

History of City of Traverse City
Tax Increment Financial Districts #2 and #97
(Based on Annual Reports and Financial Audits)

and

Tax Increment Financing
An Explanation

October 22, 2009

History of Tax Increment Financing District #2
Enacted August 5, 1985 - 30 years
(based on Annual Reports and Financial Audits)
 October 22, 2009

Fiscal Year 1985/86

Current Year State Equalized Assessed Valuation		\$3,089,321
Initial State Equalized Assessed Valuation		<u>3,089,321</u>
Captured State Equalized Assessed Valuation		\$ 0
Total TIF received by the Downtown Development Authority		\$ 0
Total TIF expended by the Downtown Development Authority		<u>\$ 0</u>
Amount captured from City millage	\$ 0	
Amount captured from other taxing authorities millage	\$ 0	

Fiscal Year 1986/87

Current Year State Equalized Assessed Valuation		\$ 3,242,949
Initial State Equalized Assessed Valuation		<u>3,089,321</u>
Captured State Equalized Assessed Valuation		\$ 153,628
Total TIF received by the Downtown Development Authority		\$ 8,647
Total TIF expended by the Downtown Development Authority		<u>\$ 8,647</u>
Amount captured from City millage	\$ 1,952	(23% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 6,695	(77% of TIF Revenue)

Fiscal Year 1987/88

Current Year State Equalized Assessed Valuation		\$ 3,517,500
Initial State Equalized Assessed Valuation		<u>3,089,321</u>
Captured State Equalized Assessed Valuation		\$ 428,179
Total TIF received by the Downtown Development Authority		\$ 27,092
Total TIF expended by the Downtown Development Authority		<u>\$ 27,092</u>
Amount captured from City millage	\$ 5,891	(22% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 21,201	(78% of TIF Revenue)

Fiscal Year 1988/89

Current Year State Equalized Assessed Valuation			\$ 3,353,500
Initial State Equalized Assessed Valuation			<u>3,089,321</u>
Captured State Equalized Assessed Valuation			\$ 264,179
Total TIF received by the Downtown Development Authority			\$ 15,491
Total TIF reverted proportionally to respective taxing authorities			<u>15,491</u>
Total TIF expended by the Downtown Development Authority			<u>\$ 0</u>
Amount captured from City millage	\$	0	
Amount captured from other taxing authorities millage	\$	0	

Fiscal Year 1989/90

Current Year State Equalized Assessed Valuation			\$ 4,911,500
Initial State Equalized Assessed Valuation			<u>3,089,321</u>
Captured State Equalized Assessed Valuation			\$ 1,822,179
Total TIF received by the Downtown Development Authority			\$ 114,335
Total TIF reverted proportionally to respective taxing authorities			<u>114,335</u>
Total TIF expended by the Downtown Development Authority			<u>\$ 0</u>
Amount captured from City millage	\$	0	
Amount captured from other taxing authorities millage	\$	0	

Fiscal Year 1990/91

Current Year State Equalized Assessed Valuation			\$ 4,844,573
Initial State Equalized Assessed Valuation			<u>3,089,321</u>
Captured State Equalized Assessed Valuation			\$ 1,755,252
Total TIF received by the Downtown Development Authority			\$ 106,964
Total TIF reverted proportionally to respective taxing authorities			<u>106,964</u>
Total TIF expended by the Downtown Development Authority			<u>\$ 0</u>
Amount captured from City millage	\$	0	
Amount captured from other taxing authorities millage	\$	0	

Fiscal Year 1991/92

Current Year State Equalized Assessed Valuation		\$ 5,055,826
Initial State Equalized Assessed Valuation		<u>3,089,321</u>
Captured State Equalized Assessed Valuation		\$ 1,966,505
Total TIF received by the Downtown Development Authority		\$ 115,130
Total TIF reverted proportionally to respective taxing authorities		<u>115,130</u>
Total TIF expended by the Downtown Development Authority		<u>\$ 0</u>
Amount captured from City millage	\$ 0	
Amount captured from other taxing authorities millage	\$ 0	

Fiscal Year 1992/93

Current Year State Equalized Assessed Valuation		\$ 4,981,330
Initial State Equalized Assessed Valuation		<u>3,089,321</u>
Captured State Equalized Assessed Valuation		\$ 1,892,009
Total TIF received by the Downtown Development Authority		\$ 113,779
Total TIF expended by the Downtown Development Authority		
Streetscape Engineering	\$ 5,689	
Streetscape Legal/Administrative	<u>5,689</u>	<u>11,378</u>
Year end Fund Balance dedicated to Streetscape Project		<u>\$ 102,401</u>
Amount captured from City millage	\$ 26,029	(23% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 87,750	(77% of TIF Revenue)

Fiscal Year 1993/94

Current Year State Equalized Assessed Valuation		\$ 5,372,400
Initial State Equalized Assessed Valuation		<u>3,089,321</u>
Captured State Equalized Assessed Valuation		\$ 2,283,079
Beginning Fund Balance		\$ 102,401
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$131,657	
Interest	<u>4,367</u>	136,024
Total TIF expended by the Downtown Development Authority		
Streetscape Engineering	\$ 6,801	
Streetscape Legal/Administrative	<u>6,801</u>	<u>13,602</u>
Year end Fund Balance dedicated to Streetscape Project		<u>\$ 224,823</u>
Amount captured from City millage	\$ 31,409	(24% of TIF Revenue)
Amount captured from other taxing authorities millage	\$100,248	(76% of TIF Revenue)

Fiscal Year 1994/95 (Proposal A in effect)

Current Year State Taxable Valuation		\$ 5,438,496
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$ 2,349,175
Beginning Fund Balance		\$ 224,823
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$ 60,435	
Interest	<u>2,675</u>	63,110
Total TIF expended by the Downtown Development Authority		
Streetscape Project/Engineering/Audit	\$225,504	
Streetscape Legal/Administrative	<u>3,156</u>	<u>228,660</u>
Year end Fund Balance dedicated to Eighth Street Project		<u>\$ 59,273</u>
Amount captured from City millage	\$ 32,319	(53% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 28,116	(47% of TIF Revenue)

Fiscal Year 1995/96

Current Year State Taxable Valuation		\$ 5,516,189
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$ 2,426,868
Beginning Fund Balance		\$ 59,273
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$ 62,133	
Interest	<u>4,077</u>	66,210
Total TIF expended by the Downtown Development Authority		
Eighth Street Engineering/Audit	\$ 9,629	
Eighth Street Legal/Administrative	<u>4,921</u>	
Printing, Office Supplies, Postage	<u>265</u>	<u>14,815</u>
Year end Fund Balance dedicated to Eighth Street Project		<u>\$ 110,668</u>
Amount captured from City millage	\$ 33,388	(54% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 28,745	(46% of TIF Revenue)

Fiscal Year 1996/97

Current Year State Taxable Valuation		\$ 5,631,859
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$ 2,542,538
Beginning Fund Balance		\$ 110,668
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$ 65,701	
Interest	<u>6,686</u>	72,387
Total TIF expended by the Downtown Development Authority		
Eighth Street Engineering/Audit	\$ 3,934	
Eighth Street Legal/Administrative	3,756	
Eighth Street Project	<u>164,951</u>	<u>172,641</u>
Year end Fund Balance dedicated to River's Edge Project		<u>\$ 10,414</u>
Amount captured from City millage	\$ 34,979	(53% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 30,722	(47% of TIF Revenue)

Fiscal Year 1997/98

Current Year State Taxable Valuation		\$ 5,998,049
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$ 2,908,728
Beginning Fund Balance		\$ 10,414
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$ 76,491	
Interest	<u>2,126</u>	78,617
Total TIF expended by the Downtown Development Authority		
Engineering/Professional/Audit	\$ 23,565	
Legal/Administrative	<u>3,931</u>	<u>27,496</u>
Year end Fund Balance dedicated to River's Edge Project		<u>\$ 61,535</u>
Amount captured from City millage	\$ 40,017	(52% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 36,374	(48% of TIF Revenue)

Fiscal Year 1998/99

Current Year State Taxable Valuation		\$ 6,579,596
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$ 3,490,275
Beginning Fund Balance		\$ 61,535
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$ 90,117	
Interest	<u>7,647</u>	97,764
Total TIF expended by the Downtown Development Authority		
Administrative Services	\$ 68,585	
Professional/Contract	805	
Capital Outlay - Rivers Edge ⁽¹⁾	430,977	
Interest Expense	8,381	
Printing/Publishing	<u>223</u>	508,971
Year end Fund Balance		<u><u>\$ (349,672)</u></u>
Amount captured from City millage	\$ 48,017	(53% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 42,100	(47% of TIF Revenue)

(1) Capital Outlay was covered by interfund loans from the Industrial Development Fund.
 Note: Fund Balance does not relate to cash balance.

Fiscal Year 1999/00

Current Year State Taxable Valuation		\$ 9,220,523
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$ 6,131,202
Beginning Fund Balance		<u><u>\$ (349,672)</u></u>
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$165,543	
Interest	<u>5,042</u>	170,585
Total TIF expended by the Downtown Development Authority		
Administrative Services	\$ 80,652	
Professional/Contract	419	
Capital Outlay - Rivers Edge ⁽¹⁾	129,222	
Interest Expense	28,069	
Printing/Publishing	<u>0</u>	238,362
Year end Fund Balance		<u><u>\$ (417,449)</u></u>
Amount captured from City millage	\$ 84,350	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 81,193	(49% of TIF Revenue)

(1) Capital Outlay was covered by interfund loans from the Industrial Development Fund.
 Note: Fund Balance does not relate to cash balance.

Fiscal Year 2000/01

Current Year State Taxable Valuation		\$14,117,272
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$11,027,951
Beginning Fund Balance		\$(417,449)
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$280,120	
Interest	<u>4,580</u>	284,700
Total TIF expended by the Downtown Development Authority		
Administrative Services	\$ 74,537	
Professional/Contract	303	
Capital Outlay	29,004	
Interest Expense	26,823	
Printing/Publishing	<u>366</u>	<u>131,033</u>
Year end Fund Balance		<u>\$(263,782)</u>
Amount captured from City millage	\$150,200	(54% of TIF Revenue)
Amount captured from other taxing authorities millage	\$129,920	(46% of TIF Revenue)

Note: Fund Balance does not relate to cash balance.

Fiscal Year 2001/02

Current Year State Taxable Valuation		\$14,619,767
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$11,530,446
Beginning Fund Balance		\$(263,782)
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$301,416	
Interest	<u>7,353</u>	308,769
Total TIF expended by the Downtown Development Authority		
Administrative Services	\$ 80,217	
Professional/Contract	0	
Capital Outlay - Lake Street Streetscape	247,839	
Interest Expense	25,510	
Printing/Publishing	<u>200</u>	<u>353,766</u>
Year end Fund Balance		<u>\$(308,779)</u>
Amount captured from City millage	\$157,176	(52% of TIF Revenue)
Amount captured from other taxing authorities millage	\$145,240	(48% of TIF Revenue)

Note: Fund Balance does not relate to cash balance.

Fiscal Year 2002/03

Current Year State Taxable Valuation		\$14,026,665	
Initial State Taxable Valuation		<u>3,089,321</u>	
Captured State Taxable Valuation			\$10,937,344
Beginning Fund Balance			\$(308,779)
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$285,012		
Interest	<u>3,884</u>		288,896
Total TIF expended by the Downtown Development Authority			
Administrative Services	\$ 39,846		
Professional/Contract	38,927		
Capital Outlay - Lake Street Streetscape	61,669		
Interest Expense	24,121		
Printing/Publishing	<u>142</u>		164,705
Year end Fund Balance			<u>\$(184,588)</u>
Amount captured from City millage	\$146,498	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$138,514	(49% of TIF Revenue)	

Note: Fund Balance does not relate to cash balance.

Fiscal Year 2003/04

Current Year State Taxable Valuation		\$16,062,916	
Initial State Taxable Valuation		<u>3,089,321</u>	
Captured State Taxable Valuation			\$12,973,595
Beginning Fund Balance			\$(184,588)
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$336,124		
Interest	<u>2,373</u>		338,497
Total TIF expended by the Downtown Development Authority			
Administrative Services	\$ 48,048		
Professional/Contract	57,064		
Capital Outlay - River's Edge Riverwalk(2)	402,806		
Interest Expense	16,141		
Printing/Publishing	<u>406</u>		524,465
Year end Fund Balance			<u>\$(370,556)</u>
Amount captured from City millage	\$172,542	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$163,582	(49% of TIF Revenue)	

(2) Capital Outlay was covered by interfund loan from the Industrial Development Fund.

Note: Fund Balance does not relate to cash balance.

Fiscal Year 2004/05

Current Year State Taxable Valuation		\$18,050,345	
Initial State Taxable Valuation		<u>3,089,321</u>	
Captured State Taxable Valuation		\$14,961,024	
Beginning Fund Balance			\$(370,556)
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$388,040		
Interest	<u>3,957</u>		391,997
Total TIF expended by the Downtown Development Authority			
Administrative Services	\$ 50,883		
Professional/Contract	29,941		
Capital Outlay	0		
Interest Expense	6,750		
Printing/Publishing	<u>373</u>		87,947
Year end Fund Balance			<u>\$(66,506)</u>
Amount captured from City millage	\$197,927	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$190,113	(49% of TIF Revenue)	

Note: Fund Balance does not relate to cash balance.

Fiscal Year 2005/06

Current Year State Taxable Valuation		\$21,613,160	
Initial State Taxable Valuation		<u>3,089,321</u>	
Captured State Taxable Valuation		\$18,523,839	
Beginning Fund Balance			\$(66,506)
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$483,941		
Interest	<u>11,806</u>		495,747
Total TIF expended by the Downtown Development Authority			
Administrative Services	\$ 81,704		
Professional/Contract	5,152		
Capital Outlay	0		
Interest Expense	3,400		
Printing/Publishing	<u>548</u>		90,804
Year end Fund Balance			<u>\$ 338,437</u>
Amount captured from City millage	\$245,061	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$238,880	(49% of TIF Revenue)	

Fiscal Year 2006/07

Current Year State Taxable Valuation		\$25,849,878
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$22,760,557
Beginning Fund Balance		\$ 338,437
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$588,727	
Interest	<u>30,731</u>	619,458
Total TIF expended by the Downtown Development Authority		
Administrative Services	\$ 62,800	
Professional/Contract	25,278	
Capital Outlay	0	
Interest Expense	0	
Printing/Publishing	<u>405</u>	<u>88,483</u>
Year end Fund Balance		<u>\$ 869,412</u>
Amount captured from City millage	\$299,904	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$288,823	(49% of TIF Revenue)

Fiscal Year 2007/08

Current Year State Taxable Valuation		\$27,981,399
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$24,892,078
Beginning Fund Balance		\$ 869,412
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$642,100	
Interest	<u>29,648</u>	671,748
Total TIF expended by the Downtown Development Authority		
Administrative Services	\$ 58,385	
Professional/Contract	37,188	
Capital Outlay	0	
Interest Expense	0	
Printing/Publishing	<u>140</u>	<u>95,713</u>
Year end Fund Balance		<u>\$ 1,445,447</u>
Amount captured from City millage	\$327,990	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$314,110	(49% of TIF Revenue)

Fiscal Year 2008/09

Current Year State Taxable Valuation		\$28,962,215	
Initial State Taxable Valuation		<u>3,089,321</u>	
Captured State Taxable Valuation		\$25,872,894	
Beginning Fund Balance			\$ 1,445,447
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$667,405		
Brownfield Reimbursement	260,000		
Interest	<u>33,323</u>		960,728
Total TIF expended by the Downtown Development Authority			
Administrative Services	\$ 64,568		
Professional/Contract	63,663		
Capital Outlay	26,643		
Printing/Publishing/Insurance	<u>1,888</u>		156,762
Year end Fund Balance			<u>\$ 2,249,413</u>
Amount captured from City millage	\$341,308	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$326,097	(49% of TIF Revenue)	

Summary of TIF 2 Activities FY 85/86 through FY 08/09

(Enacted August 5, 1985)
October 22, 2009

	Captured Revenues \$	Interest Earned \$	Reimburses \$	Total Revenues \$	Revenues Reverted \$	City Captured \$	Other Captured \$	Expense/ Project
FY 85/86	0	0	0	0	0	0	0	0
FY 86/87	8,647	0	0	8,647	0	1,952	6,695	8,647
FY 87/88	27,092	0	0	27,092	0	5,891	21,201	27,092
FY 88/89	15,491	0	0	15,491	15,491	0	0	0
FY 89/90	114,335	0	0	114,335	114,335	0	0	0
FY 90/91	106,964	0	0	106,964	106,964	0	0	0
FY 91/92	115,130	0	0	115,130	115,130	0	0	0
FY 92/93	113,779	0	0	113,779	0	26,029	87,750	11,378
FY 93/94	131,657	4,367	0	136,024	0	31,409	100,248	13,602
FY 94/95	60,435	2,675	0	63,110	0	32,319	28,116	228,660
FY 95/96	62,133	4,077	0	66,210	0	33,388	28,745	14,815
FY 96/97	65,701	6,686	0	72,387	0	34,979	30,722	172,641
FY 97/98*	76,491	2,126	0	78,617	0	40,117	36,374	27,496
FY 98/99**	90,117	7,647	0	97,764	0	48,017	42,100	508,971
FY 99/00	165,543	5,042	0	170,585	0	84,350	81,193	238,362
FY 00/01	280,120	4,580	0	284,700	0	150,200	129,920	131,033
FY 01/02	301,416	7,353	0	308,769	0	156,176	145,240	353,766
FY 02/03	285,012	3,884	0	288,896	0	146,498	138,514	164,705
FY 03/04***	336,124	2,373	0	338,497	0	172,542	163,582	408,000
FY 04/05	388,040	3,957	0	391,997	0	197,927	190,113	0
FY 05/06	483,941	11,806	0	495,747	0	245,061	238,880	0
FY 06/07	588,727	30,731	0	619,458	0	299,904	288,823	0
FY 07/08	642,100	29,648	0	671,748	0	327,990	314,110	0
FY 08/09	667,405	33,323	260,000	960,728	0	341,308	326,097	26,643
Total	\$5,126,400	\$160,275	260,000	5,546,675	\$ 351,920	\$2,376,057	\$2,398,423	\$2,335,811

* In June 98, TIF 2 took out a 5 year inter-fund note, at 5.78%, with the City (Industrial Development Fund) in the amount of \$145,000.
 ** In April 99, TIF 2 took out a 5 year inter-fund note, at 5.50%, with the City (Industrial Development Fund) in the amount of \$364,000.
 *** In April 04, TIF 2 took out a 2 year inter-fund note, at 1.5%, with the City (Industrial Development Fund) in the amount of \$450,000.
 All inter-fund notes were paid off as scheduled.
 During the life of this TIF District, the City of Traverse City General Fund has received approximately \$773,414 in base amount tax revenue.

History of Tax Increment Financing District #97
Enacted November 6, 1997 - 30 years
(based on Annual Reports and Financial Audits)
 October 22, 2009

Fiscal Year 1997/98

Current Year State Taxable Assessed Valuation		\$32,860,088
Initial State Taxable Assessed Valuation		<u>32,860,088</u>
Captured Taxable Assessed Valuation		\$ 0
Total TIF received by the Downtown Development Authority		\$ 0
Total TIF expended by the Downtown Development Authority		
Professional/Contract	\$ 21,200	<u>21,200</u>
Year End Fund Balance		<u>(\$ 21,200)</u>
Amount captured from City millage	\$ 0	
Amount captured from other taxing authorities millage	\$ 0	

Fiscal Year 1998/99

Current Year State Taxable Assessed Valuation		\$36,882,345
Initial State Taxable Assessed Valuation		<u>32,860,088</u>
Captured State Taxable Assessed Valuation		\$ 4,022,257
Beginning Fund Balance		(\$ 21,200)
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$103,675	
Interest	<u>1,173</u>	104,848
Total TIF expended by the Downtown Development Authority		
Professional/Contract	59,584	
Capital Outlay	<u>3,822</u>	<u>63,406</u>
Year End Fund Balance		<u>\$ 20,242</u>
Amount captured from City millage	\$ 55,336	(53% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 48,339	(47% of TIF Revenue)

Fiscal Year 1999/00

Current Year State Taxable Assessed Valuation		\$39,862,939
Initial State Taxable Assessed Valuation		<u>32,860,088</u>
Captured State Taxable Assessed Valuation		\$ 7,002,851
Beginning Fund Balance		\$ 20,242
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$192,408	
Interest	<u>2,772</u>	195,180
Total TIF expended by the Downtown Development Authority		
Professional/Contract	46,576	
Capital Outlay	<u>0</u>	<u>46,576</u>
Year End Fund Balance		<u>\$ 168,846</u>
Amount captured from City millage	\$ 97,656	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 94,752	(49% of TIF Revenue)

Fiscal Year 2000/01

Current Year State Taxable Assessed Valuation		\$42,558,782
Initial State Taxable Assessed Valuation		<u>32,860,088</u>
Captured State Equalized Assessed Valuation		\$ 9,698,694
Beginning Fund Balance		\$ 168,846
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$244,288	
Interest	<u>7,795</u>	252,083
Total TIF expended by the Downtown Development Authority		
Professional/Contract	54,901	
Transfer Out - Reimburse APS	175,150	
Capital Outlay - Union Street Bridge	<u>83,698</u>	<u>313,749</u>
Year End Fund Balance		<u>\$ 107,180</u>
Amount captured from City millage	\$126,318	(52% of TIF Revenue)
Amount captured from other taxing authorities millage	\$117,970	(48% of TIF Revenue)

Fiscal Year 2001/02

Current Year State Taxable Assessed Valuation		\$47,077,567
Initial State Taxable Assessed Valuation		<u>32,860,088</u>
Captured State Equalized Assessed Valuation		\$14,217,479

Beginning Fund Balance		\$ 107,180
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$367,969	
Expense Reimbursement	175,150	
Interest	<u>6,198</u>	549,317
Total TIF expended by the Downtown Development Authority		
Professional/Contract	72,522	
Capital Outlay	<u>5,525</u>	<u>78,047</u>
Year End Fund Balance		<u>\$ 578,450</u>

Amount captured from City millage	\$188,318	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$179,651	(49% of TIF Revenue)

Fiscal Year 2002/03

Current Year State Taxable Assessed Valuation		\$52,576,102
Initial State Taxable Assessed Valuation		<u>32,860,088</u>
Captured State Equalized Assessed Valuation		\$19,716,014

Beginning Fund Balance		\$ 578,450
Total TIF received by the Downtown Development Authority		
TIF Revenue	\$507,503	
Interest	<u>10,778</u>	518,281
Total TIF expended by the Downtown Development Authority		
Administrative Services	39,846	
Professional/Contract	26,011	
Capital Outlay	0	
Printing/Publishing/Office Supplies	103	
Transfer to Debt Service Funds	<u>504,833</u>	<u>570,793</u>
Year End Fund Balance		<u>\$ 525,938</u>

Amount captured from City millage	\$258,225	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$249,278	(49% of TIF Revenue)

Fiscal Year 2003/04

Current Year State Taxable Assessed Valuation		\$55,580,604	
Initial State Taxable Assessed Valuation		<u>32,860,088</u>	
Captured State Equalized Assessed Valuation		\$22,720,516	
Beginning Fund Balance			\$ 525,938
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$576,570		
Interest	<u>4,898</u>		581,468
Total TIF expended by the Downtown Development Authority			
Administrative Services	48,048		
Professional Services	31,273		
Capital Outlay	224		
Printing/Publishing/Office Supplies	2,460		
Transfer to Debt Service Funds	<u>662,184</u>		<u>744,189</u>
Year End Fund Balance			<u>\$ 363,217</u>
Amount captured from City millage	\$300,581	(52% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$275,989	(48% of TIF Revenue)	

Fiscal Year 2004/05

Current Year State Taxable Assessed Valuation		\$58,502,768	
Initial State Taxable Assessed Valuation		<u>32,860,088</u>	
Captured State Equalized Assessed Valuation		\$25,642,680	
Beginning Fund Balance			\$ 363,217
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$659,264		
Brownfield Reimbursement	107,600		
Interest	<u>6,731</u>		773,595
Total TIF expended by the Downtown Development Authority			
Administrative Services	50,883		
Professional Services	28,458		
Capital Outlay (Jay Smith Walkway)	28,607		
Printing/Publishing/Office Supplies	2,549		
Transfer to Debt Service Funds	<u>557,107</u>		<u>667,604</u>
Year End Fund Balance			<u>\$ 469,208</u>
Amount captured from City millage	\$339,240	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$320,024	(49% of TIF Revenue)	

Fiscal Year 2005/06

Current Year State Taxable Assessed Valuation		\$62,446,802	
Initial State Taxable Assessed Valuation		<u>32,860,088</u>	
Captured State Equalized Assessed Valuation		\$29,586,714	
Beginning Fund Balance		\$	469,209
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$772,041		
Brownfield Reimbursement	143,000		
Interest	<u>21,192</u>		936,233
Total TIF expended by the Downtown Development Authority			
Administrative Services	56,704		
Professional Services	25,000		
Professional Services (145 WFS Project)	128,527		
Capital Outlay (Jay Smith Walkway)	36,300		
Printing/Publishing/Office Supplies	2,564		
Transfer to Debt Service Funds	<u>556,644</u>		<u>805,739</u>
Year End Fund Balance		\$	<u>599,703</u>
Amount captured from City millage	\$391,416	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$380,625	(49% of TIF Revenue)	

Fiscal Year 2006/07

Current Year State Taxable Assessed Valuation		\$66,677,485	
Initial State Taxable Assessed Valuation		<u>32,860,088</u>	
Captured State Equalized Assessed Valuation		\$33,817,397	
Beginning Fund Balance		\$	599,703
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$872,052		
Brownfield Reimbursement	161,000		
Interest	<u>33,790</u>		1,066,842
Total TIF expended by the Downtown Development Authority			
Administrative Services	62,800		
Professional Services	116,162		
Capital Outlay (Opera House Renovation)	215,000		
Printing/Publishing/Office Supplies	2,295		
Transfer to Debt Service Funds	<u>666,244</u>		<u>1,062,501</u>
Year End Fund Balance		\$	<u>604,044</u>
Amount captured from City millage	\$445,595	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$426,457	(49% of TIF Revenue)	

Fiscal Year 2007/08

Current Year State Taxable Assessed Valuation		\$70,419,942	
Initial State Taxable Assessed Valuation		<u>32,860,088</u>	
Captured State Equalized Assessed Valuation		\$37,559,854	
Beginning Fund Balance			\$ 604,044
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$967,527		
Brownfield Reimbursement	163,882		
Interest	<u>26,060</u>		1,157,469
Total TIF expended by the Downtown Development Authority			
Administrative Services	58,385		
Professional Services	29,249		
Capital Outlay (Streetscapes)	94,886		
Printing/Publishing/Office Supplies	658		
Transfer to Debt Service Funds	<u>677,453</u>		860,631
Year End Fund Balance			<u>\$ 900,882</u>
Amount captured from City millage	\$494,907	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$472,620	(49% of TIF Revenue)	

Fiscal Year 2008/09

Current Year State Taxable Assessed Valuation		\$74,605,208	
Initial State Taxable Assessed Valuation		<u>32,860,088</u>	
Captured State Equalized Assessed Valuation		\$41,745,120	
Beginning Fund Balance			\$ 900,882
Total TIF received by the Downtown Development Authority			
TIF Revenue	\$1,073,464		
Brownfield Reimbursement	184,000		
Interest	<u>24,752</u>		1,282,216
Total TIF expended by the Downtown Development Authority			
Administrative Services	64,568		
Professional Services	68,860		
Capital Outlay (Wadsworth Culvert)	182,775		
Printing/Publishing/Office Supplies	2,161		
Transfer to Debt Service Funds	<u>662,913</u>		981,277
Year End Fund Balance			<u>\$ 1,201,821</u>
Amount captured from City millage	\$548,964	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$524,500	(49% of TIF Revenue)	

Summary of TIF 97 Activities FY 97/98 through FY 05/06

(Enacted November 6, 1997)

October 22, 2009

	Captured Revenues	Reimburses	Interest Earned	Total Revenues	City Captured	Other Captured	Expense/Project
	\$	\$	\$	\$	\$	\$	\$
FY 97/98	0		0	0	0		
FY 98/99	103,675		1,173	104,848	55,336	48,339	63,406
FY 99/00	192,408		2,772	195,180	97,656	94,752	46,576
FY 00/01	244,288		7,795	252,083	126,318	117,970	313,749
FY 01/02	367,969	175,150	6,198	549,317	188,318	179,651	78,047
FY 02/03	507,503		10,778	518,281	258,225	249,278	570,793
FY 03/04	576,570		4,898	581,468	300,581	275,989	662,184
FY 04/05	659,264	107,600	6,731	773,595	339,240	320,024	28,607
FY 05/06	772,041	143,000	21,192	936,233	391,417	380,625	162,802
FY 06/07	872,052	161,000	33,790	1,066,842	445,595	426,457	215,000
FY 07/08	967,527	163,882	26,060	1,157,469	494,907	472,620	94,886
FY 08/09	1,073,464	184,000	24,752	1,282,216	548,964	524,500	182,775
Total	<u>\$6,336,761</u>	<u>\$ 934,632</u>	<u>\$146,139</u>	<u>\$7,417,532</u>	<u>\$3,246,557</u>	<u>\$3,090,205</u>	<u>\$2,440,025</u>

In March 2002, the City of Traverse City issued bonds in the amount of \$11,070,000 for the following projects within the TIF 97 District: Park Street Development Project and State/Boardman Streets Streetscape. The Park Street Development Project had three components: Construction of a Parking Deck at State and Park, Park Street Entrance, Bricking and Streetscape and Utility Relocation. Beginning in FY 02/03, yearly interest and principal payments on the bonds began using resources from TIF 97 Fund. For more details, refer to the General Purpose Financial Statements and/or Comprehensive Budgets of the City of Traverse City and/or the Downtown Development Authority.

During the life of this TIF District, the City of Traverse City General Fund has received approximately \$4,762,791 in base amount tax revenue.

TAX INCREMENT FINANCING

AN EXPLANATION

October 22, 2009

The Downtown Development Act, Act 197 of 1975, provides several methods for Downtown Development Authorities (DDA) to work in partnership with municipalities, property owners and developers to finance public improvements within a defined downtown area. These methods include; up to two mills being levied on DDA property owners, special assessments on property within the DDA, and Tax Increment Financing, commonly known as TIF. TIF is a financing tool whereby a specific area or district within the DDA is defined, a development plan is adopted, and the future property tax revenues are captured within that district to be used in financing the public improvements necessary to implement the development plan. TIF revenues may be the sole source of financing for these public projects or they may be used in combination with other financing methods.

The theory and primary goal behind the DDA legislation, which allows for the creation of TIFs, is to help cities correct and prevent deterioration of their business districts, encourage historic preservation and to promote the economic growth of the designated downtown area. Because most downtown areas are among the oldest sections of a city, upgrading and providing the new public infrastructure necessary to achieve these goals becomes a priority. Traditionally these costs had to be borne by cities alone, creating a major stumbling block to the success of these plans. As a solution to this problem, the DDA Act provided for the use of TIF, which sets up the mechanism for partnerships with other benefitting taxing units, who also have a stake in the health of a downtown area, thus ensuring a source of funds would be available to actually build the needed public improvements. Public investment spurs private investment creating the tax revenue to pay for the public improvements.

When a TIF district is put into place, its current taxable value is established and that becomes the value base for the length of the TIF's existence. This taxable value base is also the value base for all of the taxing units who contribute to TIF. For as long as the TIF District exists, the City will continue to receive the revenues that would normally be generated by this taxable value base. It must be noted that the amount of revenue received also depends on the annual millage rate adopted by the City. In the years after the district has been established, the revenues generated from the difference between the new annual taxable value and the value base are placed into the TIF Fund and used for the specific public improvements listed in the development plan. Again the amount of revenue contributed each year depends on the TIF district's annual taxable value and the annual millage rate established by the participating taxing units.

Hopefully, the following hypothetical example helps in the explanation:

	Year 1	Year 2	Year 3	Year 4
Taxable Value of Property	\$1,000,000	\$1,100,000	\$1,200,000	\$1,250,000
Taxable Value Base	1,000,000	1,000,000	1,000,000	1,000,000
Difference for TIF	0	100,000	200,000	250,000
Tax Rate for City	13 mil	13 mil	13 mil	13 mil
Tax Rate for Other	12 mil	12 mil	12 mil	12 mil
Revenue to City	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000
Revenue to Other	12,000	12,000	12,000	12,000
Revenue to TIF - public project	0	2,500	5,000	6,250
Revenue deferred from City	0	1,300	2,600	3,250
Revenue deferred from Other	0	1,200	2,400	3,000

In this example, taxable value increased each year and the tax rate remained the same. There could also be a situation where the taxable value and/or the millage rate within the district decreases. While the City's General Fund did not receive \$1,300 in Year 2, \$2,600 in Year 3 and \$3,250 in Year 4, the total revenue was still collected from the property owners, there was no reduction in the amount of taxes paid. All property owners within the TIF District paid the same amount of taxes that would have been paid and at the same millage rate as the property owners that were not part of a TIF District. The only difference is that these revenues were placed into a TIF Fund and earmarked for a specific project of the development plan. In addition to the City's revenue, \$1,200 in Year 2, \$2,400 in Year 3 and \$3,000 in Year 4 was also received from the other contributing taxing units to be placed into the TIF Fund. From the above example, for every \$1.00 contributed by the City's General Fund, \$.92 was matched by the other contributing taxing units to be spent on city infrastructure within the DDA.

Without the tool of TIF, necessary public improvements would have to be financed completely by the City. The TIF funds collected must be earmarked or spent on a specific development project or necessary administrative expenses within the District. If it should be determined by the DDA Board and City Commission that neither of these options are necessary, then, as required by the DDA Act, the funds collected for that year are returned to the contributing taxing units. At the completion of the TIF plan, all taxing units again levy millage on and receive revenue from the full taxable value of the district.