

DEBT SERVICE

THE FOLLOWING SUBSECTIONS ARE INCLUDED:

DEBT LIMIT

DEBT SERVICE SCHEDULES



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, 2004

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, 2004, were as follows:

YEAR ENDING JUNE 30,	GENERAL LONG-TERM DEBT	WATER/ WASTEWATER FUND	ELECTRIC REVENUE FUND	TOTAL ENTERPRISE FUNDS
2005	\$167,969	\$47,511	\$113,112	\$160,623
2006	136,772	47,511	73,806	121,317
2007	23,796	9,447	36,903	46,350
Total minimum lease payments	\$328,537	\$104,469	\$223,821	\$328,290
Less amount representing interest	(15,502)	(5,117)	(13,258)	(18,375)
Present value of minimum lease payment	\$313,035	\$99,352	\$210,563	\$309,915

Capital leases payable within one year are \$328,592 of which \$305,379 is principal and \$23,214 is interest.

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

GENERAL OBLIGATION BONDS	GENERAL PURPOSE
1993 Series	\$375,000
2003 Series	3,430,000
TOTAL	\$3,805,000

The total General Obligation Bonds outstanding amount includes \$330,000 payable within one year.

LONG-TERM OBLIGATIONS AS OF JUNE 30, 2004

CHANGE IN LONG-TERM DEBT

GENERAL LONG-TERM DEBT

ITEM	BALANCE JULY 1, 2003	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2004	PAYABLE WITHIN ONE YEAR
Vehicle and Equipment Leases	\$554,217	-	\$241,182	\$313,035	\$157,300
Compensated Absences	826,871	178,438	-	1,005,309	554,289
General Obligation Bonds	4,100,000	3,430,000	3,725,000	3,805,000	330,000
Subtotal of General Long-Term Debt	\$5,481,088	\$3,608,438	\$3,966,182	\$5,123,344	\$1,041,589

ENTERPRISE FUNDS DEBT

Water/Wastewater Fund

ITEM	BALANCE JULY 1, 2003	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2004	PAYABLE WITHIN ONE YEAR
Vehicle and Equipment Leases	\$84,064	\$57,840	\$42,552	\$99,352	\$44,185
Compensated Absences	96,023	-	\$9,074	86,949	70,691
Revenue Bonds - Water and Wastewater	8,135,000	7,980,000	6,995,000	9,120,000	1,300,000
State of Delaware Municipal Revenue Bond	668,629	-	29,118	639,511	30,175
Subtotal of Water/Wastewater Fund	\$8,983,716	\$8,037,840	\$7,075,744	\$9,945,812	\$1,445,051

ELECTRIC REVENUE FUND

ITEM	BALANCE JULY 1, 2003	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2004	PAYABLE WITHIN ONE YEAR
Vehicle and Equipment Leases	\$308,966	-	\$98,403	\$210,563	\$103,894
Compensated Absences	481,874	36,799	-	518,673	194,811
Revenue Bonds	24,085,000	-	1,255,000	22,830,000	1,335,000
Subtotal of Electric Revenue Fund	\$24,875,840	\$36,799	\$1,353,403	\$23,559,236	\$1,633,705
Subtotal of Enterprise Funds Debt	\$33,859,556	\$8,074,639	\$8,429,147	\$33,505,048	\$3,078,756

Grand Totals of Long-Term Debt	\$39,340,644	\$11,683,077	\$12,395,329	\$38,628,392	\$4,120,345
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LONG-TERM OBLIGATIONS AS OF JUNE 30, 2004

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
2005	440,371	1,508,713	52,929	2,623,372	4,625,385
2006	438,719	1,536,228	52,929	2,620,092	4,647,968
2007	441,232	1,530,148	52,929	2,631,352	4,655,661
2008	437,468	777,748	52,929	2,619,452	3,887,597
2009	442,319	782,708	52,929	2,611,852	3,889,808
2010	328,410	780,023	52,929	2,603,252	3,764,614
2011	330,850	406,323	52,929	2,600,828	3,390,930
2012	327,262	406,422	52,929	2,591,388	3,378,001
2013	327,737	405,573	52,929	2,596,612	3,382,851
2014	327,440	404,053	52,929	2,580,226	3,364,648
2015	242,950	401,513	52,929	2,576,076	3,273,468
2016	244,285	220,468	52,929	2,560,000	3,077,682
2017	249,900	219,068	52,929	–	521,897
2018	–	207,303	52,929	–	260,232
2019	–	219,865	52,929	–	272,794
2020	–	217,125	52,929	–	270,054
2021	–	218,765	–	–	–
2022	–	219,765	–	–	–
2023	–	220,105	–	–	–
2024	–	215,000	–	–	–
TOTAL	\$4,578,943	\$10,896,916	\$846,864	\$31,214,502	\$46,663,590

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

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2004

Net (Taxable) Assessed Value on Books	<u>\$ 1,734,815,100</u>
Debt Limit - 25 Percent of Total Assessed Value	\$ 433,703,775
DEBT (For which the City's full faith and credit has been pledged:)	
Gross Bonded Debt	<u>3,805,000</u>
LEGAL DEBT MARGIN	<u>\$ 429,898,775</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 \$830,863,000 non-taxable properties and \$10,573,800 in Senior Citizens exemptions.

COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2004

JURISDICTION	NET DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY OF DOVER	AMOUNT APPLICABLE TO CITY OF DOVER
City of Dover	\$3,682,943	100%	\$3,682,943
Kent County	202,669	34%	68,907
Capital School District (3)	21,424,078	80%	17,139,262
TOTAL	\$25,309,690		\$20,891,112

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

NOTES

1. 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. (The data for June 30, 2004, was unavailable at the time of publication.)
2. CAPITAL SCHOOL DISTRICT: As of June 30, 2004, the net outstanding debt was \$21,424,078. The amount applicable to City of Dover at 80 percent is \$17,139,262.

**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
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%
2004	485,000	200,740	685,740	26,195,060	2.62%

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	44,280,745	30,436,055	13,844,690	700,000	1,974,008	2,674,008	5.18%
1995	46,149,949	32,574,490	13,575,459	745,000	1,903,251	2,648,251	5.13%
1996	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%
2004	59,611,552	47,393,103	12,218,449	1,159,121	1,284,121	2,443,242	5.01%

Source: City of Dover Financial Records

NOTES

- Coverage required by the bond resolution is 1.25 percent.
- Calculation of gross revenue for Fiscal Year 2003 is as follows:

<u>Gross Revenue</u>	
Operating revenues	\$ 59,476,870
Interest earned - operating funds	<u>134,682</u>
Total Gross Revenue	\$ 59,611,552
- Direct operating expenses do not include depreciation expense.
- Figures presented in this table compare the net revenue available for debt service to the debt service requirements of the same fiscal year.
- 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.
- 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.
- 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 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	7,017,198	5,138,977	1,878,221	1,485,549	1.26%	1.20%
1995	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%
1997	7,554,016	6,059,855	1,494,161	1,484,797	1.01%	1.20%
1998	7,772,228	5,124,037	2,648,191	1,484,797	1.78%	1.20%
1999	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	1.93%	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 B, 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 to provide approximately \$1,600,000 for future capital projects.

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