

## 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>2009-10 Requested</u>	<u>2008-09 Budget</u>	<u>2009-10 Recommended</u>	<u>Increase (Decrease)</u>
<u>Appropriations</u>			
General Obligation Bonds:			
\$ 27,307,866	\$ 29,245,572	\$ 27,307,866	\$ (1,937,706)
45,165,000	42,515,000	45,165,000	2,650,000
3,500,000	3,880,550	3,880,391	(159)
600,000	941,802	42,714	(899,088)
-	424,362	437,095	12,733
-	-	-	-
\$ 76,572,866	\$ 77,007,286	\$ 76,833,066	\$ (174,220)
<u>Revenues</u>			
\$ 66,117,866	\$ 69,216,856	\$ 65,852,065	\$ (3,364,791)
-	(1,240,000)	\$ (1,148,000)	92,000
Prior Year's:			
560,000	125,000	560,000	435,000
70,000	25,000	11,000	(14,000)
2,800,000	2,091,592	1,749,685	(341,907)
25,000	1,492,247	2,685,004	1,192,757
-	2,045,415	2,157,868	112,453
-	394,608	93,398	(301,210)
7,000,000	2,856,568	4,872,046	2,015,478
\$ 76,572,866	\$ 77,007,286	\$ 76,833,066	\$ (174,220)
-	0	0	\$ 0
	Tax Levy Requirement	\$-	\$ -
	Delinquency Rate	6.00%	6.00%
	Tax Rate (per \$1,000 valuation)	\$7.4779	\$ 7.4773
			\$ (0.0006)

## **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 Debt Management 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**  
**Financial Detail by Appropriation and Organization**

General Bond Redemption General Bond Redemption	2008-09 Redbook		2009-10 Dept Final Request		2009-10 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$71,760,572	0	\$72,472,866	0	\$72,472,866
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$71,760,572</b>	<b>0</b>	<b>\$72,472,866</b>	<b>0</b>	<b>\$72,472,866</b>
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$3,880,550	0	\$3,500,000	0	\$3,880,391
180030 - GM Tax Increment District	0	\$941,802	0	\$600,000	0	\$42,714
180050 - Other Captured Taxes	0	\$424,362	0	\$0	0	\$437,095
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$5,246,714</b>	<b>0</b>	<b>\$4,100,000</b>	<b>0</b>	<b>\$4,360,200</b>
<b>ACTIVITY TOTAL</b>	<b>0</b>	<b>\$77,007,286</b>	<b>0</b>	<b>\$76,572,866</b>	<b>0</b>	<b>\$76,833,066</b>

**CITY OF DETROIT**  
**Budget Development for FY 2009-2010**  
**Appropriations - Summary Objects**

	<b>2008-09 Redbook</b>	<b>2009-10 Dept Final Request</b>	<b>2009-10 Mayor's Budget Rec</b>
<b>AC9918 - Bond Interest and Redemption</b>			
<i>A18000 - Debt Service</i>			
OTHEXPSSL - Other Expenses	5,246,714	4,100,000	4,360,200
FIXEDCHGSL - Fixed Charges	71,760,572	72,472,866	72,472,866
<i>A18000 - Debt Service</i>	<i>77,007,286</i>	<i>76,572,866</i>	<i>76,833,066</i>
<b>AC9918 - Bond Interest and Redemption</b>	<b>77,007,286</b>	<b>76,572,866</b>	<b>76,833,066</b>
<b>Grand Total</b>	<b>77,007,286</b>	<b>76,572,866</b>	<b>76,833,066</b>

**CITY OF DETROIT**  
**Budget Development for FY 2009-2010**  
**Appropriation Summary - Revenues**

	2007-08 Actuals	2008-09 Redbook	2009-10 Dept Final Request	2009-10 Mayor's Budget Rec	Variance
<b>A18000 - Debt Service</b>					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property	76,206,854	69,216,856	66,117,866	65,852,065	(3,364,791)
401150 - Uncollectible Property	0	(1,240,000)	0	(1,148,000)	92,000
402100 - Prior Years Real Prope	433,592	125,000	560,000	560,000	435,000
402200 - Prior Years Pers Prope	(69,464)	25,000	70,000	11,000	(14,000)
407195 - Industrial Facilities Tax	2,800,254	2,091,592	2,800,000	1,749,685	(341,907)
407200 - Other Miscellaneous T	242,012	394,608	0	93,398	(301,210)
407210 - Neigh Enterprise Zone	0	1,492,247	25,000	2,685,004	1,192,757
407215 - Renaissance Zone Tax	0	2,045,415	0	2,157,868	112,453
461100 - Earnings On Investmer	603,739	0	0	0	0
472230 - Recoveries	24,734	0	0	0	0
475130 - Other Surplus	0	2,856,568	7,000,000	4,872,046	2,015,478
<i>00212 - General Bond Redemption</i>	<i>80,241,721</i>	<i>77,007,286</i>	<i>76,572,866</i>	<i>76,833,066</i>	<i>(174,220)</i>
<i>10830 - Convention Facility - Debt Service</i>					
422190 - State Hotel & Liq Tax-	16,220,140	0	0	0	0
461100 - Earnings On Investmer	1,274,462	0	0	0	0
<i>10830 - Convention Facility - Debt Se</i>	<i>17,494,602</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>A18000 - Debt Service</b>	<b>97,736,323</b>	<b>77,007,286</b>	<b>76,572,866</b>	<b>76,833,066</b>	<b>(174,220)</b>
<b>Grand Total</b>	<b>97,736,323</b>	<b>77,007,286</b>	<b>76,572,866</b>	<b>76,833,066</b>	<b>(174,220)</b>