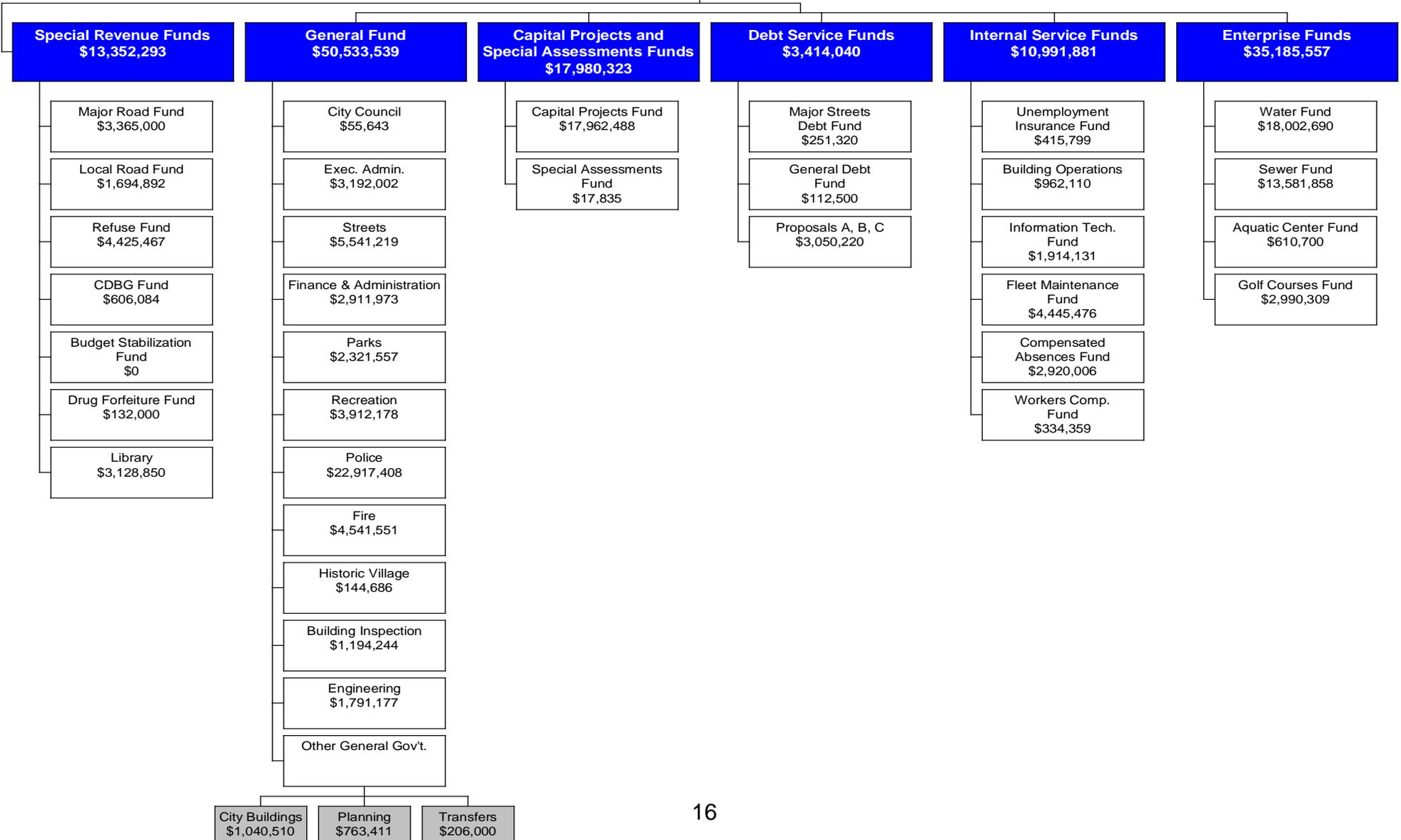




**Total City Budget
\$131,457,653**





City of
Troy



The Executive Summary is prepared as an introduction to the 2012/13 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 2012/13 budget for all City funds totals \$131.5 million. The City establishes a budget for 37 separate funds or accounting divisions; these 37 funds can be further paired into 6 major fund groupings. The largest is the General Fund, which provides \$50.5 million in funding toward the majority of services available to residents through the City's 13 departments.

Special Revenues Funds provide a total of \$13.4 million for major and local road maintenance, refuse and recycling, library operations and the federally funded Community Development Block Grant programs, and Federal and State drug forfeiture programs.

Several notable items in the Special Revenues Funds 2012/13 budget include:

- ✓ Maintain and repair major roads (\$3.4 million)
- ✓ Maintain local roads (\$1.7 million)
- ✓ Refuse collection and disposal and recycling activities (\$4.4 million)
- ✓ Library operations (\$3.1 million)

- ✓ Capital Projects Funds total \$18.0 million for 2012/13. These funds are used for capital equipment and vehicles, construction and improvement of municipal facilities and road construction. Notable capital projects in the 2012/13 budget include:

- ✓ Transit Center reserve (\$6.3 million)
- ✓ Major road construction and Improvements (\$3.7 million)
- ✓ Local road reconstruction and improvements (\$3.2 million)
- ✓ Storm drainage improvements (\$1.4 million)
- ✓ Sidewalk construction (\$0.5 million)

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

Enterprise Funds total \$35.2 million for water and sewer utility operations, as well as the aquatic center and golf courses.

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

- **General Fund**

The 2012/13 General Fund budget is \$50.5 million, a decrease of \$4.7 million or 8.4% less than the 2011/12 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 \$27.7 million, or 54.7% of the total General Fund budget.

Troy's proposed overall millage rate of 10.48 increased from 10.19 in 2012 due to declining taxable value and increased cost for refuse collection and debt service requirements. Proposal A resulted in a property taxable value adjustment of 2.7% 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	2.8%
Federal, State & Local Grants	11.1%
Fines & Forfeitures	1.4%
Charges for Services	12.8%
Interest & Rents	2.1%
Other Revenues & Financing Sources	15.1%

• **Expenditures by Object**

The \$50.5 million General Fund budget is comprised of 4 separate expenditure objects or categories.

	\$ Change	% Change
Personal Services	\$(4,995,927)	(13.3)%
Supplies	(24,690)	(1.0)%
Other Services/ Charges	159,205	1.0%
Transfer Out (Drug Forfeiture Fund)	206,000	100%
Total	\$(4,655,412)	(8.4)%

The largest category is Personal Services, which is made up of wages and fringe benefits and comprises 64.4% of the total budget, compared to 68.0% last fiscal year.

Supplies, made up primarily of operating supplies, total 4.6% of the budget.

Other Services/Charges total 30.6% of the budget and are primarily used to provide for contractual services, property and liability insurances, utility bills, and outside legal services.

The transfer out in the amount of \$206,000 is the estimated balance of drug forfeiture funding in the general fund to be used to establish the drug forfeiture special revenue fund.

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

The 2012/13 budget includes funding for 319 full-time positions, a decrease of 29 full-time employees. This translates into a total reduction of the City of Troy workforce of 172 (35%) full-time employees from 2003.



Supplies decreased by \$24,690 or 1.0%. Items such as operating, office supplies, and maintenance supplies.

Other Services/Charges increased by \$159,205 or 1.0%. The increase is the result of inflationary factors.

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 11 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 8.4% from \$16.26 to \$17.62 per thousand cubic feet.

The City of Detroit increased the water rates it charges the City of Troy effective July 1, 2012.

The Southeast Oakland County Sewer District rate is estimated to increase by 7.1% from \$14.47 to \$15.50 per thousand cubic feet, after including the Oakland County Drain Commission charges. The Evergreen-Farmington Sewer District rate is estimated to increase by 10.0% from \$17.27 to \$19.00

The budget recommends that the combined water and sewer rates be increased by \$4.15 per MCF. This rate increase will result in a 8.1% 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 \$215.09 using the proposed rates. This will result in an increase of \$16.19 per quarter or \$64.76 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 2012/13 budget calls for an increase in refuse collection and disposal and recycling expenses resulting from a 4.0% increase due to the fuel escalator clause and a Consumer Price Index adjustment.

The tax rate will need to be increased by .09 from .96 to 1.05 mills to cover operational costs.

This will leave a minimal Fund Balance of 8.8% to annual expenditures. 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 \$18.0 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 0.70 mills times the taxable value. The tax rate increased 0.2 mills due to a reduction in taxable value.

- **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**

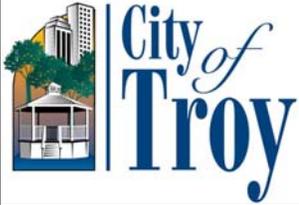
The non-major funds are: Debt Service Funds, Special Revenue Funds, Aquatic Center Fund, Sylvan Glen Golf Course Fund and Internal Service Funds.



	2011 ACTUAL	2012 ESTIMATED	2012 BUDGET	2013 BUDGET
<u>CAPITAL</u>				
CAPITAL FUND	\$10,395,578	\$9,420,328	\$25,691,660	\$17,962,488
SPECIAL ASSESSMENT FUND	100,420	356,000	356,000	17,835
TOTAL - CAPITAL	\$10,495,998	\$9,776,328	\$26,047,660	\$17,980,323
<u>DEBT SERVICE</u>				
GENERAL DEBT SERVICE FUND	\$2,359,104	\$2,188,000	\$3,128,200	\$3,162,720
2000MTF BOND DEBT RETIREMENT	221,175	237,013	237,020	251,320
PROP A BOND DEBT RETIREMENT	850,771	834,200	834,200	886,370
PROP B BOND DEBT RETIREMENT	2,454,163	1,472,675	1,472,700	1,417,950
PROP C BOND DEBT RETIREMENT	757,632	746,800	746,800	745,900
TOTAL - DEBT SERVICE	\$6,642,844	\$5,478,688	\$6,418,920	\$6,464,260
<u>ENTERPRISE</u>				
SANCTUARY LAKE GOLF COURSE	\$940,774	\$1,209,929	\$1,297,421	\$1,365,458
SYLVAN GLEN GOLF COURSE	1,035,716	1,166,318	1,881,980	1,237,253
AQUATIC CENTER FUND	503,684	513,400	497,400	589,448
SEWER FUND	12,266,100	12,384,000	12,175,000	13,195,000
WATER FUND	14,384,972	14,225,000	14,575,600	15,750,000
TOTAL - ENTERPRISE	\$29,131,246	\$29,498,647	\$30,427,401	\$32,137,159
<u>GENERAL FUND</u>				
GENERAL FUND	\$55,910,428	\$51,581,144	\$55,188,971	\$50,533,559
TOTAL - GENERAL FUND	\$55,910,428	\$51,581,144	\$55,188,971	\$50,533,559
<u>INTERNAL SERVICE</u>				
UNEMPLOYMENT COMPENSATION	\$158,401	\$324,500	\$325,000	\$415,799
WORKER'S COMP RESERVE FUND	421,258	467,648	200,000	334,359
COMPENSATED ABSENCES FUND	4,153,302	3,399,498	3,399,498	2,920,006
BUILDINGS & GROUNDS MAINTENANCE	1,139,585	977,410	977,410	971,480
INFORMATION TECHNOLOGY	1,409,633	1,594,030	1,983,530	1,740,835
MOTOR POOL	3,710,632	3,878,350	6,153,133	3,790,600
TOTAL - INTERNAL SERVICE	\$10,992,812	\$10,641,436	\$13,038,571	\$10,173,079
<u>SPECIAL REVENUE</u>				
MAJOR STREET FUND	\$3,405,541	\$3,365,000	\$3,066,930	\$3,365,000
LOCAL STREET FUND	1,681,463	1,532,080	1,662,080	1,694,892
REFUSE FUND	4,072,643	4,562,579	4,152,680	4,482,500
BUDGET STABILIZATION FUND	6,262	5,000	305,000	5,000
FORFEITURE FUND	0	0	0	584,800
LIBRARY FUND	0	3,294,618	3,331,074	3,224,151
COMM DEV BLOCK GRANT FUND	148,800	160,232	173,970	606,084
TOTAL - SPECIAL REVENUE	\$9,314,710	\$12,919,509	\$12,691,734	\$13,962,427
TOTAL - ALL FUNDS	\$122,488,039	\$119,895,752	\$143,813,257	\$131,250,807



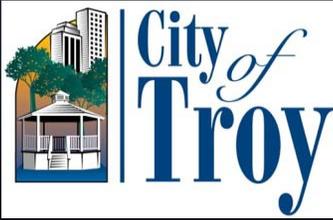
	2011 ACTUAL	2012 ESTIMATED	2012 BUDGET	2013 BUDGET
<u>CAPITAL</u>				
CAPITAL FUND	\$14,538,394	\$11,610,840	\$25,585,410	\$17,962,488
SPECIAL ASSESSMENT FUND	1,000,000	356,000	356,000	17,835
TOTAL - CAPITAL	\$15,538,394	\$11,966,840	\$25,941,410	\$17,980,323
<u>DEBT SERVICE</u>				
GENERAL DEBT SERVICE FUND	\$3,185,978	\$3,166,175	\$3,128,200	\$3,162,720
2000MTF BOND DEBT RETIREMENT	221,175	237,013	237,020	251,320
PROP A BOND DEBT RETIREMENT	850,771	834,200	834,200	886,370
PROP B BOND DEBT RETIREMENT	1,645,159	1,472,675	1,472,700	1,417,950
PROP C BOND DEBT RETIREMENT	757,632	746,800	746,800	745,900
TOTAL - DEBT SERVICE	\$6,660,715	\$6,456,863	\$6,418,920	\$6,464,260
<u>ENTERPRISE</u>				
SANCTUARY LAKE GOLF COURSE	\$1,523,616	\$1,905,827	\$2,182,100	\$1,973,652
SYLVAN GLEN GOLF COURSE	1,021,421	984,940	1,920,514	1,016,657
AQUATIC CENTER FUND	566,182	591,230	611,044	610,700
SEWER FUND	10,877,525	12,099,630	13,244,354	13,581,858
WATER FUND	12,409,699	15,979,465	19,211,054	18,002,690
TOTAL - ENTERPRISE	\$26,398,443	\$31,561,092	\$37,169,066	\$35,185,557
<u>GENERAL FUND</u>				
GENERAL FUND	\$51,698,626	\$49,628,437	\$55,188,971	\$50,533,559
TOTAL - GENERAL FUND	\$51,698,626	\$49,628,437	\$55,188,971	\$50,533,559
<u>INTERNAL SERVICE</u>				
UNEMPLOYMENT COMPENSATION	\$213,303	\$325,000	\$325,000	\$415,799
WORKER'S COMP RESERVE FUND	205,789	336,349	200,000	334,359
COMPENSATED ABSENCES FUND	4,013,918	4,333,078	3,360,000	2,920,006
BUILDINGS & GROUNDS MAINTENANCE	1,215,096	900,557	935,800	962,110
INFORMATION TECHNOLOGY	1,395,017	1,457,734	1,783,084	1,914,131
MOTOR POOL	3,912,775	3,955,740	6,033,132	4,445,476
TOTAL - INTERNAL SERVICE	\$10,955,898	\$11,308,458	\$12,637,016	\$10,991,881



2012/13 Budget

Expenditure Comparison: All Funds

	2011 ACTUAL	2012 ESTIMATED	2012 BUDGET	2013 BUDGET
<u>SPECIAL REVENUE</u>				
MAJOR STREET FUND	\$3,163,544	\$3,274,660	\$3,066,930	\$3,365,000
LOCAL STREET FUND	1,458,749	1,269,032	1,662,080	1,694,892
REFUSE FUND	4,109,985	4,254,899	4,152,680	4,425,467
BUDGET STABILIZATION FUND	305,000	0	305,000	0
FORFEITURE FUND	0	0	0	132,000
LIBRARY FUND	0	2,920,377	2,973,495	3,128,850
COMM DEV BLOCK GRANT FUND	148,800	160,232	173,970	606,084
TOTAL - SPECIAL REVENUE	\$9,186,079	\$11,879,200	\$12,334,155	\$13,352,293
TOTAL - ALL FUNDS	\$120,438,155	\$122,800,890	\$149,689,539	\$134,507,873



	2009 Actual	2010 Actual	2011 Actual	2012 Estimate	2013 Budget
General Fund					
101 General Fund	\$ 21,314,476	\$ 23,741,886	\$ 25,956,898	\$ 27,909,605	\$ 27,392,605
Special Revenues Funds					
202 Major Street Fund	\$ 1,629,380	\$ 2,160,626	\$ 2,402,623	\$ 2,492,963	\$ 2,492,963
203 Local Street Fund	1,375,901	1,231,840	1,454,554	1,717,602	1,643,758
226 Refuse Fund	190,462	121,239	83,897	2,498	59,531
257 Budget Stabilization Fund	2,100,000	1,806,995	1,508,257	1,513,257	1,518,257
265 Drug Forfeiture Fund	-	-	-	-	452,800
271 Library Fund	-	-	-	374,241	469,542
280 Community Development Block Grant	-	-	-	-	-
Total - Special Revenues Funds	\$ 5,295,743	\$ 5,320,700	\$ 5,449,331	\$ 6,100,561	\$ 6,636,851
Debt Service Funds					
301 General Debt Service Fund	\$ 3,889,540	\$ 3,413,596	\$ 2,586,721	\$ 1,608,546	\$ 1,435,826
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	\$ 3,889,540	\$ 3,413,596	\$ 2,586,721	\$ 1,608,546	\$ 1,435,826
Capital Projects/Special Assessment Fund					
401 Capital Projects Fund	\$ 19,272,141	\$ 16,107,881	\$ 12,209,633	\$ 10,019,121	\$ 7,954,498
403 Special Assessment Fund	3,034,176	1,232,745	333,165	17,835	-
Total - Capital Projects/ Special Assessment Fund	\$ 22,306,317	\$ 17,340,626	\$ 12,542,798	\$ 10,036,956	\$ 7,954,498
Total - All Funds	\$ 52,806,076	\$ 49,816,808	\$ 46,535,748	\$ 45,655,668	\$ 43,419,780

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