



## DEBT SUMMARY

A close-up, angled photograph of a document, likely a financial statement or ledger. The document features a grid of numbers and percentages, with some cells containing fractions like 1/2, 1/4, and 3/8. The text is printed in a serif font and is slightly blurred due to the angle and focus.

In order to better serve the constituents of Wayne County and maintain essential services, the County may issue long-term debt through general obligation and revenue bonds. The issuance of these financial instruments must conform to the guidelines and the restrictions of the County Debt management Policy in order to establish maximum debt management flexibility and lower borrowing costs.



**Wayne County Government**  
**Adopted Budget FY 2014-2015 and Projected FY 2015-2016**

## **DEBT SERVICE STATEMENT**

### **WAYNE COUNTY DEBT**

The primary source of authority for the issuance of debt by the County, the limitations on such authority, and the procedures required to issue such debt, is found in Michigan state law. The County has no inherent power to borrow money and issue debt obligations. The power to borrow money and issue obligations must be found in an express authorization in law. Furthermore, no debt may be issued until an authorizing resolution or ordinance has been adopted by the Wayne County Commission (the 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. Debt may be issued to finance these improvements 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.

### **COUNTY DEBT POLICIES**

The issuance of all debt conforms to the guidelines and restrictions of the County Debt Management Policy (Policy No. 10001, rev. 5-26-2006). The purpose of the Debt Management Policy is to provide a functional tool for debt management and capital planning. A copy of the full policy is available upon request to the Department of Management and Budget.

As part of the County's debt management policy the County pursues the following goals:

1. Attain the highest possible credit rating for each debt issue;
2. Improve the reception for County debt obligations by the national credit markets in order to reduce the County's relative transaction costs and interest expense for its borrowings;
3. Avoid any financial decision that will negatively impact credit ratings on existing or future debt issues or which could adversely affect the rights of holders of outstanding County debt;
4. Consider all possible financial alternatives to issuing debt to take full advantage of innovative, new, and appropriate financial approaches;
5. Avoid any action which would adversely affect the status of any tax-exempt debt; and
6. Enhance the financial capability of the County to facilitate improvement of the overall well-being of the citizens, and to maintain or improve essential County services.

The County continues to review its Debt Management Policy to ensure it addresses any new considerations raised in the 2012 update to the GFOA's Best Practice for Debt Management Policy.

### **TYPES OF COUNTY DEBT**

The County may issue long-term debt, which generally includes, but is not limited to, general obligation bonds and revenue bonds. The County may also enter into installment purchase agreements and 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 also utilize, to the extent allowable, certificates of participation (COP) and other acceptable market instruments.

There are two types of general obligation debt: (1) Unlimited tax general obligations (UTGO) and (2) Limited tax general obligations (LTGO). UTGO debt may only be issued with prior voter approval as required by Michigan Constitution Article IX, Section 31. With UTGO debt, the County's full faith and credit, based on its taxing power outside the 15-mill limitation, is provided.

LTGO debt does not require voter approval. However, depending on the state statute under which it is authorized, the issuance of LTGO debt may require prior publication of a notice of the County's intent to issue the obligations. This gives taxpayers and electors the opportunity to call a referendum regarding the issuance of the obligations. With LTGO debt, the County's full faith and credit, based on its taxing power within applicable limits, is provided. LTGO debt is payable from general unrestricted revenues of the County and is often referred to as a "first budget obligation."

In addition to general obligation bonds, the County and authorities of the County may issue revenue bonds. With revenue bonds, revenues from facilities or enterprises financed by the issuance of the debt pay the debt service. Examples of projects financed with revenue bonds may include capital construction associated with sewer, water, and drainage projects, roads, airports, and sports facilities.

Finally, it should be noted that the County may also make a secondary LTGO pledge for the financing of projects physically located within Wayne County. With a secondary LTGO pledge, the County is responsible for making a debt service payment if the primary source of revenue is insufficient for such payment. All debt with secondary LTGO pledges is included in the County's total debt calculation.

The County has no outstanding UTGO debt. There is no record of default on any County bonds or notes.



**Wayne County Government**  
**Adopted Budget FY 2014-2015 and Projected FY 2015-2016**

### 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 full 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 obligations) is not included for purposes of this limitation.

**PROJECTED STATEMENT OF LEGAL DEBT LIMIT AND DEBT MARGIN**  
**(Projected for September 30, 2015)**

|                                                                                           |                  |
|-------------------------------------------------------------------------------------------|------------------|
| FY15 (2014 Tax Year) Wayne County State Equalized Valuation (SEV)                         | \$42,501,747,896 |
| General Purpose Debt Limit (10% of SEV)                                                   | \$4,250,174,790  |
| Tax-Supported Debt Outstanding (9/30/15 Projection)                                       | \$969,974,781    |
| Percent of Projected Debt Outstanding to SEV                                              | 2.28%            |
| Projected Margin of Additional Debt Which Could Legally be Incurred Subject to Debt Limit | \$3,280,200,009  |

**PROJECTED STATEMENT OF LEGAL DEBT LIMIT AND DEBT MARGIN**  
**(Projected for September 30, 2016)**

|                                                                                           |                  |
|-------------------------------------------------------------------------------------------|------------------|
| FY16 (2015 Tax Year*) Wayne County State Equalized Valuation (SEV)                        | \$42,501,747,896 |
| General Purpose Debt Limit (10% of SEV)                                                   | \$4,250,174,790  |
| Tax-Supported Debt Outstanding (9/30/16 Projection)                                       | \$905,561,610    |
| Percent of Projected Debt Outstanding to SEV                                              | 2.13%            |
| Projected Margin of Additional Debt Which Could Legally be Incurred Subject to Debt Limit | \$3,344,613,180  |

\*For estimating purposes, assumes no change in SEV for 2015 Tax Year

### BOND RATINGS

Summarized below are ratings for the County's limited tax general obligation debt issues assigned by the major rating agencies (outlook is stated in parentheses and is generally defined to mean the likely direction of a rating over the medium term).

|                     |                 |
|---------------------|-----------------|
| Moody's             | Baa3 (negative) |
| Standard and Poor's | BBB- (stable)   |
| Fitch               | BB- (negative)  |

The Chief Financial Officer, with the County's financial advisors, meets with, makes presentations to, or otherwise communicates with the rating agencies on a consistent and regular basis in order to keep the agencies informed concerning the County's capital plans, debt issuance program, and other appropriate financial information.

### FIVE-YEAR CAPITAL PLAN

A Five-Year Capital Plan is prepared annually by the Department of Management and Budget, based on requests submitted by County departments. Each department's request is reviewed by the Chief Executive Officer and his recommendation shall be transmitted and discussed as part of the budget process with the Commission. Funding for the first year of the adopted

five-year plan is reflected in that fiscal year's budget. The approved five-year plan is used as a basis for determining the need for capital debt issuance. The FY 2014-2015 and FY 2015-2016 Five-Year Capital plan can be found in the section entitled "Capital Projects" as part of this document.

### STRUCTURE OF DEBT ISSUES

State law and Federal tax law generally prohibit the issuance of debt for a term exceeding the economic life of the improvement or asset being financed with the debt. Pursuant to its Debt Management Policy, the County shall design the financing schedule and repayment of debt so as to take advantage of market conditions and, as practical, to recapture debt capacity for future use. Furthermore, the County shall repay its long-term general obligation debt within the following time frames: 25% within 5 years and 50% within 10 years. Periodically, the Chief Financial Officer may analyze any outstanding variable-rate issues to determine if the issue should be converted to a fixed rate.

### SHORT TERM DEBT – TAX ANTICIPATION NOTES

Tax Anticipation Notes (TANs) are a short-term financing vehicle commonly used by states and local units of government to assist with cash flow needs in



## Wayne County Government

### Adopted Budget FY 2014-2015 and Projected FY 2015-2016

advance of future tax collections. In August 2009, the County issued \$60 million in TANs for cash flow purposes for Fiscal Year 2008-09, which were repaid in November 2009. In January 2010, the County issued \$100 million in Fiscal Year 2009-10 TANs, which were repaid on September 30, 2010. In Fiscal Year 2010-11, the County issued \$100 million in TANs, which were repaid on September 30, 2011. In Fiscal Year 2011-12, the County issued \$100 million in TANs, which were repaid on October 31, 2012. In Fiscal Year 2012-13, the County issued \$90 million in TANs which were repaid on October 21, 2013. In Fiscal Year 2013-14, the County issued \$75 million in TANs which were repaid on October 1, 2014. Interest expense for the TANs is budgeted in Non-Departmental in the General Fund. The following presents the proposed amounts of TANs to be issued in FY15 and in FY16:

FY15 Proposed: \$75 million

FY16 Proposed: \$75 million

#### **LONG TERM DEBT: Governmental Activities**

##### **DELINQUENT TAX NOTES**

Pursuant to State law, Delinquent Tax Revolving Funds are used to pay counties and its constituent taxing units all delinquent and uncollected property taxes owed to a county and its constituent units. Each year, generally in June, the County issues debt in the form of General Obligation Limited Tax Anticipation Notes (DTANs) as part of its Delinquent Tax Revolving Fund program. These Delinquent Tax Notes are 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 by the County. In May 2014, the County issued approximately \$247 million in delinquent tax notes against 2013 delinquent taxes.

At September 30, 2013, there was approximately \$254.7 million in DTANs outstanding. The following presents the proposed amounts of DTANs to be issued in FY15 and in FY16 and the amounts estimated to be outstanding at the end of each fiscal year:

FY15 Proposed: \$220 million

FY16 Proposed: \$210 million

Estimated DTANs outstanding at 9/30/15: \$229 million

Estimated DTANs outstanding at 9/30/16: \$245 million

##### **INSTALLMENT PURCHASE AGREEMENTS**

The County has participated in equipment financing programs of the Michigan Municipal Finance Authority (MFA) to finance purchases of property and equipment on more favorable borrowing terms than might otherwise be available. Through MFA local government loan programs, the County may finance the purchase of the equipment by entering into an Installment Purchase Agreement (IPA) with the MFA and a vendor. The budgets of participating departments are charged with the amortized amounts of their respective shares of such

IPAs which are transferred to the General Debt Service Fund for the repayment of the debt service.

In November 2008, the Wayne County Commission authorized the Chief Financial Officer to enter into installment purchase agreements to finance County equipment. These equipment financings occur periodically as needed and may only be made through the MFA. The repayment period is limited to the useful life of the equipment being financed or ten years, whichever is less. The initial limit pursuant to the resolution for the amount that could be financed with IPAs was approximately \$67.2 million.

In Fiscal Year 2009-10, the County issued approximately \$7.4 million in Installment Purchase Agreements to finance the e-Government initiative, additional software configuration and hardware for the jail medical records system, hardware for servers to support a virtual desktop infrastructure, and equipment for the jail kitchen. In Fiscal Year 2010-11, the County issued approximately \$9.0 million in IPAs to finance the Health and Human Services (HHS) Modernization project and to complete the Geographic Information System (GIS) project. However, the underlying GIS contract, in the amount of approximately \$1.1 million, was subsequently terminated and the associated debt was immediately repaid. Additionally, the underlying HHS Modernization contracts were terminated and the County subsequently made an early partial payment (\$1.1 million) and reprogrammed the remaining IPA funds to the Jail Management System project, technology improvements for the Third Circuit Court (e.g., Video Court Reporting System, hardware, etc.) and other countywide technology upgrades. etc.).

At September 30, 2013, there was approximately \$3.9 million in IPAs outstanding. The following presents the proposed amounts of IPAs to be issued in FY15 and in FY16 and the amounts estimated to be outstanding at the end of each fiscal year:

FY15 Proposed: \$0

FY16 Proposed: \$0

Estimated IPAs outstanding at 9/30/15: \$0.13 million

Estimated IPAs outstanding at 9/30/16: \$0 million

##### **BUILDING AUTHORITY BONDS**

The Wayne County Building Authority (WCBA) may issue debt for the purpose of constructing, improving, and equipping public buildings. In general, the structure of such transactions is that the WCBA issues the bonds while the County concurrently enters into a contract of lease with the WCBA, under which the County pledges its limited tax full faith and credit to pay lease rental payments equal to the debt service on the bonds.

In March 1994, the WCBA issued \$105.9 million of LTGO Capital Improvement Bonds to advance-refund \$97.2 million of bonds, with the remaining proceeds





## *Wayne County Government* *Adopted Budget FY 2014-2015 and Projected FY 2015-2016*

used for renovations and improvements on the Wayne County Youth Home and for the demolition of abandoned buildings on the Eloise Westland property. The WCBA 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.

In November 1996, the WCBA issued \$45.0 million of LTGO 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. In August 2010, the Wayne County Commission authorized the use of excess proceeds from the 1996 bonds to be used on improvements to County owned or WCBA owned buildings.

In November 2010, the Wayne County Commission authorized the issuance of bonds by the WCBA in an amount not to exceed \$300 million for the purpose of acquiring and constructing a new Wayne County consolidated jail complex. In December 2010, the Wayne County Building Authority issued \$200 million in recovery zone economic development bonds to pay for a portion of the consolidated jail complex and capitalizing interest for a period of three years.

In October 2011, the WCBA issued approximately \$15 million in revenue bonds for the purpose of purchasing two buildings housing the Michigan Department of Human Services (one in Hamtramck and one in Inkster). The bonds are paid with lease payments from the state of Michigan; there is no county LTGO pledge.

As a separate authority, the Wayne County Building Authority is not included in the County appropriation. Debt service for debt issued on behalf of the County is paid through rental expense included in the budgets of participating departments and then transferred to the Building Authority Fund for the repayment of the debt service.

At September 30, 2013, there was approximately \$228.7 million in WCBA bonds outstanding. The following presents the proposed amounts of WCBA bonds to be issued in FY15 and in FY16 and the amounts estimated to be outstanding at the end of each fiscal year.

FY15 Proposed: \$0

FY16 Proposed: \$0

Estimated bonds outstanding at 9/30/15: \$212.9 million

Estimated bonds outstanding at 9/30/16: \$202.5 million

### **CAPITAL IMPROVEMENT BONDS**

In September 2003, the County issued \$13.7 million in LTGO 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.

In February 2008, the County issued approximately \$51 million in capital improvement bonds (known as the "Guardian Bonds") for the purpose of acquiring and making improvements to the Guardian Building, the First Street Parking Deck, and the building located at 511 Woodward Avenue.

In April 2008, the Wayne County Commission approved resolutions authorizing the issuance of capital improvement bonds in an amount not to exceed \$14 million (of which \$13.1 million in bonds was issued in August 2008) for sewer improvements to the Pinnacle Aeropark. At that time, the Commission authorized an amount not to exceed \$19 million for the purpose of making road infrastructure improvements to the Pinnacle Aeropark. However, these bonds were never issued.

In March 2009, the County issued approximately \$32.8 million in LTGO Capital Improvement Bonds to finance various equipment within the County and improvements to Wayne and Prescott Roads.

In November 2009, the County issued approximately \$24.9 million in LTGO Building Improvement Bonds for the purposes of making capital improvements to the Guardian Building and energy conservation improvements to the Medical Examiner's Office building.

At September 30, 2013, there was approximately \$110.7 million in capital improvement bonds outstanding. The following presents the proposed amounts of capital improvement bonds to be issued by the County in FY15 and in FY16 and the amounts estimated to be outstanding at the end of each fiscal year:

FY15 Proposed: \$0

FY16 Proposed: \$0

Estimated bonds outstanding at 9/30/15: \$96.2million

Estimated bonds outstanding at 9/30/16: \$90.1 million

### **OTHER POST EMPLOYMENT BENEFITS (OPEB) BONDS**

While not in the current appropriation, the County, in an effort to address its unfunded actuarial accrued liability, continues to monitor the possibility of funding a portion of the liability by issuing taxable bonds with a debt repayment amortization of up to 30 years. The County is currently funding retiree health care on a pay as you go basis and if the County moves forward with the bond issuance, it would use this funding source for the associated debt service.



## Wayne County Government

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#### **MICHIGAN TRANSPORTATION FUND BONDS**

In 1998 and 1999, the County issued Michigan Transportation Fund 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 and have a secondary LTGO pledge of the County. Debt service is budgeted in the Roads fund and transferred to the Debt Service – Roads Fund for payment of the debt.

At September 30, 2013, there was approximately \$2.8 million in transportation fund bonds outstanding. The following presents the proposed amounts of transportation fund bonds to be issued in FY15 and in FY16 and the amounts estimated to be outstanding at the end of each fiscal year:

FY15 Proposed: \$0

FY16 Proposed: \$0

Estimated amount outstanding at 9/30/15: \$0 million

Estimated amount outstanding at 9/30/16: \$0 million

#### **LONG TERM DEBT – Business-type Activities**

##### **SEWAGE DISPOSAL SYSTEM BONDS**

From time to time, the County provides a secondary LTGO pledge for the issuance of sewage disposal system bonds. These systems include the Downriver Sewage Disposal System, various Combined Sewer Overflow Basin systems, the Rouge Valley Sewage Disposal System, and the Northeast Sewage Disposal System. Acting on behalf of itself and of the political subdivisions within its borders, the County continues to issue bonds and enter into commitments with the MFA to obtain loans from the State Revolving Fund (SRF) for water pollution control projects. SRF loans and bonds of sewage disposal systems are payable from tax payments levied against the property owners of the communities which have benefited from projects funded by those bonds and SRF loans. The communities may also pledge their limited tax full faith and credit as security for the SRF Loans.

At September 30, 2013, the amount of sewage disposal system bonds outstanding was approximately \$166.8 million. The following presents the proposed amounts of sewage disposal system bonds to be issued by the County in FY15 and in FY16 and the amounts estimated to be outstanding at the end of each fiscal year:

FY15 Proposed: \$25.7 million

FY16 Proposed: \$10.4 million

Estimated bonds outstanding at 9/30/15: \$129.8 million

Estimated bonds outstanding at 9/30/16: \$95.6 million

Debt service is budgeted in the sewage system funds and transferred to the Debt service – Water Municipal Projects Fund for the extinguishing of the debt. The

Debt service – Water Municipal Projects Fund is not included in the budget appropriation.

#### **LONG TERM DEBT – Component Units**

The debt and debt service for the Component Units described below are not included in the budget appropriation and are presented for informational purposed.

##### **STADIUM BONDS**

On April 1, 1997, the Detroit/Wayne County Stadium Authority issued \$85.8 million of bonds 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, as well as the fixtures, equipment, and amenities customarily found in a professional sports and entertainment complex. This is the stadium of the Detroit Tigers.

Parking for approximately 2,000 vehicles was also included in this project. The bonds are paid with certain hotel and motor vehicle rental tax revenues. There is also a secondary LTGO pledge of the County.

On September 12, 2012, the Detroit/Wayne County Stadium Authority refunded the bonds to achieve a net present value savings of 9 percent (or approximately \$5.86 million).

At September 30, 2013, there was approximately \$54.9 million in stadium authority bonds outstanding. The following presents the proposed amounts of stadium authority bonds to be issued by the County in FY15 and in FY16 and the amounts estimated to be outstanding at the end of each fiscal year:

FY15 Proposed: \$0

FY16 Proposed: \$0

Estimated bonds outstanding at 9/30/15: \$51.3 million

Estimated bonds outstanding at 9/30/16: \$47.5 million

##### **DRAINAGE DISTRICT BONDS**

From time to time, the County provides a secondary LTGO pledge for the issuance of drainage district bonds. These districts include the Ecorse Creek Pollution Abatement Drainage District, the Milk River Drainage District, and various other drainage districts.

At September 30, 2013, there was approximately \$4.5 million in drainage district bonds outstanding. The following presents the proposed amounts of drainage district bonds to be issued by the County in FY15 and in FY16 and the amounts estimated to be outstanding at the end of each fiscal year:

FY15 Proposed: \$0 million

FY16 Proposed: \$22.2 million

Estimated bonds outstanding at 9/30/15: \$3.6 million

Estimated bonds outstanding at 9/30/16: \$25.3 million

## PROJECTED STATEMENTS OF INDEBTEDNESS

|                                                                         | Projection as of<br>September 30, 2015 | Projection as of<br>September 30, 2016 |
|-------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Debt Carrying the County's Limited Tax Pledge:                          |                                        |                                        |
| Building Authority Bonds <sup>(1)</sup>                                 | \$ 212,925,000                         | \$ 202,450,000                         |
| Capital Improvement Bonds                                               | 96,245,000                             | 90,125,000                             |
| Tax Anticipation Notes (Existing and Proposed)                          | 144,635,000                            | 100,000,000                            |
| Installment Purchase Agreements                                         | 130,000                                | -                                      |
| Stadium Authority Bonds <sup>(1)</sup>                                  | 51,335,000                             | 47,480,000                             |
| Drainage Districts Bonds and Notes                                      | 3,576,532                              | 3,110,467                              |
| Proposed Drainage District Bonds                                        | -                                      | 22,168,000                             |
| Delinquent Tax Notes (Existing and Proposed)                            | 229,400,000                            | 245,000,000                            |
| Airport Hotel Revenue Bonds                                             | 101,880,000                            | 99,630,000                             |
| Sewage Disposal Bonds                                                   | 104,166,249                            | 85,177,142                             |
| Proposed Sewage Disposal Bonds                                          | 25,682,000                             | 10,421,000                             |
|                                                                         | <hr/>                                  | <hr/>                                  |
| Total Projected Debt Carrying the County's Limited Tax Pledge           | \$ 969,974,781                         | \$ 905,561,610                         |
| Other Debt:                                                             |                                        |                                        |
| Metro Airport Revenue Bonds                                             | \$ 1,901,825,000                       | \$ 1,812,655,000                       |
| Willow Run Notes                                                        | 82,770                                 | 63,294                                 |
| Airport IPAs                                                            | 3,679,863                              | 2,932,468                              |
| Capital Lease Obligations                                               | 2,253,394                              | 1,128,544                              |
| Brownfield Revolving Loan Fund Note                                     | 400,000                                | 200,000                                |
| Wayne County Building Authority Revenue Bonds                           | 14,675,000                             | 14,540,000                             |
|                                                                         | <hr/>                                  | <hr/>                                  |
| Total Other Debt                                                        | \$ 1,905,587,633                       | \$ 1,815,650,762                       |
|                                                                         | <hr/>                                  | <hr/>                                  |
| Gross Direct Debt                                                       | \$ 2,875,562,414                       | \$ 2,721,212,372                       |
| Deductions:                                                             |                                        |                                        |
| Metro Airport Revenue Bonds <sup>(2)</sup>                              | \$ 1,901,825,000                       | \$ 1,812,655,000                       |
| Airport IPAs <sup>(2)</sup>                                             | 3,679,863                              | 2,932,468                              |
| Wayne County Building Authority Revenue Bonds <sup>(7)</sup>            | 14,675,000                             | 14,540,000                             |
| Stadium Authority Bonds <sup>(3)</sup>                                  | 51,335,000                             | 47,480,000                             |
| Existing and Proposed Drainage Districts Bonds and Notes <sup>(4)</sup> | 3,576,532                              | 25,278,467                             |
| Delinquent Tax Notes (Existing and Proposed) <sup>(5)</sup>             | 229,400,000                            | 245,000,000                            |
| Airport Hotel Revenue Bonds <sup>(3)</sup>                              | 101,880,000                            | 99,630,000                             |
| Existing and Proposed Sewage Disposal Bonds <sup>(6)</sup>              | 129,848,249                            | 95,598,142                             |
|                                                                         | <hr/>                                  | <hr/>                                  |
| Total Deductions                                                        | \$ 2,436,219,644                       | \$ 2,343,114,078                       |
|                                                                         | <hr/>                                  | <hr/>                                  |
| Projected Net Direct Debt                                               | \$ 439,342,770                         | \$ 378,098,294                         |

- (1) Payable from lease rentals which constitute full faith and credit obligations of the County.
- (2) Payable solely from airport revenues, passenger facility charges, or direct airline pledges.
- (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) Delinquent tax revenues are projected to be sufficient to cover debt service, based on experience.
- (6) User fees or payments from benefitted local communities are projected to be sufficient to cover debt service, based on experience.
- (7) Payable solely from state of Michigan lease payments.

## 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, 2014.

### OVERLAPPING DEBT

As of September 30, 2014

(in thousands)

|                        |                     |
|------------------------|---------------------|
| School Districts       | 3,233,514           |
| Cities and Villages    | 3,043,134           |
| Townships              | 249,080             |
| Libraries              | 19,651              |
| Community Colleges     | 15,783              |
| Total Overlapping Debt | <u>\$ 6,561,162</u> |

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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, 2014 (unaudited):

### NET DIRECT AND OVERLAPPING DEBT

As of September 30, 2014

(in thousands)

|                                        |                     |
|----------------------------------------|---------------------|
| Direct debt:                           |                     |
| Gross Principal amount                 | \$ 2,999,482        |
| Less amount payable from other sources | <u>2,629,912</u>    |
| Net direct debt                        | 369,571             |
| Overlapping debt                       | <u>6,561,162</u>    |
| Net direct and overlapping debt        | <u>\$ 6,930,733</u> |

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



**REVENUES PLEDGED FOR THE RETIREMENT OF REVENUE BONDS**  
**FISCAL YEARS 2014-2015 THROUGH 2018-2019**

*(Actual and Proposed)*

| SOURCE                                              |            |                  |                  |                  |                  |                  |  |
|-----------------------------------------------------|------------|------------------|------------------|------------------|------------------|------------------|--|
| BOND DESCRIPTION                                    | OF REVENUE | FISCAL 2014-2015 | FISCAL 2015-2016 | FISCAL 2016-2017 | FISCAL 2017-2018 | FISCAL 2018-2019 |  |
| Wayne County Building Authority Revenue Bonds       |            |                  |                  |                  |                  |                  |  |
| Series 2011A (Hamtramck DHS Bldg)                   | (A)        | \$ 434,363       | \$ 471,563       | \$ 467,163       | \$ 472,763       | \$ 491,763       |  |
| Series 2011B (Inkster DHS Bldg)                     | (A)        | 444,013          | 486,413          | 482,013          | 477,613          | 477,113          |  |
|                                                     |            | \$ 878,375       | \$ 957,975       | \$ 949,175       | \$ 950,375       | \$ 968,875       |  |
| Northeast Sewage Disposal System Bonds:             |            |                  |                  |                  |                  |                  |  |
| Series 1993                                         | (B)        | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |  |
| Series 1999                                         | (B)        | 194,513          | -                | -                | -                | -                |  |
|                                                     |            | \$ 194,513       | \$ -             | \$ -             | \$ -             | \$ -             |  |
| Downriver Sewage Disposal System Bonds:             |            |                  |                  |                  |                  |                  |  |
| Series 2007D                                        | (B)        | \$ 333,850       | \$ 329,310       | \$ 329,505       | \$ 333,975       | \$ 330,575       |  |
| Series 2008A (Proj 5217-03)                         | (B)        | 695,926          | 694,051          | 696,864          | 694,364          | 273,915          |  |
| Series 2008B (Proj 5217-04)                         | (B)        | 696,864          | 775,500          | 777,125          | 778,375          | 779,250          |  |
| Series 2008C (Proj 5217-05)                         | (B)        | 275,875          | 276,125          | 276,250          | 276,250          | 276,125          |  |
| Series 2008D (Proj 5217-02)                         | (B)        | \$ 271,248       | \$ 266,373       | 266,436          | 271,311          | 270,998          |  |
|                                                     |            | \$ 2,273,764     | \$ 2,341,360     | \$ 2,346,180     | \$ 2,354,275     | \$ 1,930,863     |  |
| Rouge Valley Sewage Disposal System Bonds           |            |                  |                  |                  |                  |                  |  |
| CWRF Project 5350-01                                | (B)        | \$ 734,838       | \$ 732,463       | \$ 734,838       | \$ 731,838       | \$ 733,588       |  |
| Ecorse Creek Pollution Abatement Drainage District: |            |                  |                  |                  |                  |                  |  |
| CWRF Project 5349-01                                | (B)        | \$ 225,179       | \$ 226,179       | \$ 227,054       | \$ 227,804       | \$ 228,429       |  |
| Total:                                              |            |                  |                  |                  |                  |                  |  |
|                                                     |            | \$ 4,306,668     | \$ 4,257,976     | \$ 4,257,246     | \$ 4,264,291     | \$ 3,861,754     |  |

(A) Payable from state lease payments.

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

# DEBT SERVICE REQUIREMENTS BY FUND

(Existing and Proposed)

FISCAL YEAR 2014 - 2015

| FUND       | FUND NAME                                   | PRINCIPAL             | INTEREST             | TOTAL DEBT SERVICE    |
|------------|---------------------------------------------|-----------------------|----------------------|-----------------------|
| <b>101</b> | <b>General Fund</b>                         | <b>\$ 119,635,000</b> | <b>\$ 2,973,204</b>  | <b>\$ 122,608,204</b> |
| <b>301</b> | <b>General Debt Service</b>                 | <b>9,132,391</b>      | <b>5,518,794</b>     | <b>14,651,185</b>     |
| 330        | Stadium Authority Debt Service              | 3,545,000             | 2,655,375            | 6,200,375 *           |
| <b>369</b> | <b>Building Authority Debt Service</b>      | <b>10,005,000</b>     | <b>21,002,119</b>    | <b>31,007,119 *</b>   |
| 532        | Delinquent Tax Revolving Fund - Series 2013 | 71,400,000 **         | 4,000,000            | 75,400,000            |
| 533        | Delinquent Tax Revolving Fund - Series 2014 | 128,000,000 **        | 7,000,000            | 135,000,000           |
| 534        | Delinquent Tax Revolving Fund - Series 2015 | 30,000,000 **         | 3,720,000            | 33,720,000            |
| 590        | Downriver Sewage Disposal System            | 18,260,346 **         | 4,077,370            | 22,337,716            |
| 596        | CSO Basins                                  | 3,906,286 **          | 503,960              | 4,410,246             |
| 598        | Rouge Valley Sewage Disposal System         | 631,771 **            | 304,756              | 936,527               |
| 599        | Northeast Sewage Disposal System            | - **                  | 32,093               | 32,093                |
| 801        | Regular Drain Fund                          | 552,050               | 299,683              | 851,733 ***           |
| 823        | Chapter 20 Drains Fund                      | 464,065               | 209,546              | 673,611 ***           |
|            |                                             | <u>\$ 395,531,909</u> | <u>\$ 52,296,901</u> | <u>\$ 447,828,809</u> |

**Funds in Bold** relate to debt for which the County primarily pledges its limited full faith and credit for payment of debt service. The other funds relate to debt for which the County secondarily pledges its limited full faith and credit (i.e, the primary source for payment of debt service is not the General Fund).

\* The debt service payments for these authorities are not included in the budget because the respective authorities are responsible for paying debt service. Instead of paying debt service directly, pursuant to the contracts of lease between the County and the respective authority, the County pays rental payments to the authorities in amounts exactly equal to the debt service payments (which is in turn used to pay debt service).

\*\* The principal payments for these proprietary funds (totaling \$262,203,403) 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 \$1,525,343) are not included in the budget because drainage districts are component units and do not require approval by the County Commission.

**DEBT SERVICE REQUIREMENTS BY FUND**  
*(Existing and Proposed)*  
**FISCAL YEAR 2015 - 2016**

| FUND       | FUND NAME                                   | PRINCIPAL             | INTEREST             | TOTAL DEBT SERVICE    |
|------------|---------------------------------------------|-----------------------|----------------------|-----------------------|
| <b>101</b> | <b>General Fund</b>                         | <b>\$ 75,000,000</b>  | <b>\$ 1,375,000</b>  | <b>\$ 76,375,000</b>  |
| <b>301</b> | <b>General Debt Service</b>                 | <b>6,250,000</b>      | <b>5,125,651</b>     | <b>11,375,651</b>     |
| 330        | Stadium Authority Debt Service              | 3,855,000             | 2,470,375            | 6,325,375 *           |
| <b>369</b> | <b>Building Authority Debt Service</b>      | <b>10,695,000</b>     | <b>20,416,980</b>    | <b>31,111,980 *</b>   |
| 533        | Delinquent Tax Revolving Fund - Series 2014 | 90,000,000 **         | 4,000,000            | 94,000,000            |
| 534        | Delinquent Tax Revolving Fund - Series 2015 | 125,000,000 **        | 7,000,000            | 132,000,000           |
| 535        | Delinquent Tax Revolving Fund - Series 2016 | 30,000,000 **         | 3,720,000            | 33,720,000            |
| 590        | Downriver Sewage Disposal System            | 17,717,302 **         | 3,676,011            | 21,393,312            |
| 596        | CSO Basins                                  | 3,581,286 **          | 335,958              | 3,917,243             |
| 598        | Rouge Valley Sewage Disposal System         | 641,771 **            | 292,068              | 933,840               |
| 599        | Northeast Sewage Disposal System            | 555,000 **            | 26,543               | 581,543               |
| 801        | Regular Drain Fund                          | 552,050               | 274,444              | 826,494 ***           |
| 823        | Chapter 20 Drains Fund                      | 474,065               | 198,969              | 673,034 ***           |
|            |                                             | <u>\$ 364,321,474</u> | <u>\$ 48,911,998</u> | <u>\$ 413,233,472</u> |

**Funds in Bold** relate to debt for which the County primarily pledges its limited full faith and credit for payment of debt service. The other funds relate to debt for which the County secondarily pledges its limited full faith and credit (i.e, the primary source for payment of debt service is not the General Fund).

\* The debt service payments for these authorities are not included in the budget because the respective authorities are responsible for paying debt service. Instead of paying debt service directly, pursuant to the contracts of lease between the County and the respective authority, the County pays rental payments to the authorities in amounts exactly equal to the debt service payments (which is in turn used to pay debt service).

\*\* The principal payments for these proprietary funds (totaling \$278,190,359) 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 \$1,499,528) are not included in the budget because drainage districts are component units and do not require approval by the County Commission.

CHARTER COUNTY OF WAYNE, MICHIGAN

## PROJECTED DEBT SERVICE REQUIREMENTS

(Actual and Proposed)

For the Year Ending September 30,

| Fiscal Year         | Tax Anticipation Notes | Capital Improvement Bonds | Stadium Authority Bonds | Building Authority Bonds | Airport Hotel Bonds | Drainage District Bonds and Notes | Sewage Disposal System Bonds | Delinquent Tax Note Obligations Series 2013* | Delinquent Tax Note Obligations Series 2014* | Proposed Delinquent Tax Note Obligations Series 2015* |
|---------------------|------------------------|---------------------------|-------------------------|--------------------------|---------------------|-----------------------------------|------------------------------|----------------------------------------------|----------------------------------------------|-------------------------------------------------------|
| 2015                | 146,358,204            | 12,728,259                | 6,200,375               | 31,007,119               | 7,236,730           | 624,567                           | 23,824,775                   | 75,400,000                                   | 135,000,000                                  | 33,720,000                                            |
| 2016                | -                      | 11,241,589                | 6,325,375               | 31,111,980               | 7,413,625           | 619,367                           | 21,917,222                   | -                                            | 94,000,000                                   | 132,000,000                                           |
| 2017                | -                      | 9,579,038                 | 6,454,375               | 27,104,402               | 7,024,650           | 516,114                           | 20,281,101                   | -                                            | -                                            | -                                                     |
| 2018                | -                      | 8,469,264                 | 6,498,625               | 26,927,863               | 7,206,950           | 430,882                           | 17,905,146                   | -                                            | -                                            | -                                                     |
| 2019                | -                      | 8,070,058                 | 6,256,875               | 26,754,450               | 8,544,613           | 418,233                           | 11,069,569                   | -                                            | -                                            | -                                                     |
| 2020                | -                      | 7,330,991                 | 6,011,250               | 23,057,150               | 8,803,625           | 382,459                           | 10,342,126                   | -                                            | -                                            | -                                                     |
| 2021                | -                      | 7,316,900                 | 5,766,875               | 22,891,213               | 9,082,750           | 339,935                           | 4,871,819                    | -                                            | -                                            | -                                                     |
| 2022                | -                      | 7,293,211                 | 5,523,750               | 22,686,300               | 9,322,000           | 328,061                           | 4,549,644                    | -                                            | -                                            | -                                                     |
| 2023                | -                      | 7,278,069                 | 5,277,000               | 22,469,431               | 9,583,119           | 316,187                           | 4,551,094                    | -                                            | -                                            | -                                                     |
| 2024                | -                      | 7,256,344                 | 5,036,625               | 22,247,513               | 9,862,606           | 206,925                           | 4,541,794                    | -                                            | -                                            | -                                                     |
| 2025                | -                      | 6,228,282                 | 4,787,750               | 22,003,888               | 10,173,888          | 199,950                           | 4,542,644                    | -                                            | -                                            | -                                                     |
| 2026                | -                      | 6,136,384                 | 4,545,500               | 21,747,669               | 10,435,650          | 192,975                           | 4,390,480                    | -                                            | -                                            | -                                                     |
| 2027                | -                      | 6,132,880                 | 4,299,875               | 21,453,488               | 10,746,875          | 186,000                           | 3,610,523                    | -                                            | -                                            | -                                                     |
| 2028 and thereafter | -                      | 76,620,502                | -                       | 259,634,206              | 46,208,125          | 511,500                           | 6,331,173                    | -                                            | -                                            | -                                                     |
| Total               | \$ 146,358,204         | \$ 181,681,770            | \$ 72,984,250           | \$ 581,096,670           | \$ 161,645,205      | \$ 5,273,153                      | \$ 142,729,108               | \$ 75,400,000                                | \$ 229,000,000                               | \$ 165,720,000                                        |

\*For DTANs, projected debt service payments are provided for FY15 and FY16 only.

Note: Proposed debt based on estimated debt schedules.

CHARTER COUNTY OF WAYNE, MICHIGAN

## PROJECTED DEBT SERVICE REQUIREMENTS

(Actual and Proposed)

For the Year Ending September 30,

| Fiscal<br>Year         | Proposed<br>Delinquent<br>Tax<br>Note<br>Obligations<br>Series 2016* | Proposed<br>FY15<br>Tax<br>Anticipation<br>Notes | Proposed<br>FY16<br>Tax<br>Anticipation<br>Notes | Proposed<br>Sewage<br>Disposal<br>System<br>Bonds | Proposed<br>Drainage<br>District<br>Bonds | Total<br>Projected<br>Debt<br>Service |
|------------------------|----------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|---------------------------------------------------|-------------------------------------------|---------------------------------------|
|                        |                                                                      |                                                  |                                                  |                                                   |                                           |                                       |
| 2015                   | -                                                                    | 76,250,000                                       | -                                                | 1,647,426                                         | -                                         | 549,997,456                           |
| 2016                   | 33,720,000                                                           | 125,000                                          | 76,250,000                                       | 2,315,904                                         | 1,422,014                                 | 418,462,075                           |
| 2017                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 74,697,596                            |
| 2018                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 71,176,646                            |
| 2019                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 64,851,715                            |
| 2020                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 59,665,517                            |
| 2021                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 54,007,408                            |
| 2022                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 53,440,883                            |
| 2023                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 53,212,817                            |
| 2024                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 52,889,724                            |
| 2025                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 51,674,318                            |
| 2026                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 51,186,575                            |
| 2027                   | -                                                                    | -                                                | -                                                | 2,315,904                                         | 1,422,014                                 | 50,167,557                            |
| 2028 and<br>thereafter | -                                                                    | -                                                | -                                                | 16,879,804                                        | 11,376,108                                | 417,561,419                           |
| Total                  | \$ 33,720,000                                                        | \$ 76,375,000                                    | \$ 76,250,000                                    | \$ 46,318,075                                     | \$ 28,440,271                             | 2,022,991,707                         |

Note: Proposed debt based on estimated debt schedules.