



2012 Recommended Budgets



Presented to Finance Committee on November 22, 2011
and Troy City Council on December 5, 2011



2012 Budget Priorities

- ✓ **Economic development retention/expansion**
- ✓ **Maintenance of basic services**
- ✓ **Continued reviews of service levels**
- ✓ **Identification of revenue enhancements**



2012 Budget High/Lowlights: Resources

<input checked="" type="checkbox"/> All funds revenues		by 2.1%
<input checked="" type="checkbox"/> Income tax collections		by 9.4%
<input checked="" type="checkbox"/> General Fund balances		by 2.4%
<input checked="" type="checkbox"/> Investment interest		by 28.6%



All Funds Revenue

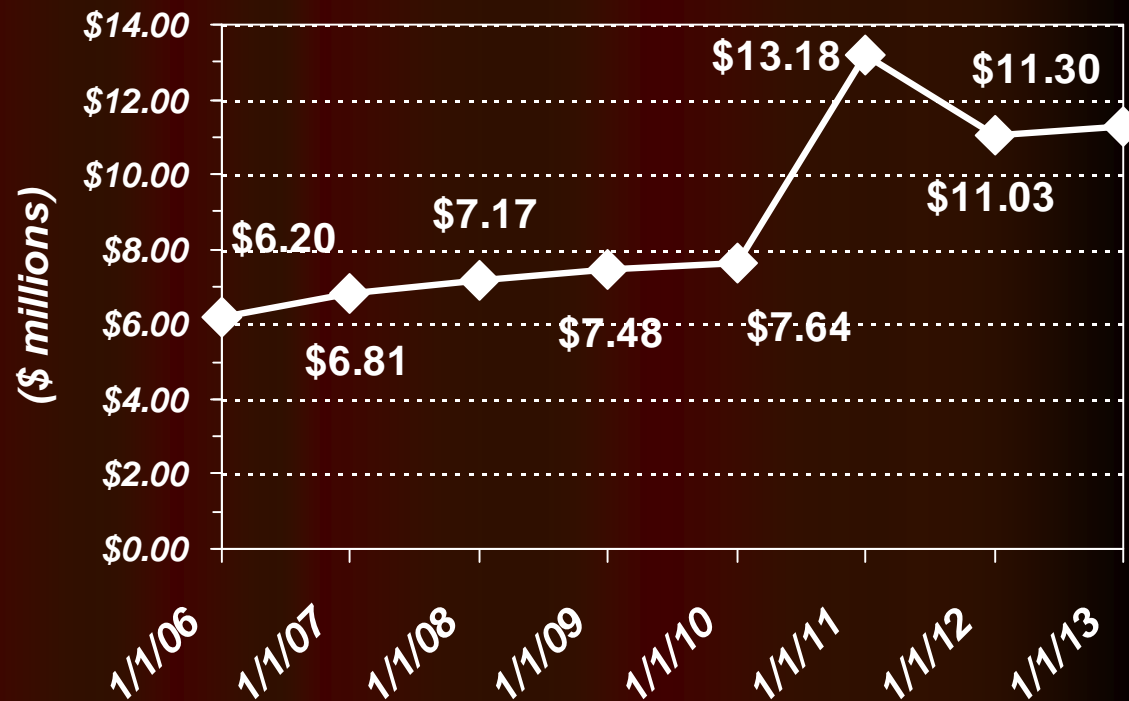
Revenues net of transfers, grants and permissive tax are estimated to increase 2.1% from 2011-2012.



Source: Troy City Auditor data.



General Fund Estimated Balances



Projected Fund balances should add 2.4% to reserves.

Source: "2011 Recommended General Fund Budgets".



2012 Budget Highlights: Expenses

- **Recommendations meet priorities**
- **Most services maintained at 2011 levels**
- **No Sidewalk Improvement Program**
- **60-day street sweeping cycle**
- **Filled employee count decreasing**
- **Healthcare premium increases continue to increase higher than any other line item**



General Fund Budgeted Expenses

CATEGORY	2010	2011	2012	% Change
Operating	\$21,187,226	\$22,246,521	\$22,804,084	2.51%
Capital	1,502,550	2,559,375	2,517,973	(1.62%)
Total Expenses	\$22,689,776	\$24,805,896	\$25,322,057	2.08%

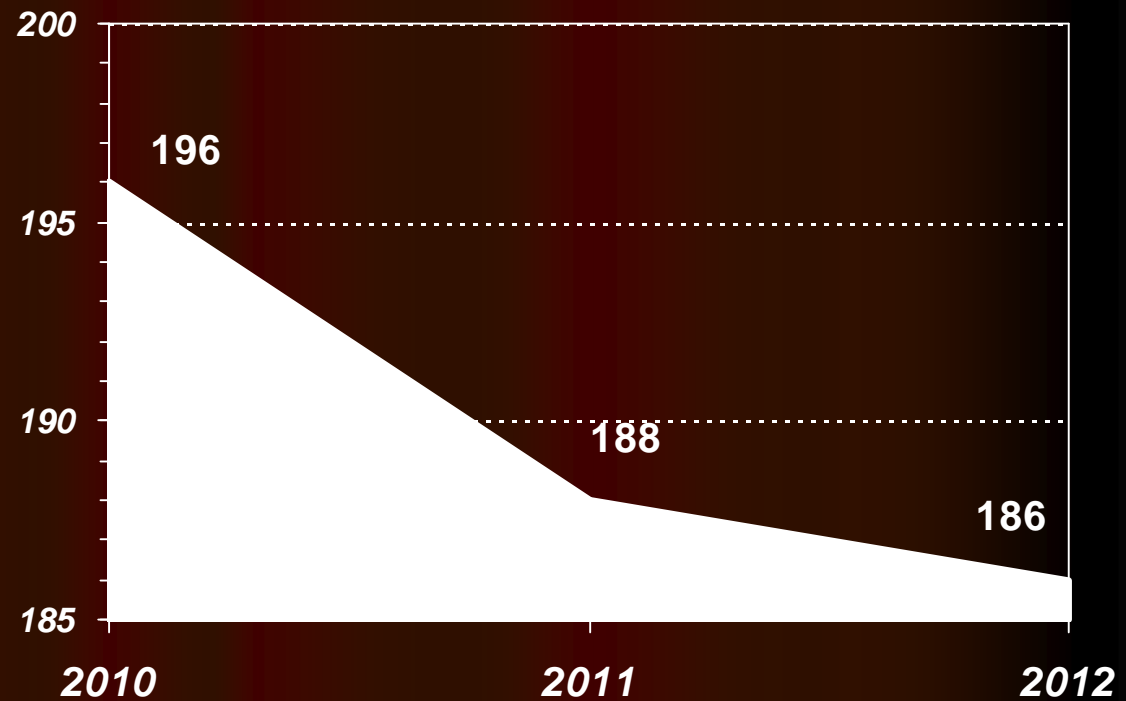
Source: 2010-2012 Budget Recap "Top Sheets"

A 2.08% increase from 2011 to 2012 reflects continued spending discipline, less staff, and a smaller capital investment program.



Employee Count Decreasing

Future cuts in staff will result in irreparable reductions in services.



Source: City of Troy Human Resources Department



Health Care Increases Continue Unabated

Employee Class	2011	2012	% Change
Non-Uniformed	\$1,265,565	\$1,247,933	(1.39%)
Uniformed	\$892,460	\$1,068,168	19.69%
Total Costs	\$2,158,025	\$2,316,101	7.33%

Source: 2011/2012 City budget data

Spending on health insurance has continued to escalate at a high rate, particularly among police and fire uniformed personnel, who are on a different rate plan than other employees.



2-Year General Fund Current Deficit Trend

CATEGORY	2011 Budget	2012 Recom.	\$ Change
Net Revenues	\$22,052,379	\$22,038,525	(\$13,854)
Net Expenses	22,246,521	22,804,084	\$557,563
Balance	(\$194,142)	(\$765,559)	(\$571,417)

Source: 2011 & 2012 Budget Recap "Top Sheet", net of grants, permissive tax, transfers and CIP.

Higher than expected income tax revenues partially offset almost \$1 million in lost revenue and the one-time \$1.2 million North Market Street reconstruction project.



General Fund Five-Year Forecast

(\$ in millions)	2012	2013	2014	2015	2016
Beg. Balance	\$14.3	\$11.3	\$8.6	\$5.6	\$2.4
Revenues	22.3	22.8	23.2	23.7	24.2
Resources	36.6	34.1	31.8	29.3	26.6
Operating	22.8	23.5	24.2	24.9	25.7
Street Paving	.5	0	0	0	0
Sidewalk Repairs	0	0	0	0	0
Capital	2.0	2.0	2.0	2.0	2.0
Expenses	25.3	25.5	26.2	26.9	27.7
End Balance	\$11.3	\$8.6	\$5.6	\$2.4	(\$1.1)

Source: 2012 rec'd budget; out years based on est. inflation, performance and economic indications



2012 Realities

- **Economic development initiatives, in all areas, must remain top priority**
- **In 2012 and beyond, no sidewalk program**
- **Beyond 2012, no road repair program**
- **30-day street sweeping must become 60**
- **Attrition without replacement will affect services in the future**
- **New revenue sources are available and must be discussed in 2012**



Potential General Fund Revenue Sources

Health District:	\$313,100 in Fund 101 <i>-Property Tax ballot issue</i>
Street Lighting:	\$380,000 in Fund 202 <i>-property tax assessment</i>
Road Repairs:	\$500,000 in Fund 441 <i>-Term Limited Permissive Tax</i>



"The city has a long-standing practice of retaining the principal of this trust and plans to continue to do so. We believe the city's finances will remain strong due to proven solid financial management and strong reserve levels."

-Excerpted from 11/17/11 Moody's Bond Rating Report



Questions?



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