

# The City of Troy 2011 Recommended Budget



Presented to Finance Committee on November 22, 2010  
and Troy City Council on December 6, 2010



## City of Troy Vision and Mission

**Vision:** The City of Troy will expand its reputation as a family-oriented, vibrant, financially, sustainable community focused on a diversity of economic development, educational opportunities, & high quality of life for its citizens, businesses, & visitors.

**Mission:** Through sound & prudent leadership, the City of Troy is committed to sustaining its continued prominence as a regional hub by providing a well-balanced community for its residents, businesses & visitors, consisting of a vibrant downtown, growing economic base, strong educational environment, & plentiful recreational opportunities strengthened by public/private cooperation & grounded in financial stability.









## 2011 Budget Priorities

- ✓ Economic Development retention/expansion
- ✓ Maintenance of basic services
- ✓ Self-sustaining non-General Funds
- ✓ Implementation of outside agencies' 5-year subsidy reduction plan
- ✓ Continued cost cutting/revenue enhancement reviews





## 2011 Budget Highlights: Resources

|  |  |          |
|--|--|----------|
| <input checked="" type="checkbox"/> All Funds revenues     |   | by 3.5%  |
| <input checked="" type="checkbox"/> Income tax collections |   | by 2.4%  |
| <input checked="" type="checkbox"/> General Fund balances  |   | by 13.8% |
| <input checked="" type="checkbox"/> Investment interest    |  | by 40.0% |





## All Funds Revenue Improving

Revenues net of transfers, grants and permissive tax are estimated to increase 3.5% from 2010-2011.



Source: Troy City Auditor data.





## Income Tax Collections Stabilizing

**City income tax declined from 2006 to 2010 by nearly 14%, but are forecast to increase 2.4% in 2011 over 2010.**



Source: Troy City Auditor data.





## Interest Earnings Declining

**Interest income earned on City resources have plummeted by over 64% since 2006, affecting overall fund balance health.**



Source: Troy City Auditor data.





## GF Fund Balances Stabilizing

**Projected Fund balances may stabilize over 2010 by adding up to 14% due to conservative forecasting and discipline.**



Source: "2010 Recommended General Fund Budgets".





## 2011 Budget Highlights: Expenses

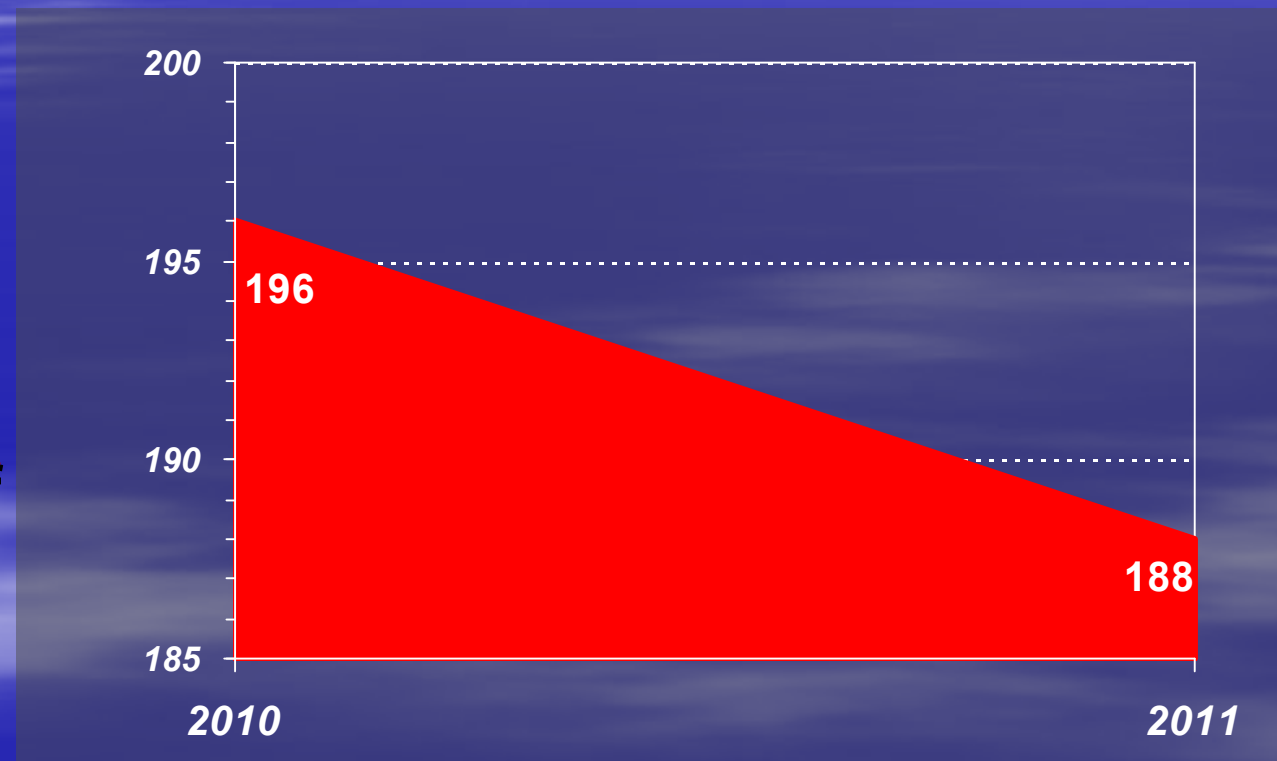
- Filled employee count decreasing (yes, again)
- Labor costs at 2011 rates (2 yrs worth)
- General Fund subsidies increasing
- Outside agency support declining per plan





## Employee Count Decreasing

**2011 continues our aggressive approach to rightsizing staff but maintaining basic services.**



Source: January 2010 Personnel List and 2011 footnote pages.





## Labor Costs to Income Tax Gap Spreading

Several retire-  
ments, along  
with a weaker  
economy in-  
creased the labor  
-income tax  
spread in 2009.



Source: Troy City Auditor data.





**GF Subsidies Escalating (again)**

| FUNDS               | 2010               | 2011               | Change           | % Change     |
|---------------------|--------------------|--------------------|------------------|--------------|
| Street (202)        | \$650,000          | \$600,000          | (\$50,000)       | (7.7%)       |
| Cemetery (205)      | \$350,000          | \$350,000          | \$0              | 0%           |
| CIP (441)           | \$0                | \$500,000          | \$500,000        | N/A          |
| OPWC (442)          | \$300,000          | \$275,000          | (\$25,000)       | (8.3%)       |
| Hobart Arena (707)  | \$350,000          | \$350,000          | \$0              | 0%           |
| Parking Meter (712) | \$30,000           | \$30,000           | \$0              | 0%           |
| Miami Shores (713)  | \$150,000          | \$100,000          | (\$50,000)       | (33.3%)      |
| <b>Total</b>        | <b>\$1,830,000</b> | <b>\$2,205,000</b> | <b>\$375,000</b> | <b>20.5%</b> |



Source: 2010 & 2011 budget footnotes.



## General Fund Budgeted Expenses

| CATEGORY                 | 2009         | 2010         | 2011         | % Change |
|--------------------------|--------------|--------------|--------------|----------|
| Operating                | \$21,964,604 | \$21,187,226 | \$22,246,521 | 5.00%    |
| 27 <sup>th</sup> Payroll | 442,676      | 0            | 0            | N/A      |
| Capital                  | 412,240      | 1,502,550    | 2,559,375    | 70.34%   |
| Total Expenses           | \$22,819,520 | \$22,689,776 | \$24,805,896 | 9.33%    |

*Source: 2008-2010 Budget Recap "Top Sheets"*

**A 9.33% increase from 2010 to 2011 is directly attributable to the impact of 2010 negotiated COLAs, as well as increased spending on one-time deferred capital equipment and projects.**





## 2011 Projected General Fund Total Deficit

|                                  |               |
|----------------------------------|---------------|
| 1/1/11 Estimated Fund Balance    | \$9,638,777   |
| Estimated 2011 Revenues          | 22,737,379    |
| Total Estimated 2011 Resources   | 32,376,156    |
| Recommended 2011 Expenses        | 24,805,896    |
| 1/1/12 Estimated Fund Balance    | 7,570,260     |
| Estimated Change in Fund Balance | (\$2,068,517) |

*Source: "2011 Recommended General Fund Budgets"*

**Although the 1/1/12 projected General Fund balance is estimated to decrease from 1/1/11, the 2012 beginning balance is estimated to be higher than the 2011 projected balance was originally projected to be during 2011 budget discussions.**





## 2-Year General Fund Current Deficit Trend

| CATEGORY     | 2010 Budget  | 2011 Rec.    | \$ Change   |
|--------------|--------------|--------------|-------------|
| Net Revenues | \$20,948,159 | \$22,052,379 | \$1,104,220 |
| Net Expenses | 21,187,226   | 22,246,521   | \$1,239,295 |
| Balance      | (\$239,067)  | (\$194,142)  | (\$44,925)  |

*Source: 2010 & 2011 Budget Recap "Top Sheet", net of grants, permissive tax, transfers and CIP.*

**Despite 2 years of COLAs built into the 2011 operating budget and an expanded CIP, the current deficit (on-going revenues to on-going expenses only) is projected to DECREASE over 2010!**





## General Fund Five-Year Forecast

| (\$ in millions) | 2011   | 2012   | 2013   | 2014   | 2015   |
|------------------|--------|--------|--------|--------|--------|
| Beg. Balance     | \$9.64 | \$7.57 | \$6.26 | \$4.62 | \$2.63 |
| Revenues         | 22.74  | 22.85  | 23.31  | 23.77  | 24.25  |
| Resources        | 32.38  | 30.42  | 29.57  | 28.39  | 26.88  |
| Operating        | 22.25  | 22.91  | 23.60  | 24.31  | 25.04  |
| Street Paving    | .28    | .35    | .40    | .45    | .50    |
| Sidewalk Repairs | .30    | .15    | .20    | .25    | .25    |
| Capital          | 1.98   | .75    | .75    | .75    | .75    |
| Expenses         | 24.81  | 24.16  | 24.95  | 25.76  | 26.54  |
| End Balance      | \$7.57 | \$6.26 | \$4.62 | \$2.63 | \$.34  |

*Source: 2011 rec'd budget; out years based on est. inflation, performance and economic indications*





## Minimizing the 2011 General Fund Deficit

- 2010-11 fund balance better than estimated
  - Despite absorbing COLAs
- 2011 revenues estimated for modest growth
- No deficit but for larger capital program
- No Services cut or reduced!





## Key Priorities for 2011 and Beyond

- **Grow Economic Development**
- **Maintain Basic Services**
- **Continue Staffing/Service Reviews**
- **Stabilize Utility Funds**
- **Manage Adams Street Bridge detours**
- **Monitor State of Ohio Budget Discussions**

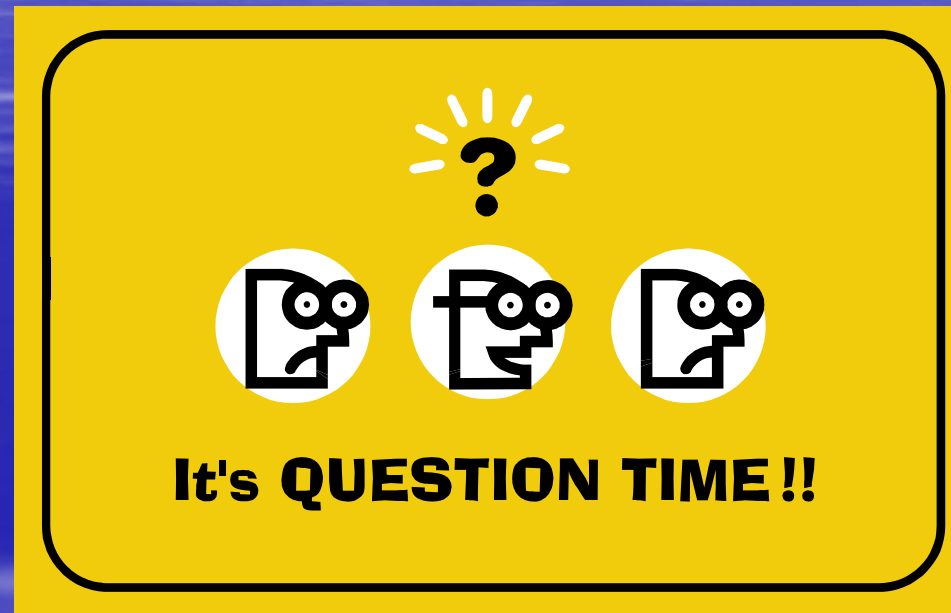


**"The miracle, or the power, that elevates the few is to be found in their industry, application, and perseverance under the promptings of a brave, determined spirit."**



*- Mark Twain*





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