2005 CHARTER REVIEW COMMITTEE

A G E N D A

April 13, 2006 - 7:00 P.M. - Caucus Room - City Hall - City of Dover

AGENDA ADDITIONS/DELETIONS

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

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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

ARTICLE IV. FINANCIAL AFFAIRS

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.530 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.

(Amd. of 7-12-2005 (S.B. 126))

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.

(Amd. of 7-12-2005 (S.B. 126))

Sec. 44. Annual budget.

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.

(Amd. of 7-12-2005 (S.B. 126))

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.

(Amd. of 7-12-2005 (S.B. 126))

Sec. 46. Annual audit.

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.

(Amd. of 7-12-2005 (S.B. 126))

Sec. 47. General assessment and 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 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 two 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 two public places in the city for ten days.

The council may direct that appeals from any general assessment be heard by a committee of not less than three 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 he 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 two public places for a period of ten 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.

(Amd. of 7-12-2005 (S.B. 126))

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 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 he 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.

(Amd. of 7-12-2005 (S.B. 126))

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

All taxes shall he 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 reasonable penalty. 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.

(Amd. of 7-12-2005 (S.B. 126))

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 tobe 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 30 days of billing and those taxes not paid shall accrue a penalty in the amount of one and one-half 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.

(Amd. of 7-12-2005 (S.B. 126))

Sec. 50. Debt limit.

(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 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 he 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 "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 25 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 he 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 he 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 $1,000,000.00 aggregate principal amount of bonds may be issued at any one time pursuant to this clause (i) and any new bonds issued pursuant of 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 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 obligation 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 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 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 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 ofthe 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.

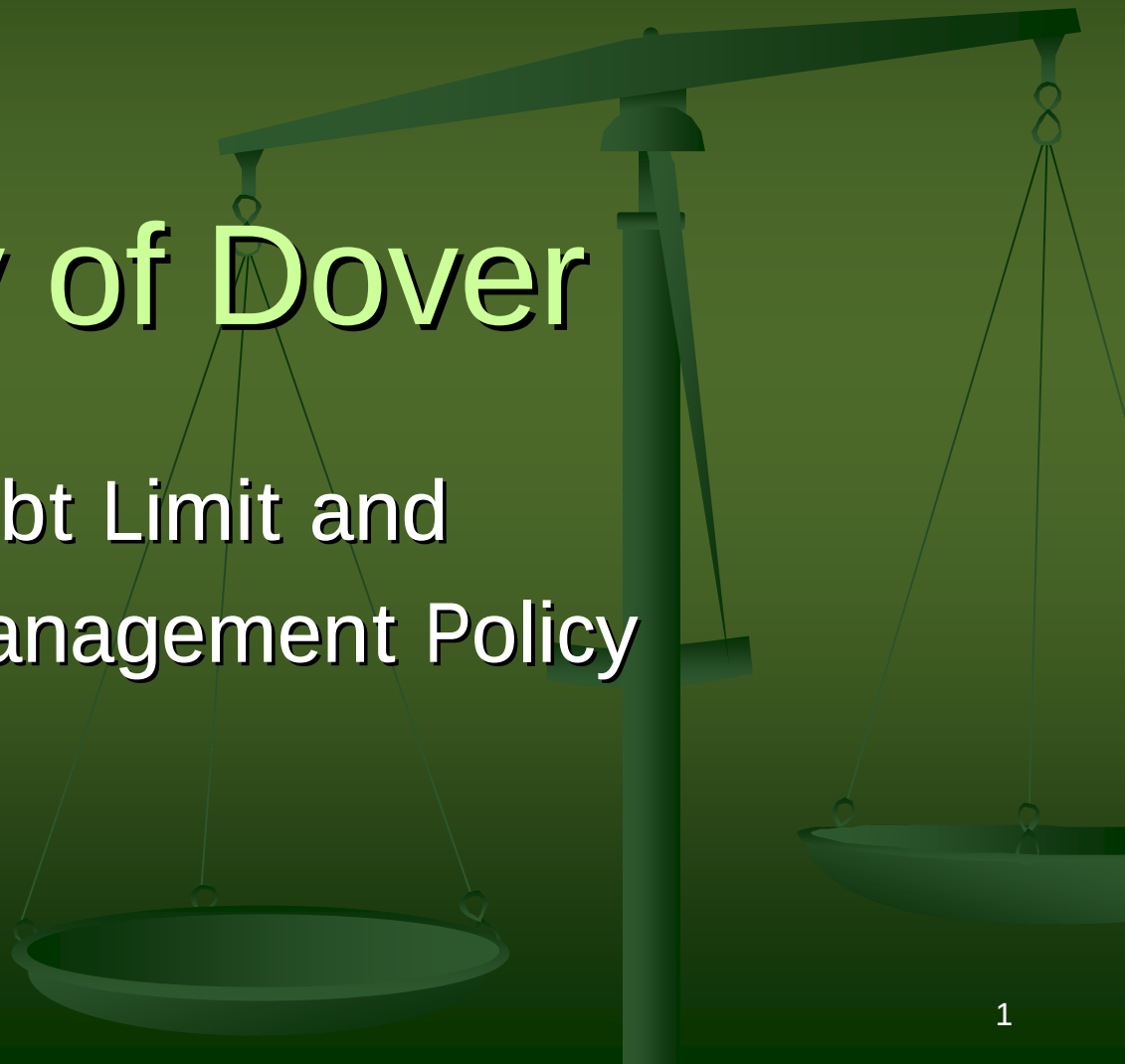
The note or notes issued in anticipation of a bond issue may be renewed from time to time, but the proceeds of the sale of such bonds shall, to the extent necessary, be first used to pay and retire such notes. Said notes may be deemed at par and accrued interest at any time prior to their maturity if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

(Amd. of 7-12-2005 (S.B. 126))

City of Dover

Debt Limit and
Debt Management Policy



1983

- Charter was changed in 1983, setting the $1,000,000 referendum limit
- How has inflation impacted $1,000,000 since 1983?
- InflationData.com
  - Long term average annual inflation rate from 1913 through 2005 is 3.4%
  - Cumulative inflation January 1983 – December 2005 = 101.23%
  - ($1,000,000 x 101.23%) + $1,000,000 = $2,012,300

Local Communities

Public Hearing & Resolution = All	Referendum	Bond Issuance Vote	Assessed Value Limit	Expenditure Limit
Dover	Yes > $1 million	Super Majority	25%	---
New Castle Cty	No	Super Majority	3%	15%(incl Airport)
Kent County	No	Super Majority	12%	---
Sussex County	No	Super Majority	12%	---
Wilmington	No	Majority	---	17.5%
Newark	Yes	Majority	10%	---
Smyrna	Yes if aggregate > 4.5% of value	Super Majority	12%	---
Milford	Yes	Majority	4.5%	---
Seaford	Yes	Majority	25%	---
Laurel	Yes > $5 million	Majority	50%	---
Lewes	Yes	Majority	25%	---
Rehoboth Beach	Yes > $2 million	Majority	25%	---

Other Local Debt Policies

- State of Delaware
  - Prohibited to issue new debt greater than 5% of budget
  - Annual debt repayments cannot exceed 25% of available cash balances
  - 10 year trend of debt to revenues & expenditures = 3.5%
- New Castle County
  - Debt Margin not to exceed 3% of assessed value
  - Debt shall not exceed $250 per capita
  - 60% debt principal to be retired in 10 years
  - Overlapping debt per capita shall not exceed $935

Referendum

- Policy decision
- How much input you would like from the public
- Provides a system of checks and balances in how much debt burden the community is willing to accept
- Debt Management Policy with conservative elements will serve to provide a system of checks and balances

Debt Management Policies

- Purpose to ensure fiscal prudence and continuity while maintaining long-term financial security. To codify the amount of debt service and overall debt allowed help ensure that outstanding and planned debt levels do not exceed an amount that can be supported by the existing and projected revenue base.
- Develop a policy that can be realistically adhered to rather than a more stringent policy that is likely to be overridden or violated.
- Reasons –
  - Debt policies transmit a message to investors and rating agencies that a community is committed to sound financial management
  - Debt policies can provide consistency and continuity to public policy development
  - Provides a set of guidelines to govern planning and execution of transactions and projects

Conditions for Debt Issuance

- Purpose & Uses – i.e. bond proceeds should be limited to financing the costs of planning, design, land acquisition, buildings, permanent structures, and attached fixtures or equipment.
- Types of Debt – general obligation bonds, revenue bonds, lease/purchase agreements, etc...
- Project life – economic value lasting more than a fixed number of years
- Refunding policies – when advantageous to reduce interest cost or remove a burdensome or restrictive covenant

Common Restrictions or Limitations

- Prohibited uses – projects as part of the operating budget and infrastructure that receive a majority of funding from fees and charges are generally not appropriate
- Size of issuance – policy limitations on the size of issuance
- Limitations on maturity – (a) maturity of debt cannot exceed expected life of asset and/or (b) debt repayments accelerated to pay over 50% in 7 – 10 years
- Statutory limitations

Common Statutory Limitations

- Legally authorized debt limits
- Tax or expenditure ceilings
- Referendum approval – usually associated with General Obligation Bonds
- Inclusion of pension/benefit liabilities in calculating authorized debt limits
- Overlapping debt restrictions
  - i.e. City/County/School tax aggregate limitations

Debt Service Limitations

- Affordability – what is our capacity for debt
- Rating agencies have established favored targets
- Benchmarking to compare to other local jurisdictions
- Sample capacity limitations
  - Debt service expenditures as a percent of revenues
  - Per capita limitations incorporates concept of ability to pay - wealthier communities can manage larger debt burdens; reveals total amount of debt per community resident; demographics
  - Expenditure limitations which put a cap on debt service as a percentage of total expenditures
  - Market or Assessed Value Limitations – limit the total amount outstanding to a percentage of market or assessed value of taxable property (usually wise to evaluate periodically due to changes in market conditions)

Other Policy Elements

- Establishment of debt service funds
- Credit enhancements – insurance or letters of credit
- Investment of bond proceeds – whom, where, and how; restrictions;
- Investment & financial advisors – procurement of services
- Sale of bond process – competitively or negotiated
- Bond rating goals, disclosure, and intergovernmental cooperation
- Rating agency relations

Fitch Ratings

- Main element – debt affordability
- Tied to capital improvement plan
- Targets that measure debt against financial and economic indicators
- Viewed in the context of overall risk profile, focusing on area wealth as evidence by income levels and property tax base
- Most common targets
  - Debt as a % of market value of property – Typical policies limit 2% - 5% of market value
  - Debt per capita – Typical $200 - $1,300 per capita
  - Debt service as a % of revenues/expenditures – Typical 8% - 12%
  - Principal amortization rates – 50% or more in 10 years

Fitch Ratings

- Favored key elements of policies across the nation
  - Fairfax County, VA – Annual debt issuance limit – less than 10% of general fund expenses & 3% of market value of property. Budget highlights compliance over a 10 year trend
  - Pasadena, CA – Comprehensive policy incorporating capital planning
  - Boston, MA – Conservative debt management targets and analysis of projected compliance, i.e. 7% of general fund expenditures
  - Tempe, AZ – A dedicated minimum level of pay-as-you-go financing (5% of CIP), as well as specific affordability goals that include all tax supported debt. i.e. debt per capita $700 - $800, debt to market value 1.1% - 1.25%
  - Sedgwick County, KS – Inclusion all direct, overlapping, and underlying debt in ratio calculations

Affordability

- Most important element
- Consideration of current revenues, risk of loss of any one revenue source, and community economics
- Which revenues carry less risk of loss and therefore available for debt service payments
- Taxes, licenses, fees, fines, & transfers from other funds

City of Dover
Current Outstanding Debt – 6/30/05

- Comprehensive Annual Financial Report
  - Notes to Financial Statements – page 68 through page 73
    - Bonded Indebtedness
      - General Obligation - $3,475,000 ($335,000 due 7/1/05)
      - Water/Wastewater Revenue - $8,429,336 ($1,376,271 due 7/1/05)
      - Electric Revenue - $22,535,000 ($1,855,000 due 7/1/05)

City of Dover
Current Measures – 6/30/05

- Comprehensive Annual Financial Report
  - Statistical Section – pages 135 – 141
  - General Obligation Bonds
    - Overlapping debt – City/County/Capital School District = $22,235,217
    - Debt service ratio to General Fund Expenditures – Last ten years – highest 5.12% in 1997, lowest 1.58% in 2005;
    - Debt per capita = $108.45 (Population 32,043 last Census)
    - Ratio of bonded debt to market (assessed) value = .20%
    - Debt margin – Debt limit less current outstanding bonded debt
      - Based on prior assessed values of $1,764,347,700
      - Limit 25% of assessed value
      - Current bonded debt $3,475,000
      - Debt margin = $437,611,925

General Fund

- Current receipts from taxes, licenses, frees and transfers - $25,049,921
- Not included are receipts that are specifically for operating expenses, one time receipts, grants, and beginning budget balance (i.e. police extra duty, homeland security grants, & sale of land)
- Operating Expenditures - $23,546,699
- Not included are debt service, reimbursed expenses, homeland security grant expenses, and budget balance
- Additional receipts over budget to cover debt service, OPEB, and transfers to other accounts (i.e. capital project reserve) - $1,503,222
- OPEB Presentation on 1/9/06 indicated the General Fund impact would be $1,539,864

General Fund

- Current debt service $400,000 - $500,000
- Drops to $328,000 in 2010
- Every $1 million issued in bonds approximates $110,000 in annual debt service
- Property tax increase to finance the additional debt service on $1 million would approximate $.0047; a $.01 increase approximates $233,715

Recommendation

- Debt Management Policy
  - Incorporate capital planning and affordability analysis to determine if current revenues can support additional debt or if rate/fee increases will be necessary or if there is a potential additional revenue source
  - Debt service financed through taxes and rates of those who benefit from the project
  - Conservative policy elements
    - General Obligation aggregate indebtedness - 1% of assessed/market value = $23,371,450 (already in Charter Section 50(c)(i))
    - G.O. Bonded Debt per capita = $700 - $800
    - Annual debt service - 7% of non-one time revenues, less reimbursements (would provide specific list) = $1,753,495
    - Sinking fund requirements – i.e. maximum debt service
    - If you would like to keep some type of referendum requirement – Additional debt service equates to a property tax rate increase greater than 10% (At current values = $.033 rate = $771,258 in receipts towards debt service payments of $770,000 or $7 million bonded indebtedness)

Questions or Comments

