



The Executive Summary is prepared as an introduction to the 2008/09 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 web site.

TOTAL CITY FUNDS

The 2008/09 budget for all City funds totals \$152.8 million. The City establishes a budget for 25 separate funds or accounting divisions; these 25 funds can be further paired into six major fund groupings. The largest is the General Fund, which provides \$64.4 million in funding toward the majority of services available to residents through the City's 14 departments.

Special Revenue Funds provide a total of \$9.5 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 2008/09 budget include:

- Maintain and repair major roads (\$3.3 million)

- Maintain local roads (\$1.8 million)
- Refuse collection and disposal and recycling activities (\$3.9 million)

The Capital Projects Funds total \$28.7 million for 2008/09. These funds are used for capital equipment and vehicles, construction and improvement of municipal facilities, and road construction. Notable capital projects in the 2008/09 budget include:

- Transit Center reserve (\$1.3 million)
- Major road construction and Improvements (\$13 million)
- Local road reconstruction and improvements (\$2.3 million)
- Storm drainage improvements (\$0.5 million)
- Park development and Improvements (\$1.1 million)
- Sidewalk construction (\$0.5 million)
- Civic Center site improvements (\$1.6 million)
- Trail System reserve (\$1.8 million)

Debt Service Funds total \$3.4 million, which provides funding for debt payments on road construction projects, the Community Center, and public safety facilities.

Enterprise Funds provide \$30.8 million in funding for water and sewer utility operations, as well as the aquatic center and golf courses.

Internal Service Funds account for \$13.8 million in charges for goods and services provided by one department to others.

GENERAL FUND

The 2008/09 budget for the General Fund is \$64.4 million, an increase of \$0.9 million or 1.5% above the 2007/08 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 million, or 53% of the total General Fund budget.

Troy's proposed overall millage rate of 9.28 was lowered from 9.43 in 2007 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 seven years. Proposal A has capped property taxable value at a 2.3% 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	10.8
Fines & Forfeitures	1.5
Charges for Services	10.8
Interest & Rents	2.3
Other Revenue & Financing Sources	15.3

Re-appropriation of \$4.1 million of Fund Balance is planned for fiscal year 2008/09. After this designation the City is estimated to have \$7.9 million or 12.2% of expenditures in the Unreserved/Undesignated Fund in 2008/09.

EXPENDITURES BY OBJECT

The \$64.4 million General Fund budget is comprised of four separate expenditure objects or categories.

	\$	%
	Change	Change
Personal Services	\$1,412,940	3.2
Supplies	(110,350)	(3.5)
Other Services/Charges	(310,010)	(1.8)
Other Financing Uses	(10,000)	(100.0)
Total	\$ 982,580	1.5

The largest category is Personal Services, which is made up of wages and fringe benefits and comprises 70.2% of the total budget, compared to 69.1% last fiscal year.

Supplies, made up primarily of operating supplies, total 4.8% of the budget.

Other Services/Charges total 25% 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.

The total \$1.0 million increase in General Fund expenditures can best be explained by the following:

Personal Services increased \$1.4 million or 3.2% over last year's budget. The total increase for employee wages is \$212,800. The increase is net of four fewer full-time positions in the General Fund.

The budget includes funding for 468 full-time positions. This reflects a decrease of four full-time employees, bringing a total reduction of 23 full-time employees from five years ago. The total net number of part-time employees has increased by 17, mainly due to the increase of 14 part-time employees at the Troy Family Aquatic Center.

Supplies decreased by \$110,350 or 3.5%. Items such as office supplies and operating supplies accounted for this decrease.

Other Services/Charges decreased by \$310,010 or 1.8%. The overall decrease is a result of decreases in professional services and rental charges.

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 \$10,000. This budget eliminates the transfer of \$10,000 to the Community Fair Fund.

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, 2008.

The Detroit water rate will increase by 2% from \$15.39 to \$15.70 per thousand cubic feet. The Southeast Oakland County Sewer District rate is estimated to increase by 8% from \$10.76 to \$11.62 per thousand cubic feet, after including the Oakland County Drain Commission charges. The Evergreen-Farmington Sewer District rate is estimated to increase by 1.2% from \$14.61 to \$14.79.

The budget recommends the combined water and sewer rates increase by \$1.26 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 \$169.03 using the proposed rates. This will result in an increase of \$4.92 per quarter or \$19.68 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 \$8.8 million for water and \$2.8 million for sewer.

The \$11.6 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 2008/09 budget calls for a large increase in refuse collection and disposal and recycling expenses resulting from a 4.7% increase due to the fuel escalator clause. By maintaining the same tax rate of .68 mills, the Refuse Fund must appropriate \$264,120 of Fund Balance in order to balance the budget. With this appropriation the Refuse Fund - Fund Balance will amount to \$364,000.



2008/09
Budget

**All Funds Combined Summary
Revenues, Expenditures and Fund Balance**

Description	General	Special Revenue	Capital Projects	
			Debt Service	Special Assessment
Revenue				
Taxes	\$ 36,333,690	\$ 3,556,000	\$ 2,615,000	\$ 8,368,000
Licenses and Permits	1,834,500	-	-	-
Federal Grants	12,100	258,960	-	-
State Grants	6,760,500	4,630,000	-	6,814,000
Contributions - Local	180,000	-	-	-
Charges for Service	6,994,650	184,610	-	190,000
Fines and Forfeits	996,000	-	-	100,000
Interest and Rents	1,467,800	250,000	225,000	1,057,200
Other Revenue	486,070	-	-	250,000
Total - Revenue	\$ 55,065,310	\$ 8,879,570	\$ 2,840,000	\$ 16,779,200
Expenditures				
Personal Service Control	\$ 45,238,250	\$ 185,090	\$ -	\$ -
Supplies	3,070,270	22,000	-	-
Other Services/Charges	16,129,480	4,151,600	66,450	-
Capital Outlay	-	-	-	28,367,300
Debt Service	-	-	3,360,320	262,800
Total - Expenditures	\$ 64,438,000	\$ 4,358,690	\$ 3,426,770	\$ 28,630,100
Other Financing Sources				
Operating Transfer In	\$ 9,372,690	\$ 610,540	\$ 3,706,950	\$ 14,017,000
Total - Other Financing Sources	\$ 9,372,690	\$ 610,540	\$ 3,706,950	\$ 14,017,000
Other Financing Uses				
Operating Transfer Out	\$ -	\$ 5,131,420	\$ 3,120,180	\$ 2,166,100
Total - Other Financing Uses	\$ -	\$ 5,131,420	\$ 3,120,180	\$ 2,166,100
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ 18,559,927	\$ 5,550,416	\$ 3,953,731	\$ 5,640,833
Ending Fund Balance	\$ 18,559,927	\$ 5,550,416	\$ 3,953,731	\$ 5,640,833



2008/09
Budget

**All Funds Combined Summary
Revenues, Expenditures and Fund Balance**

Description	Total		
	Governmental		Internal
	Funds	Enterprise	Service
Revenue			
Taxes	\$ 50,872,690	\$ -	\$ -
Licenses and Permits	1,834,500	-	-
Federal Grants	271,060	-	-
State Grants	18,204,500	-	-
Contributions - Local	180,000	-	-
Charges for Service	7,369,260	32,208,640	3,975,510
Fines and Forfeits	1,096,000	-	-
Interest and Rents	3,000,000	1,988,920	4,233,900
Other Revenue	736,070	-	5,153,500
Total - Revenue	\$ 83,564,080	\$ 34,197,560	\$ 13,362,910
Expenditures			
Personal Service Control	\$ 45,423,340	\$ 4,580,530	\$ 8,805,880
Supplies	3,092,270	1,044,680	1,557,950
Other Services/Charges	20,347,530	23,666,870	3,465,450
Capital Outlay	28,367,300	11,879,900	1,485,800
Debt Service	3,623,120	828,300	-
Total - Expenditures	\$ 100,853,560	\$ 42,000,280	\$ 15,315,080
Other Financing Sources			
Operating Transfer In	\$ 27,707,180	\$ -	\$ -
Total - Other Financing Sources	\$ 27,707,180	\$ -	\$ -
Other Financing Uses			
Operating Transfer Out	\$ 10,417,700	\$ -	\$ -
Total - Other Financing Uses	\$ 10,417,700	\$ -	\$ -
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ 33,704,907	\$ -	\$ -
Ending Fund Balance	\$ 33,704,907	\$ -	\$ -

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.



2008/09
Budget

**All Funds Combined Historical Summary
Revenues, Expenditures and Fund Balance**

	2006	2007	2008
Description	Actual	Projected	Budget
<u>Revenue</u>			
Taxes	\$ 50,702,299	\$ 51,033,190	\$ 50,872,690
Licenses and Permits	1,491,959	1,563,000	1,834,500
Federal Grants	314,843	137,480	271,060
State Grants	12,042,330	13,008,150	18,204,500
Contributions - Local	453,879	903,460	180,000
Charges for Service	8,204,476	7,224,680	7,369,260
Fines and Forfeits	1,243,286	1,508,180	1,096,000
Interest and Rents	4,764,627	3,788,320	3,000,000
Other Revenue	2,123,606	998,310	736,070
Total - Revenue	\$ 81,341,305	\$ 80,164,770	\$ 83,564,080
<u>Expenditures</u>			
Personal Service Control	\$ 41,421,872	\$ 42,938,480	\$ 45,423,340
Supplies	3,147,703	3,326,580	3,092,270
Other Services/Charges	19,662,299	20,136,180	20,347,530
Capital Outlay	11,856,665	18,427,750	28,367,300
Debt Service	3,513,967	3,486,640	3,623,120
Total - Expenditures	\$ 79,602,506	\$ 88,315,630	\$ 100,853,560
<u>Other Financing Sources</u>			
Operating Transfer In	\$ 14,554,338	\$ 12,008,040	\$ 27,707,180
Total - Other Financing Sources	\$ 14,554,338	\$ 12,008,040	\$ 27,707,180
<u>Other Financing Uses</u>			
Operating Transfer Out	\$ 17,239,353	\$ 11,460,870	\$ 10,417,700
Total - Other Financing Uses	\$ 17,239,353	\$ 11,460,870	\$ 10,417,700
Excess of Revenues Over (Under) Expenditures	\$ (946,216)	\$ (7,603,690)	\$ -
Beginning Fund Balance	\$ 59,736,623	\$ 58,790,407	\$ 33,704,907
Ending Fund Balance	\$ 58,790,407	\$ 51,186,717	\$ 33,704,907

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



2008/09
Budget

**Revenue Comparison
All Funds**

	2006	2007	2007	2008
Description	Actual	Projected	Budget	Budget
<u>Capital</u>				
Capital Fund	\$ 17,193,535	\$ 15,933,180	\$ 32,726,940	\$ 28,733,200
Special Assessment Fund	782,743	650,000	2,063,000	2,063,000
Total - Capital	\$ 17,976,278	\$ 16,583,180	\$ 34,789,940	\$ 30,796,200
<u>Debt Service</u>				
General Debt Service Fund	\$ 2,906,555	\$ 2,887,500	\$ 3,042,730	\$ 3,187,630
2000MTF Bond Debt Retirement	256,613	247,890	247,890	239,140
Proposal A - Bond Debt Retirement	800,969	836,150	837,000	891,330
Proposal B - Bond Debt Retirement	1,393,951	1,383,170	1,383,630	1,464,830
Proposal C - Bond Debt Retirement	746,724	755,630	756,000	764,020
Total - Debt Service	\$ 6,104,812	\$ 6,110,340	\$ 6,267,250	\$ 6,546,950
<u>Enterprise</u>				
Sanctuary Lake Golf Course Fund	\$ 1,056,135	\$ 1,094,790	\$ 1,294,090	\$ 1,411,500
Sylvan Glen Golf Course Fund	1,193,539	1,278,850	1,331,530	1,386,370
Aquatic Center Fund	491,723	490,050	477,550	487,200
Sewer Fund	12,922,372	13,058,000	13,056,000	13,454,000
Water Fund	16,112,378	16,849,800	16,965,000	17,526,000
Total - Enterprise	\$ 31,776,147	\$ 32,771,490	\$ 33,124,170	\$ 34,265,070
<u>General Fund</u>				
General Fund	\$ 60,826,766	\$ 60,282,040	\$ 63,455,420	\$ 64,438,000
Total - General Fund	\$ 60,826,766	\$ 60,282,040	\$ 63,455,420	\$ 64,438,000
<u>Internal Service</u>				
Unemployment Comp Fund	\$ 66,402	\$ 138,000	\$ 95,000	\$ 150,000
Workers' Comp Reserve Fund	500,253	458,240	443,240	431,680
Building Operations Maintenance Fund	1,808,056	1,828,000	1,968,590	1,796,230
Information Technology Fund	2,668,170	2,394,240	2,356,740	2,029,310
Fleet Maintenance Fund	4,503,520	4,588,570	6,211,490	6,158,820
Compensated Absences Fund	4,649,749	4,740,000	4,635,400	4,854,000
Total - Internal Service	\$ 14,196,150	\$ 14,147,050	\$ 15,710,460	\$ 15,420,040
<u>Special Revenue</u>				
Community Fair Fund	\$ 187,941	\$ 187,260	\$ 188,100	\$ 182,610
Major Street Fund	3,682,364	3,575,000	3,851,090	3,310,000
Local Street Fund	1,506,838	1,576,310	1,626,310	1,781,420
Refuse Fund	4,419,159	3,684,000	3,749,170	3,917,120
Budget Stabilization Fund	1,075,397	75,000	100,000	40,000
Community Development Block Grant	116,091	99,680	166,320	258,960
Total - Special Revenue	\$ 10,987,790	\$ 9,197,250	\$ 9,680,990	\$ 9,490,110
Total - All Funds	\$ 141,867,943	\$ 139,091,350	\$ 163,028,230	\$ 160,956,370



2008/09
Budget

**Expenditure Comparison
All Funds**

	2006	2007	2007	2008
Description	Actual	Projected	Budget	Budget
<u>Capital</u>				
Capital Fund	\$ 13,224,371	\$ 19,439,520	\$ 32,726,940	\$ 28,733,200
Special Assessment Fund	4,097,005	2,063,000	2,063,000	2,063,000
Total - Capital	\$ 17,321,376	\$ 21,502,520	\$ 34,789,940	\$ 30,796,200
<u>Debt Service</u>				
General Debt Service Fund	\$ 3,248,144	\$ 3,021,050	\$ 3,042,730	\$ 3,187,630
2000MTF Bond Debt Retirement	256,613	247,890	247,890	239,140
Proposal A - Bond Debt Retirement	800,969	836,150	837,000	891,330
Proposal B - Bond Debt Retirement	1,393,951	1,383,170	1,383,630	1,464,830
Proposal C - Bond Debt Retirement	746,724	755,630	756,000	764,020
Total - Debt Service	\$ 6,446,401	\$ 6,243,890	\$ 6,267,250	\$ 6,546,950
<u>Enterprise</u>				
Sanctuary Lake Golf Course Fund	\$ 1,680,215	\$ 1,998,050	\$ 2,090,670	\$ 1,981,210
Sylvan Glen Golf Course Fund	1,082,034	1,159,570	1,275,280	1,386,370
Aquatic Center Fund	684,334	714,220	738,670	751,510
Sewer Fund	10,337,664	13,242,720	15,904,040	14,459,350
Water Fund	13,922,907	17,696,840	23,939,790	24,126,040
Total - Enterprise	\$ 27,707,154	\$ 34,811,400	\$ 43,948,450	\$ 42,704,480
<u>General Fund</u>				
General Fund	\$ 62,864,633	\$ 62,280,640	\$ 63,455,420	\$ 64,438,000
Total - General Fund	\$ 62,864,633	\$ 62,280,640	\$ 63,455,420	\$ 64,438,000
<u>Internal Service</u>				
Unemployment Compensation Fund	\$ 99,520	\$ 138,000	\$ 95,000	\$ 150,000
Workers' Comp Reserve Fund	365,449	358,030	365,000	330,000
Building Operations Maint. Fund	1,798,260	1,764,880	1,968,590	1,792,950
Information Technology Fund	1,653,648	1,884,600	2,355,900	2,029,310
Fleet Maintenance Fund	4,271,779	5,730,540	6,211,490	6,158,820
Compensated Absences Fund	4,627,872	4,740,000	4,635,400	4,854,000
Total - Internal Service	\$ 12,816,528	\$ 14,616,050	\$ 15,631,380	\$ 15,315,080
<u>Special Revenue</u>				
Community Fair Fund	\$ 183,299	\$ 187,960	\$ 187,660	\$ 182,610
Major Street Fund	3,725,240	3,863,620	3,851,090	3,310,000
Local Street Fund	1,580,460	1,725,300	1,626,310	1,781,420
Refuse Fund	4,528,963	3,797,890	3,749,170	3,917,120
Budget Stabilization Fund	75,397	75,000	100,000	40,000
Community Dev. Block Grant Fund	116,091	99,680	166,320	258,960
Total - Special Revenue	\$ 10,209,450	\$ 9,749,450	\$ 9,680,550	\$ 9,490,110
Total - All Funds	\$ 137,365,542	\$ 149,203,950	\$ 173,772,990	\$ 169,290,820



2008/09
Budget

**Year-End Fund Balance Comparison
All Funds**

	2005	2006	2007	2008
Fund # and Description	Actual	Actual	Estimate	Budget
General Fund				
101 General Fund	\$ 26,898,809	\$ 24,865,587	\$ 22,866,987	\$ 18,559,927
Special Revenue Funds				
202 Major Street Fund	\$ 2,074,229	\$ 2,031,353	\$ 1,742,733	\$ 1,742,733
203 Local Street Fund	1,575,567	1,501,945	1,352,955	1,352,955
226 Refuse Fund	851,952	742,149	628,259	364,139
257 Budget Stabilization Fund	1,100,000	2,100,000	2,100,000	2,100,000
280 Community Development Block Grant	-	-	-	-
103 Community Fair Fund	(13,353)	(8,711)	(9,411)	(9,411)
Total - Special Revenue Funds	\$ 5,588,395	\$ 6,366,736	\$ 5,814,536	\$ 5,550,416
Debt Service Funds				
301 General Debt Service Fund	\$ 4,776,501	\$ 4,434,911	\$ 4,301,361	\$ 3,953,731
354 2000 MTF Debt Service Fund	-	-	-	-
355 Proposal A - Streets Fund	-	-	-	-
356 Proposal B - Police/Fire Facilities Fund	-	-	-	-
357 Proposal C - Recreation Fund	-	-	-	-
Total - Debt Service Funds	\$ 4,776,501	\$ 4,434,911	\$ 4,301,361	\$ 3,953,731
Capital Projects/Special Assessment Fund				
401 Capital Projects Fund	\$12,908,667	\$ 16,877,832	\$ 13,371,492	\$ 2,371,492
403 Special Assessment Fund	9,559,604	6,245,341	4,832,341	3,269,341
Total - Capital Projects/ Special Assessment Fund	\$ 22,468,271	\$ 23,123,173	\$ 18,203,833	\$ 5,640,833
Total - All Funds	\$ 59,731,976	\$ 58,790,407	\$ 51,186,717	\$ 33,704,907

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

