 5,154,735
Expenses	(574,583)	(1,176,297)
Transfers out	-	(3,320,407)
Net Change	$ 283,522	$ 658,031
Beginning Fund Balance	1,259,284	302,488
Ending Fund Balance	$ 1,542,806	$ 960,519

Workers Compensation

- Claims payable decreased by $253,629 from prior year
- Claims paid decreased by $189,760 from prior year

Grants

- Includes Police, Library, Municipal Street Aid, CDBG Housing & Neighborhood Stabilization Program, State DOT, Substance Abuse Prevention, Electronic Red-Light Safety Program (ERLSP) & Realty Transfer grants
- Grants revenue increased $1,198,882 from prior year in all of the Grant funds except the following:
  - Police
  - Municipal Street Aid