

# CITY OF DETROIT FISCAL 2009/10 BUDGET

## AGENCY 18 DEBT SERVICE

### STATEMENT OF PURPOSE

The purpose of the Debt Service Fund is to meet the principal and interest of the bonded indebtedness of the City of Detroit.

### DESCRIPTION

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.

Several financing agencies have debt which is managed by the Debt Management Section of the Finance Department.

**The City of Detroit Tax Increment Finance Authority** was established for the purpose of preparing development and tax increment financing plans in the City. The Authority has sold tax increment bonds and assisted in the financing of a portion of the Central Industrial Park Project, which includes a three million square foot General Motors plant in operation since 1985. Because of a sunset provision in the legislation creating this entity, this Authority does not have the ability to issue additional debt.

**The Local Development Finance Authority** was established for the purpose of assisting in the financing of development projects in the City. The Authority is authorized to sell tax increment bonds and sold bonds to finance part of the cost of the City's Jefferson/Conner Redevelopment Project.

### DEPARTMENTAL FINANCIAL INFORMATION

	DEBT <u>SERVICE</u>	<u>TOTAL</u>
EXPENDITURES	\$76,833,066	\$76,833,066
REVENUES	<u>76,833,066</u>	<u>76,833,066</u>
NET TAX COST	\$ 0	\$ 0
POSITIONS	0	0