

EXECUTIVE STAFF

- *Acting City Manager*.....A. John Szerlag
- *Assistant City Manager/Finance & Administration*.....John M. Lamerato
- *Assistant City Manager/Economic Development Services*.....Brian P. Murphy

CITY COUNCIL

- *Mayor*.....Louise E. Schilling
- *Mayor Pro Tem*.....Martin F. Howrylak
- *Council Member*.....Robin Beltramini
- *Council Member*.....Cristina Broomfield
- *Council Member*.....David Eisenbacher
- *Council Member*.....Wade Fleming
- *Council Member*.....Mary Kerwin



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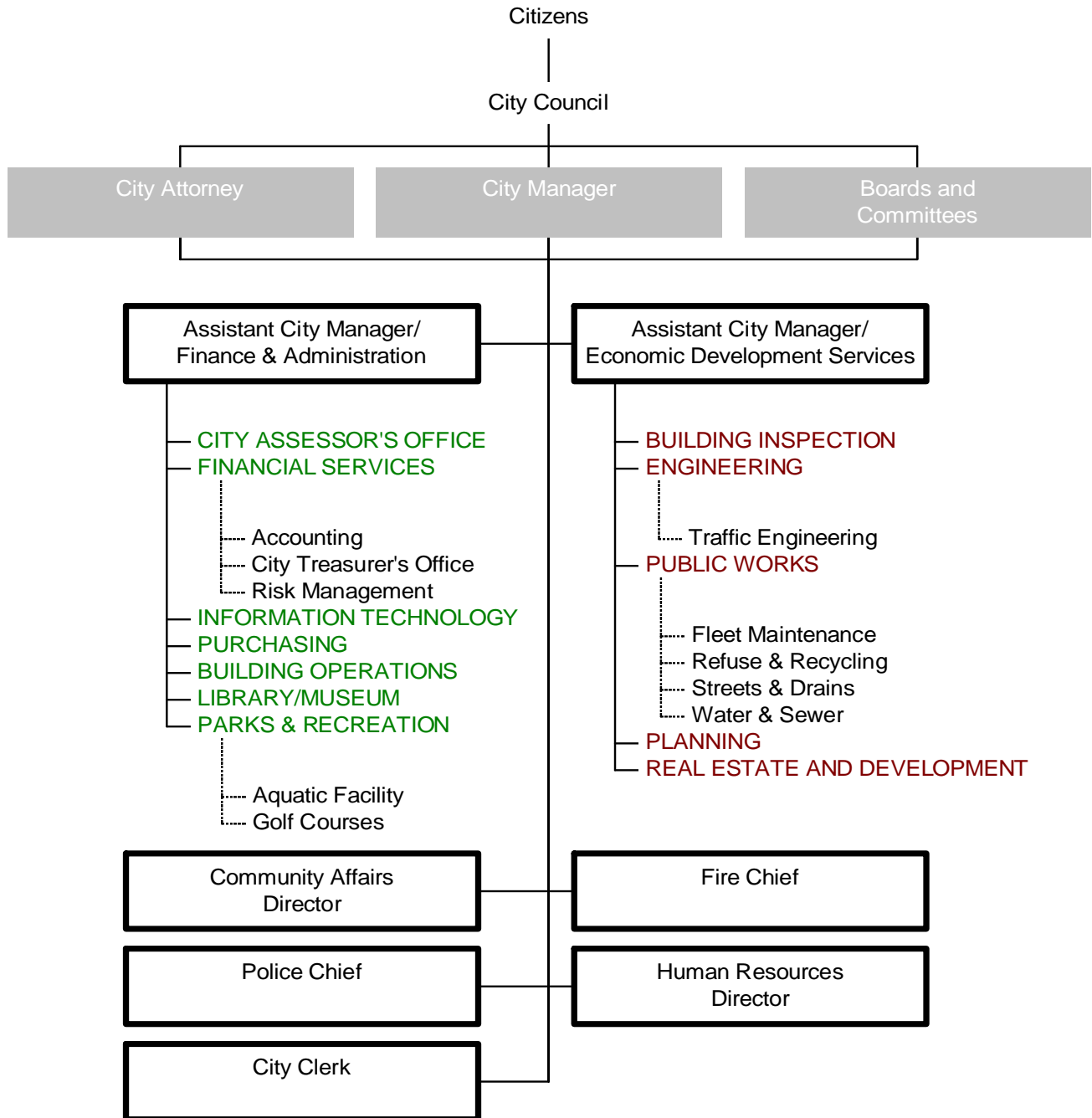
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2009/10
Budget

ORGANIZATIONAL CHART





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BUDGET AWARD



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Troy
Michigan**

For the Fiscal Year Beginning

July 1, 2008

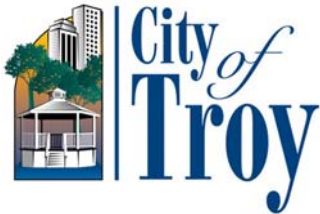
President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Troy, Michigan for its annual budget for the fiscal year beginning July 1, 2008.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.



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EXECUTIVE STAFF

- *Acting City Manager*.....A. John Szerlag
- *City Attorney*.....Lori Grigg Bluhm
- *Assistant City Manager/Finance & Administration*.....John M. Lamerato
- *Assistant City Manager/Economic Development Services*.....Brian P. Murphy

- *City Assessor*.....Leger (Nino) Licari
- *City Clerk*.....Tonni L. Bartholomew
- *City Engineer*.....Steven J. Vandette
- *City Treasurer*.....Sandra Kasperek
- *Community Affairs Director*.....Cindy Stewart
- *Director of Building and Zoning*.....Mark Stimac
- *Director of Building Operations*.....Steve Pallotta
- *Financial Services Director*.....James A. Nash
- *Fire Chief*.....William Nelson
- *Human Resources Director*.....Peggy E. Sears
- *Information Technology Director*.....Gert Paraskevin
- *Library/Museum Director*.....Cathleen A. Russ
- *Parks and Recreation Director*.....Carol K. Anderson
- *Planning Director*.....Mark Miller
- *Police Chief*.....Gary G. Mayer
- *Public Works Director*.....Timothy Richnak
- *Purchasing Director*.....Susan Leirstein
- *Risk Manager*.....Stephen Cooperrider

CITY SEAL

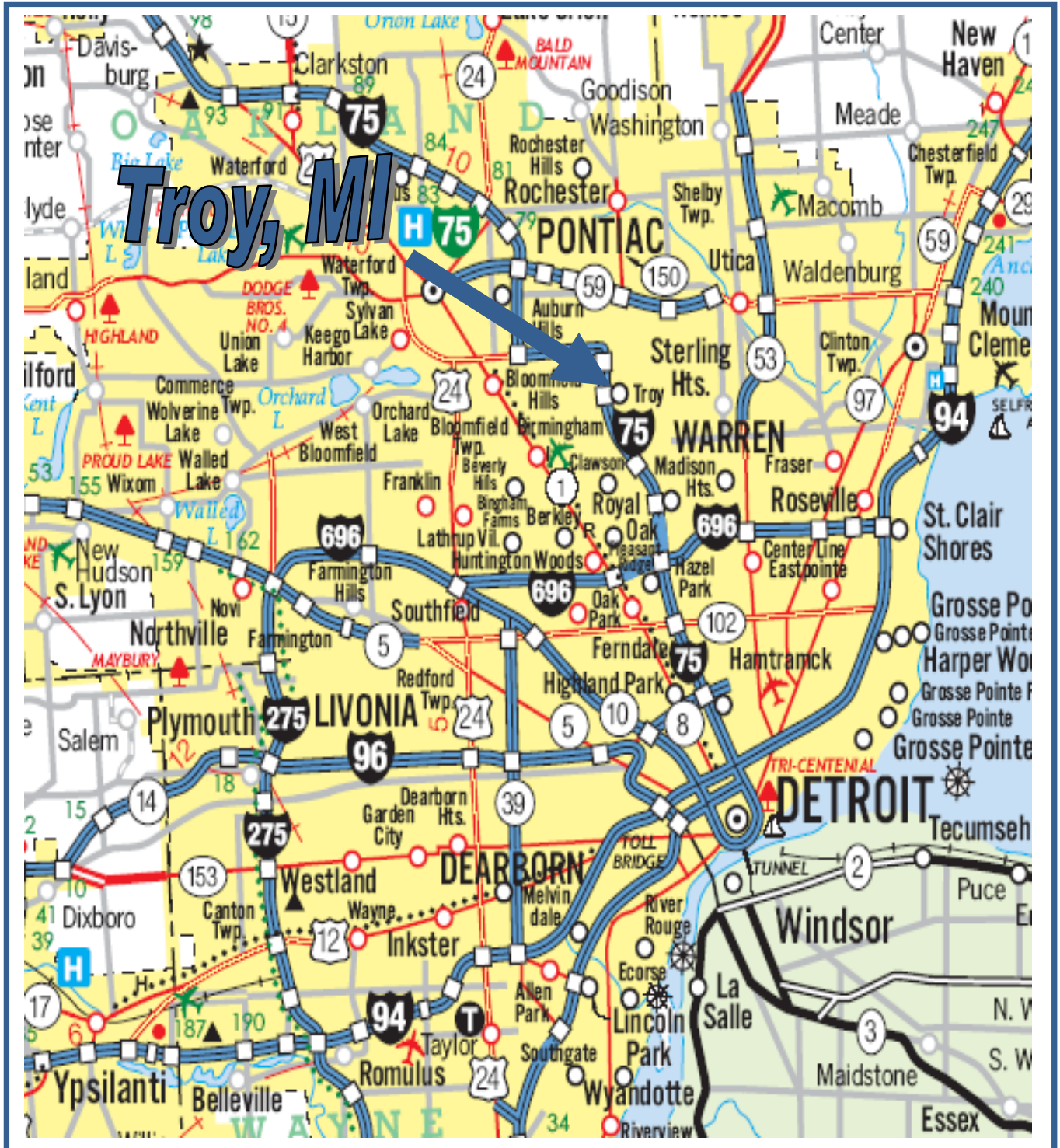
The figure represented on the official seal of the City of Troy is that of Athena, mythological Greek goddess of wisdom. Athena was known as the dispenser of prudent restraint and practical insight, maintainer of law. Her association with civilization and society rather than wilderness and nature earned her reverence as the protectress of Greek cities, including ancient Troy. Athena's ethical standards and precepts remain worthy today, making her an appropriate symbol for the modern City of Troy and a model for all who live, work, or play here.

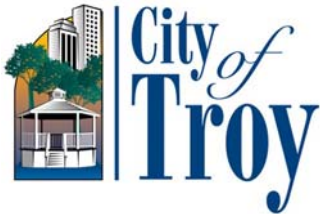




2009/10
Budget

LOCATION OF TROY





2009/10
Budget

BUDGET OVERVIEW

April 20, 2009

**THE HONORABLE MAYOR
AND CITY COUNCIL MEMBERS**

City of Troy
500 West Big Beaver
Troy, MI 48084

Dear Mayor and City Council Members:

In accordance with the City Charter I present to you the City budget for fiscal year 2009/10.

The budget document serves as a planning and policy guide, and determines the level of service provided to residents, businesses, and visitors. This document also illustrates the City's administrative structure and work plan for the upcoming fiscal year.

The primary focus of this budget is the basic function of local government: service delivery; protection of life and property; and adding value to life and property in the city of Troy.

While not perceived as a part of the budgeting process, the revenues that our taxpayers invest in the City adds value to their properties, which is the highest rate of return on investment. Property values are significantly impacted by the quality and service function of infrastructure, i.e., streets, water and sewer lines, and parks are just as significantly impacted by the levels of service through police, fire and other emergency service delivery systems.

In terms of the price of government to offer these value added principles, the City of Troy has one of the lowest overall prices in the state of Michigan.

Based on the total expenditures listed in the document, the average residential property owner in Troy pays about 2.2 cents of every tax dollar paid to the various entities serving Troy.

Troy residents pay about 1.4% of their average household income for property tax-based services offered by the City.

- ***Building Upon a Strong Base***

Our community's growth and standard of excellence has been achieved by faithful adherence to four principles: a strong sense of volunteerism from our residents; a culture of professionalism within the administrative service; fiscal integrity; and quality of life amenities.

Even though Troy's tax base remains strong during these difficult economic times, we need to achieve a better balance between residential and business properties. Our residential tax base now accounts for approximately 57% of revenues, while our target is a 50-50 split.

Troy's population is incredibly diverse and talented. Over 81 languages are spoken in the homes of our school children. Our city is filled with people who are committed to excellence and community involvement.

As Troy transformed from rapid growth to maturity, these values and principles continue to be important. So too, however, will be our need to recognize that Troy's population is much more mobile than it used to be and that technology is a vital part of our everyday lives.

Our City government is positioning itself to keep our important values and traditions, and yet keep pace with advancing technology.



2009/10
Budget

BUDGET OVERVIEW

- **Core Values**

City Council asked Administration to devote resources toward the following core values:

- ✓ A balanced budget
- ✓ A balanced tax base
- ✓ Maintaining or lowering the tax rate
- ✓ Maintaining Fund Balance of 10% -17%
- ✓ Infrastructure
- ✓ Maintaining high level of service in the areas of police, fire, streets and water

- **Budget Overview**

The 2009/10 budget is balanced and very fiscally conservative. The budget continues the City's philosophy of providing high-quality dependable services while directing available resources to service areas experiencing the greatest demands. Developed with City Council's outcomes and outputs as direction, this budget addresses current and future community needs and correlates service demands with conservative financial management.

The 2009/10 total millage rate remains at 9.28. This rate includes a capital improvement millage rate of 1.53, down from 1.60.

The Debt Service millage rate is .50. Voter approval of 1999 ballot Proposals A, B, and C was based on maintenance of a millage rate not to exceed .75 for the next 12 years, unless voters approve additional bonds.

Troy successfully meets the challenge of keeping tax rates low by providing strong, responsible leadership and offering efficient City services. This, of course, requires a strong tax base.

The 2009/10 budget for all City funds totals \$149.5 million including all transfers. The General Fund budget of \$62.0 million provides funding toward the majority of services available to City residents.

When comparing General Fund operating expenses from year to year there is a decrease of \$2.4 million or 3.7%. This was made possible by the elimination of 24 full-time positions through attrition and lay-offs.

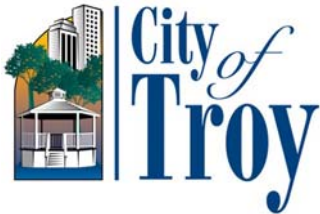
Estimated Unreserved/ Undesignated Fund Balance is \$10.8 million, 17.5% of the General Fund budget.

It should be noted that there are several areas of the budget that have specific uses and cannot be used on day-to-day operational expense. These funds include Debt Service; Internal Service Fund; Refuse and Recycling Fund; Budget Stabilization Fund; Community Fair Fund; Capital Expenditures and Special Assessments. When these totals are subtracted from the overall budgeted expenditures, about 70% of the budget is available for completing day-to-day operational tasks.

General Fund operating revenues are projected to increase 0.8%, \$0.5 million over the 2008/09 budget, to \$55.5 million.

The licenses and permits revenue decreases (attributable to current economic conditions) will be off-set by recent rate increases for various permits.

Charges for Services revenue increases are attributable to an increased rate structure; increased usage of the Community Center; and a number of new charges for services.



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Budget

BUDGET OVERVIEW

The General Fund budget is balanced without using Fund Balance as a revenue source; \$4.1 million of Fund Balance was utilized last year. Not utilizing Fund Balance to balance the 2009/10 budget allows us to keep the Unreserved/Undesignated Fund Balance within our acceptable range of 10 - 17%.

General Fund operating expenditures will decrease by 3.7% due to the reduction in full-time employees through attrition and lay-offs, and scaling back on some routine maintenance levels.

The City does not incrementally budget by adding automatic increases to the prior year's numbers therefore departments are required to justify their current operations and any increases.

- **Capital Improvements**

The total capital improvements program of \$28.5 million is composed of projects that benefit the community as a whole, including upgrades to park facilities and street improvements.

Several of the capital improvement activities, streets projects in particular, are made possible by grant funds leveraged with local funds.

The following projects highlight the 2009/10 capital improvements program:

- ✓ Neighborhood road repair and replacement
- ✓ Major road improvements
- ✓ Park development and improvements
- ✓ Sidewalk program
- ✓ Storm drain improvements
- ✓ Transit Center reserve funding
- ✓ Civic Center site improvements
- ✓ Trail system reserve funding

- **Personnel Costs and Staffing Levels**

Personnel costs continue to be the largest portion of the General Fund budget at 70.6%, up from 70.2% last year.

The total personnel expenditure for 2009/10 is \$43.8 million, which represents a 1.5% decrease from last year's budget, after the reduction of 24 full-time positions and the full funding of our other postemployment benefits.

The following 24 positions have been deleted from the 2009/10 budget:

- **Building Inspection**
Account Clerk 1 (2)
Electrical Inspector
Plan Examiner
- **Building Operations**
Superintendent
- **City Clerk's Office**
Office Assistant 1
- **Community Affairs**
Community Affairs Officer (2)
- **Engineering**
Deputy City Engineer
Civil Engineer
Engineering Specialist
Engineering Technician
Inspector
- **Finance**
Accountant
- **Library**
Librarian 1
- **Planning Department**
Planner (2)
- **Police**
Lieutenant (2)
Sergeant (2)
- **Streets**
Equipment Operators (3)



Over the last 6 years the number of full-time equivalent City employees has been decreased by 47 positions.

We continue to investigate cost-cutting measures through attrition and consolidation of activities, while trying to avoid a reduction in the level of service our residents have come to expect. However, continued stabilization and reduction of normal revenue sources, as well as the very real possibility of continued decreases in State revenue sharing funds promulgated by the State legislature, will impact the level of service we can offer.

- **Future Projects**

Our future infrastructure needs are literally hundreds of millions of dollars. Our biggest infrastructure needs are in the area of road improvements, and storm water management. We will, however, continue to endeavor to find funding sources to meet these future projects.

Staff has eliminated reliance on Fund Balance to balance the budget (in the face of shrinking revenue sources) through utilization of a new budgeting technique called budgeting for outcomes. This involves determining the most highly valued core products offered by City government and then directing spending at the top-ranking priorities.

- **Conclusion**

No matter how successful the City of Troy has been to date, our success is and will continue to be dependent on a professional and dedicated workforce, budget realism, and political will to do what is right.

The citizens, who are not only our customers but also our partners and stakeholders, have spoken. They want us to provide a community that is responsive to their needs.

In a representative democracy you are charged with making decisions on behalf of over 80,000 residents, and this budget document serves as an excellent planning and control tool to ensure that the will of the majority of residents are carried out.

Our most important objective for the coming year is to continue to add value and improve the lives of residents of all ages and corporate citizens that, in turn, will provide a great benefit to the community as a whole.

In closing, I congratulate the staff of our entire organization for thoroughly reviewing their operations and bringing their budgets in under the cost of living.

I want to sincerely thank John Lamerato, Assistant City Manager of Finance and Administration, for compiling this comprehensive and easy to understand budget document.

Special thanks to Mary Redden, Administrative Assistant to the City Manager, and Beth Tashnick, Administrative Aide for formatting; editing; and production of the 2009/10 budget.

I also wish to thank the Mayor and City Council members for their assistance in advancing the concept of a level of service budget document, and direction in developing outcomes and outputs.

Respectfully submitted,

A. John Szerlag,
Acting City Manager



2009/10 BUDGET AT A GLANCE

The total City budget of \$149.5 million decreased by \$3.3 million or 2.2% from the previous year. A substantial portion of the decrease is attributable to the reduction of employees through attrition and lay-offs, which were necessitated by the reduction of taxable value and non-reliance on Fund Balance to balance the budget.

The average homeowner's tax bill for City services, based on a taxable value of \$120,014, will amount to \$1,114 compared to \$1,159 last year, a reduction of \$45.

The City reduced its full-time work force by 24 positions to 443 employees, which represents 5.04 employees for every 1,000 Troy residents, and approximately 3.52 employees per 1,000 people who work in the city. The 24 positions were reduced through attrition and lay-offs. Job responsibilities were redistributed among current employees and outside contractors, and service levels were adjusted.

The budget calls for no utilization of Fund Balance reserves compared to \$4.1 million last year. The undesignated General Fund reserves are anticipated to equal at least 17.5% of the recommended budget.

As a result of passage of Proposal A homeowners have seen at most a 4.4% adjustment in taxable property value. This is in spite of a 7.7% average decrease in market values due to the use of one year's sales data instead of two. A major concern moving forward is that there remains only 5.42% of residential property taxable value that is not at market value.

The budget includes funding for the following programs:

- ✓ \$15.6 million - Street construction and reconstruction projects, utilizing grants and capital funds
- ✓ \$0.5 million - Sidewalks
- ✓ \$0.7 million - Parks development reserve and improvements
- ✓ \$8.4 million - Water main replacements
- ✓ \$2.7 million - Sanitary sewer improvements
- ✓ \$1.1 million - Storm drain improvements
- ✓ \$2.0 million - Trail system reserve
- ✓ \$1.8 million - Civic Center site improvements
- ✓ \$1.3 million - Transit Center reserve
- ✓ \$0.5 million - Fire apparatus replacement reserve
- ✓ \$0.8 million - Library books and materials
- ✓ \$0.3 million - Museum improvements
- ✓ \$0.2 million - Technology upgrades



Troy is a vibrant community with a strong sense of civic pride and dedicated community leaders, rich in cultural diversity, community wellness, and economic vitality.

Since its incorporation on June 13, 1955 Troy has been governed by a 7-member City Council, including a Mayor, all of which serve 4-year terms. Under the Council-Manager form of government, Mayor and City Council appoint 2 officials: the City Manager and the City Attorney. In turn, the City Manager appoints all department directors.

The 2009 estimated population for Troy is 80,455 according to the Southeast Michigan Council of Governments (SEMCOG), which compares to 80,959 from the 2000 census. In terms of population, Troy is the 13th largest city in Michigan and its total property value is the second highest in the state.

Troy's economic base is strong and balanced. The median household income is about \$96,576. There are 32,802 households and a median age of 37. Seven school districts serve Troy.

Troy is a full-service community with public transportation provided by a regional authority.

The City of Troy currently maintains 14 developed park sites, 8 of which are major parks. City parks provide a variety of recreational opportunities from baseball diamonds to miles of developed walking; jogging; and bicycle riding pathways. Troy has 610 acres of parkland (active and passive). Additionally, the total acreage of City and private parks, including two golf courses, is 1,446.

Troy has received awards from various professional associations and municipal services organizations for innovative approaches to service delivery and quality improvements.

Troy enjoys a solid reputation for municipal planning and growth management. Its development of a new comprehensive master land use plan and corridor studies will guide development of the Big Beaver corridor; other business corridors; and high quality mixed residential development as the community's most significant focal points.

The strong commercial and industrial business environment is a mix of service; product; and technological employers. This impressive mix of business opportunities has allowed Troy to maintain low unemployment rates. Principal employers include:

- ✓ Arvin Meritor
- ✓ AT&T
- ✓ Behr America
- ✓ Delphi
- ✓ Entech Personnel Services, Inc.
- ✓ Flagstar Bank
- ✓ Fisher Corp.
- ✓ Kelly Services
- ✓ Kostal North America
- ✓ Magna International
- ✓ National City Bank
- ✓ Syntel, Inc.
- ✓ Target Corporation
- ✓ Textron Automotive
- ✓ Thyssen Krupp
- ✓ Valeo
- ✓ William Beaumont Hospital
- ✓ Yarema Tool & Die

Troy also enjoys a wide variety of fine restaurants; churches; and retail shops. The city occupies 34.3 square miles, and over 98% of its land is developed.



As you review Troy's budget document, note that it is organized by fund type. Fund types are distinguished by laminated tabs and include:

- ✓ General Fund
- ✓ Special Revenue Funds
- ✓ Debt Service Funds
- ✓ Capital Project Funds
- ✓ Enterprise Funds
- ✓ Internal Service Funds

The General Fund is further divided into major divisions or departments. These departments are comprised of several activities or offices. For example, within Other General Government there are three offices, including City Buildings; Planning; and Real Estate and Development.

Each department contains:

- ✓ Functional Organizational Chart
- ✓ Funding Level Summary
- ✓ Key Departmental Trends
- ✓ Service Statement
- ✓ Performance Objectives
- ✓ Organizational Chart
- ✓ Summary of Budget Changes

Functional Organizational Charts, Department at a Glance summaries, and Key Departmental Trends provide a quick overview of the entire department.

The Funding Level Summary lists costs by object and division for the prior two fiscal years, the current year and proposed budget. The costs include both direct and indirect overhead costs of the function.

The Organization Chart and Staff Summary illustrate the number of budgeted positions and internal office structure.

The Performance Objectives chart lists specific outputs the division hopes to achieve in the current year, while the Performance Indicators provide a listing of key measurements of the activity's output and efficiency.

Finally, the Summary of Budget Changes provides a detailed explanation of the funding level changes that have taken place, along with several years of operating budget history.

FREQUENTLY ASKED QUESTIONS

Your budget contains a lot of information! How can I find summary information quickly?

Information within the All Funds Summary tab provides a quick overview of the City's total budget. It explains how the funds are organized as well as total revenue and expenditures trends. The Executive Summary provides a general overview explaining how the City plans to utilize its resources and highlights some of the more significant changes to the City's budget.

The information within the Trends & Summaries tab also contains a multitude of useful information about the City's largest fund – the General Fund.

I notice that each office has a Funding Level Summary. How can I get more detailed expenditure information by account within each office?

The City Manager's Office produces a separate line-item budget on CD that details each office's expenditure accounts.



How can I quickly find the location of certain offices within the budget document?

The Table of Contents at the beginning of the budget lists all offices in the order in which they appear in the document.

Where can I find how many employees are within each department?

There is a schedule within the Personnel Summary tab that lists all position titles and number of employees within each office.

How much do you spend in the General Fund on salaries for employees?

Within the Trends & Summaries tab, there is both an Expenditure and Revenue by Account History, which provides the reader with the total dollars spent in each account.

How can I find out information about your capital budget?

Our capital budget is incorporated in the annual budget document. It details the funds appropriated for specific facilities, equipment, vehicles, and improvement projects. A listing, description, and City map geographically depicting the location of all projects can be found within the Capital Projects tab.

UNIFORM BUDGETING ACT

The City is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act.

- ✓ Budgets must be adopted for the General Fund and Special Revenue Funds.

- ✓ The budgets must be balanced.
- ✓ The budgets must be formally amended when necessary.
- ✓ Debt cannot be entered into unless permitted by law.
- ✓ Expenditures cannot exceed budget appropriations.
- ✓ Expenditures cannot be made unless authorized in the budget.
- ✓ Public hearings must be held before budget adoptions.

BUDGET PROCESS

In deciding what information to include in the budget document the City follows steps and deadlines outlined in the City Charter:

- ✓ On or before the third Monday in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- ✓ The annual operating budget includes proposed expenditures and the means of financing them for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, and Internal Service Funds.
- ✓ After the proposed budget has been submitted to the City Council, they review the recommendations and hold study sessions and a public hearing to obtain taxpayer comments.
- ✓ On or before the third Monday in May, the budget is legally adopted through passage of an Appropriations Ordinance for each fund which takes effect the following July 1.



- ✓ The Appropriations Ordinance is the legislative vehicle that allows for expenditure of funds throughout the City. The Ordinance is based on the approved and adopted budget and is the final product of the budget cycle.
- ✓ The City Manager is authorized to transfer budgeted amounts within budgetary centers (major activity or department); however, any revisions that alter the total expenditures of any budgetary center must be approved by the City Council.

In addition to meeting the Charter requirements, administrators of City departments made budget requests to the City Manager, which he has reviewed before arriving at his proposed budget recommendations.

The budget calendar outlines the entire budget process by month.

The City adopts its budget by budgetary center in accordance with the State's legal requirement, and is the level of classification detail at which expenditures may not legally exceed appropriations.

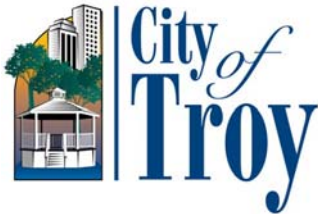
The adopted budget is prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP), except that: operating transfers are treated as revenues and expenditures. The modified accrual basis of accounting is utilized in the preparation of budgets for all governmental fund types that are contained within this document.

Expenditures other than accrued interest on long-term debt are recorded at the time liabilities are incurred, and revenues are recorded when received in cash, except for material and/or available revenues, which should be accrued to properly reflect the tax levied and revenues earned.

The accrual basis of accounting is utilized in developing the Enterprise Fund, and Internal Service Fund budgets.

Budgets are monitored carefully each month, and progress is reported quarterly. Necessary amendments are approved by City Council periodically.

A budget is considered balanced if the estimated revenues are equal to or greater than estimated expenditures.



2009/10
Budget

CORE PRODUCTS

The annual operating budget is one of the key policy documents that provide the monetary elements for maintaining current operations, but more importantly, building the blueprint to the future. A complete community is comprised of many elements, among them, a sound system of protection of life and property, accessible quality of life programs and facilities that provide mental and physical well-being, knowledge, and social interaction. A complete community must also have a well maintained infrastructure system that moves people from one place to another and brings required natural resources to homes and businesses, and removes used or dangerous elements so safe treatment and disposal.

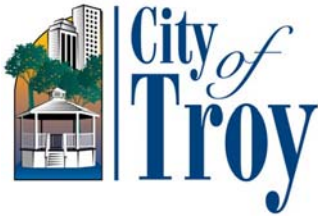
As the elected representatives of the residents of Troy, the City Council provides a vast number of services, programs and facilities that are intended to meet the basic functions of government, i.e., to protect and serve, but more importantly, to add value to life and property. The diverse list of elements of a complete community provide for the fact that a diverse community such as Troy requires more than a "one-size fits all" regimen of services.

In order to achieve the basic service requirements and the various wants and needs of the community, the Council has to anticipate many different service requirements.

The City of Troy is responsible for providing: safe access for school children; transport through various modes of transportation to get people to work sites and shopping venues; recreational venues for relaxation, health purposes and social interaction; information to let residents and property owners see what is offered, and especially to see how their annual tax investment in the community is being used, and whether that investment is giving a valid rate of return on investment.

This budget document uses a different format for how the Council's budgetary principles are being met. In the past, the Council developed goals and objectives to give staff direction as to how the Council wanted budget appropriations to be divided among the various services. This budget is built on outcomes and outputs that will again show how the match between Council direction and available resources is being made, but also uses guiding outputs that will be measured to show a valid rate of return of annual tax investment. The most significant change is that the Council is now focusing on a limited set of core products.

These core products were defined and prioritized due to the fact that this year's budget will be significantly smaller than budgets of the past due to the fact that property values are stabilizing and in some cases are decreasing.



2009/10
Budget

CORE PRODUCTS

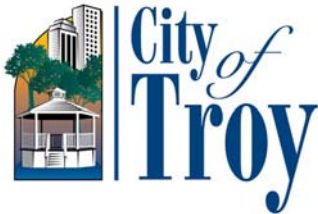
Statewide, Michigan properties have lost over 30% of their values from past years. Staff is also expecting the State Legislature to reduce shared revenues, and the economic situation in the country will reduce interest earning on idle funds by almost two-thirds from previous years. At the same time, inflation has increased the price of products needed to provide services by over 8% for local governments across the country.

OUTCOMES

In order to provide the essential core products, the Council established a list of desired outcomes so that their priorities would reflect what is important for day-to-day operations as well as planning for the future. The adopted outcomes include:

- ✓ Troy enhances the livability and safety of the community
- ✓ Troy adds value to properties through maintenance or upgrades of infrastructure and quality of life venues
- ✓ Troy is rebuilding for a healthy economy reflecting the values of a unique community in a changing and interconnected world.

City Council's primary job is to set policies that reflect these outcomes and then direct the City Manager to initiate and implement outputs that put the outcomes into play. These outcomes are the basis for policies that reflect the style of the times today, and coupled with other policy documents such as the Comprehensive Development Plan, the Zoning Ordinance and codes that govern construction practices provide the pathway to the future.



OUTCOMES AND OUTPUTS

Outcomes are intended to encompass the current style of the times as well as the future. The style of the times is the key phrase as nothing, especially in terms of finances, politics, social norms and other elements subject to change stay the same. Diligence in judging impacts in terms of property values, mandates passed along by Congress and the State legislature not only impact current numbers, but also impact short and longer-term financial calculations.

Changes in demographics, economic, both local and now global, and other system based factors can also impact budgets as the needs and wants of the community can and will change constantly.

City Council adopted wide-ranging outcomes in an attempt to provide flexibility for changes that impact the budget. As a means of putting these flexible outcomes into effect, City Council also rated various outputs that are segmented as to priority funding, intermediate priority funding, and basic priority funding. The outputs are listed in priority order as follows:

- ***Outputs ranked for Priority Funding***

- A. Continue police and fire functions
- B. Continue water and sewer service
- C. Develop and implement a 6-year capital improvements plan based on City Council's priorities
- D. Continue to provide refuse and recycling service
- E. Continue to provide professional planning review of development proposals and plans
- F. Maintain a high quality multi modal transportation network
- G. Continue inspection services
- H. Recruit and retain new businesses that enhance the community and that meet the goals of the City's Master Plan, as well as the key concepts of the Big Beaver Corridor Study
- I. Research and apply for potential grants to provide infrastructure and quality of life enhancements
- J. Develop detailed maintenance program for City-owned capital assets
- K. Continue code enforcement
- L. Develop and maintain public spaces and park land
- M. Investigate funding options that reduce demand on the City's budget

- ***Outputs ranked for Intermediate Funding***

- N. Simplify permitting and bureaucratic processes to streamline regulations
- O. Continue to provide cultural and recreational services
- P. Coordinate planning documents to encourage compatible growth and development
- Q. Continue review of City programs to ensure that the City is promoting the positive growth of quality businesses



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CITY-WIDE ACTION PLAN

- ***Outputs ranked for Intermediate Funding, continued***

- R. Continue to develop active partnerships with other public agencies
- S. Investigate partnerships for coordinated infrastructure or technology enhancement
- T. Continue to improve customer service and information programs
- U. Utilize available economic development tools and partnerships in order to compete for quality businesses
- V. Utilize community intelligence to assist businesses and local government
- W. Develop “green” philosophies to reduce demand on natural resources
- X. Enhance potential programs to lessen dependence on vehicles for intercity travel, shopping cultural events, and quality of life, i.e., regional hike and bike trails, intercity connections to transit, etc.
- Y. Develop and communicate educational/informational programs that effectively communicate Troy’s place in working in a global economy
- Z. Develop and communicate educational/informational that help property owners maintain a sound quality of life

- ***Outputs Ranked for Basic Funding***

- AA. Use capital funds, grants and community contributions to construct an interconnected pathway and trail system
- BB. Utilize policy documents to make a more convenient shopping, living and business community
- CC. Develop more marketing and branding information to enhance economic development potential
- DD. Encourage staff to continually develop their skills through professional organizations so they continue to be leaders in their fields
- EE. Work with the business community and share knowledge in order to function in a global economy
- FF. Partner with resident educational institutions to share facilities and infrastructure
- GG. Develop marketing, demographic and other statistical programs that assist existing businesses to stay vital
- HH. Develop active partnerships with Troy business community
- II. Develop technological enhancements to communicate with a wider spectrum of Troy citizens
- JJ. Develop active partnerships with neighborhood organizations
- KK. Partner with resident educational institutions to build infrastructure for sustainability in the global economy

These outputs, especially those in the priority funding category will provide the major impetus in meeting City Council’s adopted outcomes. This budget, and those that follow, will track the current style of the times and the timely implementation of the outputs will keep the City of Troy on course for meeting the inevitable changes of the future.



In recent years changing conditions and fiscal capacities combined with the demand for increased services have forced a reassessment of the role played by local governmental units.

Public officials are charged with the responsibility of ensuring that services are provided within acceptable levels of cost and, when required, seeking alternative methods of financing.

The budgetary process allows for accumulation of financial and performance information relative to these services. It provides the opportunity to analyze and debate the merits of each service as well as to make decisions about the level and cost of the services to be provided.

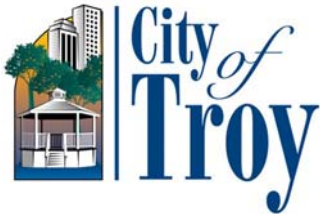
This budget continues the conservative spending approach that residents of Troy expect from City government. This document also assists our efforts to make the operations of the City more efficient, less costly, and more importantly, to target available resources to functions according to City Council priority rating.

- **Financial Policies**

The City of Troy's financial policies compiled at right set forth basic tenets for overall fiscal management of the City. These policies provide a framework of decision making for City Council and Administration. They should enforce any policy choice, regardless of changing circumstances and conditions.

These policies provide guidelines for evaluating current activities as well as proposals for future programs.

- ✓ The budget process involves personnel and management areas of long-term importance: enhance the livability and safety of the community; maintain or upgrade infrastructure and quality of life venues; and rebuild reflecting the values of the community.
- ✓ Expansion of existing service programs or addition of a new service program is only considered in the proposed budget when a revenue source can support all of the ongoing cost, or when the requesting department can identify an existing service which can be reduced or eliminated. Programs financed with grant money shall be budgeted in special funds and, when grant revenues are reduced or eliminated, the service program shall be adjusted accordingly.
- ✓ The City will maintain a budgetary control system to ensure adherence to the budget and prepare monthly reports comparing actual revenues and expenditures to budgeted amounts. The City will report its financial performance quarterly.
- ✓ The City will monitor departmental expenditures on a monthly basis to ensure conformity to budgets.
- ✓ The City stresses results, integrating performance measurement and productivity indicators with the budget.
- ✓ The City will avoid budgetary practices or procedures that balance current period expenditures at the expense of future years' revenues.



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BUDGET POLICIES

- ✓ The budget strives to provide for adequate maintenance of capital facilities and equipment, and for their orderly replacement.
 - ✓ The budget will provide for adequate levels of funding for all retirement systems and other postemployment benefits.
 - ✓ The City will develop and maintain accounting and budgetary control systems to adequately safeguard the assets held in public trust.
 - ✓ The Operating and Capital Budgets will fully describe the major goals to be achieved and the services and programs to be delivered based upon the levels of funding anticipated or provided.
 - ✓ The City will finance essential City services that have a City-wide benefit in the budget from revenue sources which are generated from a broad base, i.e. property taxes, State revenue sharing, assessments, and fees.
 - ✓ The City will seek to minimize the impact in use of property tax financing by seeking alternative financing for City services that focus on user fees for responsive services; upgrading; and enhancing the property tax base.
 - ✓ Special assessment financing formulas and user-fee rate structures will accurately charge the cost of service provided to the benefiting property owners and customers served while being sensitive to the needs of low-income people.
- **Revenue Policies**
 - ✓ The City will make every attempt to maintain a diversified and stable revenue base to shelter it from short- or long-term fluctuations in any one revenue source.
 - ✓ The City will project its annual revenues by an objective and thorough analytical process.
 - ✓ The City will maintain sound appraisal procedures and practices to reflect current property values.
 - ✓ The City will establish user charges and set fees for services for its enterprise funds at a level that fully supports the total direct and indirect costs of the activities. Indirect costs include the recognition of annualized depreciation of capital assets. Cash flow requirements to adequately defray bond retirement and capital outlay will become a primary determinant in the development of user charges.
 - ✓ The City will follow an aggressive policy of collecting revenues.
 - ✓ The City will review fees/charges annually and design or modify revenue systems to include provisions that automatically allow charges to grow at a rate that keeps pace with the cost of providing the service.
 - **Reserve Policies**

The City will strive to maintain an unreserved, undesignated General Fund balance of 10 -17 % of the General Fund budget.



Funds in excess of 17 % will be transferred to the Budget Stabilization Fund or the Capital Projects Fund.

- ***Accounting, Auditing, and Financial Reporting Policies***

- ✓ An independent audit will be performed annually.
- ✓ The City will produce comprehensive annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP), the body of accounting and financial reporting standards, conventions, and practices that have authoritative support from standard setting bodies such as the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

- ***Investment Policies***

- ✓ The City will conduct a cash-flow analysis of all funds on a regular basis. Disbursement, collection, and deposit of all funds will be scheduled to insure maximum investment capabilities.
- ✓ When permitted by law, the City will pool cash from several different funds for investment purposes to maximize potential earnings.
- ✓ The City will analyze market conditions and potential investments to maximize its yield, while maintaining the integrity, diversification, and safety of the principal.
- ✓ The City's accounting system will provide regular information concerning cash position and investment performance.

- ***Debt Policies***

- ✓ The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues, and where the issuance of long-term debt is required, it will pay back the bonds within a period not to exceed the expected useful life of the project.
- ✓ The City will attempt to keep the average maturity of general obligation bonds at or below 20 years.
- ✓ When possible, the City will use special assessment, revenue, tax increment, or other self-supporting bonds.
- ✓ The City will not incur long-term debt to support current operations.
- ✓ The City will maintain a sound relationship with all bond rating agencies and will keep them informed about our current capital projects.

- ***Capital Improvement Budget Policies***

- ✓ Capital investments will foster Troy's goal of preserving and enhancing its infrastructure.
- ✓ The City will attempt to maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
- ✓ The City will maintain the fiscal integrity of its operating debt service and capital improvement budgets in order to provide services, and construct and maintain public facilities, streets, and utilities.



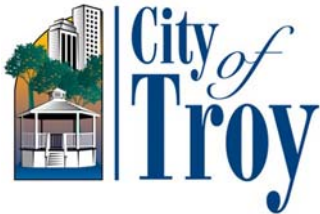
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BUDGET POLICIES

- ✓ The City will implement a multi-year plan for capital improvements, with proposed funding sources, and update it annually.
- ✓ The City shall make all capital improvements in accordance with an adopted capital acquisition program.
- ✓ The City will coordinate decision-making for the Capital Improvement Budget with the Operating Budget to make effective use of the City's limited resources for operating and maintaining existing services and facilities.
- ✓ The City will use inter-governmental assistance to finance only those capital improvements that are consistent with the adopted capital improvement plan, City priorities, and for which operating and maintenance costs have been included in the operating budget.
- ✓ The City will maintain a responsible and prudent fiscal condition to minimize long-term interest expense when financing capital improvements.
- ✓ The capital dollar threshold has been established at \$5,000.

- ***Amendment Policies***

The City Manager is authorized to transfer budgeted amounts within budgetary functions; however, any revisions that alter the total expenditure of any budgetary function must be approved by a majority of the members elect of the City Council.



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BUDGET CALENDAR

2008

July

- 7th** Approved 2008/09 budget document distributed at the first City Council meeting in July
- *** Begin preparing updated Municipal Improvements Plan (MIP)
- *** Begin monitoring budget performance

October

- *** Revenue and expenditure forecast prepared
- *** Updated revenue study of fees and charges prepared
- 20th** Quarterly financial performance report prepared

November

- *** Capital budget unit (CBU) develops Capital requests and presents the CBU's Capital improvement report to the City Manager

December

- *** Preparation of General Fund review and multi-year financial plan
- *** City Manager's final Capital recommendations are reported to all offices and included in the proposed budget
- *** Assistant City Manager/Finance & Administration prepares personnel costs and operating cost targets for proposed budget
- *** Distribute operating budget manual and revenue worksheets
- 15th** Prior year's annual audit released



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BUDGET CALENDAR

2009

January

- *** Revenue worksheets due from all departments
- *** Preparation of the water supply and sewerage disposal system rate analysis

February

- *** Operating budget worksheets due from departments
- 2nd** Quarterly financial performance report prepared
- *** 2009/10 revenue forecast prepared by City management
- *** City management analyzes department budget requests
- *** Assistant City Manager/Finance & Administration prepares proposed budget document

April

- *** City Manager makes final proposed budget recommendations
- 20th** Proposed budget document presented to the City Council
- 20th** Quarterly financial performance report prepared
- *** City Council workshops: Budget review, questions, and adjustments
- 27th** Budget notice is published in local newspapers

May

- *** Workshops continue
- 11th** Public hearing for budget
- *** City Manager prepares approved 2009/10 budget document incorporating City Council adjustments
- 11th** City Council adopts taxation resolution and appropriations ordinance

June

- 15th** Assistant City Manager/Finance & Administration prepares final current year budget amendment