



2010/11  
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.

Assessed Valuation at December 31, 2009: \$4,988,518,313

	<b>City of Troy Annual Net Debt</b>	<b>% of State Equalized Valuation</b>	<b>Legal Maximum Debt</b>	<b>Legal Debt Margin</b>
General Obligation Debt	\$37,460,000	10%	\$ 498,851,831	\$ 461,391,831
Emergency Bonds	0	3/8%	18,706,944	18,706,944
Special Assessment Bonds	0	12%	598,622,198	598,622,198
<b>Total Debt</b>	<b>\$37,460,000</b>		<b>\$1,116,180,973</b>	<b>\$1,078,720,973</b>



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The statutory debt limits of net bonded indebtedness incurred for all public purposes shall not at any one time exceed 10% of the assessed valuation of taxable property in the City \$4,988,518,313 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+

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\*\*\*Aa1

Aa2

Aa3

A1

A2

A3

Baa1

Baa2

Baa3

Ba1

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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 1 of the 3 rating agencies. There are only three cities in the state of Michigan, including Troy, having a 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, 2010, the principal and interest payments required for fiscal 2010/11, and the funding source is included within this Debt Service section. Total indebtedness as of June 30, 2010 is \$41,359,625. Total principal and interest payments in fiscal year 2010/11 are \$2,896,590 and \$1,648,945 respectively.



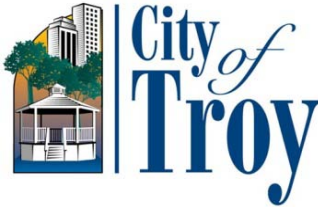
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**GENERAL DEBT SERVICE FUND  
REVENUES AND EXPENDITURES**

Description	2009 Actual	2010 Projected	2010 Budget	2011 Budget
<b>Revenues</b>				
Taxes	\$ 2,653,262	\$ 2,575,000	\$ 2,575,000	\$ 2,350,000
Interest and Rents	100,978	45,000	100,000	45,000
Operating Transfer In	-	-	455,060	827,200
<b>Total - Revenues</b>	<b>\$ 2,754,240</b>	<b>\$ 2,620,000</b>	<b>\$ 3,130,060</b>	<b>\$ 3,222,200</b>
<b>Expenditures</b>				
Other Services/Charges	\$ 62,710	\$ 50,000	\$ 70,000	\$ 71,500
Debt Service	1,150	1,500	1,000	1,500
Operating Transfer Out	3,119,533	3,058,660	3,059,060	3,149,200
<b>Total - Expenditures</b>	<b>\$ 3,183,393</b>	<b>\$ 3,110,160</b>	<b>\$ 3,130,060</b>	<b>\$ 3,222,200</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (429,153)</b>	<b>\$ (490,160)</b>	<b>\$ -</b>	<b>\$ -</b>

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

Description	2009 Actual	2010 Projected	2010 Budget	2011 Budget
<b>Revenues</b>				
Operating Transfer In	\$ 239,113	\$ 230,220	\$ 230,220	\$ 221,200
<b>Total - Revenues</b>	<b>\$ 239,113</b>	<b>\$ 230,220</b>	<b>\$ 230,220</b>	<b>\$ 221,200</b>
<b>Expenditures</b>				
Debt Service	\$ 239,113	\$ 230,220	\$ 230,220	\$ 221,200
<b>Total - Expenditures</b>	<b>\$ 239,113</b>	<b>\$ 230,220</b>	<b>\$ 230,220</b>	<b>\$ 221,200</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



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

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

Description	2009 Actual	2010 Projected	2010 Budget	2011 Budget
<b>Revenues</b>				
Operating Transfer In	\$ 891,108	\$ 807,470	\$ 807,670	\$ 851,140
<b>Total - Revenues</b>	<b>\$ 891,108</b>	<b>\$ 807,470</b>	<b>\$ 807,670</b>	<b>\$ 851,140</b>
<b>Expenditures</b>				
Debt Service	\$ 891,108	\$ 807,470	\$ 807,670	\$ 851,140
<b>Total - Expenditures</b>	<b>\$ 891,108</b>	<b>\$ 807,470</b>	<b>\$ 807,670</b>	<b>\$ 851,140</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

Description	2009 Actual	2010 Projected	2010 Budget	2011 Budget
<b>Revenues</b>				
Operating Transfer In	\$ 1,464,633	\$ 1,480,290	\$ 1,480,490	\$ 1,539,960
<b>Total - Revenues</b>	<b>\$ 1,464,633</b>	<b>\$ 1,480,290</b>	<b>\$ 1,480,490</b>	<b>\$ 1,539,960</b>
<b>Expenditures</b>				
Debt Service	\$ 1,464,633	\$ 1,480,290	\$ 1,480,490	\$ 1,539,960
<b>Total - Expenditures</b>	<b>\$ 1,464,633</b>	<b>\$ 1,480,290</b>	<b>\$ 1,480,490</b>	<b>\$ 1,539,960</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



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**PROPOSAL C BOND DEBT SERVICE FUND  
REVENUES AND EXPENDITURES**

Description	2009 Actual	2010 Projected	2010 Budget	2011 Budget
<b>Revenues</b>				
Operating Transfer In	\$ 763,793	\$ 770,900	\$ 770,900	\$ 758,100
<b>Total - Revenues</b>	<b>\$ 763,793</b>	<b>\$ 770,900</b>	<b>\$ 770,900</b>	<b>\$ 758,100</b>
<b>Expenditures</b>				
Debt Service	\$ 763,793	\$ 770,900	\$ 770,900	\$ 758,100
<b>Total - Expenditures</b>	<b>\$ 763,793</b>	<b>\$ 770,900</b>	<b>\$ 770,900</b>	<b>\$ 758,100</b>
<b>Revenues 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 Outstanding 6/30/2010	Principal	Interest	Total
North Arm Relief Drain	\$ 553,576	\$ 45,090	\$ 11,950	\$ 57,040
Proposal A - Streets	7,960,000	555,000	295,140	850,140
Proposal B - Public Safety	12,390,000	1,055,000	483,960	1,538,960
Proposal C - Recreation Facilities	6,410,000	515,000	242,500	757,500
George W. Kuhn Drain	2,496,049	151,500	67,550	219,050
MTF - Rochester Road	850,000	175,000	45,900	220,900
<b>Total Debt Service</b>	<b>\$30,659,625</b>	<b>\$2,496,590</b>	<b>\$1,147,000</b>	<b>\$3,643,590</b>

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

General Debt Debt Service	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Budget	2010/11 Budget
MTF Rochester Road	\$ 256,612	\$ 247,862	\$ 239,112	\$ 229,920	\$ 220,900
Proposal A - Streets	800,969	836,281	891,108	806,670	850,140
Proposal B - Public Safety	1,393,951	1,383,433	1,464,633	1,479,490	1,538,960
Proposal C - Rec. Facilities	746,724	755,755	763,793	770,300	757,500
<b>Total General Debt</b>	<b>\$3,198,256</b>	<b>\$3,223,331</b>	<b>\$3,358,646</b>	<b>\$3,286,380</b>	<b>\$3,367,500</b>

Capital Projects Debt Service	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Budget	2010/11 Budget
George W. Kuhn Drain	\$ 205,493	\$ 204,771	\$207,375	\$205,390	\$ 219,050
North Arm Relief Drain	56,906	57,050	57,016	57,060	57,040
<b>Total Capital Projects Debt</b>	<b>\$ 262,399</b>	<b>\$ 261,821</b>	<b>\$ 264,391</b>	<b>\$ 262,450</b>	<b>\$ 276,090</b>



**2010/11  
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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		
2011	\$175,000	\$555,000	\$1,055,000	\$515,000	\$1,067,497	\$3,367,497
2012	200,000	555,000	1,060,000	520,000	985,068	3,320,068
2013	225,000	625,000	1,065,000	535,000	902,520	3,352,520
2014	250,000	645,000	1,075,000	560,000	800,166	3,330,166
2015	-	740,000	1,075,000	590,000	695,824	3,100,824
2016	-	730,000	1,180,000	580,000	604,936	3,094,936
2017	-	745,000	1,190,000	595,000	509,898	3,039,898
2018	-	760,000	1,095,000	595,000	413,673	2,863,673
2019	-	825,000	1,195,000	615,000	302,635	2,937,635
2020	-	840,000	1,195,000	640,000	179,875	2,854,875
2021	-	940,000	1,205,000	665,000	58,950	2,868,950
<b>Total</b>	<b>\$850,000</b>	<b>\$7,960,000</b>	<b>\$12,390,000</b>	<b>\$6,410,000</b>	<b>\$6,521,042</b>	<b>\$34,131,042</b>

**CAPITAL PROJECTS FUNDS**

Fiscal Year	George W. Kuhn Drain	North Arm Relief Drain	Interest	Total
	2011	\$151,494		
2012	155,077	46,090	74,350	\$275,517
2013	159,684	47,092	69,068	\$275,844
2014	163,652	48,094	63,663	\$275,409
2015	167,752	49,430	58,123	\$275,305
2016	172,618	50,098	52,452	\$275,168
2017	177,354	51,434	46,617	\$275,405
2018	180,833	52,436	40,617	\$273,886
2019	186,187	53,772	34,461	\$274,420
2020	191,051	55,108	28,160	\$274,319
2021	196,045	54,934	21,675	\$272,654
2022	201,424	-	15,667	\$217,091
2023	164,082	-	10,068	\$174,150
2024	166,840	-	5,752	\$172,592
2025	16,112	-	1,320	\$17,432
2026	16,480	-	959	\$17,439
2027	14,552	-	590	\$15,142
2028	14,812	-	249	\$15,061
<b>Total</b>	<b>\$2,496,049</b>	<b>\$553,576</b>	<b>\$603,288</b>	<b>\$3,652,913</b>

**ENTERPRISE FUNDS**

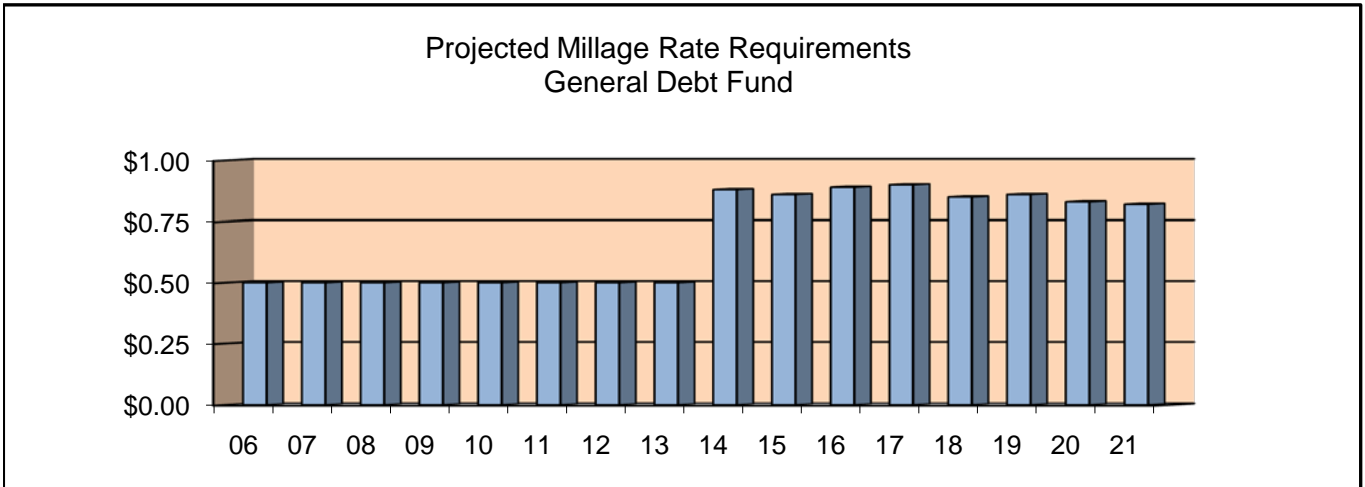
Fiscal Year	MBA Golf Course	Interest	Total
	2011		
2012	400,000	485,446	\$ 885,446
2013	400,000	468,597	\$ 868,597
2014	400,000	451,247	\$ 851,247
2015	450,000	431,248	\$ 881,248
2016	500,000	408,998	\$ 908,998
2017	500,000	386,748	\$ 886,748
2018	500,000	364,248	\$ 864,248
2019	600,000	339,123	\$ 939,123
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>\$ 10,700,000</b>	<b>\$ 5,431,973</b>	<b>\$ 16,131,973</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
2010/11	\$3,367,497	\$276,079	\$901,945	\$4,545,521
2011/12	3,320,068	275,517	885,446	\$4,481,031
2012/13	3,352,520	275,844	868,597	\$4,496,961
2013/14	3,330,166	275,409	851,247	\$4,456,822
2014/15	3,100,824	275,305	881,248	\$4,257,377
2015/16	3,094,936	275,168	908,998	\$4,279,102
2016/17	3,039,898	275,405	886,748	\$4,202,051
2017/18	2,863,673	273,886	864,248	\$4,001,807
2018/19	2,937,635	274,420	939,123	\$4,151,178
2019/20	2,854,875	274,319	910,999	\$4,040,193
2020/21	2,868,950	272,654	882,124	\$4,023,728
2021/22	-	217,091	852,500	\$1,069,591
2022/23	-	174,150	920,000	\$1,094,150
2023/24	-	172,592	885,000	\$1,057,592
2024/25	-	17,432	947,500	\$964,932
2025/26	-	17,439	907,500	\$924,939
2026/27	-	15,142	916,250	\$931,392
2027/28	-	15,061	922,500	\$937,561
<b>Total</b>	<b>\$34,131,042</b>	<b>\$3,652,913</b>	<b>\$16,131,973</b>	<b>\$53,915,928</b>



Bars represent estimated millage requirements as a result of bond issue Proposals A, B and C.



City of  
**Troy**