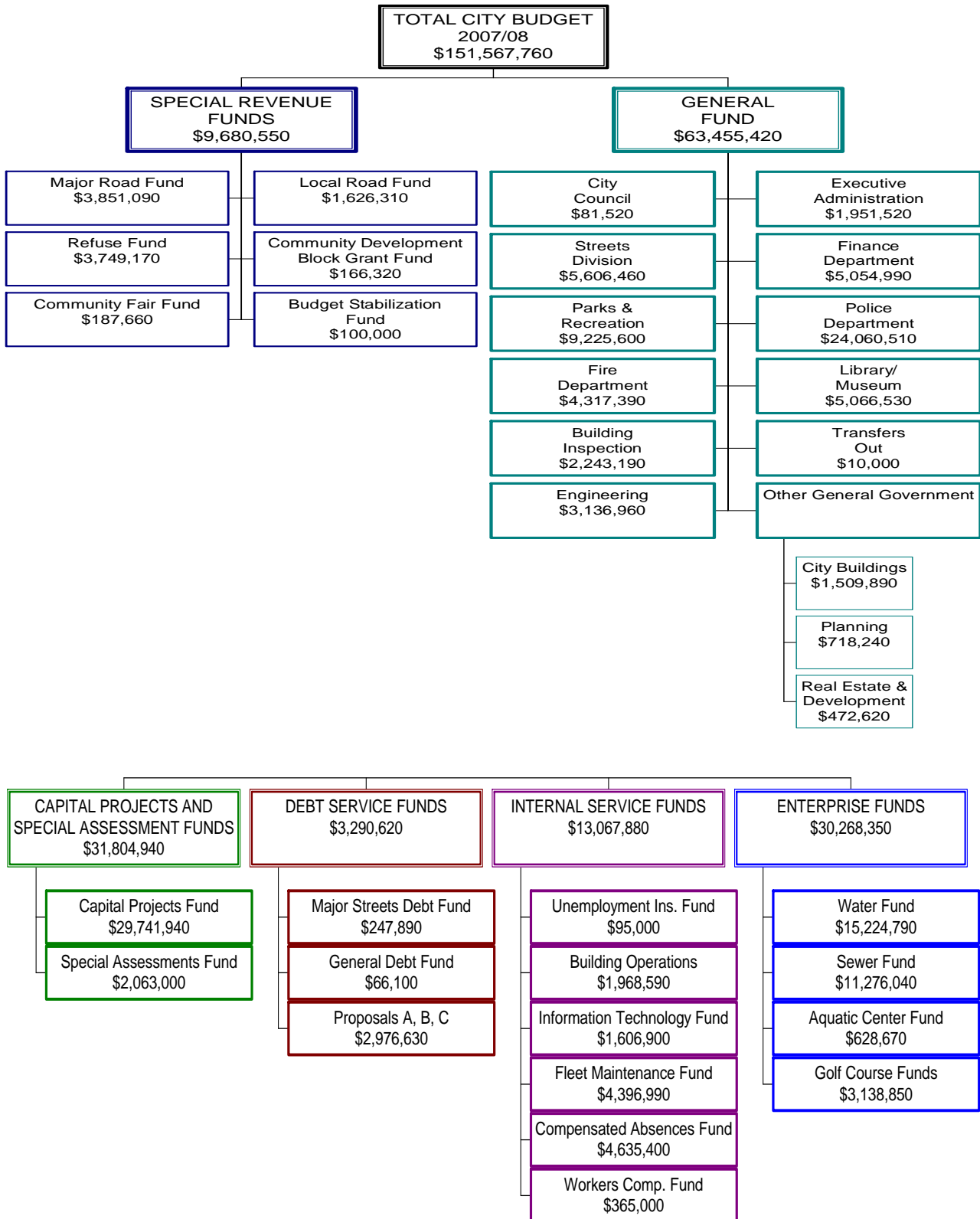




Financial Org Chart



The Executive Summary is prepared as an introduction to the 2007/08 budget and provides a summary of Administration's financial plans for the upcoming fiscal year. It will explain how the City plans to utilize its resources and highlights some of the more significant changes to the City's budget. If a more in-depth understanding of the budget is desired, please take some time to review the wealth of information found within the graphs, charts, narrative text, significant notes, and funding level summaries provided in the budget. The budget is available at the City Clerk's Office, Troy Public Library and on the City of Troy's website.

Total City Funds

The 2007/08 budget for all City funds totals \$151.6 million. The City establishes a budget for 25 separate funds or accounting divisions; these 25 funds can be further paired into 6 major fund groupings. The largest is the **General Fund**, which provides \$63.5 million in funding toward the majority of services available to residents through the City's 14 departments.

Special Revenue Funds provide a total of \$9.7 million for major and local road maintenance; refuse and recycling; federally funded Community Development Block Grant programs; and the **Troy Community Fair Fund**.

Several notable items in the **Special Revenue Funds** 2007/08 budget include:

- Maintain and repair major roads (\$3.9 million)
- Maintain local roads (\$1.6 million)

- Refuse collection and disposal and recycling activities (\$3.7 million)

The **Capital Projects Funds** total \$29.7 million for 2007/08. These funds are used for capital equipment and vehicles, construction and improvement of municipal facilities, and road construction. Notable capital projects in the 2007/08 budget include:

- Transit Center reserve (\$1.3 million)
- Major road construction and Improvements (\$10.2 million)
- Local road reconstruction and improvements (\$2.5 million)
- Technology improvements and software (\$0.7 million)
- Storm drainage improvements (\$1.3 million)
- Park development and Improvements (\$ 2.9 million)
- Sidewalk construction (\$0.6 million)
- Civic Center site improvements (\$1.5 million)
- Trail System reserve (\$1.5 million)

Debt Service Funds total \$3.3 million, which provides funding for debt payments on road construction projects, the Community Center, and public safety facilities.

Enterprise Funds provide \$30.3 million in funding for water and sewer utility operations, as well as the aquatic center and golf courses.

Internal Service Funds account for \$13.1 million in charges for goods and services provided by one department to others.



General Fund

The 2007/08 budget for the **General Fund** is \$63.5 million, a decrease of \$1.5 million or 2.4% below the 2006/07 budget.

Revenues by Category

The **General Fund** derives its revenue from a variety of sources, the largest being property taxes. The City’s general operating millage rate of 6.50 mills will provide nearly \$34.3 million, or 54% of the total **General Fund** budget.

Troy’s proposed overall millage rate of 9.28 was lowered from 9.43 due to a major cost savings and reduction in the **Refuse Fund** millage rate. Troy’s millage rate has remained at the same rate, or has been lowered, for 6 years. Proposal A has capped property taxable value at a 3.7% increase.

The **General Fund** also realizes revenue from a variety of smaller categories to lessen the burden and reliance on property taxes:

Category	%
Licenses & Permits	2.8
Federal, State & Local Grants	11.1
Fines & Forfeitures	1.6
Charges for Services	10.4
Interest & Rents	3.3
Other Revenue & Financing Sources	13.3

Re-appropriation of \$3.2 million of **Fund Balance** is planned for fiscal year 2007/08.

After this designation the City is estimated to have \$9.7 million or 15.2% of expenditures in the **Unreserved/Undesignated Fund** in 2007/08.

Expenditures by Object

The \$63.5 million **General Fund** budget is comprised of 4 separate expenditure objects or categories.

	\$ Change	% Change
Personal Services	\$1,594,200	3.8%
Supplies	2,100	0.1%
Other Services/ Charges	372,310	2.3%
Other Financing Uses	3,500,000	99.7%
Total	\$1,531,390	2.4%

The largest category is **Personal Services**, which is made up of wages and fringe benefits and comprises 69.1% of the total budget, compared to 65.0% last fiscal year.

Supplies, made up primarily of operating supplies, total 5.0% of the budget.

Other Services/Charges total 25.9% of the budget and are primarily used to provide for contractual services, property and liability insurances, utility bills, and outside legal services.

All departmental outlay for major capital purchases is found in the **Capital Projects Fund**.



Other Financing Uses is used to account for the transfer of \$10,000 to the **Community Fair Fund**.

The total \$1.5 million decrease in **General Fund** expenditures can best be explained by the following:

Personal Services increased \$1,594,200 or 3.8% over last year's budget. Wages for all employees increased by \$534,050. The increase is net of 4 fewer full-time positions in the **General Fund**.

The budget includes funding for 472 full-time positions. This reflects a decrease of 4 full-time employees, bringing a total reduction of 19 full-time employees from 4 years ago. The total net number of part-time employees has decreased by 4, mainly due to the reduction of part-time employees at the Community Center.

Supplies increased by \$2,100 or 0.1%. Items such as repairs and maintenance supplies and postage accounted for this increase.

Other Services/Charges increased by \$372,310 or 2.3%. The overall increase is primarily due to increases in public utilities and computer services.

A complete list of all capital equipment, vehicles, and projects that are budgeted is located in the Capital Projects section of this document.

Other Financing Uses decreased by \$3,500,000. This activity contains a transfer of \$10,000 to the **Community Fair Fund**.

In 2006/07 the City was able to transfer \$1,000,000 to its **Budget Stabilization Fund** and \$2,500,000 to the **Retiree Medical Benefits Trust Fund**.

These transfers were made available due to the size of our **Unreserved/Undesignated Fund Balance**.

The City will continue to pre-fund general and police and fire employee retirees' medical costs as a percent of payroll. An actuarial study has recommended that the City pre-fund these costs in order to offset large future liabilities. This funding is included in the retirement line item.

Expenditures by Budgetary Center

The **General Fund** can be further broken down to departmental or budgetary center level. These budgetary centers represent the nine City operating departments as well as other ancillary expenditure cost centers.

Water and Sewer Fund

The **Water and Sewer Fund** is a completely self-supporting activity that does not receive funding from property taxes or any other City fund. It is designed to break even, as well as provide funding for improvements to the system, and is expressly for the purpose of providing water distribution and sewer disposal services to the City of Troy's residents and businesses.



The City purchases its water and sewage disposal services from the City of Detroit, which directly influences the rates Troy charges.

The City of Detroit increased the water and sewer rates it charges the City of Troy effective July 1, 2007.

The Detroit water rate will increase by 3.2% from \$14.92 to \$15.39 per thousand cubic feet. The Southeast Oakland County Sewer District rate will increase by 2.6% from \$10.49 to \$10.76 per thousand cubic feet after including the Oakland County Drain Commission charges. The Evergreen-Farmington Sewer District rate will increase by 4.1% from \$14.03 to \$14.61.

The budget recommends the combined water and sewer rates increase by \$1.23 per MCF. This rate increase will result in a 3% increase in the combined water and sewer rate per MCF. The average residential customer uses 3.9 MCF per quarter, which equates to a quarterly bill of \$164.11 using the proposed rates. This will result in an increase of \$4.79 per quarter or \$19.16 per year.

The system is expected to operate in the coming year with operating revenues meeting operating expenses, and providing some additional funds for improvements to the system. Capital expenditures budgeted for both systems include \$8.7 million for water and \$4.6 million for sewer.

The \$13.3 million in water and sewer improvements are being made without bonding due to the rate structure in place that not only provides for the commodity charge, but for operations and maintenance and capital improvements as well.

The City continues to control its discretionary costs within this fund and provide the necessary equipment to properly maintain the system.

Refuse Fund

The **Refuse Fund** operates as a **Special Revenue Fund**. The 2007/08 budget calls for a large reduction in refuse collection and disposal and recycling expenses due to the recent re-bidding of these services for SOCRRA members. The reduced cost will result in a reduction in the refuse millage rate of .15 mills.



2007/08 Budget

All Funds Combined Summary Revenues, Expenditures and Fund Balance

Description	General	Special Revenue	Debt Service	Capital Projects Special Assessment
Revenue				
Taxes	\$ 36,308,690	\$ 3,572,670	\$ 2,637,500	\$ 8,440,000
Licenses and Permits	1,747,500	-	-	-
Federal Grants	55,900	166,320	-	-
State Grants	6,784,000	5,090,000	-	4,219,000
Contributions - Local	180,000	-	-	245,000
Charges for Service	6,598,700	179,600	-	75,000
Fines and Forfeits	1,027,000	-	-	246,180
Interest and Rents	2,081,600	415,000	250,000	1,277,200
Other Revenue	510,550	-	-	400,000
Total - Revenue	\$ 55,293,940	\$ 9,423,590	\$ 2,887,500	\$ 14,902,380
Expenditures				
Personal Service Control	\$ 43,825,310	\$ 181,220	\$ -	\$ -
Supplies	3,180,620	27,050	-	-
Other Services/Charges	16,439,490	3,894,880	65,100	-
Capital Outlay	-	-	-	28,732,010
Debt Service	-	-	3,225,520	260,930
Total - Expenditures	\$ 63,445,420	\$ 4,103,150	\$ 3,290,620	\$ 28,992,940
Other Financing Sources				
Operating Transfer In	\$ 8,161,480	\$ 257,400	\$ 3,379,750	\$ 16,902,560
Total - Other Financing Sources	\$ 8,161,480	\$ 257,400	\$ 3,379,750	\$ 16,902,560
Other Financing Uses				
Operating Transfer Out	\$ 10,000	\$ 5,577,400	\$ 2,976,630	\$ 2,812,000
Total - Other Financing Uses	\$ 10,000	\$ 5,577,400	\$ 2,976,630	\$ 2,812,000
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 440	\$ -	\$ -
Beginning Fund Balance	\$ 19,025,889	\$ 6,476,875	\$ 4,444,081	\$ 7,838,291
Ending Fund Balance	\$ 19,025,889	\$ 6,477,315	\$ 4,444,081	\$ 7,838,291



2007/08 Budget

All Funds Combined Summary Revenues, Expenditures and Fund Balance

Description	Total Governmental Funds	Enterprise	Internal Service
Revenue			
Taxes	\$ 50,958,860	\$ -	\$ -
Licenses and Permits	1,747,500	-	-
Federal Grants	222,220	-	-
State Grants	16,093,000	-	-
Contributions - Local	425,000	-	-
Charges for Service	6,853,300	31,417,670	3,953,070
Fines and Forfeits	1,273,180	-	-
Interest and Rents	4,023,800	1,706,500	4,204,900
Other Revenue	910,550	-	4,890,400
Total - Revenue	\$ 82,507,410	\$ 33,124,170	\$ 13,048,370
Expenditures			
Personal Service Control	\$ 44,006,530	\$ 4,452,750	\$ 8,479,290
Supplies	3,207,670	1,105,090	1,332,550
Other Services/Charges	20,399,470	23,188,840	3,256,540
Capital Outlay	28,732,010	13,680,100	2,123,500
Debt Service	3,486,450	839,530	-
Total - Expenditures	\$ 99,832,130	\$ 43,266,310	\$ 15,191,880
Other Financing Sources			
Operating Transfer In	\$ 28,701,190	\$ -	\$ -
Total - Other Financing Sources	\$ 28,701,190	\$ -	\$ -
Other Financing Uses			
Operating Transfer Out	\$ 11,376,030	\$ -	\$ -
Total - Other Financing Uses	\$ 11,376,030	\$ -	\$ -
Excess of Revenues Over (Under) Expenditures	\$ 440	\$ -	\$ -
Beginning Fund Balance	\$ 37,785,136	\$ -	\$ -
Ending Fund Balance	\$ 37,785,576	\$ -	\$ -

Enterprise and Internal Service Funds report on the accrual basis, therefore retained earnings are not shown in the budget. The Annual Audit shows the retained earnings amount.



2007/08 Budget

All Funds Combined Historical Summary Revenues, Expenditures and Fund Balance

Description	2005 Actual	2006 Projected	2007 Budget
Revenue			
Taxes	\$ 49,877,170	\$ 50,373,690	\$ 50,958,860
Licenses and Permits	1,662,592	1,643,500	1,747,500
Federal Grants	568,495	256,620	222,220
State Grants	12,466,368	12,675,000	16,093,000
Contributions - Local	498,927	708,290	425,000
Charges for Service	7,243,187	6,960,340	6,853,300
Fines and Forfeits	994,372	1,227,000	1,273,180
Interest and Rents	3,703,692	4,229,800	4,023,800
Other Revenue	2,198,944	1,573,860	910,550
Total - Revenue	\$ 79,213,747	\$ 79,648,100	\$ 82,507,410
Expenditures			
Personal Service Control	\$ 40,207,208	\$ 41,766,940	\$ 44,006,530
Supplies	2,855,869	3,055,590	3,207,670
Other Services/Charges	19,367,645	20,405,360	20,399,470
Capital Outlay	18,994,827	14,886,120	28,732,010
Debt Service	3,398,042	3,507,480	3,486,450
Total - Expenditures	\$ 84,823,591	\$ 83,621,490	\$ 99,832,130
Other Financing Sources			
Operating Transfer In	\$ 13,445,489	\$ 17,995,390	\$ 28,701,190
Total - Other Financing Sources	\$ 13,445,489	\$ 17,995,390	\$ 28,701,190
Other Financing Uses			
Operating Transfer Out	\$ 13,951,057	\$ 15,775,630	\$ 11,376,030
Total - Other Financing Uses	\$ 13,951,057	\$ 15,775,630	\$ 11,376,030
Excess of Revenues Over (Under) Expenditures	\$ (6,115,412)	\$ (1,753,630)	\$ 440
Beginning Fund Balance	\$ 65,847,388	\$ 56,154,926	\$ 37,785,136
Ending Fund Balance	\$ 59,731,976	\$ 54,401,296	\$ 37,785,576

Enterprise and Internal Service Funds revenues and expenses are excluded from the fund balance calculation.



2007/08 Budget Revenue Comparison All Funds

Description	2005 Actual	2006 Projected	2006 Budget	2007 Budget
Capital				
Capital Fund	\$ 14,506,746	\$ 16,913,850	\$ 26,004,460	\$ 29,741,940
Special Assessment Fund	958,371	4,192,420	4,052,420	2,063,000
Proposal C - Recreation Fund	251,093	-	-	-
Total - Capital	\$ 15,716,210	\$ 21,106,270	\$ 30,056,880	\$ 31,804,940
Debt Service				
General Debt Service Fund	\$ 2,902,569	\$ 2,986,190	\$ 3,005,190	\$ 3,042,730
2000MTF Bond Debt Retirement	265,363	256,640	256,640	247,890
Proposal A - Bond Debt Retirement	788,688	800,970	800,970	837,000
Proposal B - Bond Debt Retirement	1,316,920	1,393,950	1,393,950	1,383,630
Proposal C - Bond Debt Retirement	711,724	746,770	746,770	756,000
Total - Debt Service	\$ 5,985,264	\$ 6,184,520	\$ 6,203,520	\$ 6,267,250
Enterprise				
Sanctuary Lake Golf Course Fund	\$ 1,173,854	\$ 1,183,630	\$ 1,864,070	\$ 1,294,090
Sylvan Glen Golf Course Fund	1,136,221	1,208,050	1,443,630	1,331,530
Aquatic Center Fund	482,691	473,200	474,900	477,550
Sewer Fund	11,397,214	12,492,100	13,008,200	13,056,000
Water Fund	16,530,403	15,980,900	16,666,400	16,965,000
Total - Enterprise	\$ 30,720,383	\$ 31,337,880	\$ 33,457,200	\$ 33,124,170
General Fund				
General Fund	\$ 60,961,424	\$ 59,048,740	\$ 64,986,810	\$ 63,455,420
Total - General Fund	\$ 60,961,424	\$ 59,048,740	\$ 64,986,810	\$ 63,455,420
Internal Service				
Unemployment Comp Fund	\$ 62,728	\$ 87,000	\$ 73,000	\$ 95,000
Workers' Comp Reserve Fund	577,522	539,000	630,000	443,240
Building Operations Maintenance Fund	1,785,315	1,854,310	1,835,610	1,968,590
Information Technology Fund	1,432,228	1,658,380	1,527,740	2,356,740
Fleet Maintenance Fund	4,414,771	4,274,110	5,577,710	5,771,490
Compensated Absences Fund	4,529,212	4,582,000	4,424,320	4,635,400
Total - Internal Service	\$ 12,801,776	\$ 12,994,800	\$ 14,068,380	\$ 15,270,460
Special Revenue				
Community Fair Fund	\$ 182,609	\$ 187,740	\$ 180,000	\$ 188,100
Major Street Fund	3,716,401	3,695,000	3,725,240	3,851,090
Local Street Fund	1,581,557	1,515,460	1,580,460	1,626,310
Refuse Fund	4,295,401	4,551,940	4,531,830	3,749,170
Budget Stabilization Fund	141,305	1,100,000	1,040,000	100,000
Community Development Block Grant Fund	79,067	253,820	253,820	166,320
Total - Special Revenue	\$ 9,996,340	\$ 11,303,960	\$ 11,311,350	\$ 9,680,990
Total - All Funds	\$ 136,181,397	\$ 141,976,170	\$ 160,084,140	\$ 159,603,230



2007/08 Budget

Expenditure Comparison All Funds

Description	2005 Actual	2006 Projected	2006 Budget	2007 Budget
Capital				
Capital Fund	\$ 23,673,492	\$ 15,286,950	\$ 26,004,460	\$ 29,741,940
Special Assessment Fund	1,152,234	4,052,320	4,052,420	2,063,000
Total - Capital	\$ 24,825,726	\$ 19,339,270	\$ 30,056,880	\$ 31,804,940
Debt Service				
General Debt Service Fund	\$ 2,860,231	\$ 2,986,190	\$ 3,005,190	\$ 3,042,730
2000MTF Bond Debt Retirement	265,363	256,640	256,640	247,890
Proposal A - Bond Debt Retirement	788,688	800,970	800,970	837,000
Proposal B - Bond Debt Retirement	1,316,920	1,393,950	1,393,950	1,383,630
Proposal C - Bond Debt Retirement	711,724	746,770	746,770	756,000
Total - Debt Service	\$ 5,942,926	\$ 6,184,520	\$ 6,203,520	\$ 6,267,250
Enterprise				
Sanctuary Lake Golf Course Fund	\$ 1,730,234	\$ 1,907,690	\$ 2,084,880	\$ 2,090,670
Sylvan Glen Golf Course Fund	1,110,424	1,221,450	1,417,150	1,275,280
Aquatic Center Fund	638,064	686,320	691,730	738,670
Sewer Fund	10,439,523	12,472,850	16,410,790	15,904,040
Water Fund	13,831,746	17,663,910	21,060,550	23,939,790
Total - Enterprise	\$ 27,749,991	\$ 33,952,220	\$ 41,665,100	\$ 43,948,450
General Fund				
General Fund	\$ 57,909,361	\$ 63,711,380	\$ 64,986,810	\$ 63,455,420
Total - General Fund	\$ 57,909,361	\$ 63,711,380	\$ 64,986,810	\$ 63,455,420
Internal Service				
Unemployment Compensation Fund	\$ 79,233	\$ 87,000	\$ 73,000	\$ 95,000
Workers' Comp Reserve Fund	552,460	365,500	530,000	365,500
Building Operations Maintenance Fund	1,718,697	1,773,520	1,835,610	1,968,590
Information Technology Fund	1,430,321	1,645,900	1,527,740	2,355,900
Fleet Maintenance Fund	4,035,085	5,337,990	5,577,710	5,771,490
Compensated Absences Fund	4,404,825	4,582,000	4,424,320	4,635,400
Total - Internal Service	\$ 12,220,621	\$ 13,791,910	\$ 13,968,380	\$ 15,191,880
Special Revenue				
Community Fair Fund	\$ 143,051	\$ 177,250	\$ 197,110	\$ 187,660
Major Street Fund	3,858,450	3,646,090	3,725,240	3,851,090
Local Street Fund	1,607,670	1,432,850	1,580,460	1,626,310
Refuse Fund	4,367,094	4,551,940	4,531,830	3,749,170
Budget Stabilization Fund	41,305	100,000	40,000	100,000
Community Development Block Grant Fund	79,067	253,820	253,820	166,320
Total - Special Revenue	\$ 10,096,637	\$ 10,161,950	\$ 10,328,460	\$ 9,680,550
Total - All Funds	\$ 138,745,262	\$ 147,141,250	\$ 167,209,150	\$ 170,348,490



2007/08 Budget

Year-End Fund Balance Comparison All Funds

Fund # and Description	2004 Actual	2005 Actual	2006 Estimate	2007 Budget
General Fund				
101 General Fund	\$23,807,190	\$ 26,898,809	\$ 22,236,169	\$ 19,025,889
Special Revenue Funds				
202 Major Street Fund	\$ 2,216,278	\$ 2,074,229	\$ 2,123,139	\$ 1,992,049
203 Local Street Fund	1,601,681	1,575,567	1,658,177	1,658,177
226 Refuse Fund	923,644	851,952	729,512	729,512
257 Budget Stabilization Fund	1,000,000	1,100,000	2,100,000	2,100,000
280 Community Development Block Grant	-	-	-	-
103 Community Fair Fund	(52,911)	(13,353)	(2,863)	(2,423)
Total - Special Revenue Funds	\$ 5,688,692	\$ 5,588,395	\$ 6,607,965	\$ 6,477,315
Debt Service Funds				
301 General Debt Service Fund	\$ 4,734,163	\$ 4,776,501	\$ 4,599,311	\$ 4,444,081
354 2000 MTF Debt Service Fund	-	-	-	-
355 Proposal A - Streets Debt Service Fund	-	-	-	-
356 Proposal B - Police/Fire Facilities Debt Service Fund	-	-	-	-
357 Proposal C - Recreation Debt Service Fund	-	-	-	-
Total - Debt Service Funds	\$ 4,734,163	\$ 4,776,501	\$ 4,599,311	\$ 4,444,081
Capital Projects/Special Assessment Fund				
401 Capital Projects Fund	\$21,824,323	\$12,908,667	\$ 14,535,567	\$ 2,609,007
403 Special Assessment Fund	9,753,463	9,559,604	6,422,284	5,229,284
Total - Capital Projects/ Special Assessment Fund	\$31,577,786	\$ 22,468,271	\$ 20,957,851	\$ 7,838,291
Total - All Funds	\$65,807,831	\$ 59,731,976	\$ 54,401,296	\$ 37,785,576

Enterprise and Internal Service Fund retained earnings are shown in the Audit.