

CITY OF TROY

BUDGET PRESENTATION

2023-2024 PROPOSED BUDGET

Agenda

Budget in Brief

Trends and Summaries

General Fund

Special Revenue Funds

Debt Service & Capital Funds

Enterprise Funds

Internal Service Funds

Questions & Answers

BUDGET IN BRIEF

2023-2024 PROPOSED BUDGET

MARK F. MILLER | CITY MANAGER

Budget in Brief: Challenges, Priorities and Issues

Strengths

- Diverse tax base with 23% gap between assessed and taxable value
- Little general obligation debt (1.8% of the City's legal maximum)
- General Fund Balance remains within 20-30% policy goal
- AAA bond rating

Weaknesses

- Charges for services have not kept up with inflation or comparable cities
- Capital Projects Fund structural deficit
- Sanctuary Lake Golf Course Fund structural deficit
- Aquatic Center Fund structural deficit

Budget in Brief: Challenges, Priorities and Issues

Threats

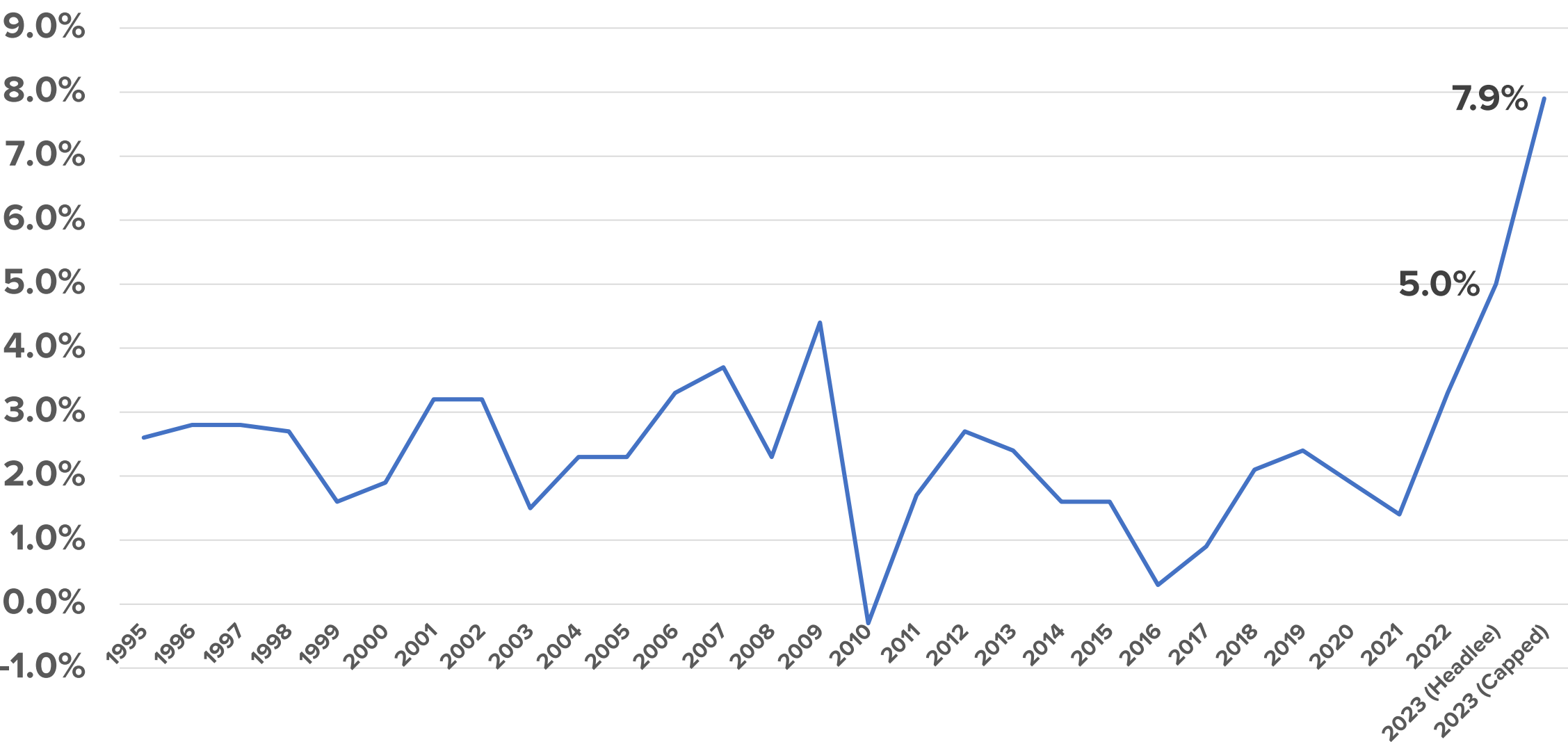
- CPI Data used to Calculate Inflation Rate Ratio for 2023 Property Taxes (7.9%) exceeds 5% capped value for the first time since Proposal A was implemented in 1995
- Market returns (or lack thereof)
- Unexpected healthcare costs
- Interest rate risk

Opportunities

- \$4 million potential federal funding for Stephenson Highway
- \$900,000 potential state funding for cricket field

Budget in Brief:

Inflation Rate % Change



Budget in Brief: Challenges, Priorities and Strategies

Budget Priorities

- Preserve public health, safety and welfare
- Maintain core facilities and infrastructure
- Focus on core facilities and infrastructure including Major and Local streets and Recreation Facilities
 - Address immediate needs to continue City Hall operations
 - Address immediate needs to continue Troy Family Aquatic Center (TFAC) operations
- Enhance Building Inspection operations
- Improve communication and community engagement capabilities

Budget in Brief: Challenges, Priorities and Issues

Total revenues (before transfers in) increase 3.1% from \$163.9 to \$168.9 million

Total tax revenues increase 6.5% from \$57.2 to \$60.9 million

- Primarily due to 5.0% taxable value increase

Grants, including State Shared Revenue, decrease 8.3% from \$33.8 to \$31.0 million

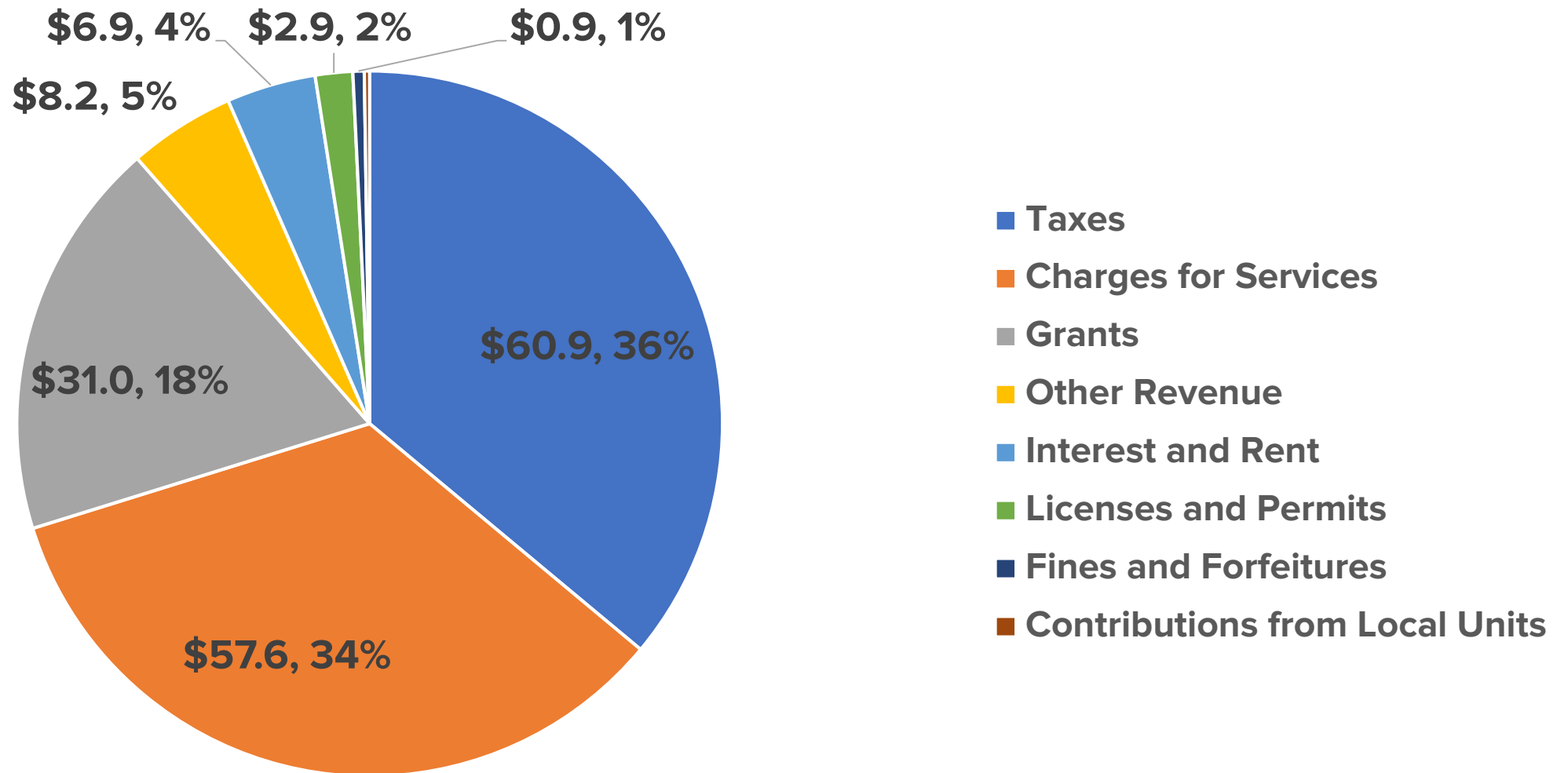
- Primarily due to one-time federal funding

Charges for services increase 6.9% from \$54.0 to \$57.7 million

- Primarily due to water and sanitary sewer sales, based on a normal season of approximately 460 thousand mcf in sales volume

Budget in Brief:

Revenues, All Funds (millions)



Budget in Brief: By The Numbers

Total expenditures (before transfers out) decrease 5.6% from \$198.5 to \$187.3 million

Personal services increase 3.1% from \$64.9 to \$67.0 million

- Primarily due to cost of living adjustments and increases to FTEs

Other Service Charges increase 7.4% from \$62.9 to \$67.6 million

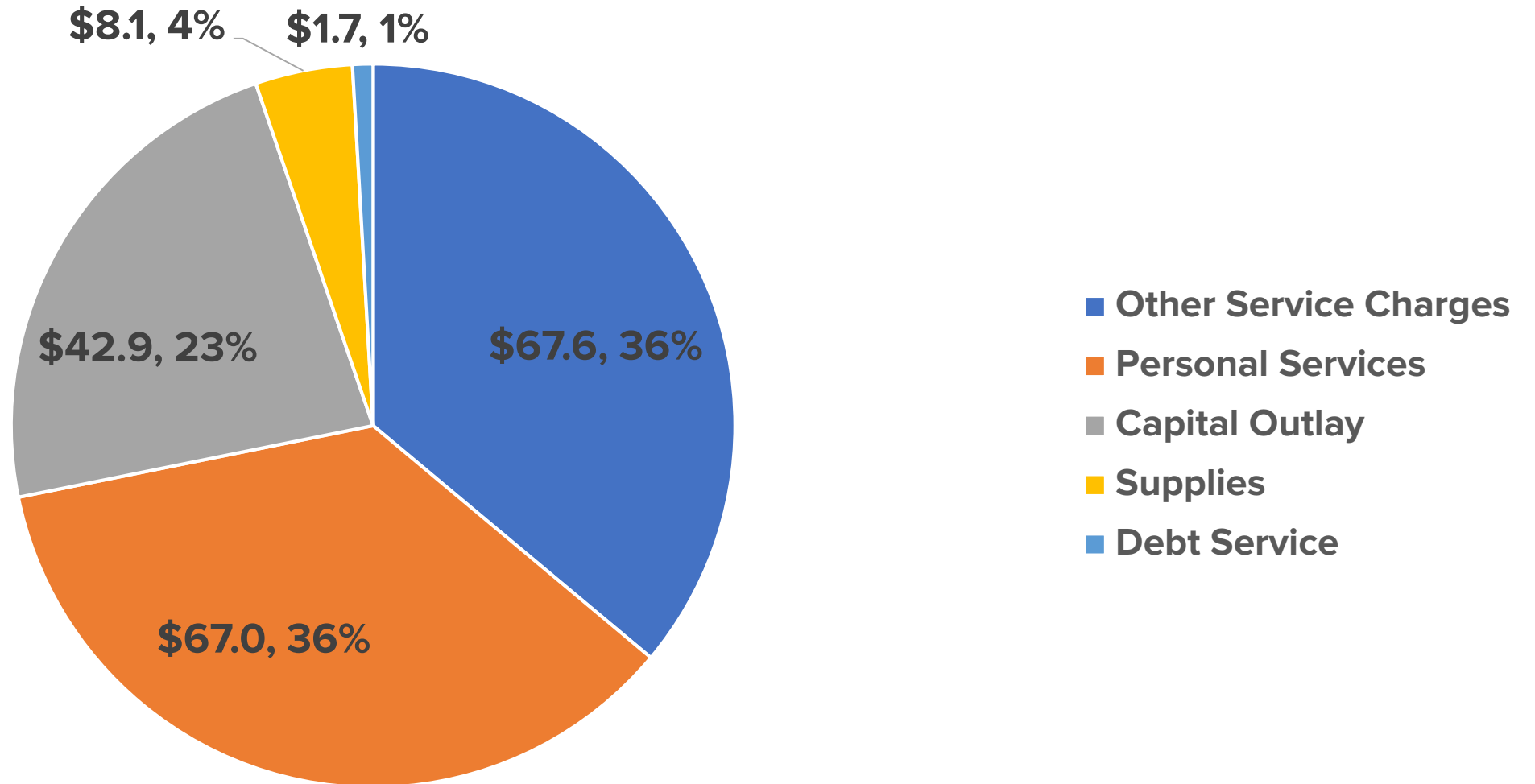
- Primarily due to Water and Sewer purchases and Water and Sewage disposal fees and increased contractual and professional services costs

Capital Outlay decrease 30.5% from \$61.8 to \$42.9 million

- Primarily due to decreased budgeted capital expenditures as a result of federal grant funding received in the prior budget and less Water and Sewer projects in this budget

Budget in Brief:

Expenditures, All Funds (millions)



Budget in Brief: By The Numbers

Personnel Summary

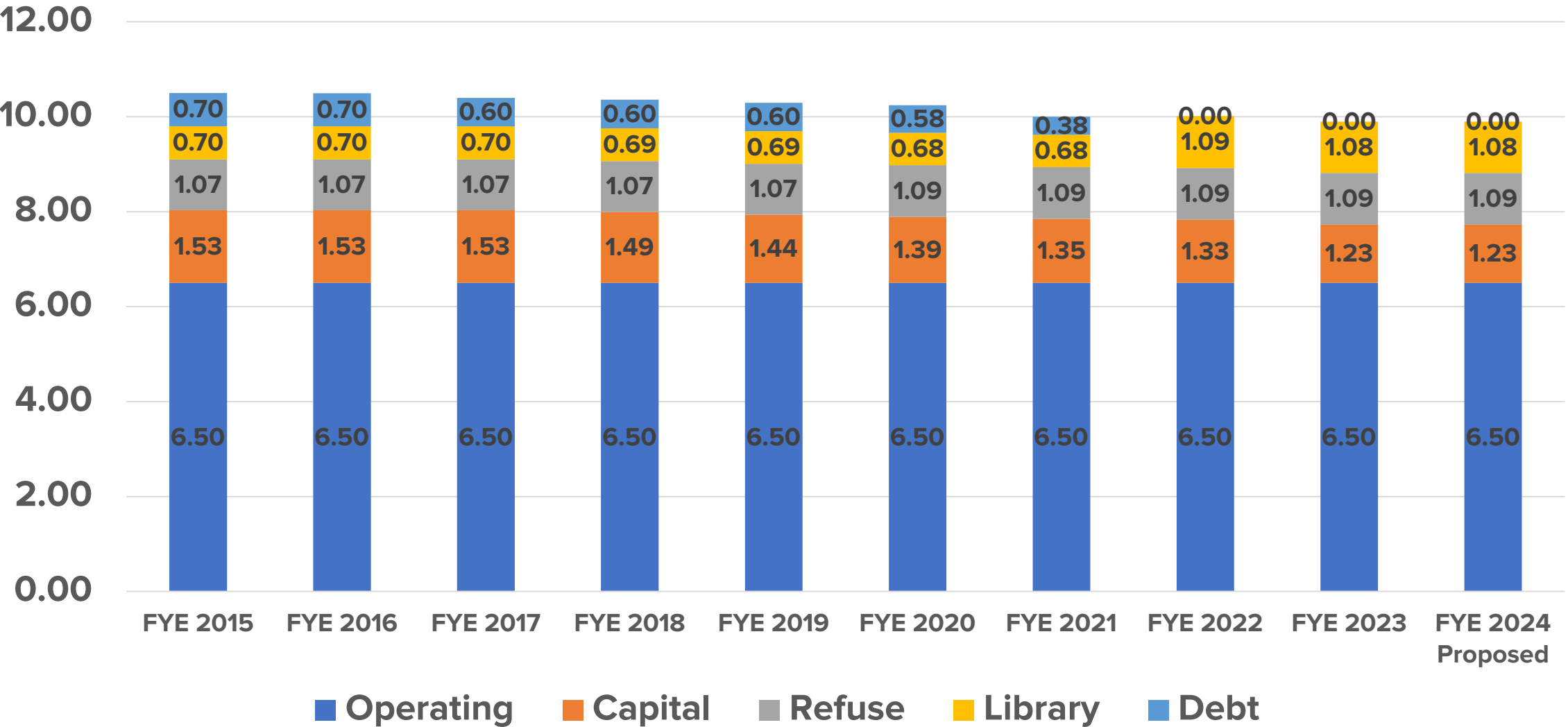
- Fourteen (14) full-time positions were added to improve services:
 - Building Inspections 5
 - City Clerk 1
 - Library 4
 - Parks 2
 - Recreation 2

TRENDS AND SUMMARIES

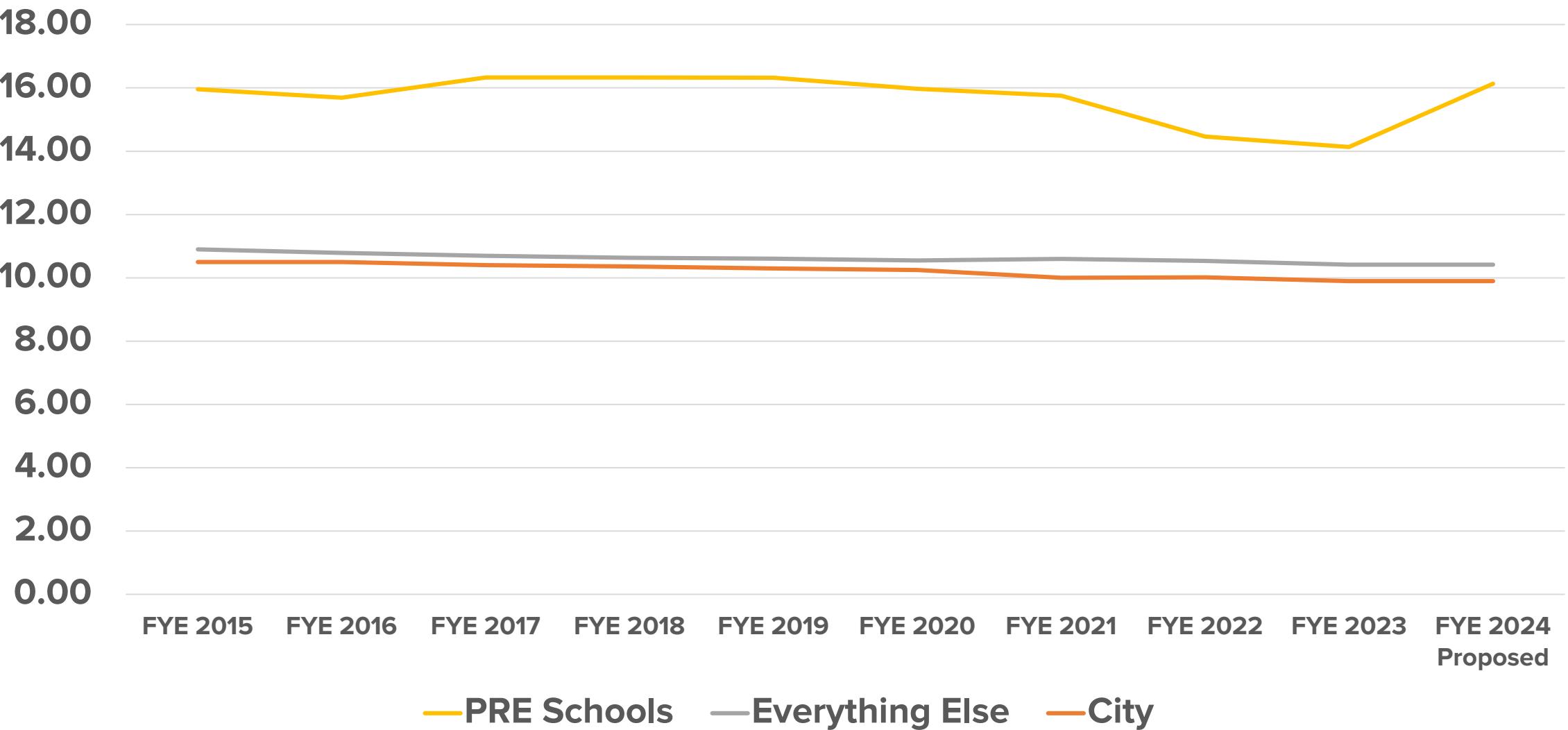
2023-2024 PROPOSED BUDGET

ROBERT J. BRUNER | ASSISTANT CITY MANAGER

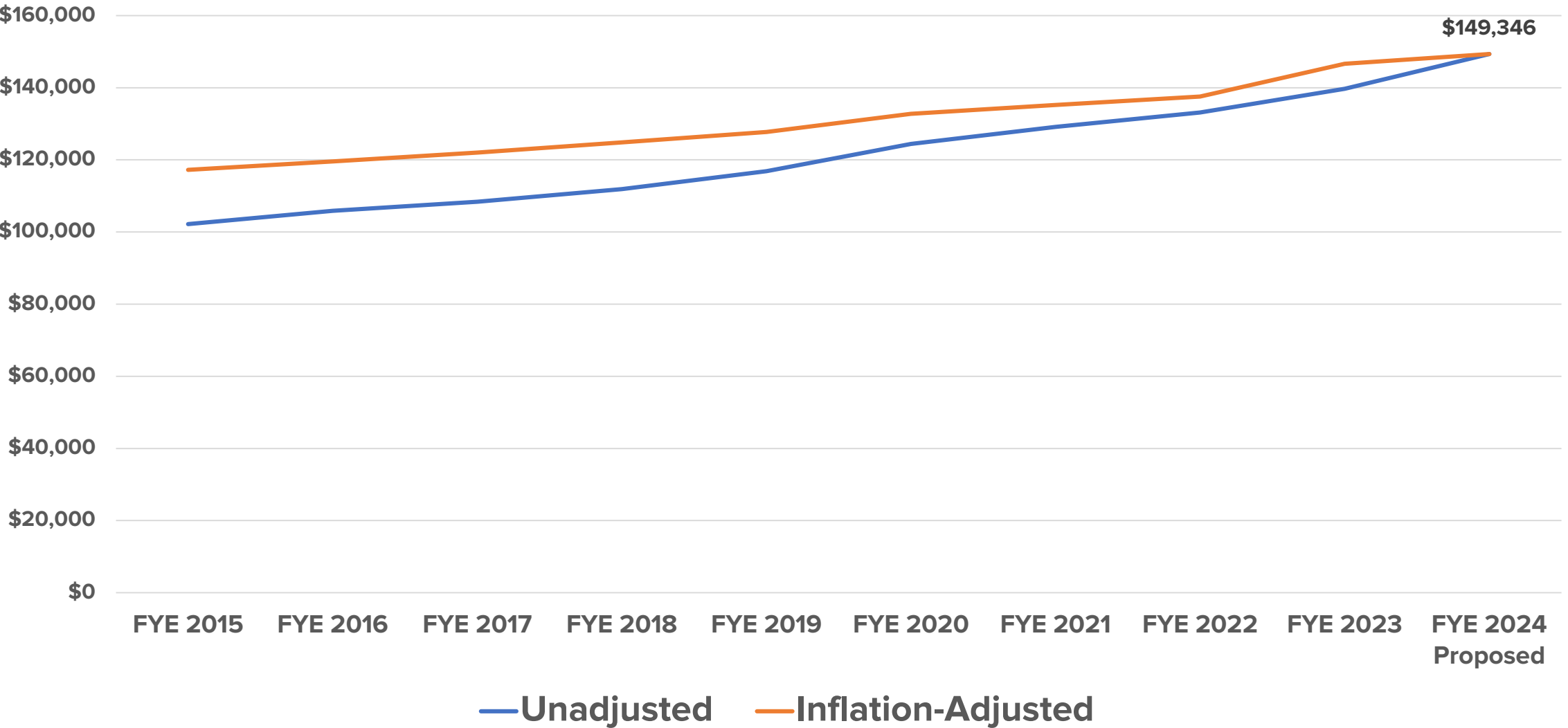
Trends and Summaries: Troy City Millage Rates



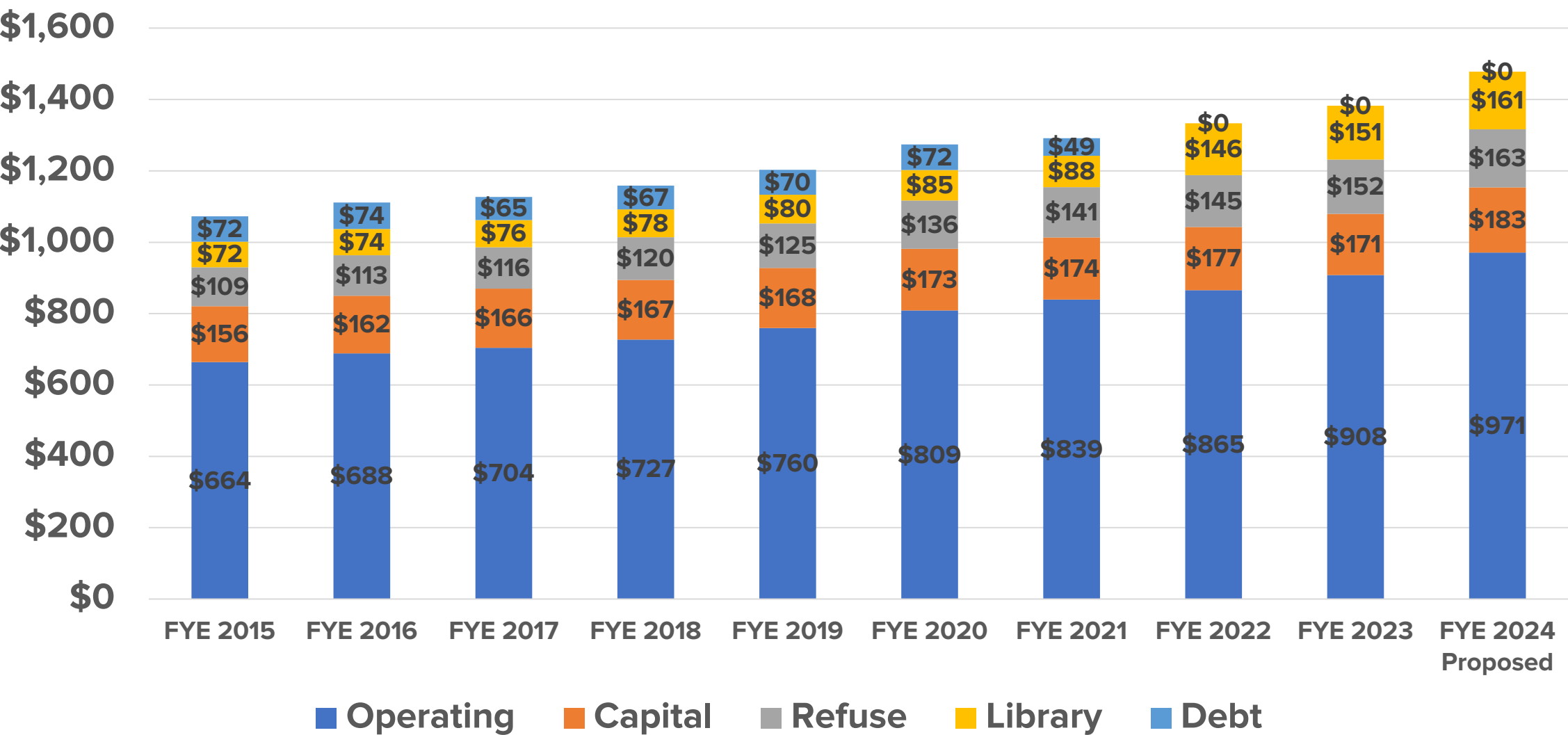
Trends and Summaries: Troy PRE Millage Rates



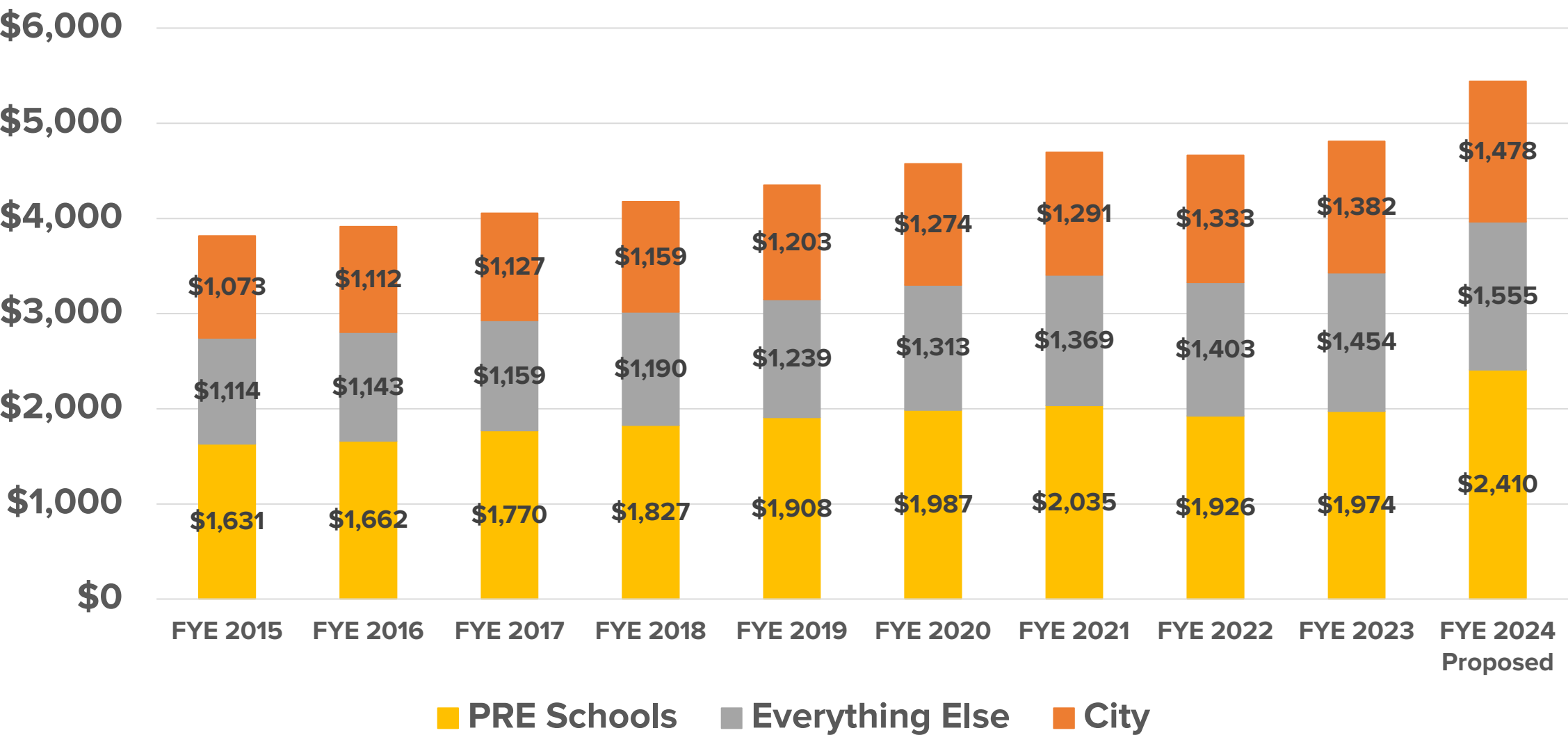
Trends and Summaries: Troy Average Residential Taxable Value



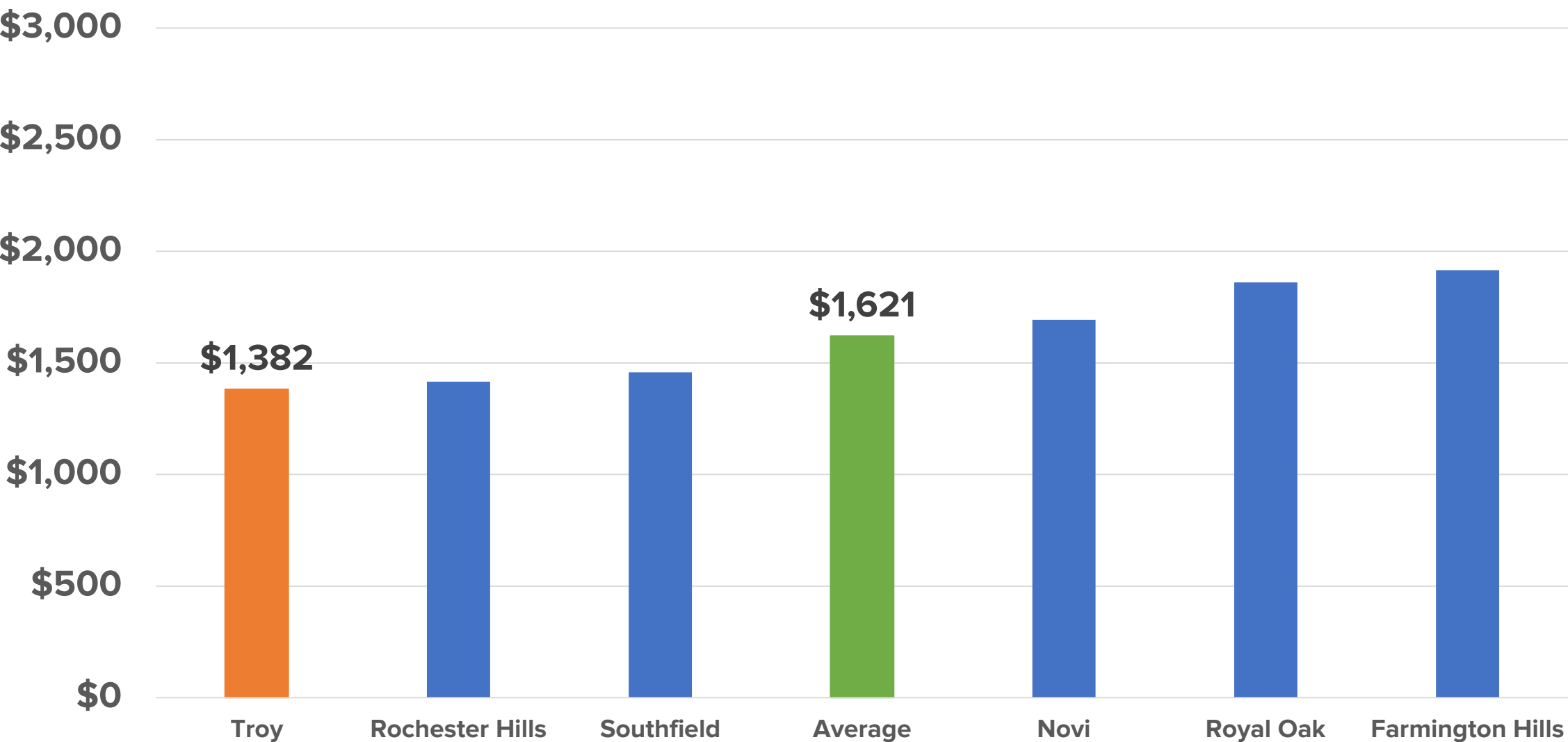
Trends and Summaries: Troy Average City Taxes



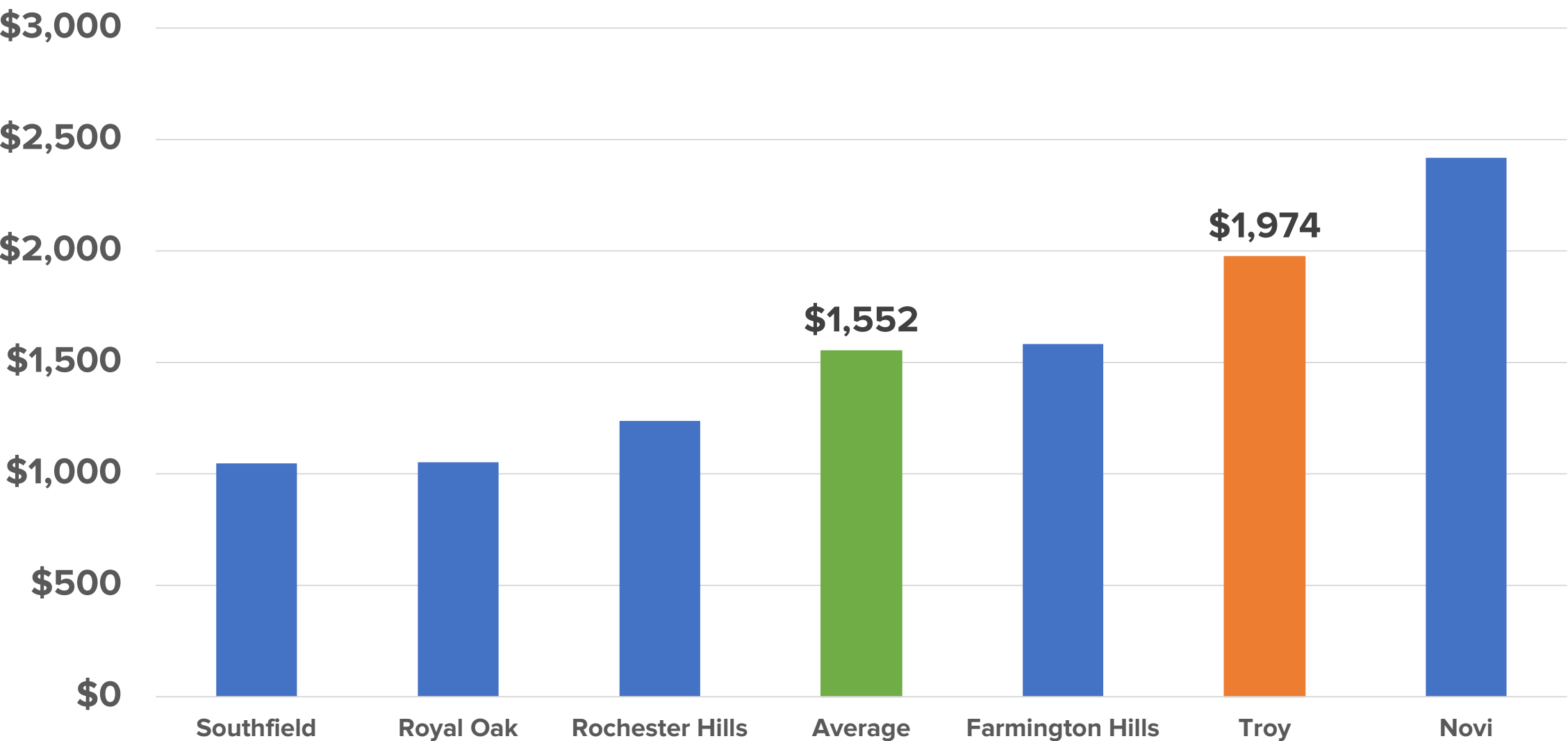
Trends and Summaries: Troy Average PRE Taxes



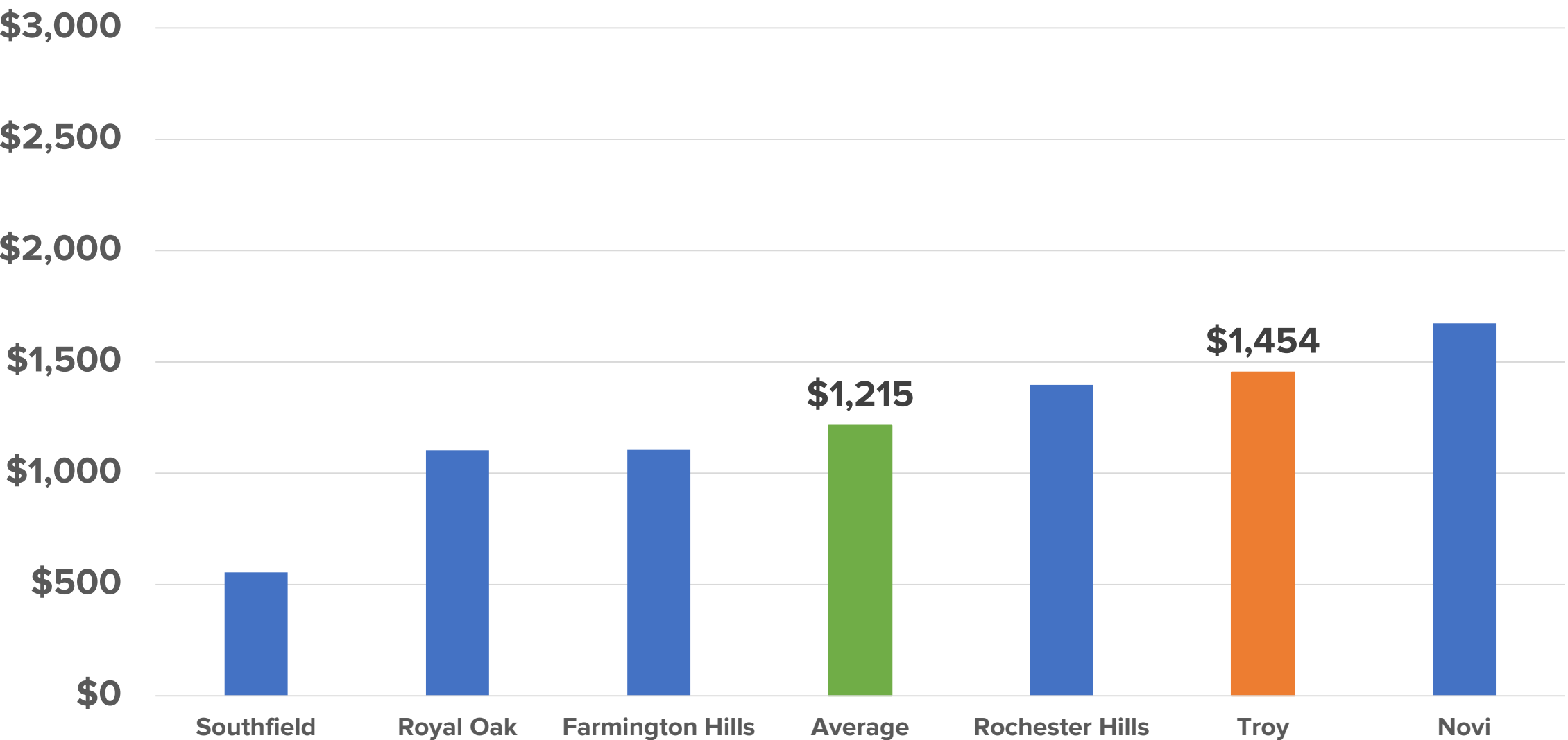
Trends and Summaries: 2022 City Tax Comparison



Trends and Summaries: 2022 PRE School Tax Comparison

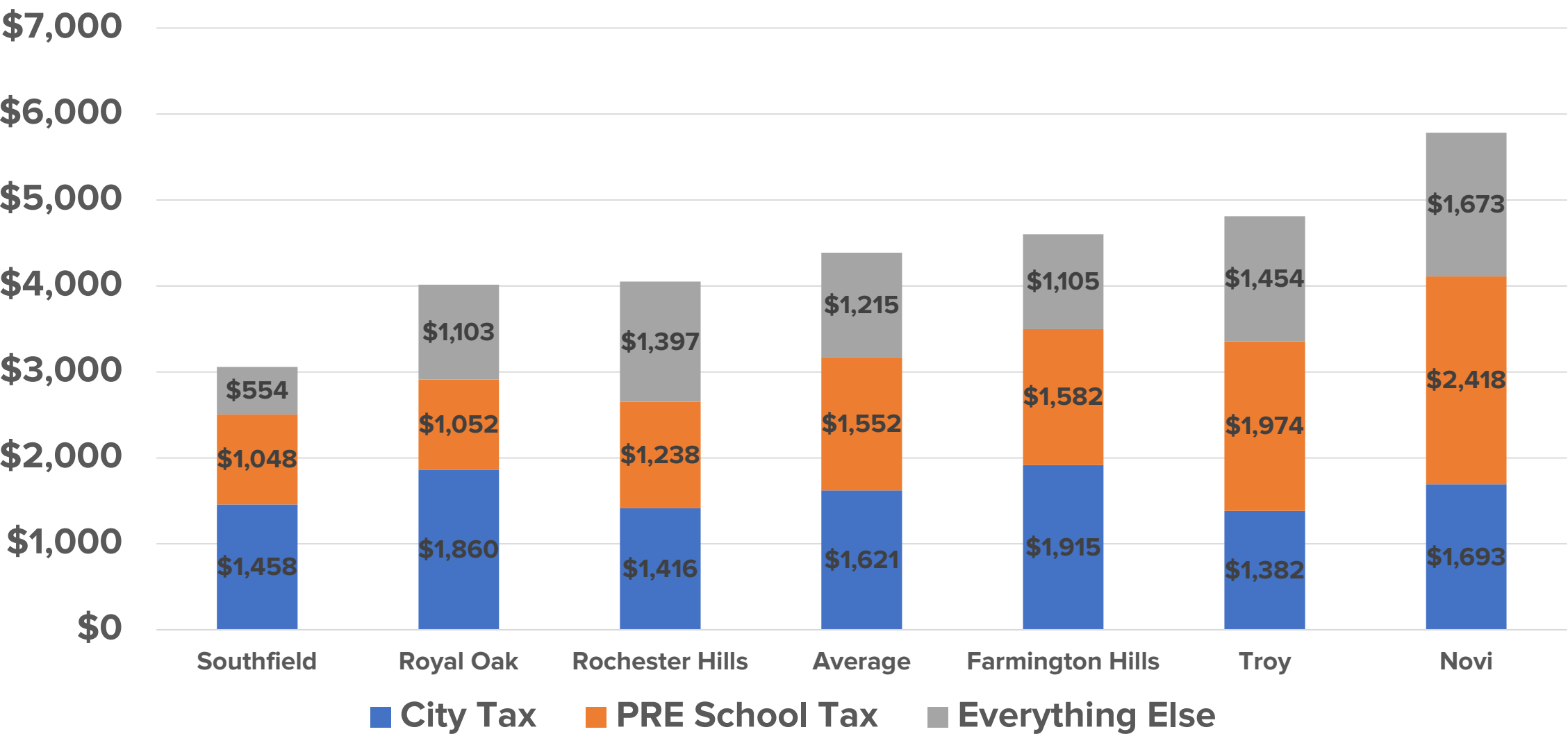


Trends and Summaries: 2022 Everything Else Comparison



Trends and Summaries:

2022 PRE Total Tax Comparison



GENERAL FUND

2023-2024 PROPOSED BUDGET

ROBERT C. MALESZYK | CHIEF FINANCIAL OFFICER

General Fund: Revenues

Total Revenues & Other Financing Sources increase 6.6% from \$62.5 million to \$66.7 million

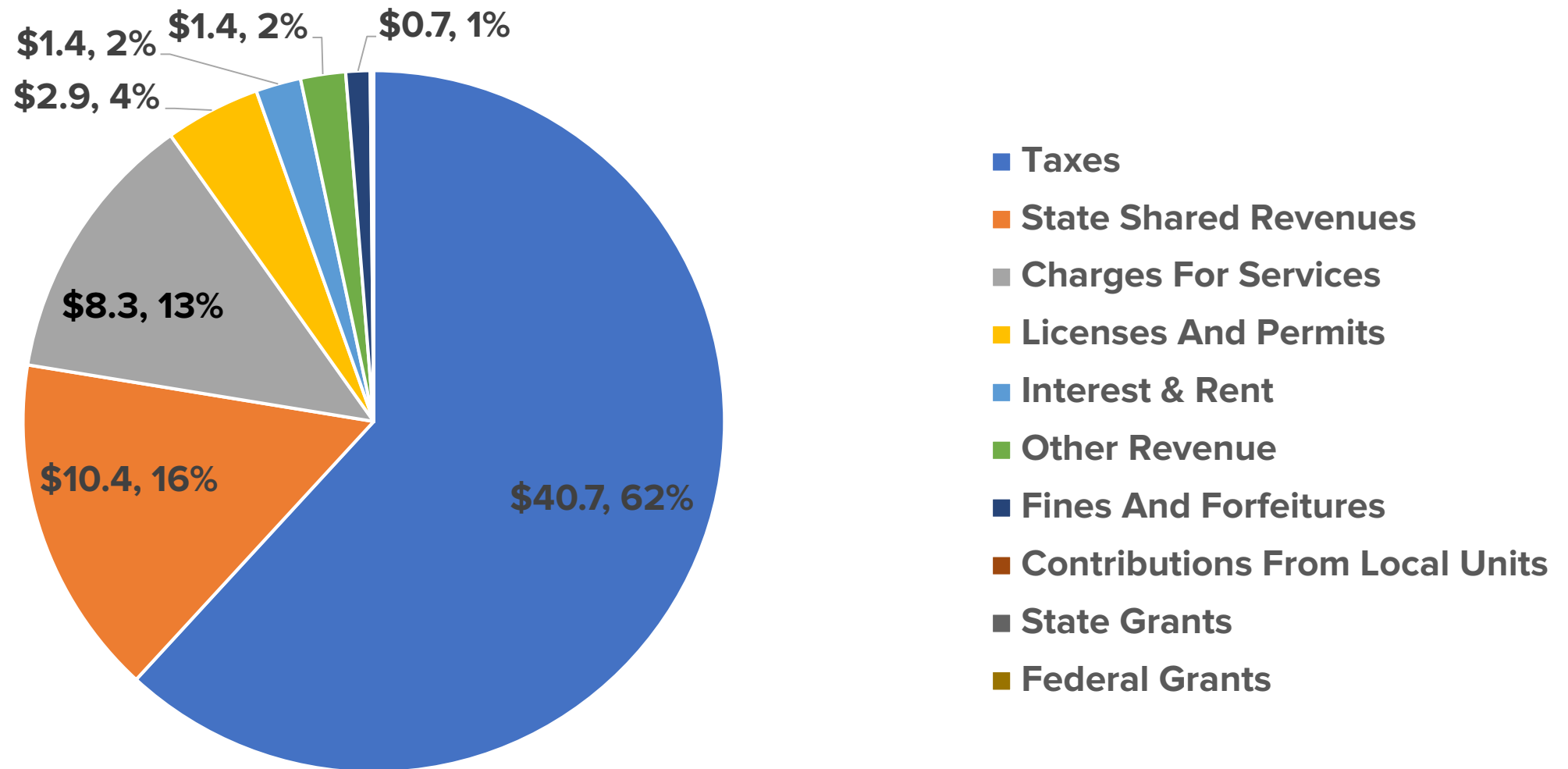
- Primarily due to 5.0% taxable value increase
- **Tax revenues increase 6.5% from \$38.2 million to \$40.7 million**
 - 2023 Inflation Rate Multiplier is 7.9%
 - Inflation Rate Multiplier is capped at 5.0%

General Fund: Revenues

State Shared Revenues increase 12.3% from \$9.2 million to \$10.4 million

- City Census 2020 population increase
 - State sales tax is strong
-
- **Charges For Services increase 11.1% from \$7.5 million to \$7.8 million**
 - Primarily due to Recreation charges for services recovering from the pandemic

General Fund: Revenues by Category (millions)



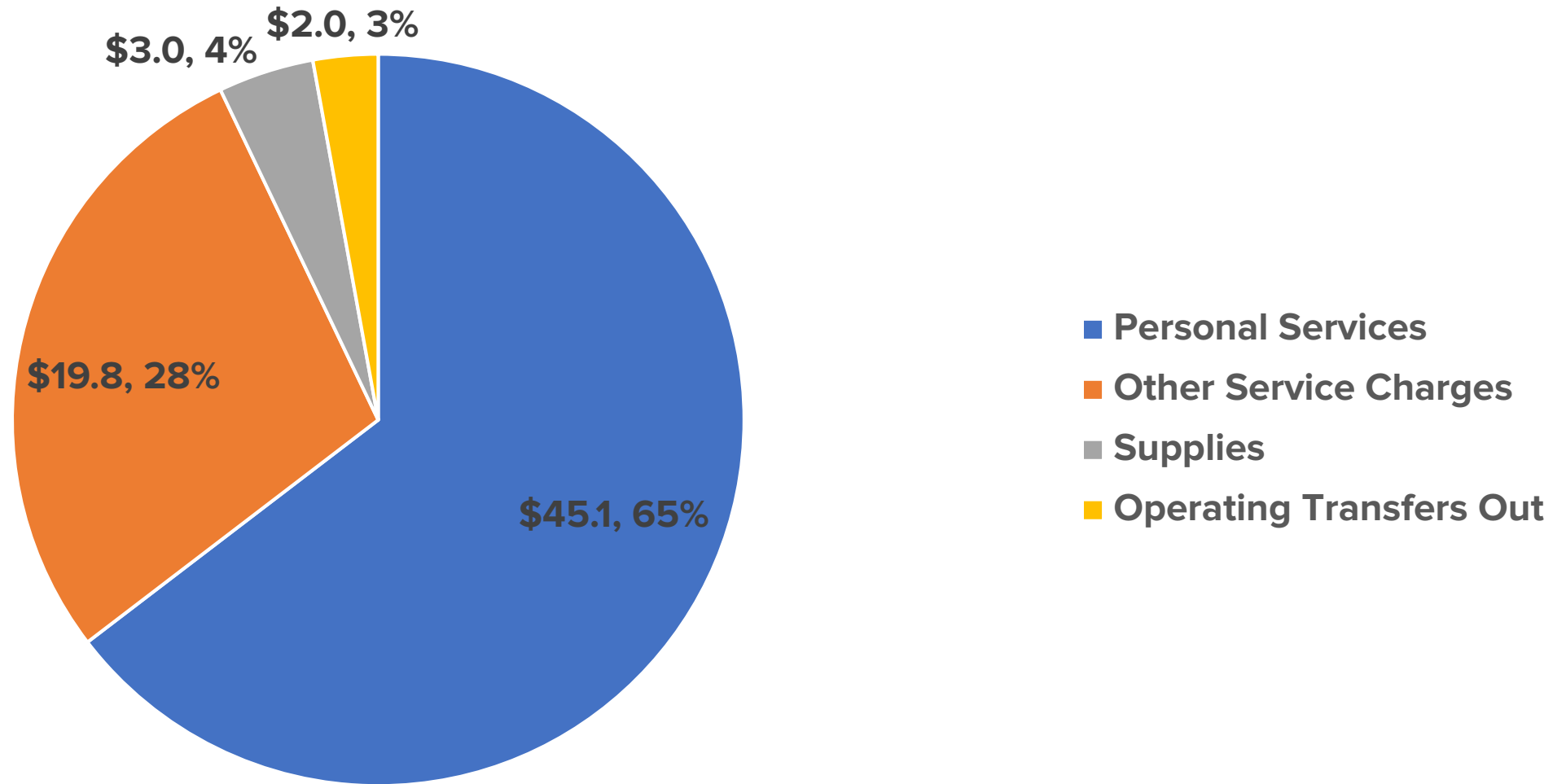
General Fund: Total Expenditures

Total expenditures and other financing uses increase 3.3% from \$65.7 to \$67.8 million.

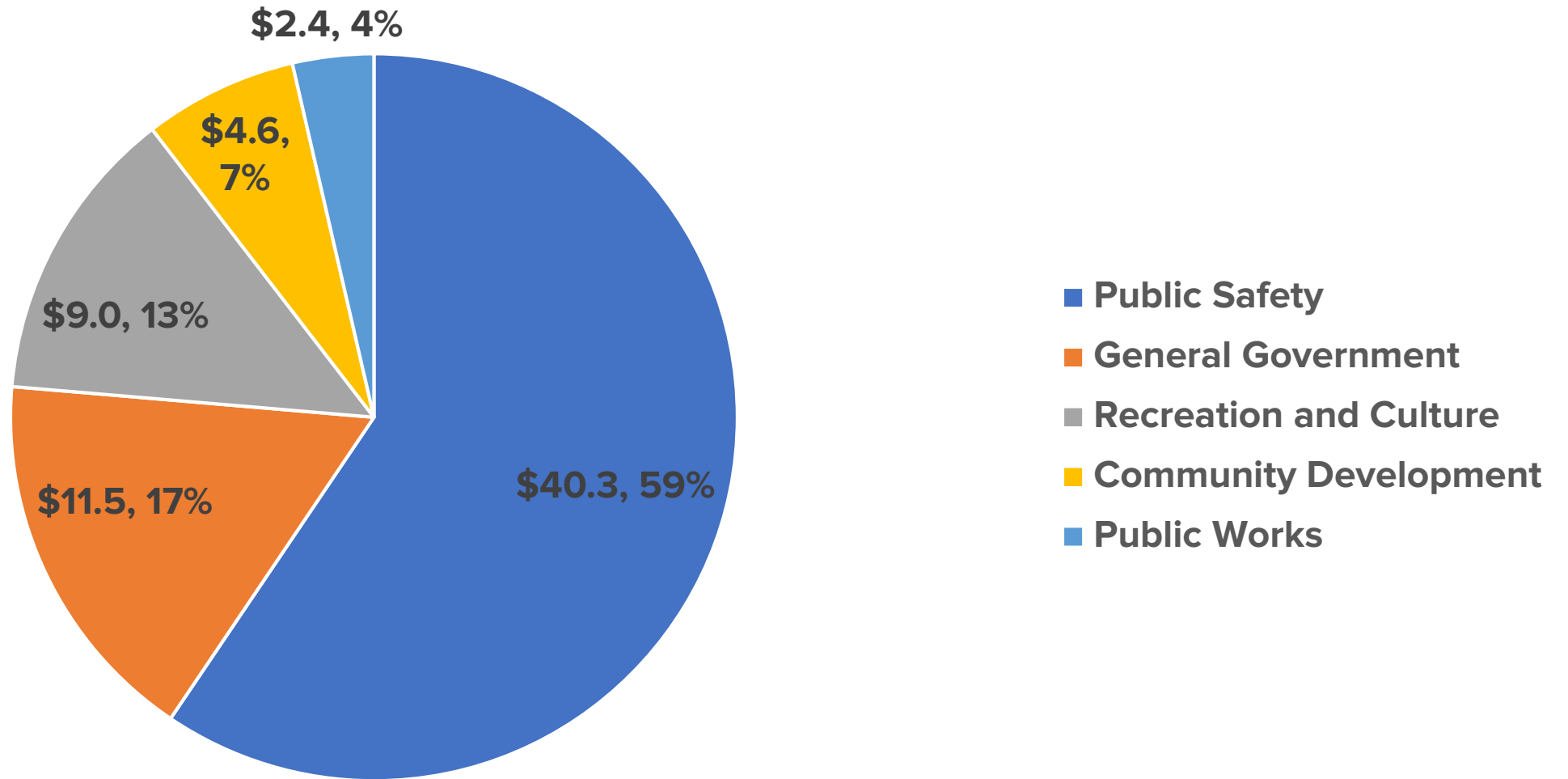
- Primarily due to personnel cost increases



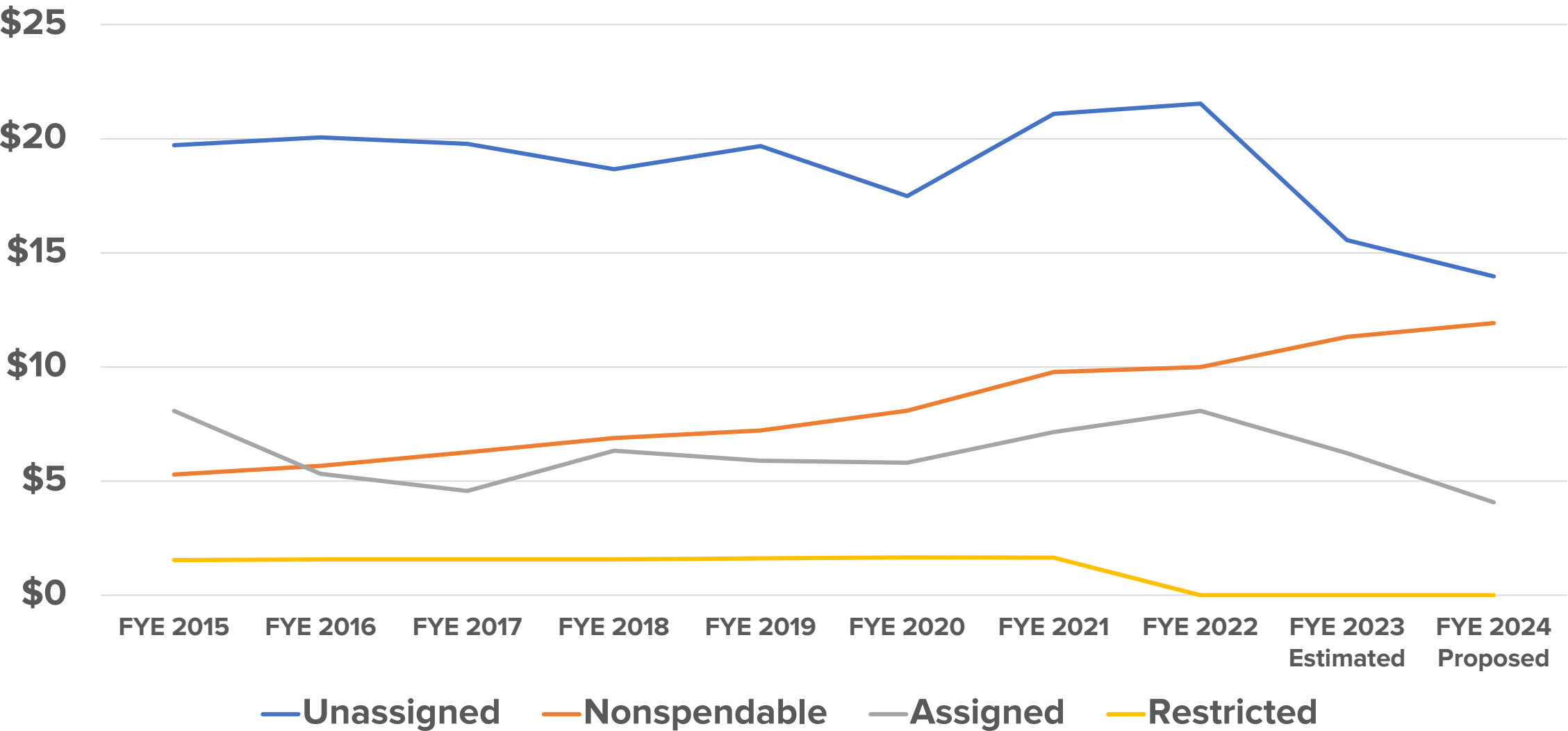
General Fund: Expenditures by Category (millions)



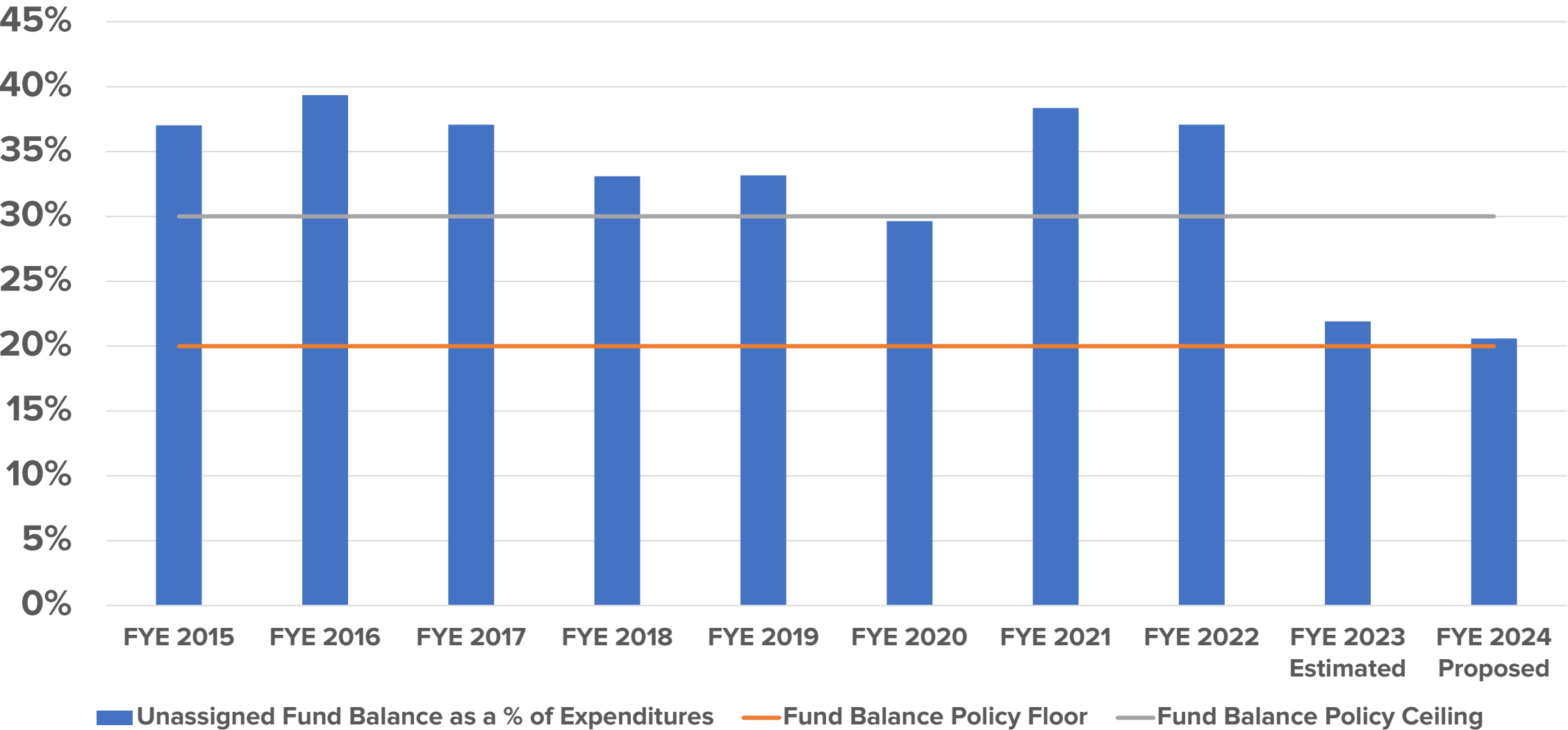
General Fund: Expenditures by Budget Center (millions)



General Fund: Fund Balance (millions)



General Fund: Fund Balance Policy



General Fund: Expenditures

Public Safety

- Expenditures increase 3.4% from \$39.0 to \$40.3 million
- Primarily due to personnel cost increases



General Government

- Expenditures increase 3.5% from \$11.1 to \$11.5 million
- Primarily due to personnel cost increases



General Fund: Expenditures

Recreation & Culture

- Expenditures increase 3.8% from \$8.6 to \$9.0 million
- Primarily due to personnel cost increases



Community Development

- Expenditures decrease 0.4% from \$4.7 to \$4.6 million
- Basically flat



General Fund: Expenditures

Public Works

- Expenditures increase 5.6% from \$2.3 to \$2.4 million
- Primarily due to maintenance and personnel cost increases

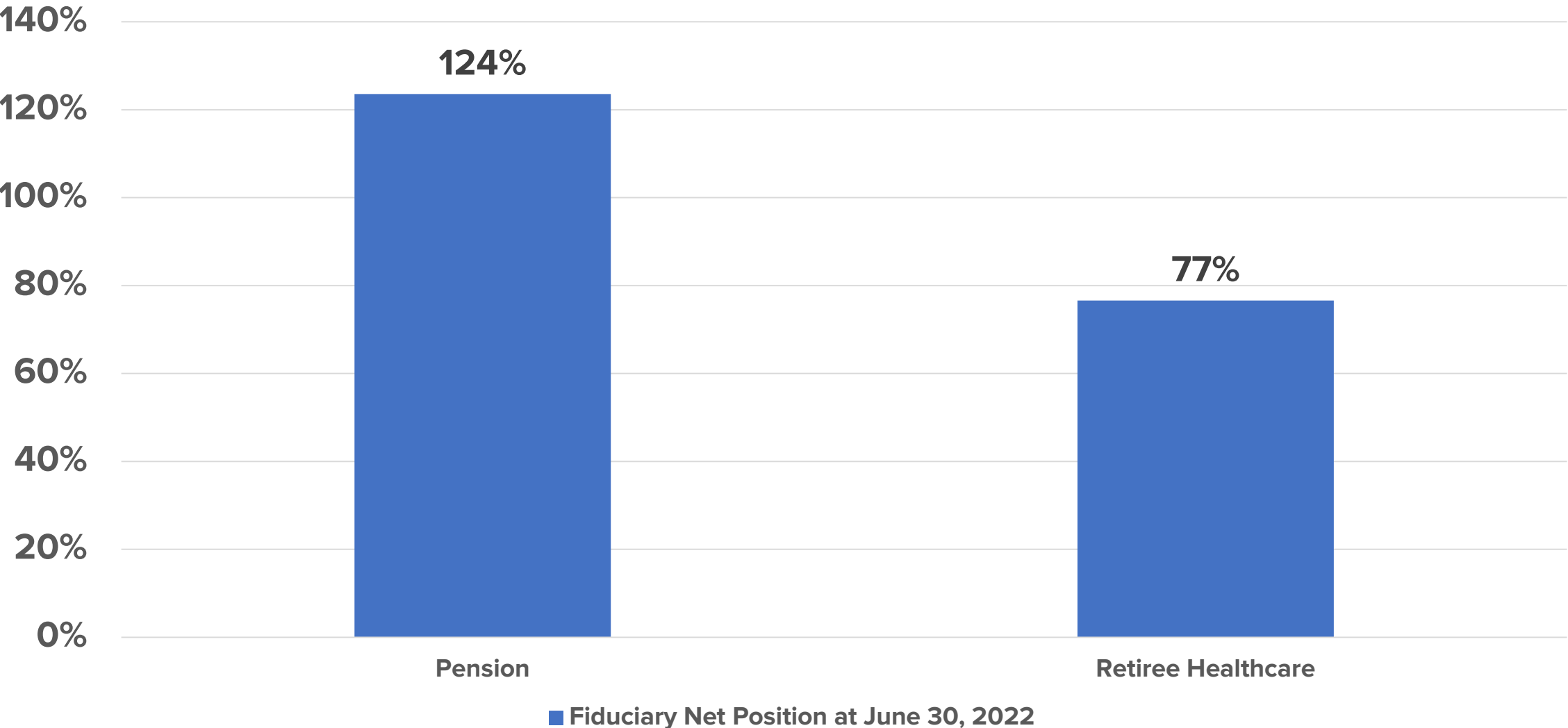


Transfers Out

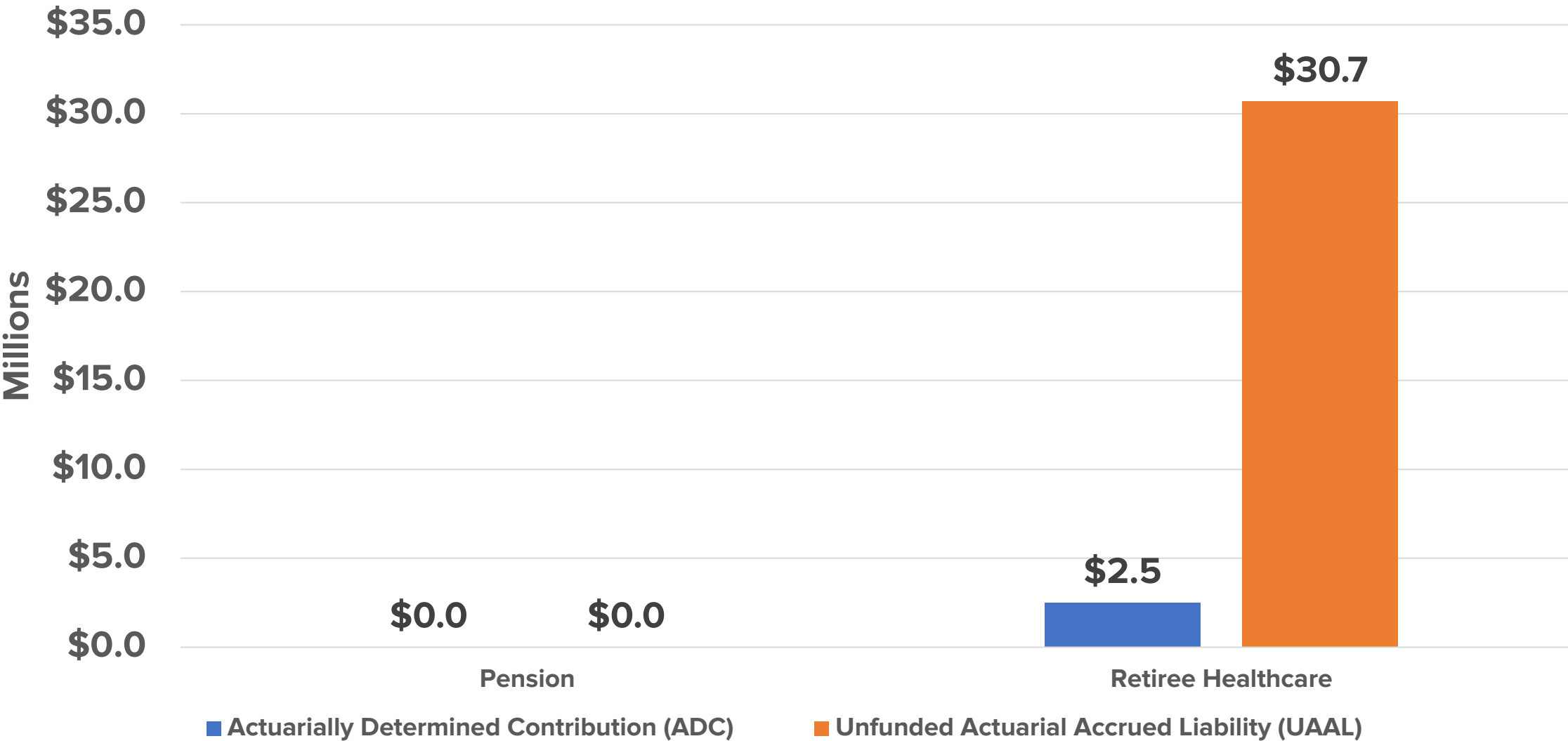
- Operating Transfers Out remain at \$2.0 million
- These funds will be used to fund additional capital projects



General Fund: Pension and OPEB % Funded



General Fund: Pension and OPEB Costs



SPECIAL REVENUE FUNDS

2023-2024 PROPOSED BUDGET

MARK F. MILLER | CITY MANAGER

Special Revenue Funds

Major Streets

- Revenues increase 2.7% from \$7.5 to \$7.7 million primarily due to Michigan gas tax revenue increase
- Expenditures and Transfers Out increase 37.7% from \$7.4 to \$10.2 million primarily due to Rochester Road and Stephenson Highway projects

Local Streets

- Revenues increase 2.3% from \$4.4 to \$4.5 million primarily due to Michigan gas tax revenue increase
- Expenditures and Transfers Out increase 25.7% from \$5.4 to \$6.7 million primarily due to local street projects

Special Revenue Funds: Refuse & Recycling

Revenues increase 6.8% from \$6.1 to \$ 6.5 million

- Primarily due to 5.0% taxable value increase

Expenditures increase 7.8% from \$6.0 to \$6.5 million

- Primarily due to contractual service increases



Special Revenue Funds: Library

Revenues increase 9.0% from \$6.3 to \$6.9 million

- Primarily due to 5.0% taxable value increase and grants

Expenditures decrease 11.0% from \$7.2 to \$6.4 million

- \$2.2 million for Buildings and Improvements last year
- \$600,000 for Buildings and Improvements this year



DEBT SERVICE & CAPITAL FUNDS

2023-2024 PROPOSED BUDGET

ROBERT C. MALESZYK | CHIEF FINANCIAL OFFICER

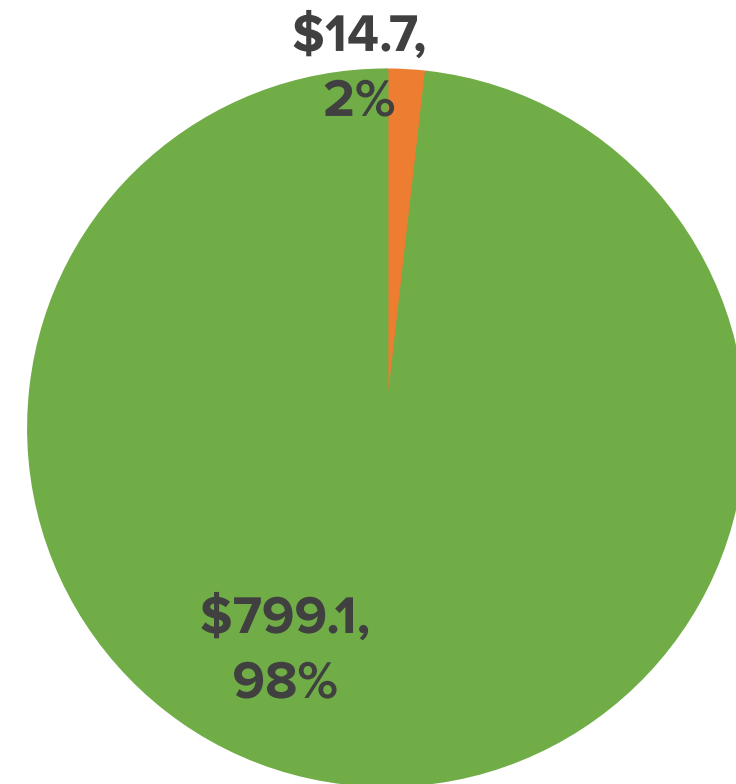
Debt Service Fund: General Obligation Debt Limit

Debt Outstanding at June 30, 2023

- Series 2013 & 2020 - DDA: \$9.6 million
- George W. Kuhn Drain: \$240,000

Total Debt Service (excluding Enterprise Funds)

- Series 2013 & 2020 - DDA: \$700,000
- George W. Kuhn Drain: \$170,000



- General Obligation Annual Net Debt
- General Obligation Legal Debt Margin

Capital Projects Fund

Many Needs

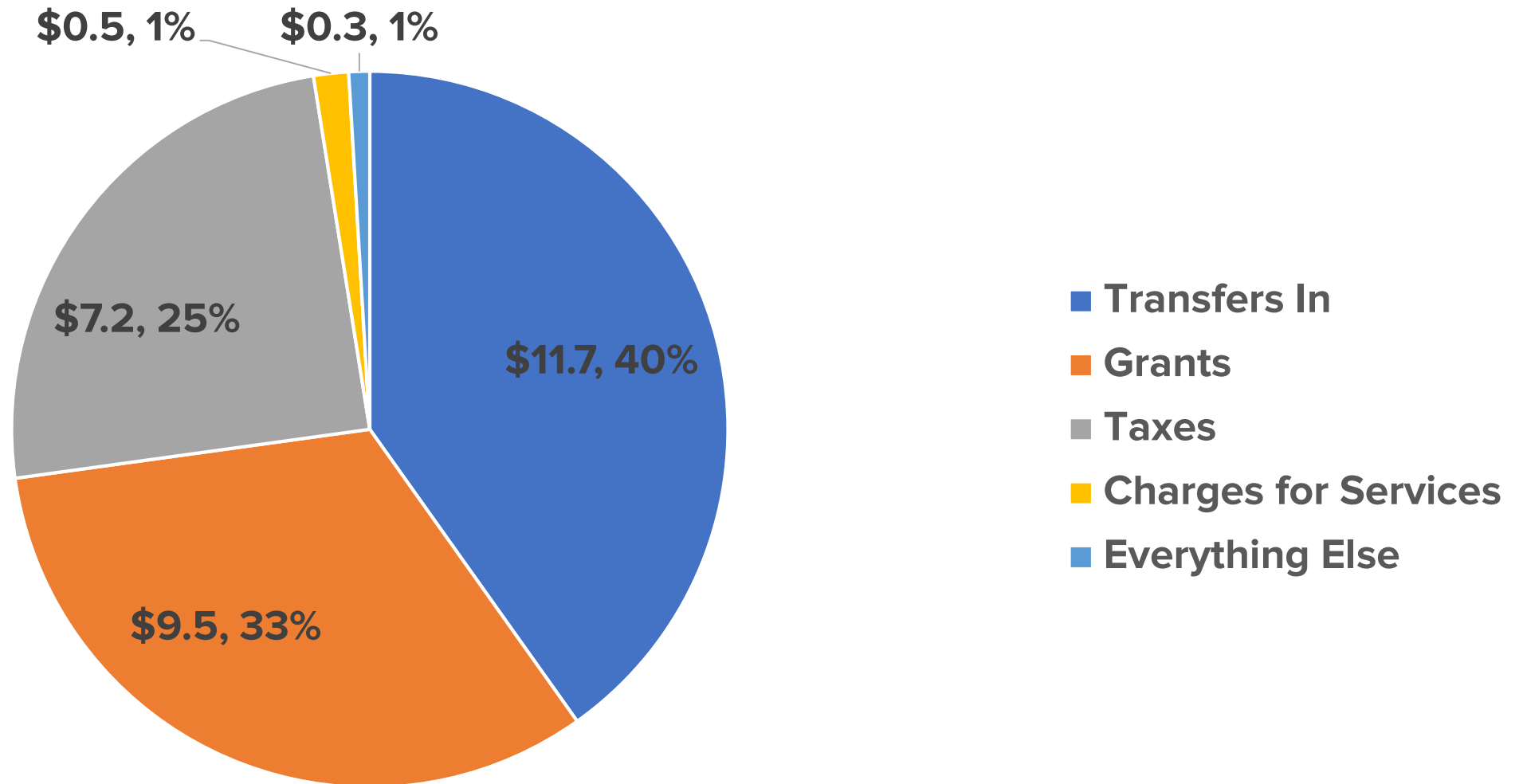
- Maintain core facilities and infrastructure
- Keep existing facilities and services operating effectively while alternatives and larger capital considerations are considered

Current Funding

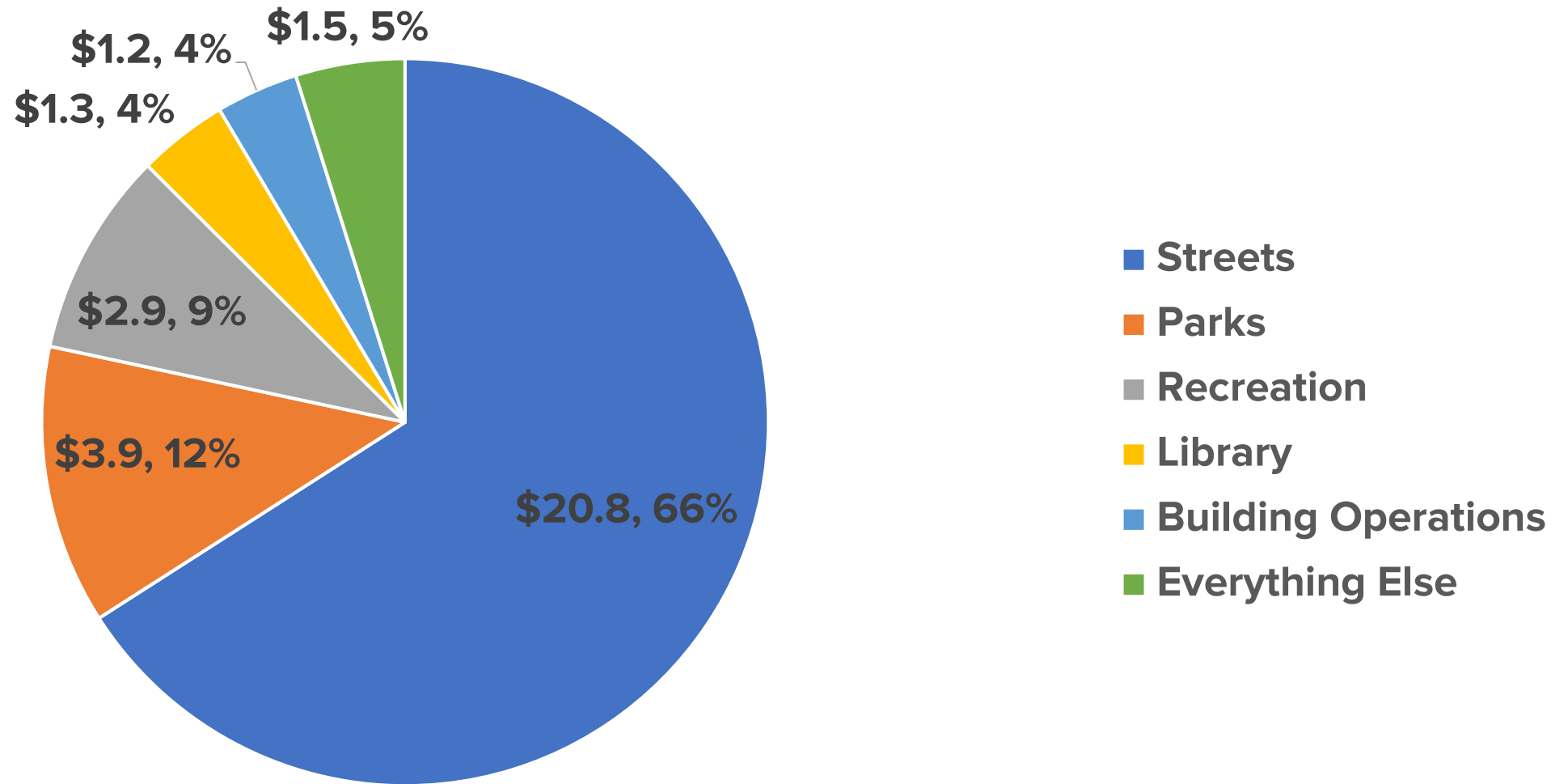
- Revenues decrease 18.7% from \$21.5 to \$17.5 million primarily due to less federal funding
- Transfers in increase 20.7% from \$9.7 to \$11.7 million primarily due to decrease in Library and increase in streets projects



Capital Projects Fund: Revenues (millions)



Capital Projects Fund: Expenditures (millions)



Capital Projects Fund

Streets | \$20.5 million

- Rochester Road \$7.6 million
- Stephenson Highway \$4.0 million
- Industrial road maintenance \$1.5 million



Parks | \$3.9 million

- Sylvan Glen Lake Park \$1.5 million
- Raintree Park Cricket Field \$900,000
- Playground structures \$600,000



Capital Projects Fund

Recreation | \$2.9 million

- HVAC replacement \$1.4 million
- Community Center pool repair \$500,000

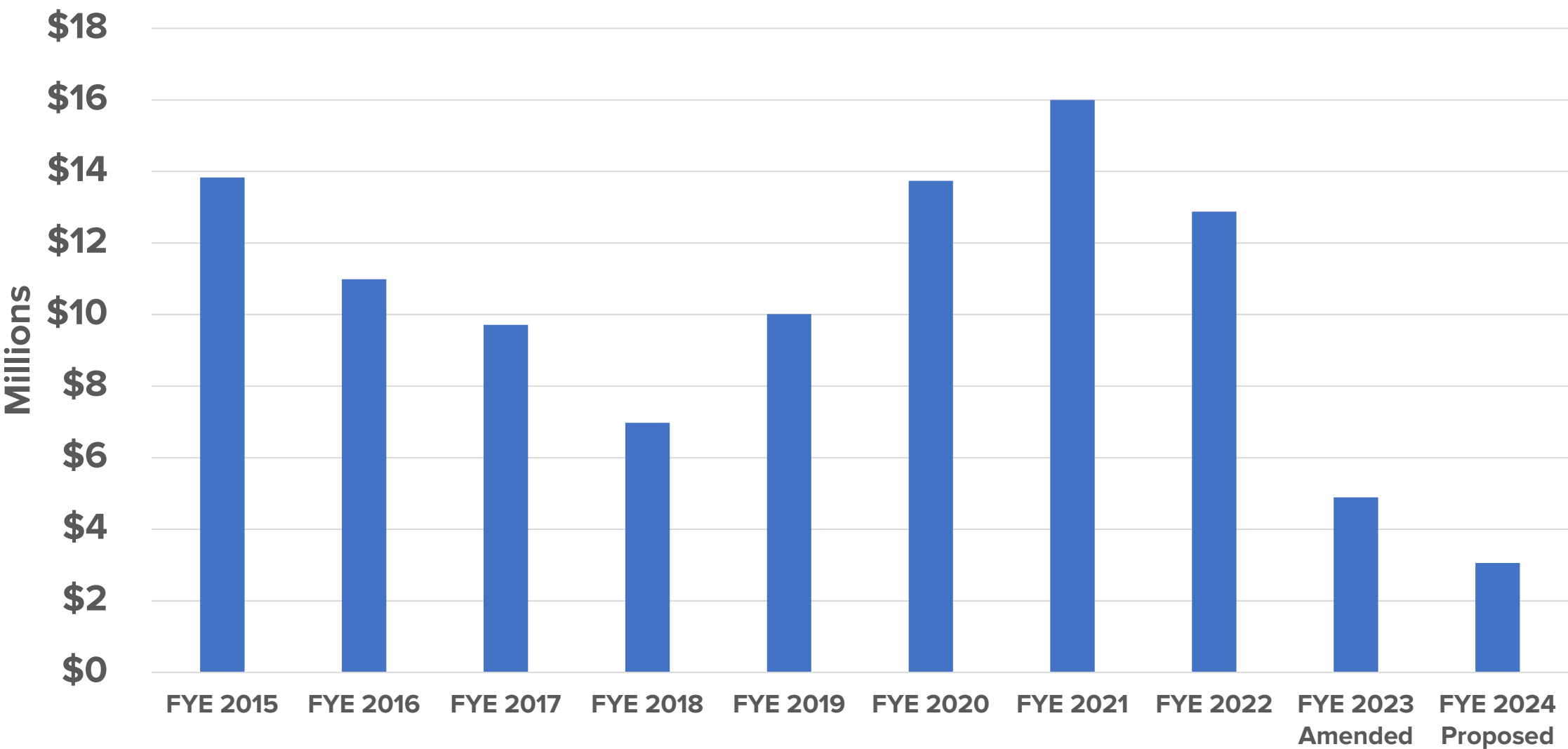


Library | \$1.3 million

- Collection development \$600,000
- Lobby renovation \$400,000
- Cafe renovation \$200,000



Capital Projects Fund: Fund Balance



ENTERPRISE FUNDS

2023-2024 PROPOSED BUDGET

ROBERT J. BRUNER | ASSISTANT CITY MANAGER

Sanctuary Lake Golf Course

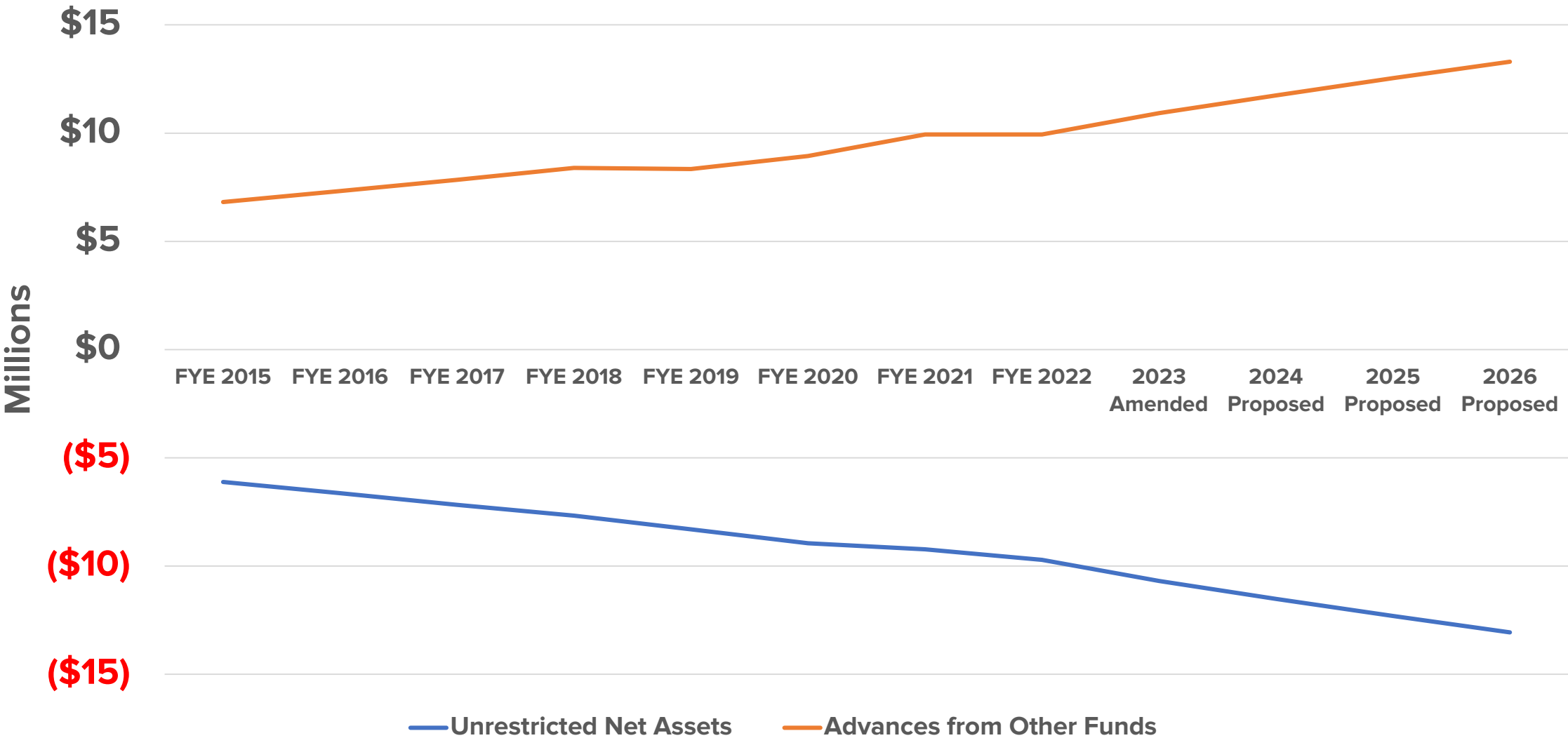
Revenues are flat

Expenditures increase 2.1% from \$2.8 million to \$2.9 million

- \$978,000 loss in FYE 2023
- \$827,000 loss in FYE 2024
- \$794,000 loss in FYE 2025
- \$757,000 loss in FYE 2026



Sanctuary Lake Golf Course: Net Position



Sylvan Glen Golf Course

Revenues are flat

Expenditures increase 9.0% from \$1.4 million to \$1.5 million



Aquatic Center

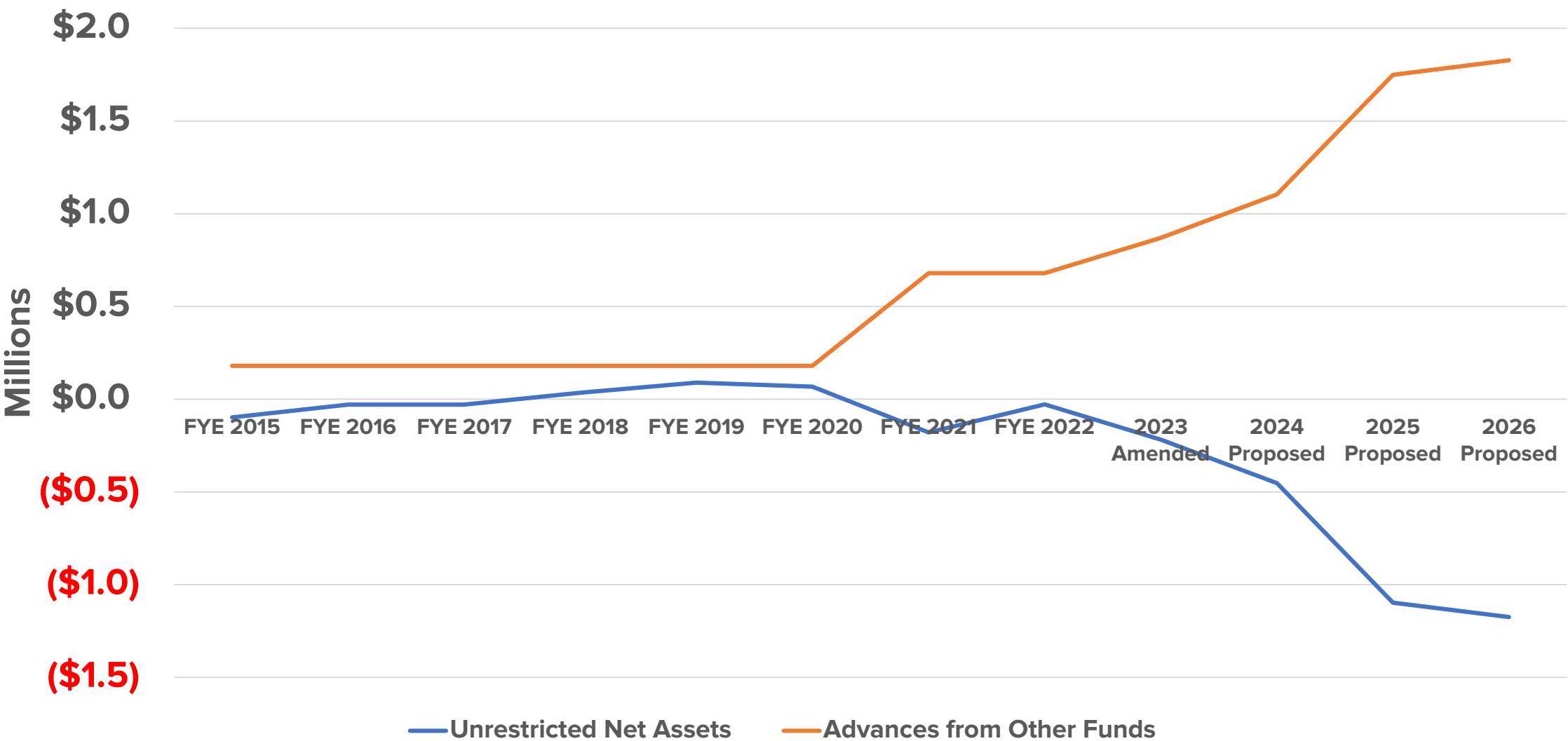
Revenues increase 25.8% from \$600,000 to \$700,000

Expenditures increase 25.3% from \$800,000 to \$1.0 million

- \$190,000 loss in FYE 2023
- \$235,000 loss in FYE 2024
- \$645,000 loss in FYE 2025
- \$78,000 loss in FYE 2026



Aquatic Center: Net Position



Enterprise Funds

Sewer Fund

Revenues increase 7.5% from \$15.1 to \$16.2 million

- Rate increased to support higher costs and lower consumption

Expenditures decrease 15.9% from \$21.3 million to \$17.9 million

- Less capital than the previous year
- Previous year included \$4.0 million for Evergreen-Farmington Sanitary Drain Drainage District Corrective Action Plan

Enterprise Funds

Water Fund

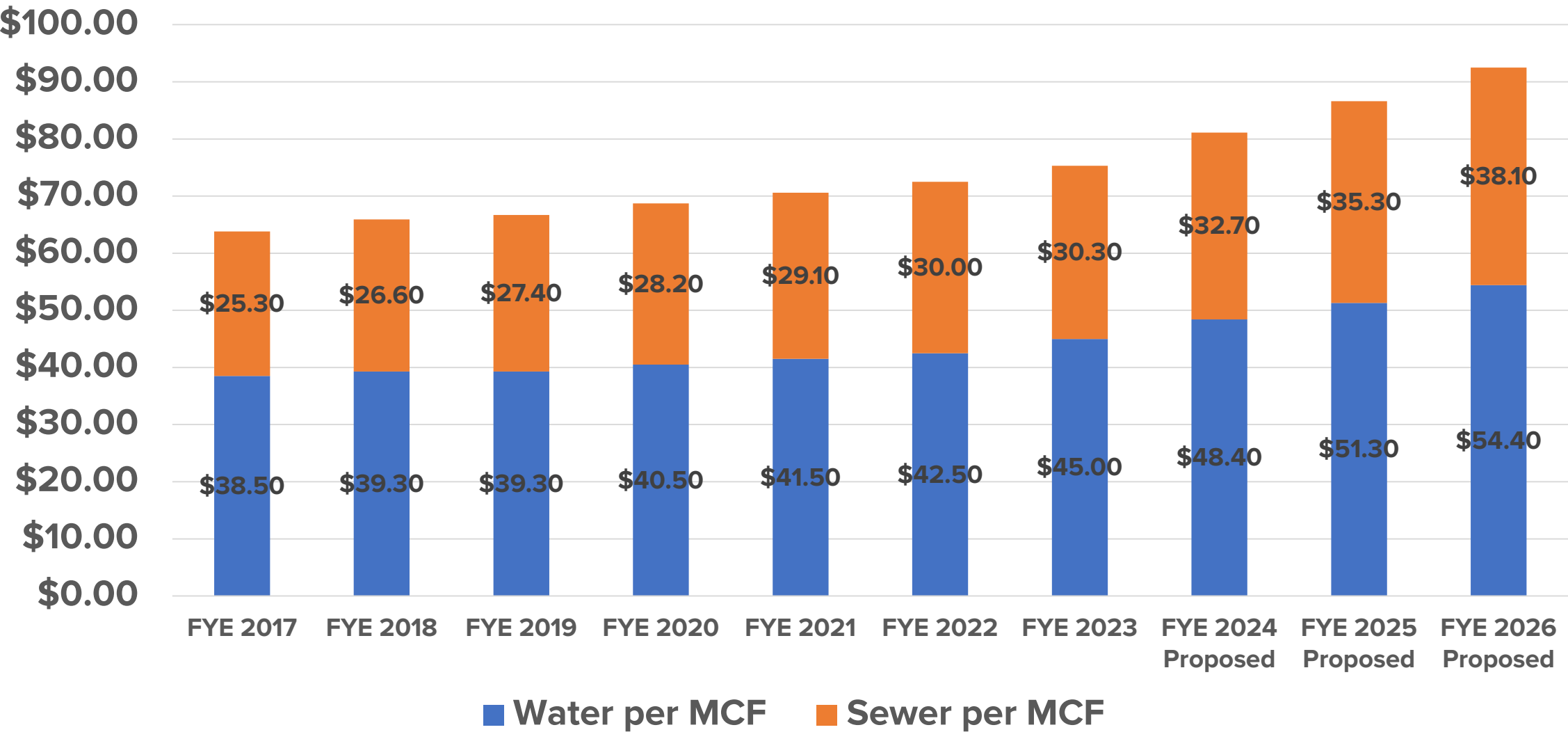
Revenues increase 4.8% from \$22.8 to \$23.9 million

- Primarily due to Great Lakes Water Authority (GLWA) increase

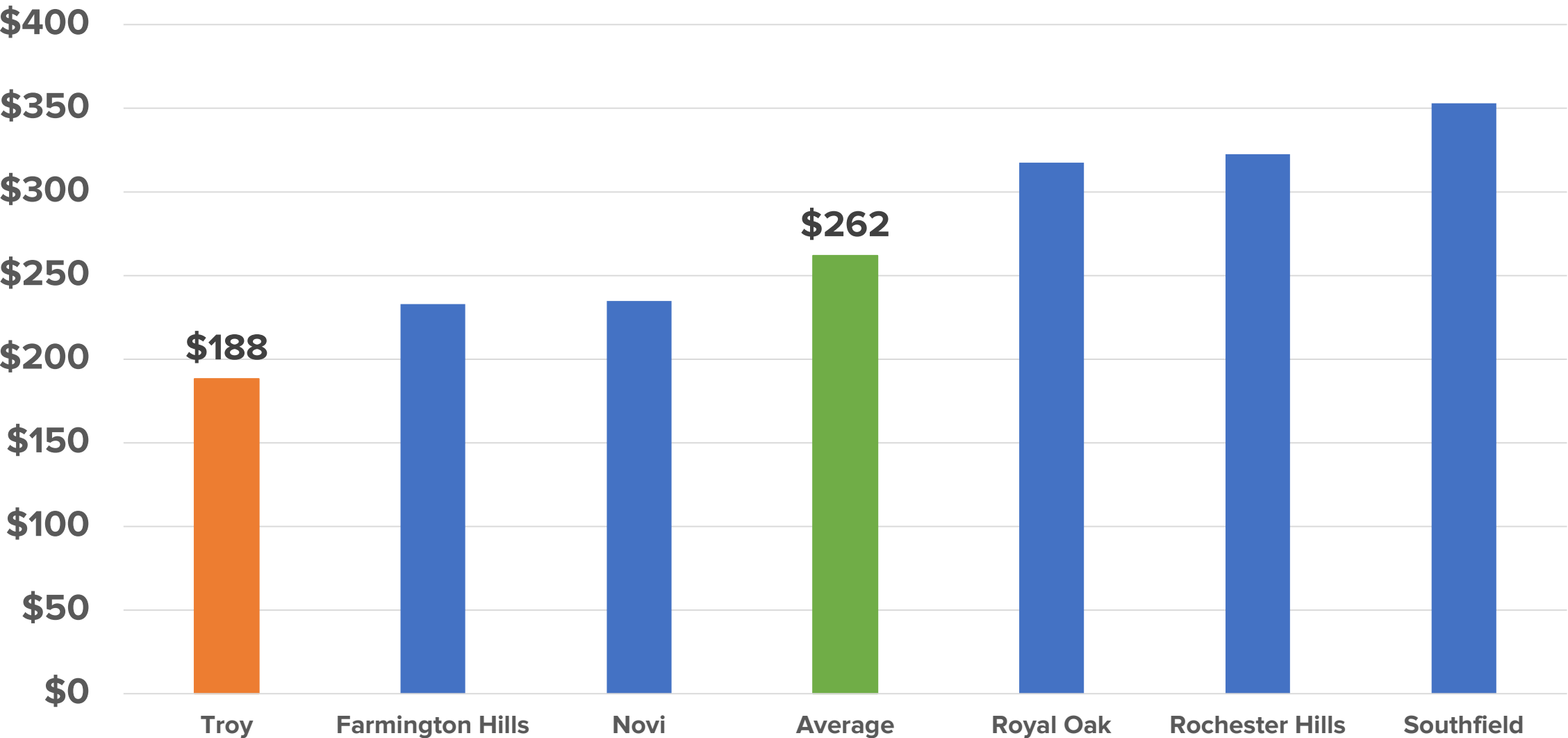
Expenditures decrease 6.7% from \$27.8 million to \$25.9 million

- Less capital than the previous year

Enterprise Funds: Water & Sewer Rates



Enterprise Funds: Average Quarterly Bill (25 CCF)



INTERNAL SERVICE FUNDS

2023-2024 PROPOSED BUDGET

MARK F. MILLER | CITY MANAGER

Internal Service Funds: Building Operations

Revenues increase 4.0% from \$1.6 to \$1.7 million

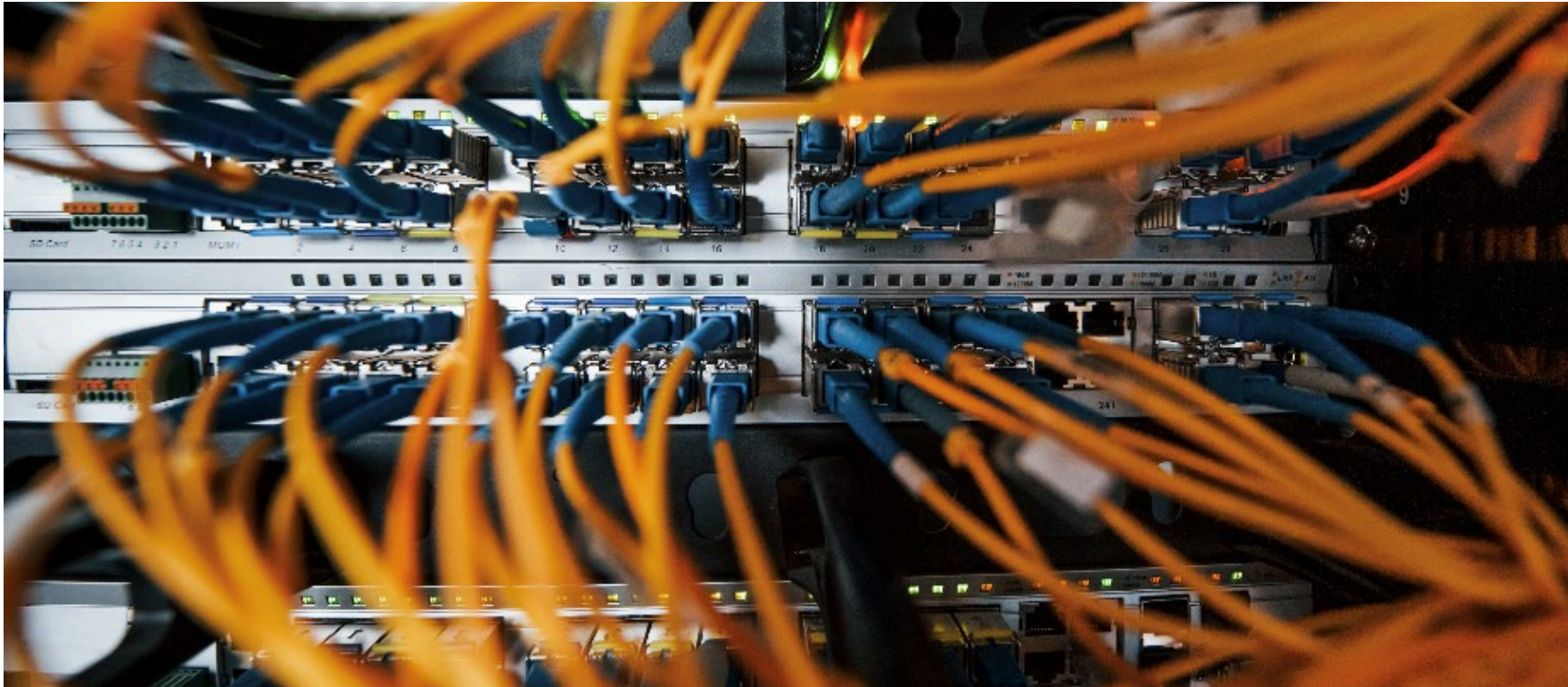
Expenditures increase 3.9% from \$1.6 to \$1.7 million



Internal Service Funds: Information Technology

Revenues increase 4.6% from \$2.5 to \$2.6 million

Expenditures increase 13.0% from \$2.2 million to \$2.5 million



Internal Service Funds: Fleet

Revenues increase 3.8% from \$5.2 million to \$5.4 million

Expenditures increase 13.8% from \$4.2 million to \$4.8 million



Thanks!

- **Controller Dee Ann Irby**
- **City Assessor Kelly Timm**
- **City Clerk Aileen Dickson**
- **City Engineer Scott Finlay**
- **City Treasurer Renee Hazen**
- **Community Affairs Director Cindy Stewart**
- **Community Development Director R. Brent Savidant**
- **Financial Compliance Manager Kyle Vieth**
- **Fire Chief Peter Hullinger**
- **Human Resources Director Jeanette Menig**
- **Information Technology Director Alex Bellak**
- **Library Director Emily Dumas**
- **Police Chief Frank Nastasi**
- **Public Works Director Kurt Bovensiep**
- **Purchasing Manager Emily Frontera**
- **Recreation Director Brian Goul**

QUESTIONS & ANSWERS

2023-2024 PROPOSED BUDGET

MARK F. MILLER | CITY MANAGER