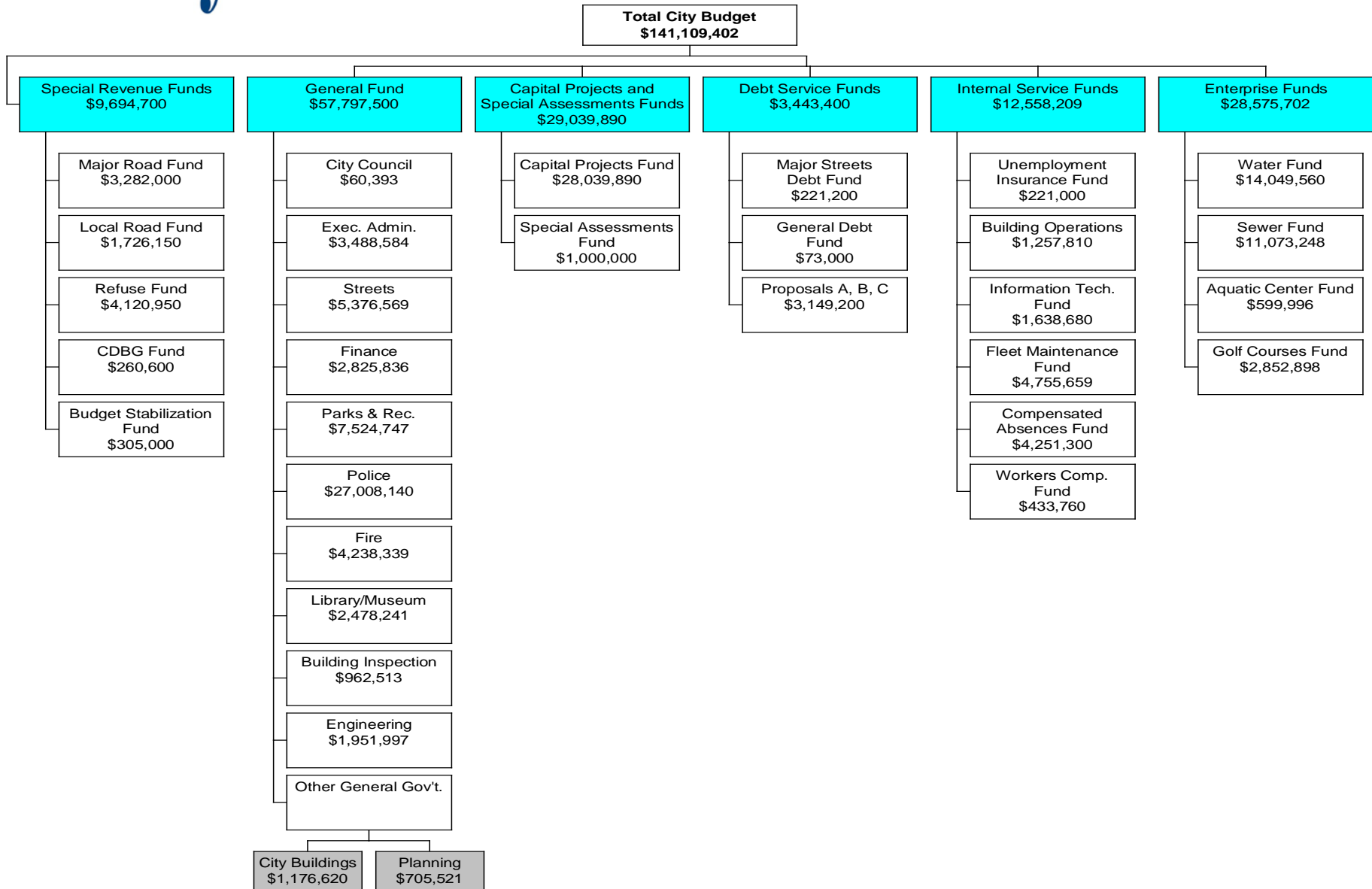




2010/11
Budget

FINANCIAL ORGANIZATIONAL CHART





The Executive Summary is prepared as an introduction to the 2010/11 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 2010/11 budget for all City funds totals \$141.1 million. The City establishes a budget for 23 separate funds or accounting divisions; these 23 funds can be further paired into 6 major fund groupings. The largest is the General Fund, which provides \$57.8 million in funding toward the majority of services available to residents through the City's 18 departments.

Special Revenues Funds provide a total of \$9.7 million for major and local road maintenance, refuse and recycling and the federally funded Community Development Block Grant programs.

Several notable items in the Special Revenues Funds 2010/11 budget include:

- ✓ Maintain and repair major roads (\$3.3 million)
- ✓ Maintain local roads (\$1.7 million)
- ✓ Refuse collection and disposal and recycling activities (\$4.1 million)

Capital Projects Funds total \$28 million for 2010/11. These funds are used for capital equipment and vehicles, construction and improvement of municipal facilities and road construction. Notable capital projects in the 2010/11 budget include:

- ✓ Transit Center reserve (\$9.4 million)
- ✓ Major road construction and Improvements (\$7.7 million)
- ✓ Local road reconstruction and improvements (\$3.2 million)
- ✓ Storm drainage improvements (\$0.2 million)
- ✓ Park development reserve (\$0.7 million)
- ✓ Sidewalk construction (\$0.5 million)
- ✓ Civic Center site improvements (\$1.1 million)
- ✓ Trail System reserve (\$2 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 \$28.6 million in funding for water and sewer utility operations, as well as the aquatic center and golf courses.

Internal Service Funds account for \$12.6 million in charges for goods and services provided by one department to others.

- **General Fund**

The 2010/11 General Fund budget is \$57.8 million, a decrease of \$4.2 million or 6.9% less than the 2009/10 General Fund 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 \$30.5 million, or 53% of the total General Fund budget.

Troy's proposed overall millage rate of 9.40 increased from 9.28 in 2010 due to declining taxable value and increased cost for refuse collection. Proposal A resulted in a negative property taxable value adjustment of .997% due to a negative cost of living index.

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

Category	%
Licenses & Permits	1.9%
Federal, State & Local Grants	9.3%
Fines & Forfeitures	2.1%
Charges for Services	12.4%
Interest & Rents	2.0%
Other Revenues & Financing Sources	15.9%

There is a re-appropriation of Fund Balance planned for fiscal year 2010/11 in the amount of \$2.4 million. It is estimated that there will be \$9 million, or 15%, of expenditures in the Unreserved/Undesignated Fund Balance in 2010/11.

• **Expenditures by Object**

The \$57.8 million General Fund budget is comprised of 3 separate expenditure objects or categories.

	\$ Change	% Change
Personal Services	\$(2,907,313)	(6.6)%
Supplies	(226,810)	(8.3)%
Other Services/ Charges	(1,117,547)	(7.2)%
Total	\$(4,251,670)	(6.9)%

The largest category is Personal Services, which is made up of wages and fringe benefits and comprises 70.8% of the total budget, compared to 70.6% last fiscal year.

Supplies, made up primarily of operating supplies, total 4.3% 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 \$4.2 million decrease in General Fund expenditures can best be explained by the following:

The Personal Services budget decreased \$2.9 million or 6.6% under last year. The total decrease for employee wages is \$3.6 million. The decrease is a result of eliminating 55 full-time positions through attrition and lay-offs in the General Fund and 5% wage concessions in the form of furlough days for several employee groups.

The 2010/11 budget includes funding for 388 full-time positions, a decrease of 55 full-time employees. This translates into a total reduction of the City of Troy workforce of 104 full-time employees from 7 years ago.



The total net number of part-time employees has decreased by 46, mainly due to the reduction of employees at the Library, Museum and in Parks and Recreation.

Supplies decreased by \$226,810 or 8.3%. Items such as postage and operating supplies accounted for much of this decrease.

Other Services/Charges decreased by \$1,117,547 or 7.2%. The overall decrease is a result of reductions in vehicle rental, public utilities, computer charges and contractual services.

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

- ***Expenditures by Budgetary Center***

The General Fund can be further broken down to departmental or budgetary center level. These budgetary centers represent the 10 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 Detroit water rate will decrease by 9.3% from \$16.26 to \$14.75 per thousand cubic feet.

The City of Detroit increased the sewer rates it charges the City of Troy effective July 1, 2010.

The Southeast Oakland County Sewer District rate is estimated to increase by 8.9% from \$11.87 to \$12.93 per thousand cubic feet, after including the Oakland County Drain Commission charges. The Evergreen-Farmington Sewer District rate is estimated to increase by 9.3% from \$15.54 to \$16.99.

The budget recommends that the combined water and sewer rates be increased by \$0.40 per MCF. This rate increase will result in a 0.9% 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 \$179.01 using the proposed rates. This will result in an increase of \$1.56 per quarter or \$6.24 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 \$6.4 million for water and \$2.9 million for sewer.

The \$9.3 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 2010/11 budget calls for an increase in refuse collection and disposal and recycling expenses resulting from a 3.7% increase due to the fuel escalator clause and a Consumer Price Index adjustment.

The tax rate will need to be increased by .12 mills to cover operational costs.

This will leave a very minimal Fund Balance. The tax rate adjustment became necessary after the large reduction in taxable value and the increase in the cost of service.

- **Capital Projects Fund**

Property taxes, grants and re-appropriation of Fund Balance provide for the funding of \$28 million in capital projects. The property tax revenue decrease is attributable to lower taxable value due to the decline in property values.

- **Debt Service Funds**

The Debt Service Funds generate their revenue by applying .50 mills times the taxable value. This revenue source has also decreased due to a reduction in taxable value. The reduction is made up by an increase in re-appropriation of Fund Balance.

- **Internal Service Funds**

Internal Service Funds are used to account for the financing of goods and services provided by a department to other departments of the government, on a cost reimbursement basis.

- **Major Funds**

The General Fund is always a major fund. In addition, governments may report as major funds whatever other individual governmental funds they believe to be of particular importance to financial statements users (for instance, because of public interest).

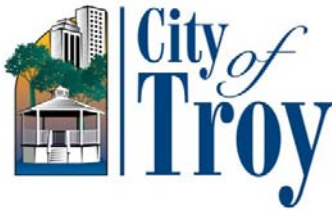
At a minimum, governmental funds other than the General Fund must be reported as major funds if they meet both of the following criteria (as applied to the final adjusted balances reported in the funds):

- ✓ 10% criterion – An individual governmental fund reports at least 10% of any of the following:
 - a) Total governmental fund assets
 - b) Total governmental fund liabilities
 - c) Total governmental fund revenues; or
 - d) Total governmental fund expenditures
- ✓ 5% criterion – An individual governmental fund reports at least 5% of the aggregated total for both governmental funds and enterprise funds of any of the items for which it met the 10% criterion.

The major funds are: General Fund, Capital Projects Fund, Water Fund, Sanitary Sewer Fund and Sanctuary Lake Golf Course Fund

- **Non - Major Funds**

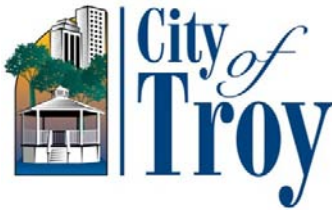
The non-major funds are: Debt Service Funds, Special Revenue Funds, Aquatic Center Fund, Sylvan Glen Golf Course Fund and Internal Service Funds.



2010/11
Budget

ALL FUNDS COMBINED SUMMARY

Description	General	Special Revenue	Debt Service	Capital Projects Special Assessment
Revenues				
Taxes	\$ 32,622,500	\$ 4,092,000	\$ 2,350,000	\$ 7,190,000
Licenses and Permits	1,080,000	-	-	-
Federal Grants	17,600	260,600	-	-
State Grants	5,242,500	4,554,000	-	9,787,500
Contributions - Local	115,000	-	-	200,000
Charges for Service	7,158,250	4,500	-	272,000
Fines and Forfeits	1,212,000	-	-	209,000
Interest and Rents	1,174,340	61,450	45,000	254,200
Other Revenues	742,500	-	-	200,000
Total - Revenues	\$ 49,364,690	\$ 8,972,550	\$ 2,395,000	\$ 18,112,700
Expenditures				
Personal Service Control	\$ 40,891,087	\$ 120,410	\$ -	\$ -
Supplies	2,501,420	104,190	-	-
Other Services/Charges	14,404,993	4,156,950	71,500	-
Capital Outlay	-	-	-	27,692,840
Debt Service	-	-	3,371,900	276,140
Total - Expenditures	\$ 57,797,500	\$ 4,381,550	\$ 3,443,400	\$ 27,968,980
Other Financing Sources				
Operating Transfer In	\$ 8,432,810	\$ 722,150	\$ 4,197,600	\$ 10,927,190
Total - Other Financing Sources	\$ 8,432,810	\$ 722,150	\$ 4,197,600	\$ 10,927,190
Other Financing Uses				
Operating Transfer Out	\$ -	\$ 5,313,150	\$ 3,149,200	\$ 1,070,910
Total - Other Financing Uses	\$ -	\$ 5,313,150	\$ 3,149,200	\$ 1,070,910
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ 19,800,513	\$ 4,603,926	\$ 2,572,180	\$ 6,625,897
Ending Fund Balance	\$ 19,800,513	\$ 4,603,926	\$ 2,572,180	\$ 6,625,897

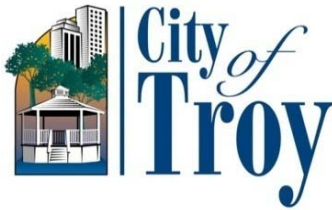


2010/11
Budget

ALL FUNDS COMBINED SUMMARY

Description	Total Governmental Funds	Enterprise	Internal Service
<u>Revenues</u>			
Taxes	\$ 46,254,500	\$ -	\$ -
Licenses and Permits	1,080,000	-	-
Federal Grants	278,200	-	-
State Grants	19,584,000	-	-
Contributions - Local	315,000	-	-
Charges for Service	7,434,750	30,146,720	3,323,760
Fines and Forfeits	1,421,000	-	-
Interest and Rents	1,534,990	640,320	3,631,440
Other Revenues	942,500	-	4,851,800
Total - Revenues	\$ 78,844,940	\$ 30,787,040	\$ 11,807,000
<u>Expenditures</u>			
Personal Service Control	\$ 41,011,497	\$ 4,411,562	\$ 8,265,976
Supplies	2,605,610	991,150	1,433,130
Other Services/Charges	18,633,443	21,604,290	2,859,103
Capital Outlay	27,692,840	10,047,100	1,684,110
Debt Service	3,648,040	902,350	-
Total - Expenditures	\$ 93,591,430	\$ 37,956,452	\$ 14,242,319
<u>Other Financing Sources</u>			
Operating Transfer In	\$ 24,279,750	\$ -	\$ -
Total - Other Financing Sources	\$ 24,279,750	\$ -	\$ -
<u>Other Financing Uses</u>			
Operating Transfer Out	\$ 9,533,260	\$ -	\$ -
Total - Other Financing Uses	\$ 9,533,260	\$ -	\$ -
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ 33,602,516	\$ -	\$ -
Ending Fund Balance	\$ 33,602,516	\$ -	\$ -

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.

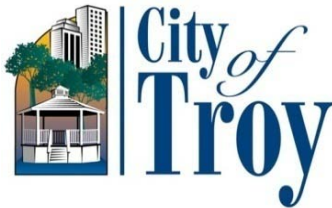


2010/11
Budget

**ALL FUNDS COMBINED HISTORICAL SUMMARY
REVENUES, EXPENDITURES AND FUND BALANCE**

Description	2009 Actual	2010 Projected	2011 Budget
Revenues			
Taxes	\$ 51,092,128	\$ 50,223,100	\$ 46,254,500
Licenses and Permits	1,237,190	1,050,500	1,080,000
Federal Grants	228,530	180,510	278,200
State Grants	16,001,596	12,850,700	19,584,000
Contributions - Local	186,245	542,000	315,000
Charges for Service	7,579,735	8,170,760	7,434,750
Fines and Forfeits	1,054,160	1,215,700	1,421,000
Interest and Rents	2,420,524	1,540,040	1,534,990
Other Revenues	1,307,589	1,077,200	942,500
Total - Revenues	\$ 81,107,697	\$ 76,850,510	\$ 78,844,940
Expenditures			
Personal Service Control	\$ 44,208,544	\$ 42,309,489	\$ 41,011,497
Supplies	3,182,588	2,556,670	2,605,610
Other Services/Charges	19,081,110	18,634,740	18,633,443
Capital Outlay	17,459,047	17,562,470	27,692,840
Debt Service	3,624,187	3,565,320	3,648,040
Total - Expenditures	\$ 87,555,476	\$ 84,628,689	\$ 93,591,430
Other Financing Sources			
Operating Transfer In	\$ 11,714,213	\$ 12,349,340	\$ 24,279,750
Total - Other Financing Sources	\$ 11,714,213	\$ 12,349,340	\$ 24,279,750
Other Financing Uses			
Operating Transfer Out	\$ 10,442,590	\$ 10,164,980	\$ 9,533,260
Total - Other Financing Uses	\$ 10,442,590	\$ 10,164,980	\$ 9,533,260
Excess of Revenues Over (Under) Expenditures	\$ (5,176,156)	\$ (5,593,819)	\$ -
Beginning Fund Balance	\$ 57,916,281	\$ 52,740,125	\$ 33,602,516
Ending Fund Balance	\$ 52,740,125	\$ 47,146,306	\$ 33,602,516

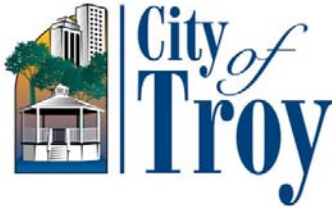
Enterprise and Internal Service Funds revenues and expenses are excluded from the fund balance calculation.



2010/11
Budget

REVENUE COMPARISON
ALL FUNDS

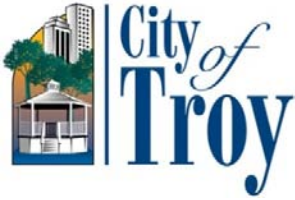
Description	2009 Actual	2010 Projected	2010 Budget	2011 Budget
Capital				
Capital Fund	\$ 17,595,451	\$ 13,915,080	\$ 31,883,400	\$ 28,039,890
Special Assessment Fund	395,579	285,000	2,000,000	1,000,000
Total - Capital	\$ 17,991,030	\$ 14,200,080	\$ 33,883,400	\$ 29,039,890
Debt Service				
General Debt Service Fund	\$ 2,754,239	\$ 2,620,000	\$ 3,130,060	\$ 3,222,200
2000MTF Bond Debt Retirement	239,113	230,220	230,220	221,200
Proposal A - Bond Debt Retirement	891,108	807,470	807,670	851,140
Proposal B - Bond Debt Retirement	1,464,633	1,480,290	1,480,490	1,539,960
Proposal C - Bond Debt Retirement	763,793	770,900	770,900	758,100
Total - Debt Service	\$ 6,112,886	\$ 5,908,880	\$ 6,419,340	\$ 6,592,600
Enterprise				
Sanctuary Lake Golf Course Fund	\$ 923,909	\$ 966,000	\$ 1,189,000	\$ 1,001,550
Sylvan Glen Golf Course Fund	1,209,343	1,154,230	1,755,100	1,597,100
Aquatic Center Fund	486,670	475,730	490,200	486,900
Sewer Fund	10,980,688	10,533,000	12,875,000	12,933,000
Water Fund	14,699,377	14,013,600	17,252,000	15,151,600
Total - Enterprise	\$ 28,299,987	\$ 27,142,560	\$ 33,561,300	\$ 31,170,150
General Fund				
General Fund	\$ 59,859,359	\$ 60,001,450	\$ 62,049,170	\$ 57,797,500
Total - General Fund	\$ 59,859,359	\$ 60,001,450	\$ 62,049,170	\$ 57,797,500
Internal Service				
Unemployment Comp Fund	\$ 200,704	\$ 188,000	\$ 156,000	\$ 221,000
Workers' Comp Reserve Fund	438,728	436,100	387,000	433,760
Compensated Absences Fund	4,353,254	4,100,000	4,700,000	4,251,300
Building Operations Maintenance Fund	1,241,198	1,295,000	1,294,820	1,257,810
Information Technology Fund	1,733,386	1,702,210	1,944,740	1,709,590
Fleet Maintenance Fund	4,314,224	5,260,140	6,270,060	6,368,859
Total - Internal Service	\$ 12,281,494	\$ 12,981,450	\$ 14,752,620	\$ 14,242,319
Special Revenues				
Community Fair Fund	\$ 75,283	\$ 152,030	\$ 182,630	\$ -
Major Street Fund	3,445,724	3,349,000	3,313,000	3,282,000
Local Street Fund	1,478,510	1,480,400	1,772,240	1,726,150
Refuse Fund	3,609,791	3,921,500	4,087,830	4,120,950
Budget Stabilization Fund	54,113	306,000	300,000	305,000
Community Development Block Grant	195,217	180,510	158,320	260,600
Total - Special Revenues	\$ 8,858,638	\$ 9,389,440	\$ 9,814,020	\$ 9,694,700
Total - All Funds	\$ 133,403,394	\$ 129,623,860	\$ 160,479,850	\$ 148,537,159



2010/11
Budget

EXPENDITURE COMPARISON
ALL FUNDS

Description	2009 Actual	2010 Projected	2010 Budget	2011 Budget
Capital				
Capital Fund	\$ 17,828,313	\$ 17,953,310	\$ 31,883,400	\$ 28,039,890
Special Assessment Fund	2,138,800	2,000,000	2,000,000	1,000,000
Total - Capital	\$ 19,967,113	\$ 19,953,310	\$ 33,883,400	\$ 29,039,890
Debt Service				
General Debt Service Fund	\$ 3,183,393	\$ 3,110,160	\$ 3,130,060	\$ 3,222,200
2000MTF Bond Debt Retirement	239,113	230,220	230,220	221,200
Proposal A - Bond Debt Retirement	891,108	807,470	807,670	851,140
Proposal B - Bond Debt Retirement	1,464,633	1,480,290	1,480,490	1,539,960
Proposal C - Bond Debt Retirement	763,793	770,900	770,900	758,100
Total - Debt Service	\$ 6,542,040	\$ 6,399,040	\$ 6,419,340	\$ 6,592,600
Enterprise				
Sanctuary Lake Golf Course Fund	\$ 1,639,962	\$ 1,909,740	\$ 1,995,300	\$ 1,901,902
Sylvan Glen Golf Course Fund	1,103,962	1,194,460	1,755,100	1,597,096
Aquatic Center Fund	601,859	646,510	658,290	660,996
Sewer Fund	9,744,083	11,346,670	14,427,040	13,983,248
Water Fund	12,698,596	19,246,450	23,626,470	20,479,560
Total - Enterprise	\$ 25,788,462	\$ 34,343,830	\$ 42,462,200	\$ 38,622,802
General Fund				
General Fund	\$ 62,117,055	\$ 59,115,413	\$ 62,049,170	\$ 57,797,500
Total - General Fund	\$ 62,117,055	\$ 59,115,413	\$ 62,049,170	\$ 57,797,500
Internal Service				
Unemployment Compensation Fund	\$ 140,482	\$ 188,000	\$ 156,000	\$ 221,000
Workers' Comp Reserve Fund	387,664	436,100	387,000	433,760
Compensated Absences Fund	4,082,164	4,100,000	4,700,000	4,251,300
Building Operations Maint. Fund	1,108,064	1,277,250	1,294,820	1,257,810
Information Technology Fund	1,570,371	1,671,130	1,944,740	1,709,590
Fleet Maintenance Fund	4,351,927	5,260,140	6,270,060	6,368,859
Total - Internal Service	\$ 11,640,672	\$ 12,932,620	\$ 14,752,620	\$ 14,242,319
Special Revenues				
Community Fair Fund	\$ 135,467	\$ 155,216	\$ 182,630	\$ -
Major Street Fund	3,519,848	3,141,230	3,313,000	3,282,000
Local Street Fund	1,505,421	1,543,190	1,772,240	1,726,150
Refuse Fund	3,961,794	3,999,760	4,087,830	4,120,950
Budget Stabilization Fund	54,113	306,000	300,000	305,000
Community Dev. Block Grant Fund	195,217	180,510	158,320	260,600
Total - Special Revenues	\$ 9,371,860	\$ 9,325,906	\$ 9,814,020	\$ 9,694,700
Total - All Funds	\$ 135,427,202	\$ 142,070,119	\$ 169,380,750	\$ 155,989,811



2010/11
Budget

**YEAR-END FUND BALANCE COMPARISON
ALL FUNDS**

Fund # and Description	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
General Fund				
101 General Fund	\$ 23,632,762	\$ 21,314,476	\$ 22,200,513	\$ 19,800,513
Special Revenues Funds				
202 Major Street Fund	\$ 1,703,504	\$ 1,629,380	\$ 1,837,150	\$ 1,837,150
203 Local Street Fund	1,402,812	1,375,901	1,313,111	1,223,711
226 Refuse Fund	542,465	190,462	112,202	112,202
257 Budget Stabilization Fund	2,100,000	2,100,000	1,800,000	1,500,000
280 Community Development Block Grant	-	-	-	-
103 Community Fair Fund	(5,767)	(65,951)	(69,137)	(69,137)
Total - Special Revenues Funds	\$ 5,743,014	\$ 5,229,792	\$ 4,993,326	\$ 4,603,926
Debt Service Funds				
301 General Debt Service Fund	\$ 4,318,695	\$ 3,889,540	\$ 3,399,380	\$ 2,572,180
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	\$ 4,318,695	\$ 3,889,540	\$ 3,399,380	\$ 2,572,180
Capital Projects/Special Assessment Fund				
401 Capital Projects Fund	\$19,505,003	\$ 19,272,141	\$ 15,233,911	\$ 6,059,721
403 Special Assessment Fund	4,777,397	3,034,176	1,319,176	566,176
Total - Capital Projects/ Special Assessment Fund	\$ 24,282,400	\$ 22,306,317	\$ 16,553,087	\$ 6,625,897
Total - All Funds	\$ 57,976,871	\$ 52,740,125	\$ 47,146,306	\$ 33,602,516

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



City of
Troy