



2009/10  
Budget

**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.

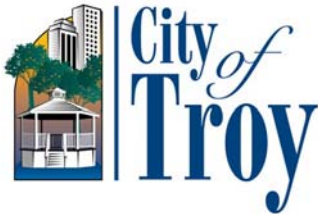
Section 11.2 of the Troy City Charter provides for borrowing in anticipation of special assessments. The City Council may authorize the borrowing of money, subject to the applicable provisions of law and this Charter, in anticipation of the payment of special assessments made for the purpose of defraying 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, 2008: \$5,838,869,239

|                          | <b>City of Troy<br/>Annual<br/>Net Debt</b> | <b>% of State<br/>Equalized<br/>Valuation</b> | <b>Legal<br/>Maximum<br/>Debt</b> | <b>Legal<br/>Debt<br/>Margin</b> |
|--------------------------|---|---|-----------------------------------|----------------------------------|
| General Obligation Debt  | \$40,050,000                                | 10%   | \$583,886,924                     | \$543,836,924                    |
| Emergency Bonds          | 0   | 3/8%  | 21,895,760                        | 21,895,760                       |
| Special Assessment Bonds | 0   | 12%   | 700,664,309                       | 700,664,309                      |
| <b>Total Debt</b>        | <b>\$40,050,000</b>                         |   | <b>\$1,306,446,993</b>            | <b>\$1,266,396,993</b>           |



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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 (\$5,838,869,239) 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 – Unlimited Tax General Obligation Bonds**

Standard & Poor's

Moody's Investor Services

Fitch

\*\*\*AAA

- AA+
- AA
- AA-
- A+
- A
- A-
- BBB+
- BBB
- BBB-
- BB+
- BB
- BB-
- B+
- B
- B-
- CCC+
- CCC
- CCC-

Aaa

- \*\*\*Aa1
- Aa2
- Aa3
- A1
- A2
- A3
- Baa1
- Baa2
- Baa3
- Ba1
- Ba2
- Ba3
- B1
- B2
- B3
- Caa1
- Caa2
- Caa3
- Ca
- C

\*\*\*AAA

- AA+
- AA
- AA-
- A+
- A
- A-
- BBB+
- BBB
- BBB-
- BB+
- BB
- BB-
- B+
- B
- B-
- CCC+
- CCC
- CCC-
- CC
- C
- DDD
- DD
- D

\*\*\*City of Troy's rating



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## DEBT MANAGEMENT PROGRAM

The City of Troy has made judicious use of its authorities to sell bonds or otherwise incur debt. Current bond ratings for our unlimited tax general obligation bonds are AAA from 2 of the 3 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

In compliance with the Uniform Budget Act of 1978, a summary of the City's total indebtedness as of June 30, 2009, the principal and interest payments required for fiscal 2009/10, and the funding source is included within this Debt Service section. Total indebtedness as of June 30, 2009 is \$44,110,700. Total principal and interest payments in fiscal year 2009/10 are \$2,547,730 and \$1,817,269 respectively.



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**GENERAL DEBT SERVICE FUND  
REVENUE AND EXPENDITURES**

| Description                              | 2008<br>Actual      | 2009<br>Projected   | 2009<br>Budget      | 2010<br>Budget      |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>Revenue</b>                           |                     |                     |                     |                     |
| Taxes                                    | \$ 2,653,860        | \$ 2,630,000        | \$ 2,615,000        | \$ 2,575,000        |
| Interest and Rents                       | 257,156             | 110,000             | 225,000             | 100,000             |
| Operating Transfer In                    | -                   | -                   | 347,630             | 455,060             |
| <b>Total - Revenue</b>                   | <b>\$ 2,911,016</b> | <b>\$ 2,740,000</b> | <b>\$ 3,187,630</b> | <b>\$ 3,130,060</b> |
| <b>Expenditures</b>                      |                     |                     |                     |                     |
| Other Services/Charges                   | \$ 50,764           | \$ 46,450           | \$ 66,450           | \$ 70,000           |
| Debt Service                             | 1,000               | -                   | 1,000               | 1,000               |
| Operating Transfer Out                   | 2,975,469           | 3,120,280           | 3,120,180           | 3,059,060           |
| <b>Total - Expenditures</b>              | <b>\$ 3,027,233</b> | <b>\$ 3,166,730</b> | <b>\$ 3,187,630</b> | <b>\$ 3,130,060</b> |
| <b>Revenue Over (Under) Expenditures</b> | <b>\$ (116,217)</b> | <b>\$ (426,730)</b> | <b>\$ -</b>         | <b>\$ -</b>         |

**2000 MTF DEBT SERVICE FUND  
REVENUE AND EXPENDITURES**

| Description                              | 2008<br>Actual    | 2009<br>Projected | 2009<br>Budget    | 2010<br>Budget    |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Revenue</b>                           |                   |                   |                   |                   |
| Operating Transfer In                    | \$ 247,863        | \$ 239,140        | \$ 239,140        | \$ 230,220        |
| <b>Total - Revenue</b>                   | <b>\$ 247,863</b> | <b>\$ 239,140</b> | <b>\$ 239,140</b> | <b>\$ 230,220</b> |
| <b>Expenditures</b>                      |                   |                   |                   |                   |
| Debt Service                             | \$ 247,863        | \$ 239,140        | \$ 239,140        | \$ 230,220        |
| <b>Total - Expenditures</b>              | <b>\$ 247,863</b> | <b>\$ 239,140</b> | <b>\$ 239,140</b> | <b>\$ 230,220</b> |
| <b>Revenue Over (Under) Expenditures</b> | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       |



2009/10

**PROPOSALS A AND B  
BOND DEBT SERVICE FUND  
REVENUE AND EXPENDITURES**

**PROPOSAL A BOND DEBT SERVICE FUND  
REVENUE AND EXPENDITURES**

| <b>Description</b>                       | <b>2008<br/>Actual</b> | <b>2009<br/>Projected</b> | <b>2009<br/>Budget</b> | <b>2010<br/>Budget</b> |
|--|------------------------|---------------------------|------------------------|------------------------|
| <b><u>Revenue</u></b>                    |                        |                           |                        |                        |
| Operating Transfer In                    | \$ 836,281             | \$ 891,330                | \$ 891,330             | \$ 807,670             |
| <b>Total - Revenue</b>                   | <b>\$ 836,281</b>      | <b>\$ 891,330</b>         | <b>\$ 891,330</b>      | <b>\$ 807,670</b>      |
| <b><u>Expenditures</u></b>               |                        |                           |                        |                        |
| Debt Service                             | \$ 836,281             | \$ 891,330                | \$ 891,330             | \$ 807,670             |
| <b>Total - Expenditures</b>              | <b>\$ 836,281</b>      | <b>\$ 891,330</b>         | <b>\$ 891,330</b>      | <b>\$ 807,670</b>      |
| <b>Revenue Over (Under) Expenditures</b> | <b>\$ -</b>            | <b>\$ -</b>               | <b>\$ -</b>            | <b>\$ -</b>            |

**PROPOSAL B BOND DEBT SERVICE FUND  
REVENUE AND EXPENDITURES**

| <b>Description</b>                       | <b>2008<br/>Actual</b> | <b>2009<br/>Projected</b> | <b>2009<br/>Budget</b> | <b>2010<br/>Budget</b> |
|--|------------------------|---------------------------|------------------------|------------------------|
| <b><u>Revenue</u></b>                    |                        |                           |                        |                        |
| Operating Transfer In                    | \$ 1,383,433           | \$ 1,464,830              | \$ 1,464,830           | \$ 1,480,490           |
| <b>Total - Revenue</b>                   | <b>\$ 1,383,433</b>    | <b>\$ 1,464,830</b>       | <b>\$ 1,464,830</b>    | <b>\$ 1,480,490</b>    |
| <b><u>Expenditures</u></b>               |                        |                           |                        |                        |
| Debt Service                             | \$ 1,383,433           | \$ 1,464,830              | \$ 1,464,830           | \$ 1,480,490           |
| <b>Total - Expenditures</b>              | <b>\$ 1,383,433</b>    | <b>\$ 1,464,830</b>       | <b>\$ 1,464,830</b>    | <b>\$ 1,480,490</b>    |
| <b>Revenue Over (Under) Expenditures</b> | <b>\$ -</b>            | <b>\$ -</b>               | <b>\$ -</b>            | <b>\$ -</b>            |



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PROPOSAL C BOND DEBT SERVICE FUND  
REVENUE AND EXPENDITURES

| Description                              | 2008<br>Actual    | 2009<br>Projected | 2009<br>Budget    | 2010<br>Budget    |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Revenue</b>                           |                   |                   |                   |                   |
| Operating Transfer In                    | \$ 755,755        | \$ 764,120        | \$ 764,020        | \$ 770,900        |
| <b>Total - Revenue</b>                   | <b>\$ 755,755</b> | <b>\$ 764,120</b> | <b>\$ 764,020</b> | <b>\$ 770,900</b> |
| <b>Expenditures</b>                      |                   |                   |                   |                   |
| Debt Service                             | \$ 755,755        | \$ 764,120        | \$ 764,020        | \$ 770,900        |
| <b>Total - Expenditures</b>              | <b>\$ 755,755</b> | <b>\$ 764,120</b> | <b>\$ 764,020</b> | <b>\$ 770,900</b> |
| <b>Revenue Over (Under) Expenditures</b> | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       |



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**DEBT SUMMARY**

**DEBT SERVICE**

(Does not include debt serviced by Enterprise Funds)

| Description of Debt                | Debt                     |                    |                    | Total              |
|------------------------------------|--------------------------|--------------------|--------------------|--------------------|
|                                    | Outstanding<br>6/30/2009 | Principal          | Interest           |                    |
| North Arm Relief Drain             | \$597,662                | \$44,100           | \$12,960           | \$57,060           |
| Proposal A - Streets               | 8,585,000                | 465,000            | 341,670            | 806,670            |
| Proposal B - Public Safety         | 13,370,000               | 950,000            | 529,490            | 1,479,490          |
| Proposal C - Recreation Facilities | 7,095,000                | 475,000            | 295,300            | 770,300            |
| George W. Kuhn Drain               | 2,438,038                | 138,630            | 66,760             | 205,390            |
| MTF - Rochester Road               | 1,025,000                | 175,000            | 54,920             | 229,920            |
| <b>Total Debt Service</b>          | <b>\$33,110,700</b>      | <b>\$2,247,730</b> | <b>\$1,301,100</b> | <b>\$3,548,830</b> |

**CAPITAL PROJECTS FUND AND TAX-SUPPORTED DEBT SERVICE**

| General Debt<br>Debt Service | 2005/06<br>Actual  | 2006/07<br>Actual  | 2007/08<br>Actual  | 2008/09<br>Budget  | 2009/10<br>Budget  |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| MTF Rochester Road           | \$265,088          | \$256,612          | \$247,862          | \$238,840          | \$229,920          |
| Proposal A - Streets         | 788,138            | 800,969            | 836,281            | 890,330            | 806,670            |
| Proposal B - Public Safety   | 1,316,120          | 1,393,951          | 1,383,433          | 1,463,830          | 1,479,490          |
| Proposal C - Rec. Facilities | 711,174            | 746,724            | 755,755            | 763,520            | 770,300            |
| <b>Total General Debt</b>    | <b>\$3,080,520</b> | <b>\$3,198,256</b> | <b>\$3,223,331</b> | <b>\$3,356,520</b> | <b>\$3,286,380</b> |

| Capital Projects<br>Debt Service   | 2005/06<br>Actual | 2006/07<br>Actual | 2007/08<br>Actual | 2008/09<br>Budget | 2009/10<br>Budget |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| George W. Kuhn Drain               | \$202,032         | \$205,493         | \$204,771         | \$205,650         | \$205,390         |
| North Arm Relief Drain             | 56,817            | 56,906            | 57,050            | 57,050            | 57,060            |
| <b>Total Capital Projects Debt</b> | <b>\$258,849</b>  | <b>\$262,399</b>  | <b>\$261,821</b>  | <b>\$262,700</b>  | <b>\$262,450</b>  |



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**SCHEDULE OF  
PRINCIPAL AND INTEREST**

**GENERAL FUND DEBT**

| Fiscal Year  | MTF Roads          | Proposal A Streets | Proposal B          |                       | Interest           | Total               |
|--------------|--------------------|--------------------|---------------------|-----------------------|--------------------|---------------------|
|              |                    |                    | Public Safety       | Recreation Facilities |                    |                     |
| 2010         | \$175,000          | \$465,000          | \$950,000           | \$475,000             | \$1,221,356        | \$3,286,356         |
| 2011         | 175,000            | 540,000            | 1,055,000           | 500,000               | 1,134,823          | 3,404,823           |
| 2012         | 200,000            | 560,000            | 1,060,000           | 525,000               | 1,044,450          | 3,389,450           |
| 2013         | 225,000            | 635,000            | 1,065,000           | 550,000               | 951,874            | 3,426,874           |
| 2014         | 250,000            | 655,000            | 1,075,000           | 575,000               | 852,753            | 3,407,753           |
| 2015         | -                  | 750,000            | 1,075,000           | 600,000               | 744,840            | 3,169,840           |
| 2016         | -                  | 745,000            | 1,185,000           | 600,000               | 643,856            | 3,173,856           |
| 2017         | -                  | 760,000            | 1,195,000           | 620,000               | 536,726            | 3,111,726           |
| 2018         | -                  | 785,000            | 1,100,000           | 625,000               | 426,588            | 2,936,588           |
| 2019         | -                  | 855,000            | 1,200,000           | 650,000               | 312,023            | 3,017,023           |
| 2020         | -                  | 870,000            | 1,200,000           | 675,000               | 191,093            | 2,936,093           |
| 2021         | -                  | 965,000            | 1,210,000           | 700,000               | 64,950             | 2,939,950           |
| <b>Total</b> | <b>\$1,025,000</b> | <b>\$8,585,000</b> | <b>\$13,370,000</b> | <b>\$7,095,000</b>    | <b>\$8,125,332</b> | <b>\$38,200,332</b> |

**CAPITAL PROJECTS FUNDS**

| Fiscal Year  | George W. Kuhn Drain | North Arm Relief Drain | Interest         | Total              |
|--------------|----------------------|------------------------|------------------|--------------------|
|              | 2010                 | \$138,642              |                  |                    |
| 2011         | 142,353              | 45,088                 | 74,910           | \$262,351          |
| 2012         | 146,063              | 46,090                 | 69,970           | \$262,123          |
| 2013         | 150,282              | 47,092                 | 64,900           | \$262,274          |
| 2014         | 154,120              | 48,094                 | 59,714           | \$261,928          |
| 2015         | 157,956              | 49,430                 | 54,396           | \$261,782          |
| 2016         | 162,562              | 50,098                 | 48,942           | \$261,602          |
| 2017         | 167,166              | 51,434                 | 43,348           | \$261,948          |
| 2018         | 171,643              | 52,436                 | 37,580           | \$261,659          |
| 2019         | 175,607              | 53,772                 | 31,662           | \$261,041          |
| 2020         | 180,212              | 55,108                 | 25,604           | \$260,924          |
| 2021         | 184,943              | 54,934                 | 19,374           | \$259,251          |
| 2022         | 189,931              | -                      | 13,624           | \$203,555          |
| 2023         | 152,329              | -                      | 8,352            | \$160,681          |
| 2024         | 155,014              | -                      | 4,523            | \$159,537          |
| 2025         | 7,418                | -                      | 561              | \$7,979            |
| 2026         | 1,797                | -                      | 92               | \$1,889            |
| <b>Total</b> | <b>\$2,438,038</b>   | <b>\$597,662</b>       | <b>\$637,272</b> | <b>\$3,672,972</b> |

**ENTERPRISE FUNDS**

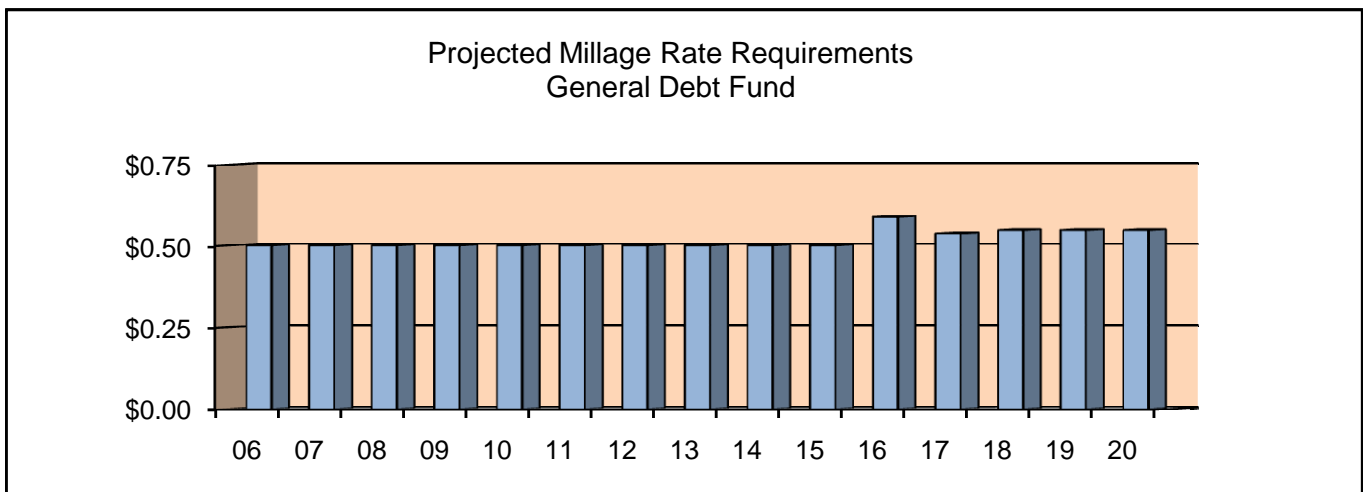
| Fiscal Year  | MBA Golf Course      |                     | Total                |
|--------------|----------------------|---------------------|----------------------|
|              | Course               | Interest            |                      |
| 2010         | \$ 300,000           | \$ 516,195          | \$ 816,195           |
| 2011         | 400,000              | 501,945             | \$ 901,945           |
| 2012         | 400,000              | 485,446             | \$ 885,446           |
| 2013         | 400,000              | 468,597             | \$ 868,597           |
| 2014         | 400,000              | 451,247             | \$ 851,247           |
| 2015         | 450,000              | 431,248             | \$ 881,248           |
| 2016         | 500,000              | 408,998             | \$ 908,998           |
| 2017         | 500,000              | 386,748             | \$ 886,748           |
| 2018         | 500,000              | 364,248             | \$ 864,248           |
| 2019         | 600,000              | 339,123             | \$ 939,123           |
| 2020         | 600,000              | 310,999             | \$ 910,999           |
| 2021         | 600,000              | 282,124             | \$ 882,124           |
| 2022         | 600,000              | 252,500             | \$ 852,500           |
| 2023         | 700,000              | 220,000             | \$ 920,000           |
| 2024         | 700,000              | 185,000             | \$ 885,000           |
| 2025         | 800,000              | 147,500             | \$ 947,500           |
| 2026         | 800,000              | 107,500             | \$ 907,500           |
| 2027         | 850,000              | 66,250              | \$ 916,250           |
| 2028         | 900,000              | 22,500              | \$ 922,500           |
| <b>Total</b> | <b>\$ 11,000,000</b> | <b>\$ 5,948,168</b> | <b>\$ 16,948,168</b> |



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ALL FUNDS  
SCHEDULE OF PRINCIPAL AND INTEREST

| Fiscal Year  | General Debt Fund   | Capital Projects Fund | MBA Golf Course Fund | Total               |
|--------------|---------------------|-----------------------|----------------------|---------------------|
| 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>\$38,200,332</b> | <b>\$3,672,972</b>    | <b>\$16,948,168</b>  | <b>\$58,821,472</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.