



Debt Management Program

General Obligation

Section 11.1 of the Troy City Charter enumerates the borrowing power of the City. It states that City Council may, by proper ordinance or resolution, subject to the applicable provisions of law and this Charter, authorize the borrowing of money for any purpose within the scope of the powers vested in the City and the issuance of bonds of the City or other evidences of indebtedness therefore, and may pledge the full faith, credit and resources of the City for the payment of the obligation created thereby.

The Charter states that no bonds shall be sold to obtain funds for any purpose other than that for which they were specifically authorized, and if any such bonds are not sold within five years after authorization, such authorization shall be null and void.

Section 11.2 of the Troy City Charter provides for borrowing in anticipation of special assessments. The City Council may authorize the borrowing of money, subject to the applicable provisions of law and this Charter, in anticipation of the payment of special assessments made for the purpose of defraying the cost of any public improvement, or in anticipation of the payment of any combination of such special assessments, and the issuing of bonds therefore. Such special assessment bonds may be an obligation of the special assessment district or districts and a general obligation of the City for which the full faith and credit of the City may be pledged.

Section 11.9 of the Troy City Charter provides limits on borrowing authority. No limits are established on the power of the City to borrow, except those established by the laws of this state.

Following is the computation of legal debt margin for the City of Troy.

Equalization Valuation at December 31, 2006: \$6,422,659,810

	City of Troy Annual Net Debt	% of State Equalized Valuation	Legal Maximum Debt	Legal Debt Margin
General Obligation Debt	\$44,130,000	10%	\$642,265,981	\$598,135,981
Emergency Bonds	0	3/8%	24,084,974	24,084,974
Special Assessment Bonds	0	12%	770,719,177	770,719,177
Total Debt	\$44,130,000		\$1,437,070,132	\$1,392,940,132



Debt Management Program

The statutory debt limits of net bonded indebtedness incurred for all public purposes shall not at any one time exceed 10% of the equalized valuation of taxable property in the City (\$6,422,659,810), except that this limit may be exceeded by 3/8ths of 1% in case of fire, flood or any other calamity. This limitation does not include bonds issued in anticipation of the payment of special assessments, nor bonds issued pursuant to court order for sewerage or garbage disposal systems.

The Michigan State Bond Act provides that the total debt in special assessment bonds, which would require that the City pledge its faith and credit, shall not exceed 12% of assessed valuation of taxable property of the City, nor shall such bonds be issued in any calendar year in excess of 3% unless voted.

Bond Ratings

<u>Standard & Poor's</u>	<u>Moody's Investor Services</u>	<u>Fitch</u>
***AAA	***Aaa	***AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-
A+	A1	A+
A	A2	A
A-	A3	A-
BBB+	Baa1	BBB+
BBB	Baa2	BBB
BBB-	Baa3	BBB-
BB+	Ba1	BB+
BB	Ba2	BB
BB-	Ba3	BB-
B+	B1	B+
B	B2	B
B-	B3	B-
CCC+	Caa1	CCC+
CCC	Caa2	CCC
CCC-	Caa3	CCC-
	Ca	CC
	C	C
		DDD
		DD
		D

***City of Troy's rating



Debt Management Program

The City of Troy has made judicious use of its authorities to sell bonds or otherwise incur debt. Our current bond ratings are an AAA from all three rating agencies. There are only three cities in the state of Michigan, including Troy, that have an AAA rating.

The City of Troy's favorable debt rating can be attributed to the following:

- Strong and conservation financial management practices
- Manageable debt levels
- Strong economics
- Financial flexibility

In compliance with the Uniform Budget Act of 1978, a summary of the City's total indebtedness as of June 30, 2007, the principal and interest payments required for fiscal 2007/08, and the funding source is included within this Debt Service section. Total indebtedness as of June 30, 2007 is \$ 48,840,730. Total principal and interest payments in fiscal year 2007/08 are \$ 2,260,250 and \$ 2,060,770, respectively.



2007/08 Budget

General Debt Service Fund Revenue and Expenditures

Description	2005 Actual	2006 Projected	2006 Budget	2007 Budget
Revenue				
Taxes	\$ 2,486,038	\$ 2,559,000	\$ 2,559,000	\$ 2,637,500
Interest and Rents	228,519	250,000	150,000	250,000
Operating Transfer In	-	177,190	296,190	155,230
Other Revenue	188,012	-	-	-
Total - Revenue	\$ 2,902,569	\$ 2,986,190	\$ 3,005,190	\$ 3,042,730
Expenditures				
Other Services/Charges	\$ 42,150	\$ 43,500	\$ 63,500	\$ 65,100
Debt Service	750	1,000	-	1,000
Operating Transfer Out	2,817,331	2,941,690	2,941,690	2,976,630
Total - Expenditures	\$ 2,860,231	\$ 2,986,190	\$ 3,005,190	\$ 3,042,730
Revenue Over (Under) Expenditures	\$ 42,338	\$ -	\$ -	\$ -

2000 MTF Debt Service Fund Revenue and Expenditures

Description	2005 Actual	2006 Projected	2006 Budget	2007 Budget
Revenue				
Operating Transfer In	\$ 265,363	\$ 256,640	\$ 256,640	\$ 247,890
Total - Revenue	\$ 265,363	\$ 256,640	\$ 256,640	\$ 247,890
Expenditures				
Debt Service	\$ 265,363	\$ 256,640	\$ 256,640	\$ 247,890
Total - Expenditures	\$ 265,363	\$ 256,640	\$ 256,640	\$ 247,890
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -



2007/08 Budget

Proposal A Bond Debt Service Fund Revenue and Expenditures

Description	2005 Actual	2006 Projected	2006 Budget	2007 Budget
Revenue				
Operating Transfer In	\$ 788,688	\$ 800,970	\$ 800,970	\$ 837,000
Total - Revenue	\$ 788,688	\$ 800,970	\$ 800,970	\$ 837,000
Expenditures				
Debt Service	\$ 788,688	\$ 800,970	\$ 800,970	\$ 837,000
Total - Expenditures	\$ 788,688	\$ 800,970	\$ 800,970	\$ 837,000
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

Proposal B Bond Debt Service Fund Revenue and Expenditures

Description	2005 Actual	2006 Projected	2006 Budget	2007 Budget
Revenue				
Operating Transfer In	\$ 1,316,920	\$ 1,393,950	\$ 1,393,950	\$ 1,383,630
Total - Revenue	\$ 1,316,920	\$ 1,393,950	\$ 1,393,950	\$ 1,383,630
Expenditures				
Debt Service	\$ 1,316,920	\$ 1,393,950	\$ 1,393,950	\$ 1,383,630
Total - Expenditures	\$ 1,316,920	\$ 1,393,950	\$ 1,393,950	\$ 1,383,630
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -



2007/08 Budget

**Proposal C Debt Service Fund
Revenue and Expenditures**

Description	2005 Actual	2006 Projected	2006 Budget	2007 Budget
Revenue				
Operating Transfer In	\$ 711,724	\$ 746,770	\$ 746,770	\$ 756,000
Total - Revenue	\$ 711,724	\$ 746,770	\$ 746,770	\$ 756,000
Expenditures				
Debt Service	\$ 711,724	\$ 746,770	\$ 746,770	\$ 756,000
Total - Expenditures	\$ 711,724	\$ 746,770	\$ 746,770	\$ 756,000
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -



2007/08 Budget
Debt Summary

Debt Service

(Does not include debt serviced by **Enterprise Funds**)

Description of Debt	Debt Outstanding 6/30/2007	Principal	Interest	Total
North Arm Relief Drain	\$682,828	\$42,090	\$14,890	\$56,980
Proposal A - Streets	9,500,000	400,000	435,730	835,730
Proposal B - Public Safety	15,060,000	790,000	592,630	1,382,630
Proposal C - Rec. Facilities	7,970,000	425,000	330,210	755,210
George W. Kuhn Drain	2,652,902	128,160	75,690	203,850
MTF - Rochester Road	1,375,000	175,000	72,590	247,590
Total Debt Service	\$37,240,730	\$1,960,250	\$1,521,740	\$3,481,990

Capital Projects Fund and Tax-Supported Debt Service

General Debt Debt Service	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Budget	2007/08 Budget
MTF Rochester Road	\$2,048,080	\$189,911	\$265,088	\$256,340	\$247,590
Proposal A - Streets	763,313	776,219	788,138	800,420	835,730
Proposal B - Public Safety	1,391,635	1,336,680	1,316,120	1,393,150	1,382,630
Proposal C - Rec. Facilities	9,961,980	1,334,820	711,174	746,170	755,210
Total General Debt	\$14,165,008	\$3,637,630	\$3,080,520	\$3,196,080	\$3,221,160

Capital Projects Debt Service	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Budget	2007/08 Budget
George W. Kuhn Drain	\$88,945	\$195,077	\$202,032	\$198,820	\$203,850
North Arm Relief Drain	9,034	56,706	56,817	56,910	56,980
Total Capital Projects Debt	\$97,979	\$251,783	\$258,849	\$255,730	\$260,830



2007/08 Budget

Schedule of Principal Interest

General Debt Fund

Fiscal Year	MTF Roads	Proposal A Streets	Proposal B Public Safety	Proposal C Recreation Facilities	Total
2007-08	\$ 247,590	\$ 835,730	\$ 1,382,630	\$ 755,210	\$ 3,221,160
2008-09	238,838	868,104	1,463,826	763,515	3,334,283
2009-10	229,912	849,128	1,479,482	770,296	3,328,818
2010-11	220,900	903,178	1,544,661	775,796	3,444,535
2011-12	236,712	904,878	1,508,851	780,296	3,430,737
2012-13	251,012	954,178	1,475,025	783,796	3,464,011
2013-14	263,750	950,653	1,444,968	785,938	3,445,309
2014-15	-	1,018,403	1,402,733	786,479	3,207,615
2015-16	-	983,135	1,467,180	760,979	3,211,294
2016-17	-	971,554	1,427,983	754,439	3,153,976
2017-18	-	958,092	1,284,135	731,736	2,973,963
2018-19	-	991,652	1,334,197	728,049	3,053,898
2019-20	-	972,544	1,281,275	722,899	2,976,718
2020-21	-	1,025,100	1,237,362	716,188	2,978,650
Total	\$ 1,688,714	\$ 13,186,329	\$ 19,734,308	\$ 10,615,616	\$ 45,224,967

Capital Projects Funds

Fiscal Year	George W. Kuhn Drain	North Arm Relief Drain
2007-08	\$ 203,850	\$ 56,980
2008-09	203,738	57,020
2009-10	203,533	57,040
2010-11	203,486	57,040
2011-12	203,330	57,010
2012-13	203,568	56,970
2013-14	203,404	56,900
2014-15	202,977	57,140
2015-16	203,314	56,680
2016-17	203,481	56,880
2017-18	203,351	56,710
2018-19	202,681	56,850
2019-20	202,646	56,960
2020-21	202,446	55,550
2021-22	202,846	-
2022-23	160,219	-
2023-24	159,953	-
2024-25	24,626	-
Total	\$ 3,393,449	\$ 795,730

Enterprise Funds

Fiscal Year	MBA Golf Course
2007-08	\$ 839,032
2008-09	827,895
2009-10	816,195
2010-11	901,945
2011-12	885,446
2012-13	868,597
2013-14	851,247
2014-15	881,248
2015-16	908,998
2016-17	886,748
2017-18	864,248
2018-19	939,123
2019-20	910,999
2020-21	882,124
2021-22	852,500
2022-23	920,000
2023-24	885,000
2024-25	947,500
2025-26	907,500
2026-27	916,250
2027-28	922,500
Total	\$ 18,615,095

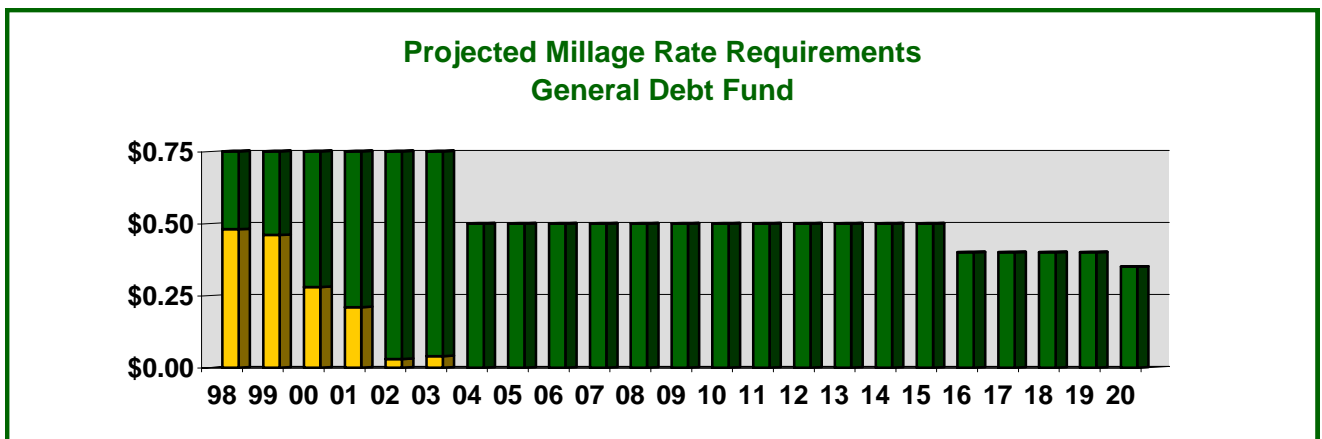


2007/08 Budget

All Funds

Schedule of Principal and Interest

Fiscal Year	General Debt Fund	Capital Projects Fund	MBA Golf Course Fund	Total
2007-08	\$ 3,221,160	\$ 260,830	\$ 839,032	\$ 4,321,022
2008-09	3,334,283	260,758	827,895	4,422,936
2009-10	3,328,818	260,573	816,195	4,405,586
2010-11	3,444,535	260,526	901,945	4,607,006
2011-12	3,430,737	260,340	885,446	4,576,523
2012-13	3,464,011	260,538	868,597	4,593,146
2013-14	3,445,309	260,304	851,247	4,556,860
2014-15	3,207,615	260,117	881,248	4,348,980
2015-16	3,211,294	259,994	908,998	4,380,286
2016-17	3,153,976	260,361	886,748	4,301,085
2017-18	2,973,963	260,061	864,248	4,098,272
2018-19	3,053,898	259,531	939,123	4,252,552
2019-20	2,976,718	259,606	910,999	4,147,323
2020-21	2,978,650	257,996	882,124	4,118,770
2021-22	-	202,846	852,500	1,055,346
2022-23	-	160,219	920,000	1,080,219
2023-24	-	159,953	885,000	1,044,953
2024-25	-	24,626	947,500	972,126
2025-26	-	-	907,500	907,500
2026-27	-	-	916,250	916,250
2027-28	-	-	922,500	922,500
Total	\$ 45,224,967	\$ 4,189,179	\$ 18,615,095	\$ 68,029,241



Based on a 2.5% annual increase in taxable value. Upper portion of bars represent debt requirement as a result of bond issue Proposals A, B, and C.

