

**History of City of Traverse City
Tax Increment Financial Districts #2 and #97**

and

**Tax Increment Financing
An Explanation**

May, 2013

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

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 funds 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 funds 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 funds 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	4,921	
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 funds 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 funds 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 funds 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>	<u>508,971</u>
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		\$ (349,672)
Total funds 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>	<u>238,362</u>
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 funds 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><u>\$(263,782)</u></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 funds 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><u>\$(308,779)</u></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 funds 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>	<u>164,705</u>
Year end Fund Balance		<u><u>\$(184,588)</u></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 funds 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>	<u>524,465</u>
Year end Fund Balance		<u><u>\$(370,556)</u></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 funds 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>		<u>87,947</u>
Year end Fund Balance			<u><u>\$(66,506)</u></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 funds 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>		<u>90,804</u>
Year end Fund Balance			<u><u>\$ 338,437</u></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 funds 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>		88,483
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 funds 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		
Printing/Publishing	<u>140</u>		95,713
Year end Fund Balance			<u>\$ 1,445,447</u>
Amount captured from City millage	\$327,991	(51% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$314,109	(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 funds received by the Downtown Development Authority		
TIF Revenue	\$667,405	
Brownfield Reimbursement	260,000	
Interest	<u>33,323</u>	960,728
Total TIF expenses by the Downtown Development Authority		
Administrative Services	\$ 64,568	
Professional/Contract	63,663	
Capital Outlay (Cass Streetscapes)	26,643	
Printing/Publishing/Miscellaneous	<u>1,888</u>	<u>156,762</u>
Year end Fund Balance		<u>\$ 2,249,413</u>
Amount captured from City millage	\$340,914	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$326,491	(49% of TIF Revenue)

Fiscal Year 2009/10

Current Year State Taxable Valuation		\$30,660,733
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$27,571,412
Beginning Fund Balance		\$ 2,249,413
Total funds received by the Downtown Development Authority		
TIF Revenue	\$709,797	
Brownfield Reimbursement	322,000	
Interest	<u>21,789</u>	1,053,586
Total TIF expenses by the Downtown Development Authority		
Administrative Services	\$ 66,635	
Professional/Contractual	34,100	
Capital Outlay (Wayfinding, 8 th St Trail)	109,297	
Printing/Publishing/Miscellaneous	1,435	
Transfer to Debt Service Funds	<u>940,938</u>	<u>1,152,405</u>
Year end Fund Balance		<u>\$ 2,150,594</u>
Amount captured from City millage	\$363,295	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$346,502	(49% of TIF Revenue)

Fiscal Year 2010/11

Current Year State Taxable Valuation		\$31,305,142
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$28,215,821
Beginning Fund Balance		\$ 2,150,594
Total funds received by the Downtown Development Authority		
TIF Revenue	\$740,875	
Brownfield Reimbursement	145,735	
Interest	<u>5,868</u>	892,478
Total TIF expenses by the Downtown Development Authority		
Administrative Services	\$ 71,839	
Professional/Contractual	32,125	
Capital Outlay (Old Town Deck)	65,078	
Printing/Publishing/Miscellaneous	354	
Transfer to Debt Service Funds	<u>1,205,706</u>	<u>1,375,102</u>
Year end Fund Balance		\$1,667,970
Amount captured from City millage	\$382,513 (52% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$358,362 (48% of TIF Revenue)	

Fiscal Year 2011/12

Current Year State Taxable Valuation		\$32,021,397
Initial State Taxable Valuation		<u>3,089,321</u>
Captured State Taxable Valuation		\$28,932,076
Beginning Fund Balance		\$ 1,667,970
Total funds received by the Downtown Development Authority		
TIF Revenue	\$798,805	
Brownfield Reimbursement	580,000	
Interest	<u>5,180</u>	1,383,985
Total TIF expenses by the Downtown Development Authority		
Professional/Contractual	\$108,213	
Capital Outlay (8 th Street Bridge, Trees)	20,983	
Printing/Publishing/Miscellaneous	190	
Transfer to Debt Service Funds	<u>1,318,206</u>	<u>1,447,592</u>
Year end Fund Balance		\$1,604,363
Amount captured from City millage	\$ _____ (52% of TIF Revenue)	
Amount captured from other taxing authorities millage	\$ _____ (48% of TIF Revenue)	

Summary of TIF 2 Activities FY 85/86 through FY 11/12
(Enacted August 5, 1985)

	Captured Revenues	Reimburse	Interest Earned	Total Revenues	City Reverted	City Captured	Other Captured	Project Expense
FY 85/86	\$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	\$0	\$4,367	\$136,024	\$0	\$31,409	\$100,248	\$13,602
FY 94/95	\$60,435	\$0	\$2,675	\$63,110	\$0	\$32,319	\$28,116	\$228,660
FY 95/96	\$62,133	\$0	\$4,077	\$66,210	\$0	\$33,388	\$28,745	\$14,815
FY 96/97	\$65,701	\$0	\$6,686	\$72,387	\$0	\$34,979	\$30,722	\$172,641
FY 97/98*	\$76,491	\$0	\$2,126	\$78,617	\$0	\$40,177	\$36,374	\$27,496
FY 98/99**	\$90,117	\$0	\$7,647	\$97,764	\$0	\$48,017	\$42,100	\$508,971
FY 99/00	\$165,543	\$0	\$5,042	\$170,585	\$0	\$84,350	\$81,193	\$238,362
FY 00/01	\$280,120	\$0	\$4,580	\$284,700	\$0	\$150,200	\$129,920	\$131,033
FY 01/02	\$301,416	\$0	\$7,353	\$308,769	\$0	\$156,176	\$145,240	\$353,766
FY 02/03	\$285,012	\$0	\$3,884	\$288,896	\$0	\$146,498	\$138,514	\$164,705
FY 03/04***	\$336,124	\$0	\$2,373	\$338,497	\$0	\$172,542	\$163,582	\$524,465
FY 04/05	\$388,040	\$0	\$3,957	\$391,997	\$0	\$197,927	\$190,113	\$87,947
FY 05/06	\$483,941	\$0	\$11,806	\$495,747	\$0	\$245,061	\$238,880	\$90,804
FY 06/07	\$588,727	\$0	\$30,731	\$619,458	\$0	\$299,904	\$288,823	\$88,483
FY 07/08	\$642,100	\$0	\$29,648	\$671,748	\$0	\$327,991	\$314,109	\$95,713
FY 08/09	\$667,405	\$260,000	\$33,323	\$960,728	\$0	\$340,914	\$326,491	\$156,762
FY 09/10****	\$709,797	\$322,000	\$21,789	\$1,053,586	\$0	\$363,295	\$346,502	\$1,152,405
FY 10/11	\$740,875	\$145,735	\$5,868	\$892,478	\$0	\$382,513	\$358,362	\$1,375,102
FY 11/12	\$6,577,072	\$727,735	\$187,932	\$7,492,739	\$351,920	\$3,121,532	\$3,103,680	\$5,472,849

* 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.

**** In November, 2009 the City of Traverse City issued bonds in the amount \$8,000,000 for construction of the Old Town Parking Deck. The Bond Interest and Principal payments are reflected in the project expense column along with other Capital Improvements.

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

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	<u>\$ 21,200</u>	<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 funds 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 funds 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 funds 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 funds received by the Downtown Development Authority			
TIF Revenue	\$367,969		
Expense Reimbursement (bonded)	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 funds 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 funds 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 funds 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	2,548		
Transfer to Debt Service Funds	<u>557,107</u>		<u>667,603</u>
Year End Fund Balance		\$	<u>469,209</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 funds 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	81,704	
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	\$391,417	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$380,624	(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 funds 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 funds 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 (crosswalk repair)	94,886	
Printing/Publishing/Miscellaneous	658	
Transfer to Debt Service Funds	<u>677,453</u>	<u>860,631</u>
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 funds 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/Miscellaneous	2,161	
Transfer to Debt Service Funds	<u>662,913</u>	<u>981,277</u>
Year End Fund Balance		<u>\$ 1,201,821</u>
Amount captured from City millage	\$550,055	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$523,409	(49% of TIF Revenue)

Fiscal Year 2009-10

Current Year State Taxable Assessed Valuation		\$75,820,535
Initial State Taxable Assessed Valuation		<u>32,860,088</u>
Captured State Equalized Assessed Valuation		\$42,960,447
Beginning Fund Balance		\$ 1,201,821
Total funds received by the Downtown Development Authority		
TIF Revenue	\$1,106,949	
Brownfield Reimbursement	145,245	
Interest	<u>13,619</u>	1,265,813
Total TIF expended by the Downtown Development Authority		
Administrative Services	66,635	
Professional Services	227,374	
Capital Outlay (Wadsworth Culvert, Wayfinding)	359,434	
Printing/Publishing/Miscellaneous	2,189	
Transfer to Debt Service Funds	<u>652,198</u>	<u>1,307,830</u>
Year End Fund Balance		<u>\$ 1,159,804</u>
Amount captured from City millage	\$ 566,068	(51% of TIF Revenue)
Amount captured from other taxing authorities millage	\$ 540,881	(49% of TIF Revenue)

Fiscal Year 2010-11

Current Year State Taxable Assessed Valuation		\$78,127,313
Initial State Taxable Assessed Valuation		<u>32,860,088</u>
Captured State Equalized Assessed Valuation		\$45,267,225
Beginning Fund Balance		\$ 1,159,804
Total funds received by the Downtown Development Authority		
TIF Revenue	\$1,181,104	
Brownfield Reimbursement	145,000	
Federal Grant	12,983	
Interest	<u>5,415</u>	1,344,502
Total TIF expended by the Downtown Development Authority		
Administrative Services	71,839	
Professional Services	126,284	
Capital Outlay (Park Streetscapes, Bayfront)	247,024	
Printing/Publishing/Miscellaneous	661	
Transfer to Debt Service Funds	<u>651,203</u>	<u>1,097,011</u>
Year End Fund Balance		<u>\$1,407,295</u>
Amount captured from City millage	\$613,674	(52% of TIF Revenue)
Amount captured from other taxing authorities millage	\$567,430	(48% of TIF Revenue)

Fiscal Year 2011/12

Current Year State Taxable Assessed Valuation		\$84,332,389	
Initial State Taxable Assessed Valuation		<u>32,860,088</u>	
Captured State Equalized Assessed Valuation			\$51,472,301
Beginning Fund Balance			\$ 1,407,295
Total funds received by the Downtown Development Authority			
TIF Revenue	\$1,220,393		
Brownfield Reimbursement	145,000		
Federal Grant	7,247		
Interest	<u>5,985</u>		1,378,625
Total TIF expended by the Downtown Development Authority			
Professional Services	200,320		
Capital Outlay			
(Park Streetscapes, Bayfront)	247,024		
Printing/Publishing/Miscellaneous		661	
Transfer to Debt Service Funds		<u>651,203</u>	<u>1,097,011</u>
Year End Fund Balance			<u>\$1,407,295</u>
Amount captured from City millage		\$613,674	(52% of TIF Revenue)
Amount captured from other taxing authorities millage		\$567,430	(48% of TIF Revenue)

Summary of TIF 97 Activities FY 97/98 through FY 10/11

(Enacted November 6, 1997)

	Captured Revenues	Reimburses	Interest Earned	Total Revenues	City Captured	Other Captured	Expense/ Project
FY 97/98	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,200
FY 98/99	103,675	0	1,173	104,848	55,336	48,339	63,406
FY 99/00	192,408	0	2,772	195,180	97,656	94,752	46,576
FY 00/01	244,288	0	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	0	10,778	518,281	258,225	249,278	570,793
FY 03/04	576,570	0	4,898	581,468	300,581	275,989	744,189
FY 04/05	659,264	107,600	6,731	773,595	339,240	320,024	667,603
FY 05/06	772,041	143,000	21,192	936,233	391,417	380,625	805,739
FY 06/07	872,052	161,000	33,790	1,066,842	445,595	426,457	1,062,501
FY 07/08	967,527	163,882	26,060	1,157,469	494,907	472,620	860,631
FY 08/09	1,073,464	184,000	24,752	1,282,216	550,055	523,409	981,277
FY 09/10	1,106,949	145,245	13,619	1,265,813	566,068	540,881	1,307,830
FY 10/11	1,181,104	157,983	5,415	1,344,502	613,674	567,430	1,097,011
<u>Total</u>	<u>\$8,624,814</u>	<u>\$1,237,860</u>	<u>\$165,173</u>	<u>\$10,027,847</u>	<u>\$4,427,390</u>	<u>\$4,197,425</u>	<u>\$8,620,552</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 have been made using resources from TIF 97 funds.

TAX INCREMENT FINANCING AN EXPLANATION

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. Although most people are familiar with millage and special assessment as methods of raising revenue, many people are not familiar with Tax Increment Financing. 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 differences 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.

For a real life example, one of the existing TIF districts within the Traverse City's DDA is TIF 2 in the Old Town area of Downtown (map attached). From the creation of TIF 2 in 1985 through June 30, 2006, \$3,228,168 has been contributed by taxing units for use within that district. Of this amount collected in the 20 years, \$351,920 was returned to the taxing units because it was determined by the DDA and City Commission that there were no specific projects or necessary administrative expenses for which these funds should be spent. Of the remaining \$2,940,387 retained by the TIF 2 Fund, \$1,404,207 has been

contributed by the City and \$1,472,041 has been contributed by other taxing units.

During that time, infrastructure projects which were completed within the TIF 2 District include:

- * streetscapes on Union Street in the Old Town area;
- * 8th Street Project which included landscaping and sidewalks from Union Street to Lake Street and the Cass Street corner improvements;
- * developments related to the River's Edge Project which included utility relocation, river bank landscaping, riverwalk and streetscape;
- * streetscapes and other renovations on Lake Street; and
- * riverwalk on the Boardman river along the Mid-Town Development.

The TIF Fund did not pay for 100% of these project, their partnership with grants, special assessments and utility funds helped to provide over \$3,507,319 in City infrastructure and environmental improvements.

The use of TIF is just one of several economic development tools available to help and assist in keeping the core of our cities alive and healthy both economically and socially.