



The Supportive Services Division of Children and Family Services provides a high quality base of prevention/early intervention programs for young people.



DEBT SERVICE STATEMENT

WAYNE COUNTY DEBT

County government, which exists by authority of the State, has only those duties and powers specifically given it in the State Constitution and/or by statute, including authority for the issuance of debt instruments, which must also be authorized by resolution or ordinance adopted by the County Commission. To facilitate the delivery of mandated services to its citizens, it is necessary from time to time to fund capital improvements and additions or improvements to sewer, water, and drainage systems and to road and highway systems.

The County may issue long-term debt, which may include, but is not limited to, general obligation bonds and revenue bonds. The County may also enter into long-term leases for public facilities, property, and equipment, provided, however, that such long-term leases may or may not be characterized as "debt," depending on whether the leases are "true" leases or financing leases. The County may utilize, to the extent allowable, certificates of participation (COP) and other acceptable market instruments to effectuate the lowest cost of financing,

Debt may be issued on a fixed-rate or variable-rate basis, to the extent permitted by law, so as to best enable the County to establish maximum debt management flexibility and relatively lower borrowing costs.

Debt obligations may pledge repayment from one or more of three sources:

1. The County's full faith and credit, based on its taxing power outside the 15-mill limitation, if approved by the voters. Such debt instruments are designated as "unlimited tax general obligations."
2. The County's full faith and credit, based on its taxing power within applicable limits. Such debt instruments are designated as "limited tax general obligations."
3. Revenues from facilities or enterprises financed by the issuance of the debt, designated as "revenue obligations" of the County. If the County also pledges its limited tax full faith and credit as additional security, then these obligations are considered "limited tax general obligations."

ASSESSED VALUE DEBT LIMITS

The State Constitution provides that the County may not incur any indebtedness, which shall increase its total debt beyond 10 percent of its assessed valuation. For purposes of this limitation, "indebtedness" means generally any indebtedness pledging the faith and credit of the County for its repayment. Indebtedness supported solely by specific revenues pledged for such purpose (as in the case of revenue bonds) is not included for purposes of this limitation.



PROJECTED STATEMENT OF LEGAL DEBT LIMIT AND DEBT MARGIN
(Projection for September 30, 2008)

FY07 Wayne County State Equalized Valuation (SEV)	\$66,127,289,684
General Purpose Debt Limit (10% of SEV)	\$6,612,728,968
Tax-Supported Debt Outstanding (9/30/08 Projection)	\$747,546,046
Percent of Projected Debt Outstanding to SEV	1.13%
Projected Margin of Additional Debt Which Could Legally be Incurred Subject to Debt Limit	\$5,865,182,922

OUTSTANDING DEBT

The County has no outstanding general obligation unlimited tax bonds. However, the County has issued limited tax general obligation bonds payable from general unrestricted revenues of the County for general operating and other purposes; and has financed capital construction associated with sewer, water, and drainage projects, roads, airports, and sports facilities. There is no record of default on any County bonds or notes.

BOND RATINGS

The County has achieved a steady improvement in its bond ratings from 1986 to the present, with upgrades assigned thirteen times over this period. Summarized below are ratings for uninsured debt issues assigned by the major rating agencies as of September 2004. *Note:* In 2005, Standard and Poors rating was upgraded from A to AA.

Moody's (limited tax debt)	A3
Moody's (unlimited tax debt)	A2
Standard and Poor's	AA
Fitch	A

SHORT-TERM DEBT

DELINQUENT TAX NOTES

In June 2007, the County issued General Obligation Limited Tax Notes ("Delinquent Tax Notes") totaling \$211 million (Series A & B), and in August 2007, issued \$15 million (Series C) Delinquent Tax Notes, to continue its program of underwriting delinquent real property taxes to the County General Fund and other local taxing units. Consistent with prior years' practice, the Delinquent Tax Notes were issued on a taxable basis for a term of three years or less, with debt service to be paid primarily from the collections of delinquent taxes. The principal balance of the Delinquent tax notes outstanding at September 30, 2008 is projected to be \$204.0 million. The County anticipates continuing this program in 2008.



GOVERNMENTAL ACTIVITIES

EQUIPMENT FINANCING PROGRAM

The County has participated and continues to participate in equipment financing programs of the Michigan Municipal Bond Authority (MMBA) to finance purchases of property and equipment on more favorable borrowing terms than might otherwise may not have been available. In these programs to finance the purchase of the equipment, the County enters into Installment Purchase Agreements (IPAs) with the MMBA and a vendor. The budgets of participating departments are charged with the amortized amounts of their respective shares of such IPAs. The principal balance of the MMBA IPAs outstanding at September 30, 2008 is projected to be \$16.9 million.

BUILDING AUTHORITY AND CAPITAL IMPROVEMENT BONDS

The most recent issuance of capital improvement bonds through the Wayne County Building Authority was in November 1996, at which time the Authority issued \$45.0 million of Limited Tax General Obligation Capital Improvement Bonds to fund new construction and various improvements and additions to the Juvenile Detention Facility, the County Parks Systems, the North Yard Engineering Facility and Central Maintenance Yard, and the reconstruction or replacement of existing elevator systems in the Frank Murphy Hall of Justice. The principal balance of the 1996 Wayne County Building Authority bonds outstanding at September 30, 2008 is projected to be \$24.7 million.

In March 1994, the Authority issued \$105.9 million of Limited Tax General Obligation bonds to advance-refund \$97.2 million of bonds, with the remaining proceeds used for renovations and improvements on the Wayne County Youth Home and for the demolition of abandoned buildings on the Eloise Westland property. The Authority issued an additional \$3.3 million in bonds to finance assets of the Warren Valley Golf Course. In August 2007, the 1994 Wayne County Building Authority Refunding Bonds and Warren Valley Golf course Bonds were refinanced through the Michigan Municipal Bond Authority's (MMBA) Local Government Loan Program to take advantage of lower interest rates. The term of the bonds did not change. The principal balance of the MMBA bonds outstanding at September 30, 2008 is projected to be \$41.8 million.

During FY 2006-07, the decision was made to begin a feasibility study regarding the building of a Regional Justice Center that would consolidate the Criminal Justice System including the Offices of the Sheriff and Prosecutor and the Third Circuit Court into a central location. The FY 2007-08 budget includes the issuance of \$22.0 million in new debt to support this initiative. The principal balance of the Regional Justice Center debt issuance outstanding at September 30, 2008 is projected to be \$20.6 million.

Using a new state law that enables municipalities to issue capital improvement bonds directly, in September 2003 the County issued \$13.7 million in Limited Tax General Obligation Capital Improvement Bonds to fund capital improvements to the tower of the old County Building (600 Randolph) and to reimburse the costs of the capital improvements made to the Prosecutor's office in the Frank Murphy Hall of Justice. The principal balance of the 2003 Capital Improvement bonds outstanding at September 30, 2008 is projected to be \$11.7 million.



MICHIGAN TRANSPORTATION FUND BONDS

The most recent issuance of Transportation Fund Bonds was in November 1999, at which time the County issued Michigan Transportation Fund Limited Tax General Obligation Bonds for the purpose of funding a portion of a comprehensive program of capital improvements to the County's road system. These bonds were issued in anticipation of Michigan Transportation Fund payments from the State to be received by the County. The County pledged its limited tax full faith and credit as additional security for payment of the principal and interest on the bonds. The principal balance of the Transportation Fund bonds outstanding at September 30, 2008 is projected to be \$28.3 million.

CAPITAL LEASE OBLIGATIONS

Effective December 29, 1984, the County, through its Economic Development Corporation, sold the old County Building to the Old Wayne County Building Limited Partnership (the Partnership) for the purpose of restoration and leased it back to the County in 1987 under a ten-year leasing arrangement. In 1998, the County entered into a third amendment to the building lease with the Partnership. The ten-year renewal term among other things provides for a renewal option for a second ten-year term and a purchase option at the end of the first and second renewal terms. The first ten-year lease option ended in September 2007.

This lease agreement qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the inception date. The lease requires net minimum quarterly payments from the County of \$540,464. The principal balance of the capital lease obligation outstanding at September 30, 2008 is projected to be \$10.6 million. This lease agreement assumed that the second renewal option would have been exercised in October 2007. As of the publication date of this budget, that deadline has been extended to December 31, 2007, and the County has not exercised its renewal option on the second ten-year lease, or its purchase option.

In May 1999, the County authorized the expenditure of up to \$30.0 million for land acquisition and development costs for the 1,200-acre Pinnacle Aeropark project, a state-of-the-art business and industrial park located next to the Detroit Metropolitan Wayne County Airport. A second commitment for an additional \$20 million was approved for land acquisition and development costs for the project in July 2000. The expenditure is financed through the County's Equipment Lease Financing Fund. This fund is used to account for the costs of financing acquisitions of real property, machinery, and equipment. The fund recovers costs by billing user departments. The outstanding portion of the capital lease obligation associated with the Pinnacle Aeropark project at September 30, 2008 is projected to be \$31.0 million.

BUSINESS-TYPE ACTIVITIES

SEWAGE DISPOSAL SYSTEM BONDS

In August 2007, the County issued \$15.8 million in bonds in completion of the sewer improvement projects pursuant to the Downriver Sewage Disposal System Financing Plan and Final Judgment entered on March 14, 1994 by the United States District Court, Eastern District of Michigan, Southern Division, Civil Action Case No. 87-CV-70992 DT before the Honorable Judge John Feikens. Through calendar year 2008, the County intends to issue \$3.4 million in capital improvement bonds for the Downriver Sewage Disposal System. Acting on behalf of itself and of the political subdivisions within its borders,



the County has entered into 34 commitments with the Michigan Municipal Bond Authority (MMBA) to obtain loans from the State Revolving Fund (SRF) for water pollution control projects in an aggregate amount of approximately \$288.0 million. As of April 17, 2007, the County received from the Authority approximately \$283.0 million to fund the SRF Loans. The Downriver System's SRF Loans are payable from tax payments levied against the property owners of the communities which have benefited from projects funded by those SRF Loans. The communities have also pledged their limited tax full faith and credit as secondary security and the County has also pledged its limited tax full faith and credit as additional security for the SRF Loans. The principal balance of the Sewage Disposal System bonds outstanding at September 30, 2008 is projected to be \$202.7 million.

COMPONENT UNITS

STADIUM BONDS

On April 1, 1997, the Detroit/Wayne County Stadium Authority issued \$85.8 million of bonds carrying the County's limited tax full faith and credit, to finance a portion of the costs of acquiring, constructing, furnishing, equipping, owning, improving and enlarging a major league baseball stadium of approximately one million square feet (with a natural grass playing field and some 42,000 seats), as well as the fixtures, equipment, and amenities customarily found in a professional sports and entertainment complex. Parking for approximately 2,000 vehicles was also included in this project. The County has also pledged certain hotel and motor vehicle rental tax revenues for the repayment of these bonds. The principal balance of the Detroit/Wayne County Stadium Authority bonds outstanding at September 30, 2008 is projected to be \$74.6 million.

DRAINAGE DISTRICT BONDS

The County has also pledged its limited tax full faith and credit as secondary security for several drainage bonds. The purpose of such bonds has been to provide for drainage projects. The principal balance of the Drainage District bonds outstanding at September 30, 2008 is projected to be \$5.9 million.



**DEBT SERVICE REQUIREMENTS BY FUND
FISCAL YEAR 2007 - 2008**

FUND	FUND NAME	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE
280	Economic and Neighborhood Dev - 21st Century	\$ -	-	\$ -
301	General Debt Service	14,128,084	3,220,169	17,348,253
330	Stadium Authority Debt Service	1,840,000	4,009,403	5,849,403
350	Roads Debt Service	4,400,000	1,556,900	5,956,900
365	DPW Sewer Municipal Projects	375,000 *	34,500	409,500
369	Building Authority Debt Service	10,950,000	3,318,275	14,268,275
526	Delinquent Tax Revolving Fund - Series 2007	241,000,000 *	12,050,000	253,050,000
527	Delinquent Tax Revolving Fund - Series 2008	- *	2,600,000	2,600,000
590	Downriver Sewage Disposal System	13,081,918 *	4,676,989	17,758,907
596	CSO Basins	2,075,000 *	1,208,649	3,283,649
598	Rouge Valley Sewage Disposal System	700,000 *	69,450	769,450
599	Northeast Sewage Disposal System	490,000	103,200	593,200
801	Regular Drain Fund	420,317	79,091	499,408 **
823	Chapter 20 Drains Fund	1,784,054	253,649	2,037,703 **
830	Chapter 21 Drains Fund	1,805,000	244,559	2,049,559 **
838	Probate Court	236,825	6,326	243,151
		<u>\$ 293,286,197</u>	<u>33,431,159</u>	<u>\$ 326,717,356</u>

* The principal payments for these proprietary funds (totaling \$257,231,918) are not included in the budget since they are instead charged to balance sheet accounts in accordance with governmental accounting standards.

** These principal and interest payments (totaling \$4,586,670) are not included in the budget because drainage districts are component units and do not require approval by the County Commission.



STATEMENT OF INDEBTEDNESS
Projection for September 30, 2008

Debt Carrying the County's Limited Tax Pledge:	
Building Authority Bonds ⁽¹⁾	24,710,000
Capital Improvement Bonds	32,271,450
MMBA Ref91A (Fiscal Stabilization Bonds)	4,215,000
MMBA REF94A (Building Authority Bonds)	41,835,000
Stadium Authority Bonds ⁽¹⁾	74,580,000
Chapter 8 Drainage Note	1,524,583
Drainage Districts Bonds	5,871,041
Probate Court Installment Purchase Agreement (IPA)	0
2007 Installment Purchase Agreement (IPA)	16,899,326
Michigan Transportation Fund Bonds	28,280,000
Delinquent Tax Notes	204,000,000
Metropolitan Sewerage Disposal Bonds	200,000
Sewage Disposal Bonds	202,684,646
Airport Hotel Revenue Bonds	110,475,000
Projected Total Debt Carrying the County's Limited Tax Pledge	747,546,046
Other Debt:	
Capital Lease Obligations ⁽¹⁾	41,567,788
Projected Total Other Debt	41,567,788
Projected Gross Direct Debt	789,113,834
Deductions:	
MMBA Ref 91A ⁽²⁾	4,215,000
Stadium Authority Bonds ⁽³⁾	74,580,000
Drainage Districts Bonds ⁽⁴⁾	5,871,041
Michigan Transportation Fund Bonds ⁽⁵⁾	28,280,000
Delinquent Tax Notes ⁽⁶⁾	204,000,000
Metropolitan Sewage Disposal Bonds ⁽⁷⁾	200,000
Sewage Disposal Bonds ⁽⁷⁾	202,684,646
Airport Hotel Revenue Bonds ⁽⁸⁾	110,475,000
Total Deductions	630,305,687
Projected Net Direct Debt	<u>\$ 158,808,147</u>

- (1) Payable from lease rentals which constitute full faith and credit obligations of the County.
- (2) State-shared tax revenues are projected to be sufficient to cover debt service, based on experience.
- (3) Motor vehicle rental and hotel tax revenues are projected to be sufficient to cover debt service.
- (4) Payments from benefited local communities or properties are projected to be sufficient to cover debt service, based on experience.
- (5) Revenues from the State of Michigan Transportation Fund are projected to be sufficient to cover debt service, based on experience.
- (6) Delinquent tax revenues are projected to be sufficient to cover debt service, based on experience.
- (7) User fees or payments from benefited local communities are projected to be sufficient to cover debt service, based on experience.
- (8) Payable primarily from Airport Hotel revenues.



OVERLAPPING DEBT

Property in the County is currently taxed for a proportionate share of outstanding debt obligations of overlapping governmental entities including school districts, cities, villages and townships within the County of Wayne, the Regional Educational Service Agency and Wayne County Community College. The table below shows the County's outstanding tax supported overlapping debt as of September 30, 2007.

OVERLAPPING DEBT As of September 30, 2007

School Districts	\$ 3,119,440,416
Cities and Villages	2,120,118,637
Townships	208,442,036
Libraries	32,506,648
Community Colleges	40,575,000
Total Overlapping Debt	<u>\$ 5,521,082,736</u>

Source: Municipal Advisory Council of Michigan

Debt Statement Summary

The following table shows the County's net direct and overlapping debt as of September 30, 2007:

NET DIRECT AND OVERLAPPING DEBT As of September 30, 2007

Direct debt:	
Gross Principal amount	\$ 789,113,834
Less amount payable from other sources	<u>630,305,687</u>
Net direct debt	158,808,147
Overlapping debt	<u>5,521,082,736</u>
Net direct and overlapping debt	<u>\$ 5,679,890,883</u>

Source: Municipal Advisory Council of Michigan and Wayne County Department of Management and Budget

REVENUES PLEDGED FOR THE RETIREMENT OF REVENUE BONDS
FISCAL YEARS 2007-2008 THROUGH 2011-2012

BOND DESCRIPTION	SOURCE OF REVENUE	FISCAL 2007-2008	FISCAL 2008-2009	FISCAL 2009-2010	FISCAL 2010-2011	FISCAL 2011-2012
Northeast Sewage Disposal Bonds:						
Series 1993	(A)	396,100	394,200	397,200	390,000	397,800
Series 1999	(A)	197,100	196,010	194,560	197,663	195,155
		593,200	590,210	591,760	587,663	592,955

(A) Payable from net revenues derived from the operation of sewage disposal systems in benefitted communities.

CHARTER COUNTY OF WAYNE, MICHIGAN
Projected Debt Service Requirements
For the Year Ended September 30, 2008

Fiscal Year	General Debt Service		Stadium Authority Bonds	Roads		DPW	Building Authority Bonds	Downriver Sewage Disposal System	CSO Basins	Rouge Valley Sewage Disposal System	Northeast Sewage Disposal System
	Fiscal Stabilization Bonds	Capital Improvement Bonds		Michigan Transportation Fund Bonds	Sewer Bonds						
2008	12,431,046	2,447,836	5,849,403	5,956,900	409,500	14,268,275	17,758,907	3,283,649	769,450	593,200	
2009	4,329,227	2,443,524	5,957,750	5,950,030	212,000	13,333,978	18,346,358	4,472,389	767,000	590,210	
2010	-	2,442,486	6,074,088	5,944,600	-	14,323,570	18,358,681	4,413,721	24,950	591,760	
2011	-	2,444,871	6,192,956	5,932,950	-	7,311,363	18,348,332	4,398,707	24,500	587,663	
2012	-	2,440,230	6,308,700	5,919,118	-	7,307,400	18,357,574	4,405,906	24,050	589,955	
2013	-	2,443,168	6,426,713	5,913,943	-	7,304,800	18,344,329	4,146,972	23,600	587,550	
2014	-	2,439,350	6,545,575	2,848,538	-	7,293,175	17,582,212	4,136,816	28,094	591,725	
2015	-	2,438,695	6,672,525	-	-	7,281,606	16,724,288	3,474,447	27,531	-	
2016	-	2,436,395	6,796,463	-	-	7,425,088	15,796,206	3,150,603	26,969	-	
2017	-	2,437,633	6,926,288	-	-	3,554,688	15,601,032	1,692,611	26,406	-	
2018	-	2,436,915	6,969,188	-	-	3,555,250	13,241,567	312,443	25,844	-	
2019	-	2,433,790	6,725,063	-	-	3,541,375	7,990,119	-	25,281	-	
2020	-	2,433,070	-	-	-	-	7,092,054	-	-	-	
2021 & thereafter	-	27,519,230	45,012,000	-	-	-	9,233,600	-	-	-	
Total	16,760,273	59,237,192	122,456,709	38,466,078	621,500	96,500,566	212,775,262	37,888,264	1,793,675	4,132,063	

Note: Building Authority Bonds includes Golf Course

Source: Wayne County Department of Management and Budget, Accounting

CHARTER COUNTY OF WAYNE, MICHIGAN
Projected Debt Service Requirements
For the Year Ended September 30, 2008

Fiscal Year	Delinquent Tax Revolving Fund (Series 2007)	Delinquent Tax Revolving Fund (Series 2008)	Chapter 8 (Regular) Drainage District Bonds	Chapter 20 Drainage District Bonds	Chapter 21 Drainage District Bonds	Probate Court Installment Purchase Agreement	2007 Installment Purchase Agreement	Total Debt Service
2008	253,050,000	2,600,000	499,408	2,037,703	2,049,559	243,151	2,469,370	326,717,356
2009	-	-	473,275	983,413	2,044,692	-	2,469,370	62,373,214
2010	-	-	358,662	869,644	2,048,222	-	2,469,370	57,919,755
2011	-	-	286,450	854,604	2,056,769	-	2,469,370	50,908,534
2012	-	-	274,383	816,502	1,988,612	-	2,469,370	50,901,800
2013	-	-	-	28,401	-	-	2,469,370	47,688,844
2014	-	-	-	27,799	-	-	2,469,370	43,962,653
2015	-	-	-	27,197	-	-	2,469,370	39,115,660
2016	-	-	-	26,596	-	-	2,469,370	38,127,689
2017	-	-	-	29,955	-	-	2,469,370	32,737,982
2018	-	-	-	29,253	-	-	2,469,363	29,039,822
2019	-	-	-	28,551	-	-	-	20,744,178
2020	-	-	-	5,038	-	-	-	9,530,162
2021 & thereafter	-	-	-	-	-	-	-	81,764,830
Total	253,050,000	2,600,000	1,892,178	5,764,654	10,187,855	243,151	27,163,063	\$ 891,532,481



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