

DEPARTMENTAL BUDGET INFORMATION SINKING INTEREST AND REDEMPTION (18)

MISSION

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

DESCRIPTION

Sinking (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 Treasury Division.

- **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 debt has been repaid under this Authority and the city no longer captures taxes for this purpose.
- **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

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of the City and the County for the purpose of constructing and maintaining buildings that would serve both City and County residents.

**PLANNING FOR THE FUTURE FOR
FY 2010-11, FY 2011-12 and BEYOND**
Not Applicable

**MAJOR INITIATIVES FOR
FY 2009-10**
Not Applicable

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EXPENDITURES

	2008-09		2010-11		Variance	Variance Percent
	Actual Expense	2009-10 Redbook	Mayor's Budget Rec			
Fixed Charges	\$ 164,800,423	\$ 72,472,866	\$ 69,807,446	\$ (2,665,420)	-4%	
Other Expenses	3,902,778	4,360,200	4,590,867	230,667	5%	
TOTAL	\$ 168,703,201	\$ 76,833,066	\$ 74,398,313	\$ (2,434,753)	-3%	

REVENUES

	2008-09		2010-11		Variance	Variance Percent
	Actual Revenue	2009-10 Redbook	Mayor's Budget Rec			
Taxes/Assessments	\$ 69,667,475	\$ 71,961,020	\$ 74,424,737	\$ 2,463,717	3%	
Rev from Use of Assets	930,000	-	-	-	0%	
Shared Taxes	17,367,715	-	-	-	0%	
Contributions & Transfers	90,631,478	4,872,046	(26,424)	(4,898,470)	-101%	
TOTAL	\$ 178,596,668	\$ 76,833,066	\$ 74,398,313	\$ (2,434,753)	-3%	

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