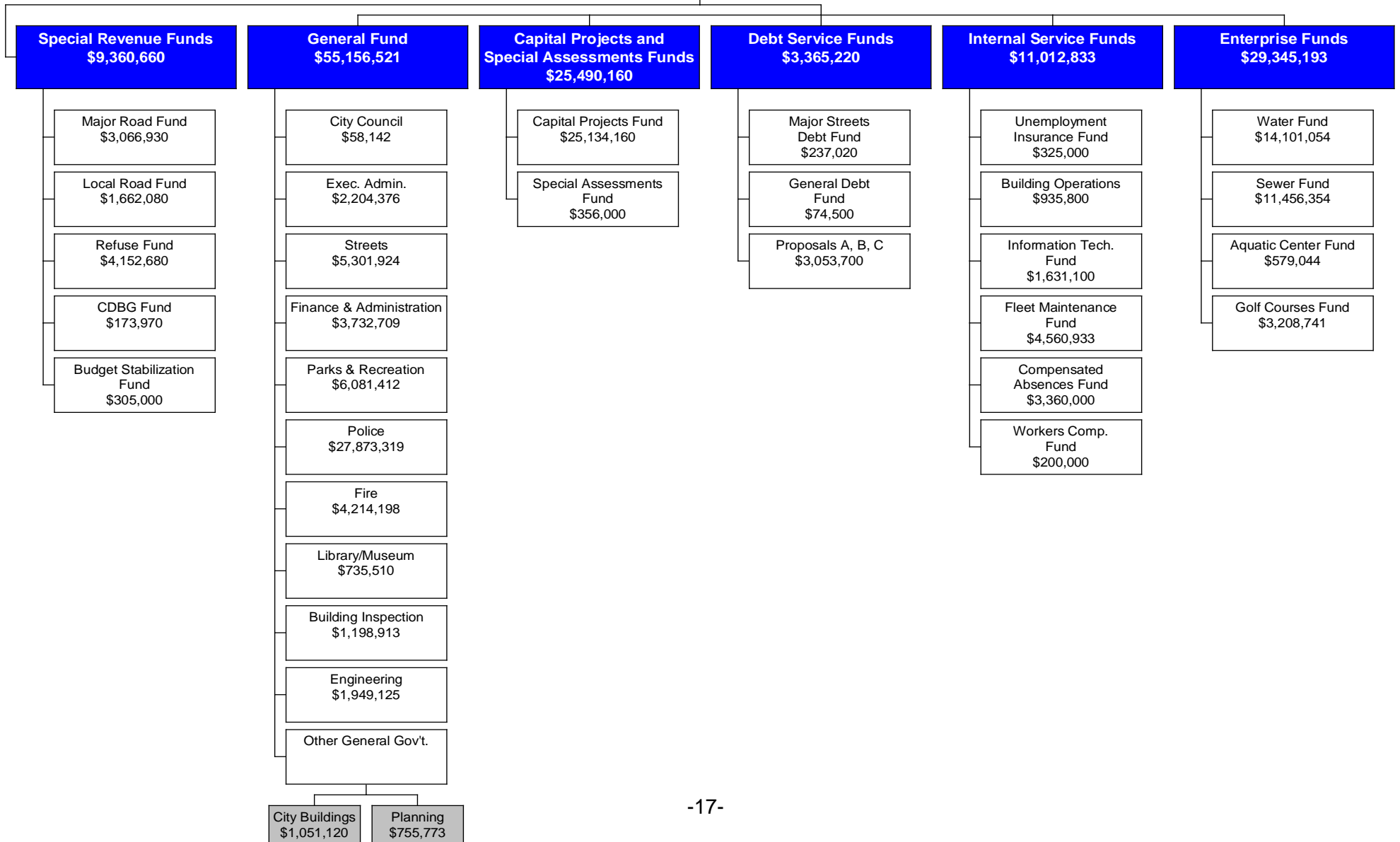




2011/12
Budget

FINANCIAL ORGANIZATIONAL CHART

Total City Budget
\$133,730,587





City of
Troy



The Executive Summary is prepared as an introduction to the 2011/12 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 and on the City of Troy's web site.

- **Total City Funds**

The 2011/12 budget for all City funds totals \$133.7 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 \$55.2 million in funding toward the majority of services available to residents through the City's 16 departments.

Special Revenues Funds provide a total of \$9.4 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 2011/12 budget include:

- ✓ Maintain and repair major roads (\$3.1 million)
- ✓ Maintain local roads (\$1.7 million)
- ✓ Refuse collection and disposal and recycling activities (\$4.2 million)

Capital Projects Funds total \$25.1 million for 2011/12. These funds are used for capital equipment and vehicles, construction and improvement of municipal facilities and road construction. Notable capital projects in the 2011/12 budget include:

- ✓ Transit Center reserve (\$9.2 million)
- ✓ Major road construction and Improvements (\$4.6 million)
- ✓ Local road reconstruction and improvements (\$3.2 million)
- ✓ Storm drainage improvements (\$2.3 million)
- ✓ Sidewalk construction (\$0.5 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 \$29.3 million in funding for water and sewer utility operations, as well as the aquatic center and golf courses.

Internal Service Funds account for \$11.0 million in charges for goods and services provided by one department to others.

- **General Fund**

The 2011/12 General Fund budget is \$55.2 million, a decrease of \$2.6 million or 4.6% less than the 2010/11 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 approximately \$28.0 million, or 51% of the total General Fund budget.

Troy's proposed overall millage rate of 9.49 increased from 9.40 in 2011 due to declining taxable value and increased cost for refuse collection. Proposal A resulted in a property taxable value adjustment of 1.7% due to the cost of living index on all property that was below the assessed value.

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

Category	%
Licenses & Permits	2.7%
Federal, State & Local Grants	9.8%
Fines & Forfeitures	1.9%
Charges for Services	11.0%
Interest & Rents	2.0%
Other Revenues & Financing Sources	17.9%

There is a re-appropriation of Fund Balance planned for fiscal year 2011/12 in the amount of \$2.6 million. It is estimated that there will be \$9.7 million, or 17.5%, of expenditures in the Unreserved/Undesignated Fund Balance in 2011/12.

• *Expenditures by Object*

The \$55.2 million General Fund budget is comprised of 3 separate expenditure objects or categories.

	\$ Change	% Change
Personal Services	\$(3,278,581)	(8.1)%
Supplies	(431,355)	(17.0)%
Other Services/ Charges	1,027,467	7.1 %
Total	\$(2,682,469)	(4.6)%

The largest category is Personal Services, which is made up of wages and fringe benefits and comprises 68.2% of the total budget, compared to 70.8% last fiscal year.

Supplies, made up primarily of operating supplies, total 3.8% of the budget.

Other Services/Charges total 28% 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 \$2.7 million decrease in General Fund expenditures can best be explained by the following:

The Personal Services budget decreased \$3.3 million or 8.1% under last year. The total decrease for employee wages is \$3.2 million. The decrease is a result of eliminating 36 full-time positions through attrition and lay-offs in the General Fund and 10% wage and benefit concessions for several employee groups.

The 2011/12 budget includes funding for 341 full-time positions, a decrease of 47 full-time employees. This translates into a total reduction of the City of Troy workforce of 151 full-time employees from 8 years ago.



The total net number of part-time employees has decreased by 177, mainly due to the closing of the Library, contracting out golf course operations and reduction in recreation programs.

Supplies decreased by \$431,355 or 17.0%. Items such as operating, office supplies, and maintenance supplies (salt) accounted for much of this decrease.

Other Services/Charges increased by \$1,027,467 or 7.1%. The increase is a result of the utilization of more 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 is estimated to increase by 15.7% from \$14.75 to \$17.07 per thousand cubic feet.

The City of Detroit increased the sewer rates it charges the City of Troy effective July 1, 2011.

The Southeast Oakland County Sewer District rate is estimated to increase by 12.4% from \$12.82 to \$14.41 per thousand cubic feet, after including the Oakland County Drain Commission charges. The Evergreen-Farmington Sewer District rate is estimated to increase by 2.3% from \$16.83 to \$17.27.

The budget recommends that the combined water and sewer rates be increased by \$5.10 per MCF. This rate increase will result in a 11.1% 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 \$198.90 using the proposed rates. This will result in an increase of \$19.89 per quarter or \$79.56 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 \$5.1 million for water and \$1.8 million for sewer.

The \$6.9 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 2011/12 budget calls for an increase in refuse collection and disposal and recycling expenses resulting from a 2.3% increase due to the fuel escalator clause and a Consumer Price Index adjustment.

The tax rate will need to be increased by .09 from .87 to .96 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 \$25.1 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).

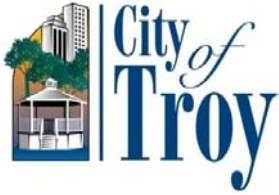
At a minimum, governmental funds other than the General Fund must be reported as major funds if they meet both of the following criteria (as applied to the final adjusted balances reported in the funds):

- ✓ 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.



2011/12
Budget

**REVENUE COMPARISON
ALL FUNDS**

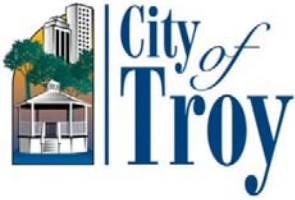
	2010 ACTUAL	2011 PROJECTED	2011 BUDGET	2012 BUDGET
<u>CAPITAL</u>				
CAPITAL FUND	\$14,277,498	\$10,801,700	\$31,380,990	\$25,134,160
SPECIAL ASSESSMENT FUND	262,371	55,000	1,000,000	356,000
TOTAL - CAPITAL	\$14,539,869	\$10,856,700	\$32,380,990	\$25,490,160
<u>DEBT SERVICE</u>				
GENERAL DEBT SERVICE FUND	\$2,652,361	\$2,376,000	\$3,222,200	\$3,128,200
2000MTF BOND DEBT RETIREMENT	230,188	221,200	221,200	237,020
PROP A BOND DEBT RETIREMENT	806,944	851,140	851,140	834,200
PROP B BOND DEBT RETIREMENT	1,480,289	1,507,100	1,539,960	1,472,700
PROP C BOND DEBT RETIREMENT	770,574	757,800	758,100	746,800
TOTAL - DEBT SERVICE	\$5,940,355	\$5,713,240	\$6,592,600	\$6,418,920
<u>ENTERPRISE</u>				
SANCTUARY LAKE GOLF COURSE	\$974,051	\$1,073,751	\$1,001,550	\$1,297,421
SYLVAN GLEN GOLF COURSE	1,145,012	1,245,380	1,597,100	1,881,980
AQUATIC CENTER FUND	451,670	500,400	486,900	497,400
SEWER FUND	12,596,827	11,505,000	12,933,000	12,175,000
WATER FUND	14,317,530	13,614,000	15,151,600	14,575,600
TOTAL - ENTERPRISE	\$29,485,090	\$27,938,531	\$31,170,150	\$30,427,401
<u>GENERAL FUND</u>				
GENERAL FUND	\$60,864,151	\$55,165,470	\$57,838,990	\$55,156,521
TOTAL - GENERAL FUND	\$60,864,151	\$55,165,470	\$57,838,990	\$55,156,521
<u>INTERNAL SERVICE</u>				
UNEMPLOYMENT COMPENSATION	\$203,502	\$293,500	\$221,000	\$325,000
WORKER'S COMP RESERVE FUND	484,289	301,000	433,760	200,000
COMPENSATED ABSENCES FUND	4,318,004	4,081,000	4,251,300	3,360,000
BUILDINGS & GROUNDS MAINTENANCE	1,217,431	1,141,400	1,257,810	935,800
INFORMATION TECHNOLOGY	1,707,128	1,415,500	1,709,590	1,715,530
MOTOR POOL	4,116,328	3,827,520	6,368,859	6,033,133
TOTAL - INTERNAL SERVICE	\$12,046,683	\$11,059,920	\$14,242,319	\$12,569,463
<u>SPECIAL REVENUE</u>				
COMMUNITY FAIR FUND	\$148,426	\$0	\$0	\$0
MAJOR STREET FUND	3,359,253	3,115,000	3,282,000	3,066,930
LOCAL STREET FUND	1,484,507	1,665,750	1,726,150	1,662,080
REFUSE FUND	3,926,841	4,100,500	4,120,950	4,152,680
BUDGET STABILIZATION FUND	6,995	5,000	305,000	305,000
COMM DEV BLOCK GRANT FUND	127,522	339,710	460,480	173,970
TOTAL - SPECIAL REVENUE	\$9,053,545	\$9,225,960	\$9,894,580	\$9,360,660
TOTAL - ALL FUNDS	\$131,929,691	\$119,959,821	\$152,119,629	\$139,423,125



2011/12
Budget

**EXPENDITURE COMPARISON
ALL FUNDS**

	2010 ACTUAL	2011 PROJECTED	2011 BUDGET	2012 BUDGET
<u>CAPITAL</u>				
CAPITAL FUND	\$17,393,415	\$16,833,520	\$31,380,990	\$25,134,160
SPECIAL ASSESSMENT FUND	2,063,802	1,000,000	1,000,000	356,000
TOTAL - CAPITAL	\$19,457,218	\$17,833,520	\$32,380,990	\$25,490,160
<u>DEBT SERVICE</u>				
GENERAL DEBT SERVICE FUND	\$3,128,306	\$3,188,040	\$3,222,200	\$3,128,200
2000MTF BOND DEBT RETIREMENT	230,188	221,200	221,200	237,020
PROP A BOND DEBT RETIREMENT	525,581	851,140	851,140	834,200
PROP B BOND DEBT RETIREMENT	1,431,050	1,507,100	1,539,960	1,472,700
PROP C BOND DEBT RETIREMENT	397,768	757,800	758,100	746,800
TOTAL - DEBT SERVICE	\$5,712,893	\$6,525,280	\$6,592,600	\$6,418,920
<u>ENTERPRISE</u>				
SANCTUARY LAKE GOLF COURSE	\$1,638,278	\$2,009,019	\$1,901,902	\$2,110,161
SYLVAN GLEN GOLF COURSE	1,094,625	1,122,952	1,597,096	1,881,980
AQUATIC CENTER FUND	567,845	613,860	660,996	611,044
SEWER FUND	9,775,039	11,949,330	13,983,248	13,244,354
WATER FUND	12,491,642	17,414,700	20,479,560	19,211,054
TOTAL - ENTERPRISE	\$25,567,429	\$33,109,861	\$38,622,802	\$37,058,593
<u>GENERAL FUND</u>				
GENERAL FUND	\$58,457,315	\$55,988,183	\$57,838,990	\$55,156,521
TOTAL - GENERAL FUND	\$58,457,315	\$55,988,183	\$57,838,990	\$55,156,521
<u>INTERNAL SERVICE</u>				
UNEMPLOYMENT COMPENSATION	\$199,246	\$293,500	\$221,000	\$325,000
WORKER'S COMP RESERVE FUND	436,057	206,000	433,760	200,000
COMPENSATED ABSENCES FUND	3,691,713	4,081,000	4,251,300	3,360,000
BUILDINGS & GROUNDS MAINTENANCE	1,149,399	1,157,570	1,257,810	935,800
INFORMATION TECHNOLOGY	1,352,419	1,663,130	1,709,590	1,715,530
MOTOR POOL	3,894,045	4,756,600	6,368,859	6,033,133
TOTAL - INTERNAL SERVICE	\$10,722,879	\$12,157,800	\$14,242,319	\$12,569,463
<u>SPECIAL REVENUE</u>				
COMMUNITY FAIR FUND	\$127,852	\$0	\$0	\$0
MAJOR STREET FUND	2,828,007	3,058,550	3,282,000	3,066,930
LOCAL STREET FUND	1,628,568	1,606,310	1,726,150	1,662,080
REFUSE FUND	3,996,064	4,113,308	4,120,950	4,152,680
BUDGET STABILIZATION FUND	300,000	305,000	305,000	305,000
COMM DEV BLOCK GRANT FUND	127,522	339,710	460,480	173,970
TOTAL - SPECIAL REVENUE	\$9,008,013	\$9,422,878	\$9,894,580	\$9,360,660
TOTAL - ALL FUNDS	\$128,925,746	\$135,037,522	\$159,572,281	\$146,054,317



2011/12
Budget

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

	2008 Actual	2009 Actual	2010 Actual	2011 Estimate	2012 Budget
General Fund					
101 General Fund	\$ 23,632,762	\$ 21,314,476	\$ 23,741,886	\$ 22,919,173	\$ 20,189,042
Special Revenues Funds					
202 Major Street Fund	\$ 1,703,504	\$ 1,629,380	\$ 2,160,626	\$ 2,217,076	\$ 2,217,076
203 Local Street Fund	1,402,812	1,375,901	1,231,840	1,291,280	1,161,280
226 Refuse Fund	542,465	190,462	121,239	108,431	108,431
257 Budget Stabilization Fund	2,100,000	2,100,000	1,806,995	1,506,995	1,206,995
280 Community Development Block Grant	-	-	-	-	-
Total - Special Revenues Funds	\$ 5,748,781	\$ 5,295,743	\$ 5,320,700	\$ 5,123,782	\$ 4,693,782
Debt Service Funds					
301 General Debt Service Fund	\$ 4,318,695	\$ 3,889,540	\$ 3,413,596	\$ 2,601,556	\$ 1,647,356
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	\$ 3,413,596	\$ 2,601,556	\$ 1,647,356
Capital Projects/Special Assessment Fund					
401 Capital Projects Fund	\$19,222,313	\$ 19,272,141	\$ 16,107,881	\$ 10,076,061	\$ 4,201,701
403 Special Assessment Fund	4,777,397	3,034,176	1,232,745	287,745	-
Total - Capital Projects/ Special Assessment Fund	\$ 23,999,710	\$ 22,306,317	\$ 17,340,626	\$ 10,363,806	\$ 4,201,701
Total - All Funds	\$ 57,699,948	\$ 52,806,076	\$ 49,816,808	\$ 41,008,317	\$ 30,731,881

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



City of
Troy