

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:

2012- 13 <u>Requested</u>	<u>Appropriations</u>	2011-12 <u>Budget</u>	2012- 13 <u>Recommended</u>	Increase <u>(Decrease)</u>
	<u>General Obligation Bonds:</u>			
\$ 28,855,780	Interest	\$ 30,963,264	\$ 28,855,780	\$ (2,107,484)
41,715,000	Principal	42,255,000	41,575,000	(680,000)
3,475,000	DDA Tax Increment Dist.	3,861,751	3,388,175	(473,576)
25,000	GM Tax Increment Dist.	25,429	17,498	(7,931)
586,000	Other Captured Taxes	586,582	590,129	3,547
-	Prior Years Deficit	-	-	-
\$ 74,656,780	Total Appropriations	\$ 77,692,026	\$ 74,426,582	\$ (3,265,444)
	<u>Revenues</u>			
\$ 69,091,376	Current Year's Property Tax	\$ 69,544,904	\$ 66,194,985	\$ (3,349,919)
(2,073,000)	Uncollectible Property Tax	(1,595,000)	\$ (1,485,000)	110,000
	Prior Year's:			
275,000	Real Property Tax	275,000	25,000	(250,000)
139,000	Personal Property Tax	139,600	75,000	(64,600)
1,140,000	Industrial Facilities Tax	1,143,615	840,540	(303,075)
2,500,000	Neigh. Enterprise Zone Tax	3,652,736	2,704,818	(947,918)
1,444,404	Renaissance Zone Tax	3,938,805	4,864,926	926,121
140,000	Other Miscellaneous Taxes	592,366	130,331	(462,035)
2,000,000	Other Surplus	-	1,075,982	1,075,982
\$ 74,656,780	Total Revenues	\$ 77,692,026	\$ 74,426,582	\$ (3,265,444)
0	NET TAX COST:	0	0	\$ 0
	Tax Levy Requirement	\$ 74,398,664	\$ 69,665,780	\$ (4,732,884)
	Delinquency Rate	12.00%	12.00%	0.00%
	Tax Rate (per \$1,000 valuation)	\$ 9.5558	\$ 9.6136	\$ 0.0578

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 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
Financial Detail by Appropriation and Organization

General Bond Redemption	2011-12 Redbook		2012-13 Dept Final Request		2012-13 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$73,218,264	0	\$70,570,780	0	\$70,430,780
180040 - Debt Service Interest Redemption	0	\$0	0	\$0	0	\$0
APPROPRIATION TOTAL	0	\$73,218,264	0	\$70,570,780	0	\$70,430,780
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$3,861,751	0	\$3,475,000	0	\$3,388,175
180030 - GM Tax Increment District	0	\$25,429	0	\$25,000	0	\$17,498
180050 - Other Captured Taxes	0	\$586,582	0	\$586,000	0	\$590,129
APPROPRIATION TOTAL	0	\$4,473,762	0	\$4,086,000	0	\$3,995,802
ACTIVITY TOTAL	0	\$77,692,026	0	\$74,656,780	0	\$74,426,582

CITY OF DETROIT
Budget Development for FY 2012-2013
Appropriations - Summary Objects

	2011-12 Redbook	2012-13 Dept Final Request	2012-13 Mayor's Budget Rec
AC9918 - Bond Interest and Redemption			
<i>A18000 - Debt Service</i>			
OTHEXPSSL - Other Expenses	4,473,762	4,086,000	3,995,802
FIXEDCHGSL - Fixed Charges	73,218,264	70,570,780	70,430,780
<i>A18000 - Debt Service</i>	<i>77,692,026</i>	<i>74,656,780</i>	<i>74,426,582</i>
AC9918 - Bond Interest and Redemption	77,692,026	74,656,780	74,426,582
Grand Total	77,692,026	74,656,780	74,426,582

CITY OF DETROIT
Budget Development for FY 2012-2013
Appropriation Summary - Revenues

	2010-11 Actuals	2011-12 Redbook	2012-13 Dept Final Request	2012-13 Mayor's Budget Rec	Variance
A18000 - Debt Service					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property	58,735,870	69,544,904	69,091,376	66,194,985	(3,349,919)
401150 - Uncollectible Property	0	(1,595,000)	(2,073,000)	(1,485,000)	110,000
402100 - Prior Years Real Prope	10,600,151	275,000	275,000	25,000	(250,000)
402200 - Prior Years Pers Prope	9,382	139,600	139,000	75,000	(64,600)
407195 - Industrial Facilities Tax	2,121,042	1,143,615	1,140,000	840,540	(303,075)
407200 - Other Miscellaneous T:	0	141,094	140,000	130,331	(10,763)
407210 - Neigh Enterprise Zone	2,568,073	3,652,736	2,500,000	2,704,818	(947,918)
407215 - Renaissance Zone Tax	0	3,938,805	1,444,404	4,864,926	926,121
407220 - Land Bank Sales Reve	53,804	0	0	0	0
407225 - OPRA Property Tax Re	34,043	0	0	0	0
461100 - Earnings On Investmer	164,614	0	0	0	0
475130 - Other Surplus	0	451,272	2,000,000	1,075,982	624,710
510100 - Street Funds Reimburs	850,781	0	0	0	0
510325 - Transfers From Other f	60,557,014	0	0	0	0
<i>00212 - General Bond Redemption</i>	<i>135,694,774</i>	<i>77,692,026</i>	<i>74,656,780</i>	<i>74,426,582</i>	<i>(3,265,444)</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>
A18000 - Debt Service	135,694,774	77,692,026	74,656,780	74,426,582	(3,265,444)
Grand Total	135,694,774	77,692,026	74,656,780	74,426,582	(3,265,444)