

DEBT LIMIT

The Mayor and Council are empowered to borrow monies up to \$1,000,000 and not exceeding one percent of the total taxable assessment for a general tax in the aggregate outstanding at any one time without referendum. These monies may be used to finance public storm sewers, streets, and appurtenances. Any other borrowing must be approved by a referendum vote of the qualified voters of the City of Dover.

The aggregate of the amounts borrowed on the full faith and credit of the City of Dover shall not exceed a sum equal to 25 percent of the total assessed value of real property within the City of Dover.

The Mayor and Council are empowered to issue special assessment revenue bonds to finance public projects for which the City may levy and collect special assessments. These bonds do not obligate the faith and credit of the City, but are payable solely from the proceeds of the special assessments pledged. These bonds are authorized without referendum vote by a resolution having a three-fourths vote of the Council and approval of the Mayor.

NOTE: For a more thorough description of Debt Limit, refer to Article IV Section 50 of the City Charter.



LONG-TERM OBLIGATIONS AS OF JUNE 30, 2003

The City has certain capital leases on vehicles and construction equipment. The lease payments are budgeted in the applicable department budget as an annual appropriation.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003, were as follows:

YEAR ENDING JUNE 30,	GENERAL LONG-TERM DEBT	WATER/ WASTEWATER FUND	ELECTRIC REVENUE FUND	TOTAL ENTERPRISE FUNDS
2004	\$222,874	\$26,844	\$113,112	\$139,956
2005	188,636	26,844	113,112	139,956
2006	157,439	26,844	73,806	100,650
2007	23,796	9,446	36,903	46,349
Total minimum lease payments	\$592,745	\$89,978	\$336,933	\$426,911
Less: amount representing interest	(38,528)	(5,914)	(27,967)	(33,881)
Present value of minimum lease payment	\$554,217	\$84,064	\$308,966	\$393,030

Long-Term indebtedness of the City of Dover consists of the following general purpose General Obligation Bonds:

GENERAL OBLIGATION BONDS	GENERAL PURPOSE
1992 Series	\$690,000
1993 Series	640,000
1995 Series	2,770,000
TOTAL	\$4,100,000

The total General Obligation Bonds outstanding amount includes \$485,000 payable within one year.

**LONG-TERM OBLIGATIONS
AS OF JUNE 30, 2003
CHANGE IN LONG-TERM DEBT**

GENERAL LONG-TERM DEBT

ITEM	BALANCE JULY 1, 2002	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2003	PAYABLE WITHIN ONE YEAR
Vehicle and Equipment Leases	\$642,800	\$84,377	\$172,960	\$554,217	\$201,855
Compensated Absences	705,024	121,847	—	826,871	—
General Obligation Bonds	4,565,000	—	465,000	4,100,000	485,000
Subtotal of General Long-Term Debt	\$5,912,824	\$206,224	\$637,960	\$5,481,088	\$686,855

ENTERPRISE FUNDS DEBT**Water/Wastewater Fund**

ITEM	BALANCE JULY 1, 2002	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2003	PAYABLE WITHIN ONE YEAR
Vehicle and Equipment Leases	\$29,095	\$70,057	\$15,088	\$84,064	\$24,039
Compensated Absences	92,835	3,188	—	96,023	—
General Obligation Bonds - Water	75,000	—	75,000	—	—
General Obligation Bonds - Wastewater	75,000	—	75,000	—	—
Revenue Bonds - Water and Wastewater	9,165,000	—	1,030,000	8,135,000	1,080,000
State of Delaware Municipal Revenue Bond	696,726	—	28,097	668,629	29,118
Subtotal of Water/Wastewater Fund	\$10,133,656	\$73,245	\$1,223,185	\$8,983,716	\$1,133,157

ELECTRIC REVENUE FUND

ITEM	BALANCE JULY 1, 2002	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2003	PAYABLE WITHIN ONE YEAR
Vehicle and Equipment Leases	\$370,518	\$500	\$62,052	\$308,966	\$98,403
Compensated Absences	539,326	—	57,452	481,874	—
Revenue Bonds	25,255,000	—	1,170,000	24,085,000	1,255,000
Subtotal of Electric Revenue Fund	\$26,164,844	\$500	\$1,289,504	\$24,875,840	\$1,353,403
Subtotal of Enterprise Funds Debt/Electric Revenue Fund Debt	\$36,298,500	\$73,745	\$2,515,689	\$33,859,556	\$2,486,560

Grand Totals of Long-Term Debt	\$42,211,324	\$279,969	\$3,150,649	\$39,340,644	\$3,173,415
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**LONG-TERM OBLIGATIONS
AS OF JUNE 30, 2003
DEBT SERVICE REQUIREMENTS**

The annual debt service requirements, principal and interest, for bonded indebtedness are presented in the following table:

FISCAL YEAR	GENERAL OBLIGATION	REVENUE BONDS WATER/WASTEWATER FUND	REVENUE BOND WATER/WASTEWATER FUND	REVENUE BONDS ELECTRIC REVENUE FUND	TOTAL
2004	\$685,739	\$1,464,830	\$52,929	\$2,635,002	\$4,838,500
2005	457,247	1,463,299	52,929	2,623,372	4,596,847
2006	458,400	1,466,747	52,929	2,620,092	4,598,168
2007	458,568	1,458,389	52,929	2,631,352	4,601,238
2008	457,630	721,945	52,929	2,619,452	3,851,956
2009	460,642	728,205	52,929	2,611,852	3,853,628
2010	345,550	727,255	52,929	2,603,252	3,728,986
2011	347,333	357,755	52,929	2,600,828	3,358,845
2012	348,175	357,200	52,929	2,591,388	3,349,692
2013	348,100	355,880	52,929	2,596,612	3,353,521
2014	347,075	353,460	52,929	2,580,226	3,333,690
2015	262,803	355,000	52,929	2,576,076	3,246,808
2016	265,273	—	52,929	2,560,000	2,878,202
2017	266,890	—	52,929	—	319,819
2018	—	—	52,929	—	52,929
2019	—	—	52,929	—	52,929
2020	—	—	52,929	—	52,929
TOTAL	\$5,509,425	\$9,809,965	\$899,793	\$33,849,504	\$50,068,687

The above table does not include compensated absences or capital leases.

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2003

Net (Taxable) Assessed Value on Books	<u>\$ 1,705,751,800</u>
Debt Limit - 25 Percent of Total Assessed Value	\$ 426,437,950
DEBT	
(For which the City's full faith and credit has been pledged:)	
Gross Bonded Debt	<u>4,100,000</u>
LEGAL DEBT MARGIN	<u>\$ 422,337,950</u>

Source: City of Dover Financial Reports, City of Dover Charter, Section 50(b), and Tax Assessor's Office

NOTE

This calculation reflects only the taxable assessed value. It does not include the assessed value of \$498,517,800 non-taxable properties and \$5,708,900 in Senior Citizens exemptions.

COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2003

JURISDICTION	NET DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY OF DOVER	AMOUNT APPLICABLE TO CITY OF DOVER
City of Dover	\$4,100,000	100%	\$4,100,000
Kent County	202,669	34%	68,907
Capital School District (3)	22,825,453	80%	18,260,362
TOTAL	\$27,128,122		\$22,429,269

Sources: City of Dover Financial Records; Kent County Levy Court, Accounting Department; Capital School District, Administration Department

NOTES

1. CITY OF DOVER: The amount of \$4,100,000 is excluding general obligation bonds.
2. KENT COUNTY: Total debt for Kent County is \$12,172,837 at June 30, 2003. Although Kent County's bonds are general obligation bonds, \$11,970,168 is payable from the Kent County Sewer Fund(s) or other committed sources.
3. CAPITAL SCHOOL DISTRICT: As of June 30, 2003, the net outstanding debt was \$22,825,453. The amount applicable to City of Dover at 80 percent is \$18,260,362.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BOND 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
1994	\$210,000	\$162,977	\$372,977	\$11,682,417	3.19%
1995	330,000	215,653	545,653	12,794,959	4.26%
1996	345,000	203,155	548,155	13,422,131	4.08%
1997	360,000	350,848	710,848	13,892,239	5.12%
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	18,002,861	3.83%
2003	465,000	223,543	688,543	20,214,952	3.41%

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.

REVENUE BOND COVERAGE ELECTRIC REVENUE BONDS LAST TEN FISCAL YEARS

YEAR	GROSS REVENUE	OPERATING EXPENSES	AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS OF EACH FISCAL YEAR			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1994	\$45,280,757	\$32,639,977	\$12,640,780	\$445,000	\$2,212,248	\$2,657,248	4.76%
1995	44,280,745	30,436,055	13,844,690	700,000	1,974,008	2,674,008	5.18%
1996	46,149,949	32,574,490	13,575,459	745,000	1,903,251	2,648,251	5.13%
1997	45,252,261	32,554,604	12,697,657	800,000	1,869,808	2,669,808	6.79%
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%

Source: City of Dover Financial Records

NOTES

1. Coverage required by the bond resolution is 1.25 percent.

2. Calculation of gross revenue for Fiscal Year 2003 is as follows:

Gross Revenue

Operating revenues	\$ 59,578,543
Interest earned - operating funds	<u>159,028</u>
Total Gross Revenue	\$ 59,737,571

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 Bonds as no amount was paid on the 1990 issue. The debt service for Fiscal Year 1992 includes the debt service on un-refunded 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. The interest payment on these bonds is included in the above figures for Fiscal Year 1993.

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 Fiscal Years 1996, 1997, and 1998 includes the City's payments on un-refunded series 1990 bonds and Series 1993 bonds.

**WATER/WASTEWATER BOND COVERAGE
GENERAL OBLIGATION BONDS
LAST TEN FISCAL YEARS**

FISCAL YEAR	GROSS REVENUE	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS FOR EACH FISCAL YEAR			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1994	\$7,356,752	\$5,067,746	\$2,289,006	\$150,000	\$71,250	\$221,250	10.35%
1995	7,017,198	5,138,977	1,878,221	150,000	64,125	214,125	8.77%
1996	7,947,898	5,850,516	2,097,382	150,000	57,000	207,000	10.13%
1997	7,257,009	6,796,262	460,747	150,000	49,875	199,875	2.31%
1998	7,554,016	6,059,855	1,494,161	150,000	42,750	192,750	12.90%
1999	7,772,228	5,124,037	2,648,191	150,000	35,625	185,625	14.26%
2000	8,236,506	5,777,844	2,458,662	150,000	28,500	178,500	13.77%
2001	8,932,763	6,620,732	2,312,031	150,000	21,376	171,376	13.49%
2002	9,639,256	6,185,232	3,454,024	150,000	14,250	164,250	21.03%
2003	10,604,052	7,180,175	3,423,877	150,000	7,125	157,125	21.79%

Source: City of Dover Financial Records

NOTES

1. General Obligation Bond resolution does not require any coverage. This is presented as information only.
2. For Fiscal Year 2003, revenues of \$10,541,804 plus operating fund interest of \$62,248 equals gross revenue of \$10,604,052.
3. For Fiscal Year 2003, total operating expenses of \$8,313,252 less depreciation expense of \$1,133,077 equals \$7,180,175.
4. 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 year only.
5. Separate coverage as per Revenue Bonds Resolution is presented on the Water/Wastewater Bond Coverage - Revenue Bonds table on the following page.

**WATER/WASTEWATER BOND COVERAGE
REVENUE BONDS
LAST TEN FISCAL YEARS**

YEAR	GROSS REVENUE	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	MAXIMUM REQUIREMENTS		
				MAXIMUM DEBT SERVICE INTEREST	ACTUAL COVERAGE	COVERAGE REQUIRED
1994	\$7,356,752	\$5,067,746	\$2,289,006	\$1,485,549	1.54%	1.20%
1995	7,017,198	5,138,977	1,878,221	1,485,549	1.26%	1.20%
1996	7,947,898	5,850,516	2,097,382	1,483,364	1.41%	1.20%
1997	7,257,009	6,796,262	460,747	1,483,364	0.31%	1.20%
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%

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 1986 A, 1986 B, Series 1993 and 1993 A.
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.