

## SINKING INTEREST AND REDEMPTION (18)

### AGENCY PLAN: STATEMENT OF PURPOSE, GOALS AND BUDGET SUMMARY

STATEMENT OF PURPOSE:

The Debt Service Fund meets the principal and interest of the bonded indebtedness of the City of Detroit.

AGENCY FINANCIAL SUMMARY:

<u>2011-12 Requested</u>	<u>Appropriations</u>	<u>2010-11 Budget</u>	<u>2011-12 Recommended</u>	<u>Increase (Decrease)</u>
	<u>General Obligation Bonds:</u>			
\$ 30,963,264	Interest	\$ 25,102,446	\$ 30,963,264	\$ 5,860,818
42,255,000	Principal	44,705,000	42,255,000	(2,450,000)
4,017,000	DDA Tax Increment Dist.	4,017,506	3,861,751	(155,755)
26,000	GM Tax Increment Dist.	26,075	25,429	(646)
-	Other Captured Taxes	547,286	586,582	39,296
<u>4,500,000</u>	Prior Years Deficit	<u>-</u>	<u>-</u>	<u>-</u>
\$ 81,761,264	Total Appropriations	\$ 74,398,313	\$ 77,692,026	\$ 3,293,713
	<u>Revenues</u>			
\$ 80,407,264	Current Year's Property Tax	\$ 69,258,627	\$ 69,544,904	\$ 286,277
(2,400,000)	Uncollectible Property Tax	(2,047,000)	\$ (1,595,000)	452,000
	Prior Year's:			
560,000	Real Property Tax	-	275,000	275,000
285,000	Personal Property Tax	-	139,600	139,600
2,884,000	Industrial Facilities Tax	2,301,701	1,143,615	(1,158,086)
25,000	Neigh. Enterprise Zone Tax	3,094,863	3,652,736	557,873
-	Renaissance Zone Tax	1,690,076	3,938,805	2,248,729
-	Other Miscellaneous Taxes	126,470	592,366	465,896
<u>-</u>	Other Surplus	<u>(26,424)</u>	<u>-</u>	<u>26,424</u>
\$ 81,761,264	Total Revenues	\$ 74,398,313	\$ 77,692,026	\$ 3,293,713
0	NET TAX COST:	0	<u><u>0</u></u>	\$ 0
	Tax Levy Requirement	\$ 71,854,446	\$ 74,398,664	\$ 2,544,218
	Delinquency Rate	12.00%	12.00%	0.00%
	Tax Rate (per \$1,000 valuation)	\$ 8.9157	\$ 9.5558	\$ 0.6401

## **SINKING INTEREST AND REDEMPTION (18)**

### ACTIVITY DESCRIPTION: BONDS AND INTEREST REDEMPTION

Bond and interest redemption provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from general obligation bond sales. (The debt service on Enterprise Funds appears in the Enterprise Agency Sections.)

State law limits the amount of general obligation debt a city may have outstanding at one time. Generally, the limit requires such debt to be within ten percent of the assessed value (which includes certain assessed value equivalents for purposes of the formula) of all real and personal property in the city. Significant exclusions to or extensions of the debt limit are permitted for special assessment bonds, motor vehicle highway bonds, hospital bonds, certain mortgage and housing bonds and various other bonds for projects deemed necessary for abating pollution. The City's outstanding debt is currently within the limits prescribed by State law. After the effective date (December 22, 1978) of an amendment to the State Constitution, the City may not issue general obligation bonds payable from taxes levied for debt service without a vote of the electorate.

The Debts and Disbursements Section of the Finance Department (Agency 23) is responsible for managing the general obligation debt, as well as, that of other bonding and financing authorities, which include the following:

- **The City of Detroit Building Authority**, established by the City for the purpose of financing and managing the construction of various publicly owned buildings, parking lots, recreational facilities and related sites to be leased to the City.
- **The City of Detroit Downtown Development Authority (DDA)**, established by the City to help halt property value deterioration and to promote economic growth in the downtown district.
- **The Greater Detroit Resource Recovery Authority (GDRRA)**, a separate governmental unit from the City, created by the cities of Detroit and Highland Park for the purpose of financing, constructing and operating of a waste-to-energy facility located in the City.
- **The Economic Development Corporation of the City of Detroit**, established for the purpose of assisting industrial and commercial enterprises in various endeavors which would benefit Detroit residents.
- **The City of Detroit Tax Increment Finance Authority**, established for the purpose of preparing development and tax increment financing plans in the City and associated with financing of the Central Industrial Park (GM) Project.
- **The Local Development Finance Authority**, established for the purpose of assisting in the financing of development projects in the City and associated with the City's Jefferson/Conner (Chrysler) Redevelopment Project.
- **The Detroit-Wayne Joint Building Authority**, established by a joint effort of the City and the County for the purpose of constructing and maintaining buildings that would serve both City and County residents.

**CITY OF DETROIT**  
**Debt Service Fund-Sinking Interest and Redemption**  
**Financial Detail by Appropriation and Organization**

<b>General Bond Redemption</b>	<b>2010-11 Redbook</b>		<b>2011-12 Dept Final Request</b>		<b>2011-12 Mayor's Budget Rec</b>	
	<b>FTE</b>	<b>AMOUNT</b>	<b>FTE</b>	<b>AMOUNT</b>	<b>FTE</b>	<b>AMOUNT</b>
<i>APPROPRIATION ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$69,807,446	0	\$77,718,264	0	\$73,218,264
180040 - Debt Service Interest Redemption	0	\$0	0	\$0	0	\$0
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$69,807,446</b>	<b>0</b>	<b>\$77,718,264</b>	<b>0</b>	<b>\$73,218,264</b>
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$4,017,506	0	\$4,017,000	0	\$3,861,751
180030 - GM Tax Increment District	0	\$26,075	0	\$26,000	0	\$25,429
180050 - Other Captured Taxes	0	\$547,286	0	\$0	0	\$586,582
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$4,590,867</b>	<b>0</b>	<b>\$4,043,000</b>	<b>0</b>	<b>\$4,473,762</b>
<b>ACTIVITY TOTAL</b>	<b>0</b>	<b>\$74,398,313</b>	<b>0</b>	<b>\$81,761,264</b>	<b>0</b>	<b>\$77,692,026</b>

**CITY OF DETROIT**  
**Budget Development for FY 2011-2012**  
**Appropriations - Summary Objects**

	<b>2010-11 Redbook</b>	<b>2011-12 Dept Final Request</b>	<b>2011-12 Mayor's Budget Rec</b>
<b>AC9918 - Bond Interest and Redemption</b>			
<i>A18000 - Debt Service</i>			
OTHEXPSSL - Other Expenses	4,590,867	8,543,000	4,473,762
FIXEDCHGSL - Fixed Charges	69,807,446	73,218,264	73,218,264
<i>A18000 - Debt Service</i>	<i>74,398,313</i>	<i>81,761,264</i>	<i>77,692,026</i>
<b>AC9918 - Bond Interest and Redemption</b>	<b>74,398,313</b>	<b>81,761,264</b>	<b>77,692,026</b>
<b>Grand Total</b>	<b>74,398,313</b>	<b>81,761,264</b>	<b>77,692,026</b>

**CITY OF DETROIT**  
**Budget Development for FY 2011-2012**  
**Appropriation Summary - Revenues**

	2009-10 Actuals	2010-11 Redbook	2011-12 Dept Final Request	2011-12 Mayor's Budget Rec	Variance
<b>A18000 - Debt Service</b>					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property	58,554,163	69,258,627	80,407,264	69,544,904	286,277
401150 - Uncollectible Property	0	(2,047,000)	(2,400,000)	(1,595,000)	452,000
402100 - Prior Years Real Prope	561,775	0	560,000	275,000	275,000
402200 - Prior Years Pers Prope	285,667	0	285,000	139,600	139,600
407195 - Industrial Facilities Tax	1,805,502	2,301,701	2,884,000	1,143,615	(1,158,086)
407200 - Other Miscellaneous T	0	126,470	0	141,094	14,624
407210 - Neigh Enterprise Zone	2,259,454	3,094,863	25,000	3,652,736	557,873
407215 - Renaissance Zone Tax	0	1,690,076	0	3,938,805	2,248,729
407225 - OPRA Property Tax Re	30,069	0	0	0	0
461100 - Earnings On Investmer	4,438	0	0	0	0
475130 - Other Surplus	0	(26,424)	0	451,272	477,696
510325 - Transfers From Other F	43,907,399	0	0	0	0
<i>00212 - General Bond Redemption</i>	<i>107,408,467</i>	<i>74,398,313</i>	<i>81,761,264</i>	<i>77,692,026</i>	<i>3,293,713</i>
<i>00213 - Prior Years Deficit</i>					
407200 - Other Miscellaneous T	0	0	0	0	0
<i>00213 - Prior Years Deficit</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>10830 - Convention Facility - Debt Service</i>					
422190 - State Hotel & Liq Tax-	2,969,380	0	0	0	0
461100 - Earnings On Investmer	97,726	0	0	0	0
<i>10830 - Convention Facility - Debt Se</i>	<i>3,067,106</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>A18000 - Debt Service</b>	<b>110,475,573</b>	<b>74,398,313</b>	<b>81,761,264</b>	<b>77,692,026</b>	<b>3,293,713</b>
<b>Grand Total</b>	<b>110,475,573</b>	<b>74,398,313</b>	<b>81,761,264</b>	<b>77,692,026</b>	<b>3,293,713</b>

**This Page Intentionally Blank**