



**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, 2007: \$6,227,094,050

	City of Troy	% of State	Legal	Legal
	Annual	Equalized	Maximum	Debt
	Net Debt	Valuation	Debt	Margin
General Obligation Debt	\$42,215,000	10%	\$622,709,405	\$580,494,405
Emergency Bonds	0	3/8%	23,351,978	23,351,978
Special Assessment Bonds	0	12%	747,251,286	747,251,286
<b>Total Debt</b>	<b>\$42,215,000</b>		<b>\$1,393,312,669</b>	<b>\$1,351,097,669</b>

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 (\$6,227,094,050) 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 &amp; 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

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, having an AAA rating.

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

- Strong and conservative 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, 2008, the principal and interest payments required for fiscal 2008/09, and the funding source is included within this Debt Service section. Total indebtedness as of June 30, 2008 is \$46,629,481. Total principal and interest payments in fiscal year 2008/09 are \$2,523,200 and \$1,923,920, respectively.



2008/09  
Budget

**General Debt Service Fund  
Revenue and Expenditures**

Description	2006 Actual	2007 Projected	2007 Budget	2008 Budget
<b>Revenue</b>				
Taxes	\$ 2,567,275	\$ 2,637,500	\$ 2,637,500	\$ 2,615,000
Interest and Rents	287,567	250,000	250,000	225,000
Operating Transfer In	-	-	155,230	347,630
Other Revenue	51,713	-	-	-
<b>Total - Revenue</b>	<b>\$ 2,906,555</b>	<b>\$ 2,887,500</b>	<b>\$ 3,042,730</b>	<b>\$ 3,187,630</b>
<b>Expenditures</b>				
Other Services/Charges	\$ 48,888	\$ 45,100	\$ 65,100	\$ 66,450
Debt Service	1,000	1,000	1,000	1,000
Operating Transfer Out	3,198,256	2,974,950	2,976,630	3,120,180
<b>Total - Expenditures</b>	<b>\$ 3,248,144</b>	<b>\$ 3,021,050</b>	<b>\$ 3,042,730</b>	<b>\$ 3,187,630</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ (341,589)</b>	<b>\$ (133,550)</b>	<b>\$ -</b>	<b>\$ -</b>



2008/09  
Budget

**2000 MTF Debt Service Fund  
Revenue and Expenditures**

Description	2005 Actual	2006 Projected	2006 Budget	2007 Budget
<b>Revenue</b>				
Operating Transfer In	\$ 256,613	\$ 247,890	\$ 247,890	\$ 239,140
<b>Total - Revenue</b>	<b>\$ 256,613</b>	<b>\$ 247,890</b>	<b>\$ 247,890</b>	<b>\$ 239,140</b>
<b>Expenditures</b>				
Debt Service	\$ 256,613	\$ 247,890	\$ 247,890	\$ 239,140
<b>Total - Expenditures</b>	<b>\$ 256,613</b>	<b>\$ 247,890</b>	<b>\$ 247,890</b>	<b>\$ 239,140</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



2008/09  
Budget

**Proposal A Bond Debt Service Fund  
Revenue and Expenditures**

	2006	2007	2007	2008
Description	Actual	Projected	Budget	Budget
<b>Revenue</b>				
Operating Transfer In	\$ 800,969	\$ 836,150	\$ 837,000	\$ 891,330
<b>Total - Revenue</b>	<b>\$ 800,969</b>	<b>\$ 836,150</b>	<b>\$ 837,000</b>	<b>\$ 891,330</b>
<b>Expenditures</b>				
Debt Service	\$ 800,969	\$ 836,150	\$ 837,000	\$ 891,330
<b>Total - Expenditures</b>	<b>\$ 800,969</b>	<b>\$ 836,150</b>	<b>\$ 837,000</b>	<b>\$ 891,330</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



2008/09  
Budget

**Proposal B Bond Debt Service Fund  
Revenue and Expenditures**

	2006	2007	2007	2008
Description	Actual	Projected	Budget	Budget
<b>Revenue</b>				
Operating Transfer In	\$ 1,393,951	\$ 1,383,170	\$ 1,383,630	\$ 1,464,830
<b>Total - Revenue</b>	<b>\$ 1,393,951</b>	<b>\$ 1,383,170</b>	<b>\$ 1,383,630</b>	<b>\$ 1,464,830</b>
<b>Expenditures</b>				
Debt Service	\$ 1,393,951	\$ 1,383,170	\$ 1,383,630	\$ 1,464,830
<b>Total - Expenditures</b>	<b>\$ 1,393,951</b>	<b>\$ 1,383,170</b>	<b>\$ 1,383,630</b>	<b>\$ 1,464,830</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



2008/09  
Budget

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

	2006	2007	2007	2008
Description	Actual	Projected	Budget	Budget
<b>Revenue</b>				
Operating Transfer In	\$ 746,724	\$ 755,630	\$ 756,000	\$ 764,020
<b>Total - Revenue</b>	<b>\$ 746,724</b>	<b>\$ 755,630</b>	<b>\$ 756,000</b>	<b>\$ 764,020</b>
<b>Expenditures</b>				
Debt Service	\$ 746,724	\$ 755,630	\$ 756,000	\$ 764,020
<b>Total - Expenditures</b>	<b>\$ 746,724</b>	<b>\$ 755,630</b>	<b>\$ 756,000</b>	<b>\$ 764,020</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**DEBT SERVICE**

(Does not include debt serviced by Enterprise Funds)

Debt				
Description of Debt	Outstanding 6/30/2008	Principal	Interest	Total
North Arm Relief Drain	\$640,746	\$43,100	\$13,950	\$57,050
Proposal A - Streets	9,100,000	520,000	370,330	890,330
Proposal B - Public Safety	14,270,000	900,000	563,830	1,463,830
Proposal C - Rec. Facilities	7,545,000	450,000	313,520	763,520
George W. Kuhn Drain	2,573,735	135,100	70,550	205,650
MTF - Rochester Road	1,200,000	175,000	63,840	238,840
<b>Total Debt Service</b>	<b>\$35,329,481</b>	<b>\$2,223,200</b>	<b>\$1,396,020</b>	<b>\$3,619,220</b>

**Capital Projects Fund and Tax-Supported Debt Service**

General Debt	2004/05	2005/06	2006/07	2007/08	2008/09
Debt Service	Actual	Actual	Actual	Budget	Budget
MTF Rochester Road	\$189,911	\$265,088	\$256,612	\$247,590	\$238,840
Proposal A - Streets	776,219	788,138	800,969	835,730	890,330
Proposal B - Public Safety	1,336,680	1,316,120	1,393,951	1,382,630	1,463,830
Proposal C - Rec. Facilities	1,334,820	711,174	746,724	755,210	763,520
<b>Total General Debt</b>	<b>\$3,637,630</b>	<b>\$3,080,520</b>	<b>\$3,198,256</b>	<b>\$3,221,160</b>	<b>\$3,356,520</b>

Capital Projects	2004/05	2005/06	2006/07	2007/08	2008/09
Debt Service	Actual	Actual	Actual	Budget	Budget
George W. Kuhn Drain	\$195,077	\$202,032	\$205,493	\$203,850	\$205,650
North Arm Relief Drain	56,706	56,817	56,906	56,980	57,050
<b>Total Capital Projects Debt</b>	<b>\$251,783</b>	<b>\$258,849</b>	<b>\$262,399</b>	<b>\$260,830</b>	<b>\$262,700</b>



2008/09  
Budget

**Schedule of Principal  
and Interest**

**GENERAL FUND DEBT**

Fiscal Year	Proposal B			Proposal C	
	MTF	Proposal A	Public	Recreation	Total
	Roads	Streets	Safety	Facilities	
2008/09	\$ 238,840	\$ 890,330	\$ 1,463,830	\$ 763,520	\$ 3,356,520
2009/10	229,912	806,666	1,479,482	770,296	3,286,356
2010/11	220,900	863,466	1,544,661	775,796	3,404,823
2011/12	236,712	863,591	1,508,851	780,296	3,389,450
2012/13	251,012	917,041	1,475,025	783,796	3,426,874
2013/14	263,750	913,097	1,444,968	785,938	3,407,753
2014/15	-	980,628	1,402,733	786,479	3,169,840
2015/16	-	945,697	1,467,180	760,979	3,173,856
2016/17	-	929,304	1,427,983	754,439	3,111,726
2017/18	-	920,717	1,284,135	731,736	2,936,588
2018/19	-	954,777	1,334,197	728,049	3,017,023
2019/20	-	931,919	1,281,275	722,899	2,936,093
2020/21	-	986,400	1,237,362	716,188	2,939,950
<b>Total</b>	<b>\$ 1,441,126</b>	<b>\$ 11,903,633</b>	<b>\$ 18,351,682</b>	<b>\$ 9,860,411</b>	<b>\$ 41,556,852</b>

**CAPITAL PROJECTS FUNDS**

Fiscal Year	George W.	North Arm
	Kuhn Drain	Relief Drain
2008/09	\$ 205,650	\$ 57,050
2009/10	205,408	57,040
2010/11	205,311	57,040
2011/12	205,113	57,010
2012/13	205,304	56,970
2013/14	205,028	56,900
2014/15	204,642	57,140
2015/16	204,922	56,680
2016/17	205,068	56,880
2017/18	204,949	56,710
2018/19	204,191	56,850
2019/20	203,964	56,960
2020/21	203,701	55,550
2021/22	203,555	-
2022/23	160,681	-
2023/24	159,537	-
2024/25	7,510	-
2025/26	2,358	-
<b>Total</b>	<b>\$ 3,196,892</b>	<b>\$ 738,780</b>

**ENTERPRISE FUNDS**

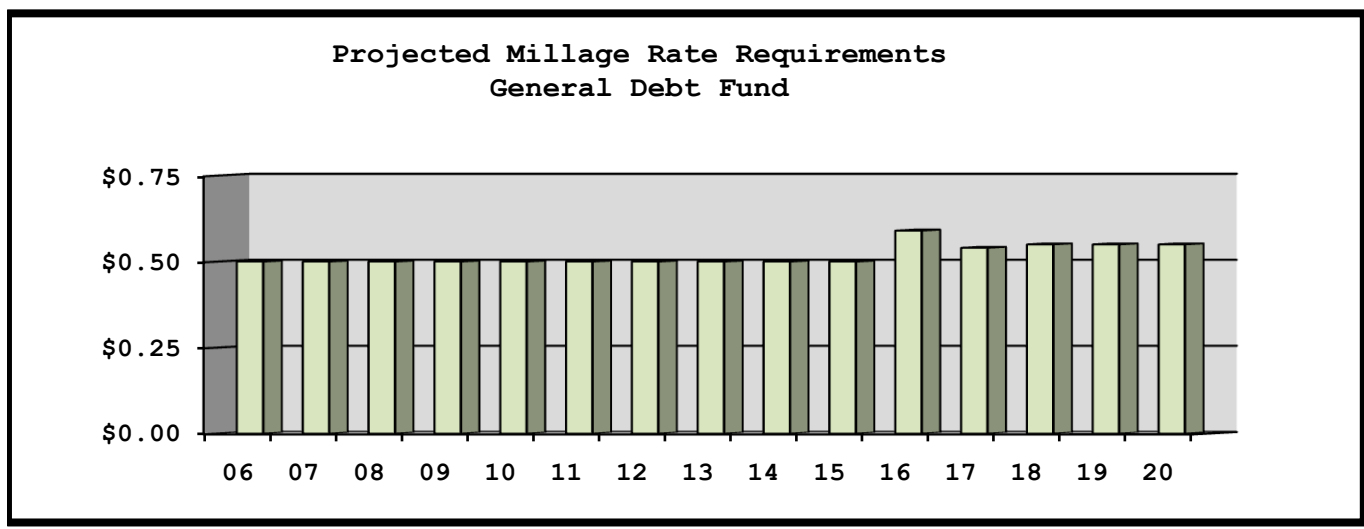
Fiscal Year	MBA Golf
	Course
2008/09	\$ 827,900
2009/10	816,195
2010/11	901,945
2011/12	885,446
2012/13	868,597
2013/14	851,247
2014/15	881,248
2015/16	908,998
2016/17	886,748
2017/18	864,248
2018/19	939,123
2019/20	910,999
2020/21	882,124
2021/22	852,500
2022/23	920,000
2023/24	885,000
2024/25	947,500
2025/26	907,500
2026/27	916,250
2027/28	922,500
<b>Total</b>	<b>\$ 17,776,068</b>



2008/09  
Budget

**All Funds  
Schedule of Principal  
and Interest**

Fiscal Year	General Debt Fund	Capital Projects Fund	MBA Golf Course Fund	Total
2008/09	\$ 3,356,520	\$ 262,700	\$ 827,900	\$ 4,447,120
2009/10	3,286,356	262,448	816,195	4,364,999
2010/11	3,404,823	262,351	901,945	4,569,119
2011/12	3,389,450	262,123	885,446	4,537,019
2012/13	3,426,874	262,274	868,597	4,557,745
2013/14	3,407,753	261,928	851,247	4,520,928
2014/15	3,169,840	261,782	881,248	4,312,870
2015/16	3,173,856	261,602	908,998	4,344,456
2016/17	3,111,726	261,948	886,748	4,260,422
2017/18	2,936,588	261,659	864,248	4,062,495
2018/19	3,017,023	261,041	939,123	4,217,187
2019/20	2,936,093	260,924	910,999	4,108,016
2020/21	2,939,950	259,251	882,124	4,081,325
2021/22	-	203,555	852,500	1,056,055
2022/23	-	160,681	920,000	1,080,681
2023/24	-	159,537	885,000	1,044,537
2024/25	-	7,510	947,500	955,010
2025/26	-	2,358	907,500	909,858
2026/27	-	-	916,250	916,250
2027/28	-	-	922,500	922,500
<b>Total</b>	<b>\$ 41,556,852</b>	<b>\$ 3,935,672</b>	<b>\$ 17,776,068</b>	<b>\$ 63,268,592</b>



Based on a .5% annual increase in taxable value. Bars represent debt requirement as a result of bond issue Proposals A, B, and C.