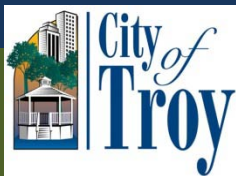




Financial Summary

**For the Year Ended
June 30, 2011**

City of Troy, Michigan



Fast Facts

Residential Population:

80,980

(Southeast Michigan Council of
Governments - SEMCOG)

Workday Population:

108,000

(Economic Development)

Businesses:

5,944

(City Assessor's Office)

Area:

34.3 square miles

Taxable Value:

\$4.8 billion

Council/Manager Form of Government

The Mayor and six members of the City Council are elected to staggered, four-year terms. The Council appoints a City Manager to oversee daily operations and administrative functions.

Services

Basic community services are the highest priority. These include police and fire protection, refuse collection, water and wastewater collection, street maintenance, public improvements, planning, zoning, and administrative services. Troy's quality of life is also enhanced by recreation and leisure facilities including the Troy Public Library, Family Aquatic Center, Sylvan Glen and Sanctuary Lake Golf Courses, 900 acres of parkland, and the Community Center.

Education

Top-rated school systems reinforce Troy's community strength and property values. Troy School District (TSD) serves the majority of households with an enrollment of 12,106. Six other school districts also serve Troy citizens: Avondale, Birmingham, Bloomfield Hills, Lamphere, Royal Oak and Warren Consolidated. Higher education is available through local institutions like Cornerstone College, the Michigan State Management Education Center, University of Phoenix, Walsh College, and nearby Baker College, Oakland Community College, Oakland University and Rochester College. Central Michigan University, Northwood University, Spring Arbor University and University of Michigan-Flint offer satellite courses in Troy.

Business Connection

Troy's corporate citizens span a full range of financial, retail, automotive, technology, hospitality, service and manufacturing industries.

- Economic Development Department:
248.524.3314;
www.troymi.gov/EconomicDevelopment
- Automation Alley:
248.457.3200;
www.automationalley.org
- Oakland County Planning & Economic Development:
248.858.8706;
www.oakgov.com/globaloakland
- Troy Chamber of Commerce:
248.641.8151;
www.troychamber.com

Community Profile

Demographics

Year	Population	#of Households	Median Household Income	Median Age
2002	84,531	31,371	70,342	38.1
2003	84,841	31,504	65,625	38.1
2004	85,956	31,944	62,862	38.1
2005	86,740	32,281	64,630	38.0
2006	87,159	32,431	*	38.1
2007	87,594	32,596	*	41.7
2008	87,956	32,802	*	37.0
2009	81,490	** 33,368	** 89,840	** 41.1
2010	80,084	** 33,176	** *	** 41.1
2011	80,980	30,811	87,269	41.8

* Information not available.

** Change in the calculation method or source of information.

Figure 1

GFOA Award for Outstanding Achievement

The Government Finance Officers Association of the United States of America and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Troy for its Popular Annual Financial Report for the fiscal year ended June 30, 2009. The award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, the contents of which conform to program standards of creativity, presentation, ease of understanding and reader appeal.

An award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Troy has received a Popular Award for the last twelve consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

City of Troy Economy



Troy's diversified business community, strong residential market and conservative financial management perpetuates a stable economy through regional and national market fluctuations. A wide range of industries in the business community, well maintained neighborhoods, excellent schools, and continued investment into roads and infrastructure all contribute to Troy's resilience.

With 80,980 residents and the workday population exceeding 108,000, people constitute a strong market for the retail and service industries in Troy. These factors keep the City's unemployment rate below metro Detroit and state averages. See figure 4 to compare unemployment rates.

The community's taxable valuation (TV) has declined in recent years compared to the 1980's and 1990's. In 2010 our taxable value was \$4,843,613,012 compared to \$5,459,779,936 in 2009. (see Figure 3). Within the state of Michigan, the city of Detroit is the only municipality with a higher taxable value than Troy.

2010 Millage Rates

Community	Millage Rate	Rank (L=>H)
Troy	09.4000	1
Rochester Hills	09.7060	2
Novi	10.5416	3
Auburn Hills	10.5602	4
Farmington Hills	11.6072	5
Royal Oak	11.7131	6
Rochester	12.4304	7
Wixom	12.7423	8
Keego Harbor	12.9853	9
Berkley	14.0656	10
Birmingham	14.9998	11
South Lyon	15.2064	12
Southfield	16.3428	13
Northville	16.3961	14
Farmington	16.5856	15
Pontiac	17.0011	16
Sylvan Lake	17.5197	17
Clarkston	18.1373	18
Pleasant Ridge	18.1928	19
Madison Heights	18.8146	20
Clawson	21.9759	21
Hazel Park	23.4884	22
Huntington Woods	23.5595	23
Oak Park	24.5191	24
Ferndale	24.7689	25

Figure 2

A State assessed value of \$5.0 billion represents approximately 50% of estimated current market value. Taxable value is determined by the prior year's taxable value plus 5% or the consumer price index (whichever is less). Starting with the 1994 state equalized value as the base taxable value, the taxable value figure is multiplied by the tax rate to determine property tax revenue.

Taxable vs. Assessed Value



Figure 3

Unemployment Rates

Year	1990	2000	2011 (July)
Troy	3.5%	1.6%	9.5%
Metro Area*	7.6%	4.3%	12.5%
Michigan	7.6%	3.6%	11.0%
National	5.5%	4.0%	9.3%

Figure 4

*Metro Area Includes Lapeer, Macomb, Monroe, Oakland, St. Clair and Wayne Counties.

Millage Rate

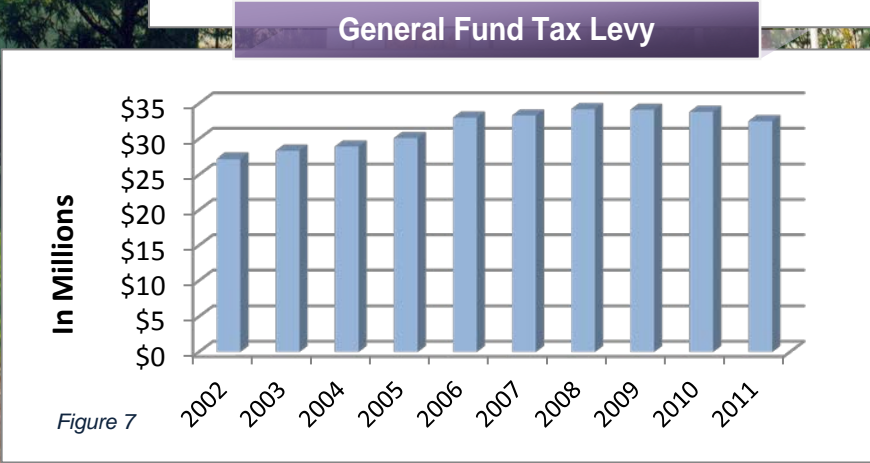
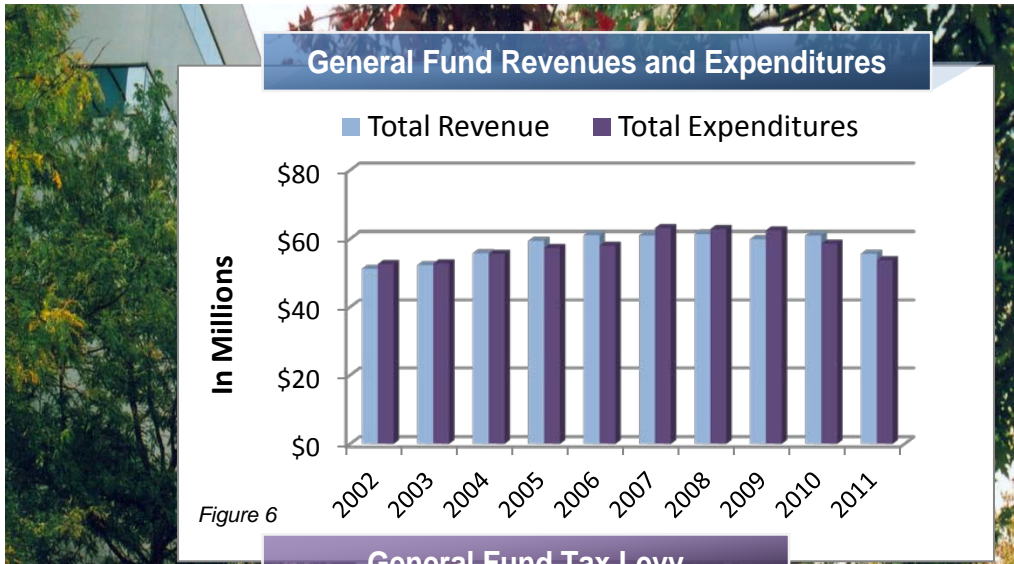


Figure 5

The General Fund is the general operating fund of the City and the main focus of this report. It is used to account for all financial resources except those required to be accounted for in another fund. General Fund activities are financed by revenues from general property taxes, state shared revenues and other sources. The General Fund uses the current financial resources measurement focus and the modified accrual basis of accounting.

Figure 6 shows the total revenue and expenditures of this fund from 2002 to 2011. An indicator of financial strength and stability is a positive fund balance in the General Fund. Since 2002, the General Fund fund balance had grown from \$21.9 to \$27.4 million. In 2002, 2003, 2007, 2008 and 2009 the revenue shortfall was covered by the Fund Balance.

The financial community has recognized the City's solid, diversified tax base and sound management. Standard & Poor's gave the City an "AAA" rating for unlimited tax general obligation bonds. This makes Troy one of the three highest rated municipalities in Michigan. High bond ratings translate to savings for the City and its taxpayers.



Evaluating the City's Financial Condition

General Fund – Fund Balance

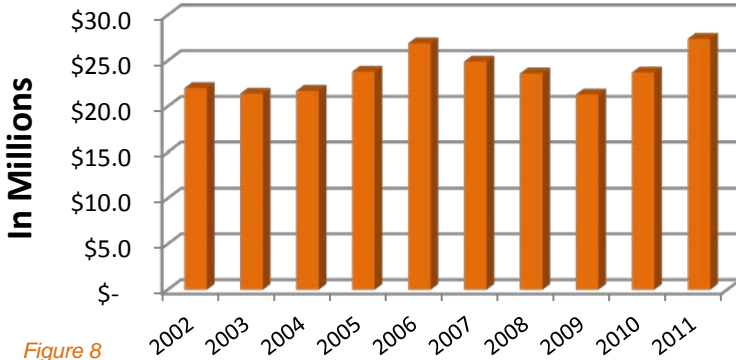


Figure 8

Revenues and Expenditures (Millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Revenue	\$ 51.2	\$ 52.3	\$ 55.8	\$ 59.4	\$ 61.1	\$ 61.0	\$ 61.4	\$ 59.9	\$ 61.0	\$ 55.6
Total Expenditures	52.6	52.8	55.6	57.3	58.0	63.0	62.7	62.2	58.6	53.7
Excess (Shortfall)	(1.4)	(0.5)	0.2	2.1	3.1	(2.0)	(1.3)	(2.3)	2.4	1.9
Beginning Equity	23.4	22.0	21.5	21.7	23.8	26.9	24.9	23.6	21.3	25.5 *
Ending Equity	\$ 22.0	\$ 21.5	\$ 21.7	\$ 23.8	\$ 26.9	\$ 24.9	\$ 23.6	\$ 21.3	\$ 23.7	\$ 27.4
As a % of Revenue	42.97%	41.11%	38.89%	40.07%	44.03%	40.82%	38.44%	35.56%	38.85%	49.28%

* Beginning equity adjusted for changes in generally accepted accounting principles.

Figure 9

Revenues

The City of Troy collects funding from five major sources. Beyond property taxes, other revenues include licenses and permits, state shared revenue, charges for services, fines and forfeitures, investments income, miscellaneous receipts, and other financing sources. See Figure 10 for a breakdown of what percentage each element represents of the total revenue.

Property Taxes: \$32.5 Million

The City's total tax rate of 9.40 mills includes the General Fund, Refuse Collection, Debt Service and Capital Projects activities. The City is at its tax rate capacity for general and capital activities. The General Fund tax levy is \$6.50 mills of the 9.40 mills.

As indicated in figure 11, the City's tax rate represents just 27% of the total property tax bill for all taxing jurisdictions. Those tax dollars represent over half of the City's total revenue as illustrated in Figure 10.

Licenses and Permits: \$1.3 Million

Are mainly made up of building permits and trade licenses and permits.

State-Shared Revenue: \$5.8 Million

This money is revenue from the State of Michigan, mainly in the form of a return on sales tax revenue.

Charges for Services: \$7.0 Million

Fees charged for services and sales.

Some examples of charges for services include Community Center fees, cable franchise fees and county reimbursements.

Investment Income: \$.2 Million

Generated from interest on investments.

Miscellaneous Revenue: \$1.7 Million

Generated primarily by administrative fees and rent income.



Where the City Gets its Revenue

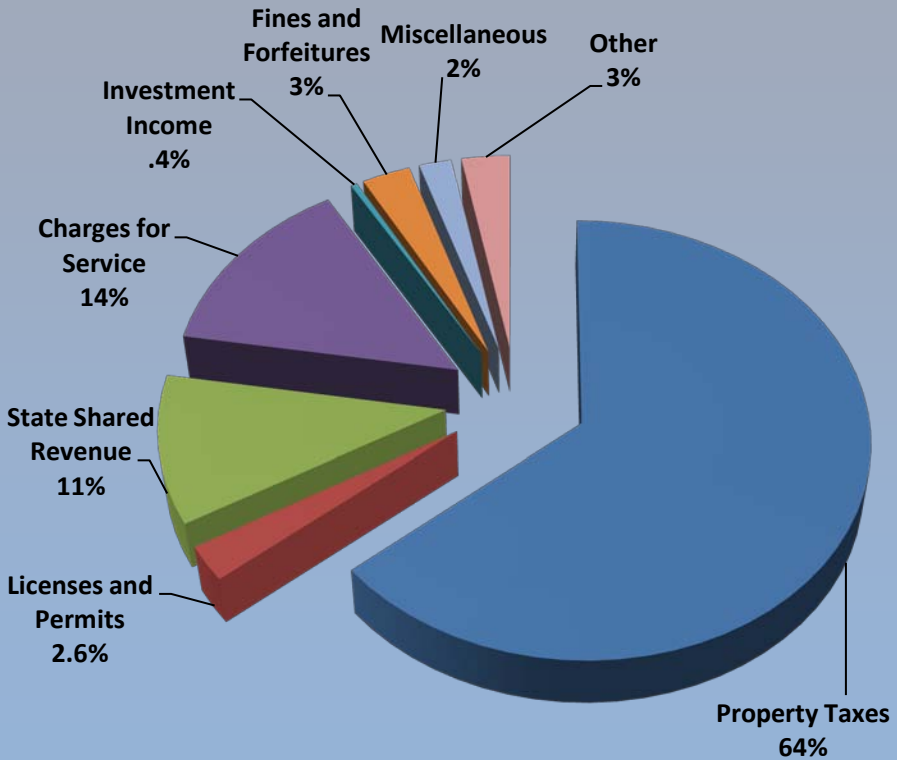


Figure 10

Where Does Your Tax Dollar Go?

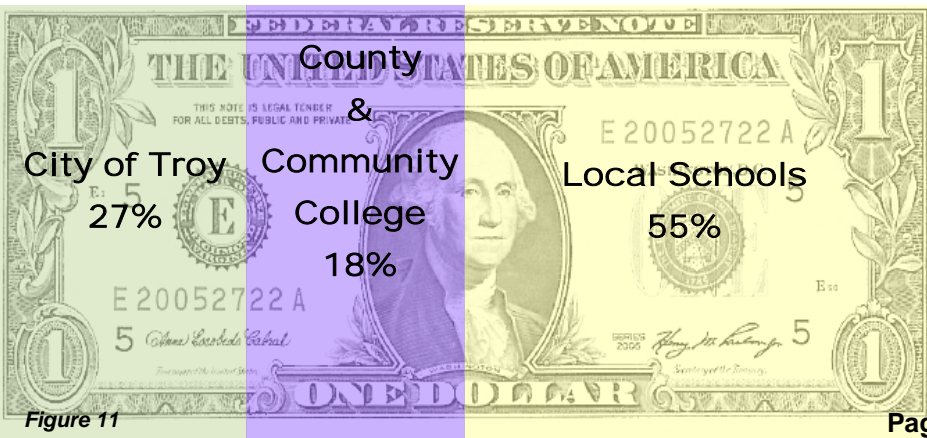


Figure 11

General Government: \$8.2 Million

The General Government group of expenditures is broken down into the following areas: City Council, City Manager, City Attorney, City Assessor, City Clerk, Elections, Accounting, Human Resources, Purchasing, Treasurer, Community Affairs, Planning, Economic & Community Development, City Hall and services.

Public Safety: \$29.9 Million

Police, Fire Protection and Building Inspection.

Public Works: \$6.6 Million

Maintenance costs for major, local and county roads. Costs associated with Engineering, and Storm Drain Maintenance.

Recreation & Culture: \$9.0 Million

Costs to provide recreation and library activities.



Expenditures

General Fund Expenditures

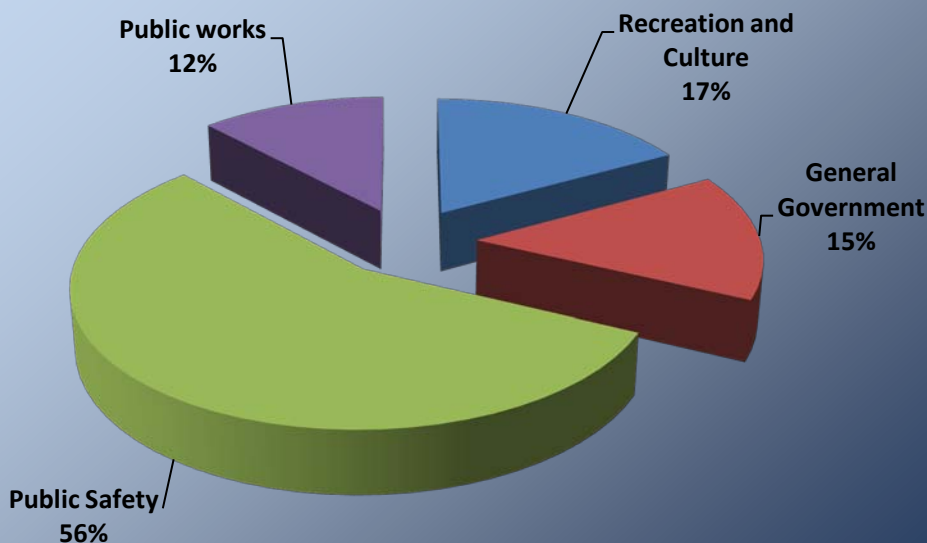


Figure 12

The General Fund major program activities are summarized in four areas: General Government, Public Safety, Public Works and Recreation & Culture. See Figure 12 for a breakdown of their percentages of total expenditure.



Other Funds Used to Manage City Dollars

In accordance with Generally Accepted Accounting Principles (GAAP), the City's financial activities are accounted for in a variety of funds other than the General Fund.

Special Revenue Funds such as the Major Street, Local Street, Refuse and Community Development Block Grant Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds account for the accumulation of resources for the annual payment of principal, interest and fees in connection with certain long-term debt other than debt payable from operations of a proprietary fund.

The Capital Projects Fund tracks financial resources for the acquisition or construction of major capital facilities other than those financed by the operations of a proprietary fund.

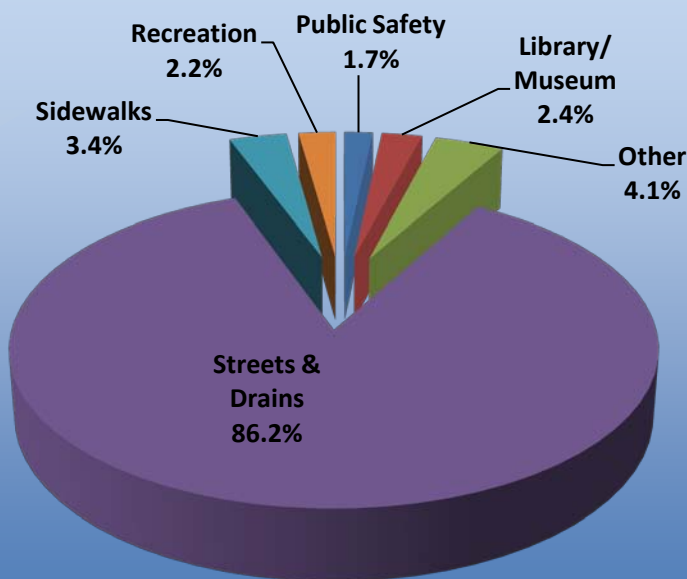
Enterprise Funds like Water, Sanitary Sewer, Aquatic Center and Golf Course Funds are used to account for operations that are similar to private business. Tracking the net income of Enterprise Funds helps evaluate programs and direct financial administration.

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments of the government on a cost reimbursement basis.

For more detailed information where the totals are represented by function, you should review the Comprehensive Annual Financial Report (CAFR). Both this summary and the CAFR are available at the Troy Public Library, 510 West Big Beaver and the City's website at: www.troymi.gov. If necessary, call 248.524.3330 to request a copy.



Capital Expenditures



Capital expenditures are a disbursement of money that results in the acquisition of, or addition to fixed assets.

Figure 13

Streets & Drains: \$12.5 Million

Streets and Drains improvements consisted of major road improvements: \$8.9 million, local roads: \$3.4 million and drains: \$.2 million.

Recreation: \$.32 Million

Park improvement projects: \$0.32 million.

Public Safety: \$.25 Million

The City has developed a plan to reserve funds over several years to accommodate for apparatus replacement due to the significant cost of firefighting equipment.

Sidewalks: \$0.5 Million

Expenditures for new and replacement sidewalk programs.

Other: \$.59 Million

Expenditures include technology improvements and general building renovations.

Library/Museum: \$.34 Million

Expenditures were for Library book and land acquisition.



Community Affairs Department

Community Affairs offers new and prospective residents and businesses information packets. Call to request a packet or other information at 248.524.1147 or email cindy.stewart@troymi.gov

City of Troy website
www.troymi.gov

Internet access creates a 24-hour, 7-day-a-week service window for citizens seeking information about the City of Troy.

What's online at
www.troymi.gov

- The ability to check your property tax bill balance
- Current bid items posted by the Purchasing Department
- City job postings
- Community calendar
- Webcast of live Council meetings
- City Council agendas & minutes
- Building permit applications
- Business license application forms
- GIS Mapping Tool
- Zoning Ordinance, Master Plan
- New Business Checklist
- Troy Today, annual budgets, City publications, and news releases
- Construction Projects & Maps
- City Code and Charter
- Email access to City Administrators

Comprehensive Annual Financial Report (CAFR)

The information in this document has been drawn from selected segments of the City of Troy Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. Complete financial statements of the City of Troy with additional demographic and economic information are published in the CAFR.

The City was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its CAFR for the fiscal year ended June 30, 2010. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

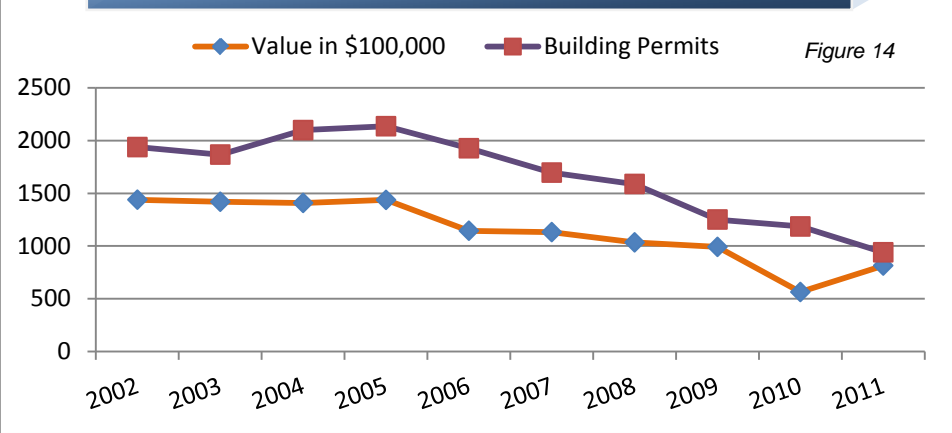
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting our CAFR for the current year to the GFOA.

To request a copy of the CAFR, contact: the City Manager's Office by mail at:
500 W. Big Beaver, Troy MI 48084;
email at: tashnickbl@troymi.gov
or call: 248.524.3330.

Page 13

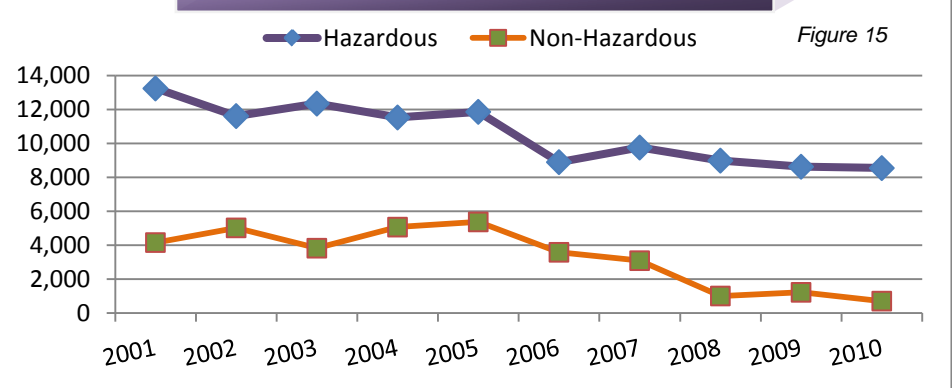
Performance Data

Building Permits and Construction



Troy's Building Department processes a wide range of construction permits each year. Despite some declines in the number of permits being pulled, the total value of the projects is increasing. This can be attributed to many smaller home and business improvement projects taking the place of major developments, as fewer parcels of land are available for large-scale projects.

Traffic Citations



Above and beyond Troy's almost 81,000 residents, a large commuting population that travels our roadways puts a heavy responsibility on Troy Police Road Patrol.

Hazardous Citations are issued for violations that could cause an accident, like speeding. Non-hazardous traffic citations are for minor violations that break ordinances, but do not generally put property or person at risk of damage or injury, for example, out-of-date registration.

Operation Indicators by Function/Program

<u>Engineering</u>	<u>2010</u>	<u>2011</u>
Soil erosion inspections	979	863
<u>Finance</u>		
Assessing		
Residential appraisals	863	750
City Clerk's Office		
Dog licenses issued	2,573	1,843
Registered voters	56,572	55,301
Human Resources		
Applications processed	365	110
Job postings	10	11
Purchasing		
Value of goods/services purchased	\$31.7 million	\$33.3 million
<u>Fire</u>		
Fire Department responses	853	1,022
Inspections performed	2,543	2,347
<u>Parks & Recreation</u>		
Nature Center program attendance	5,658	4,150
<u>Information Technology</u>		
Help desk requests	2,392	2,498

Figure 16



Voter Turnout

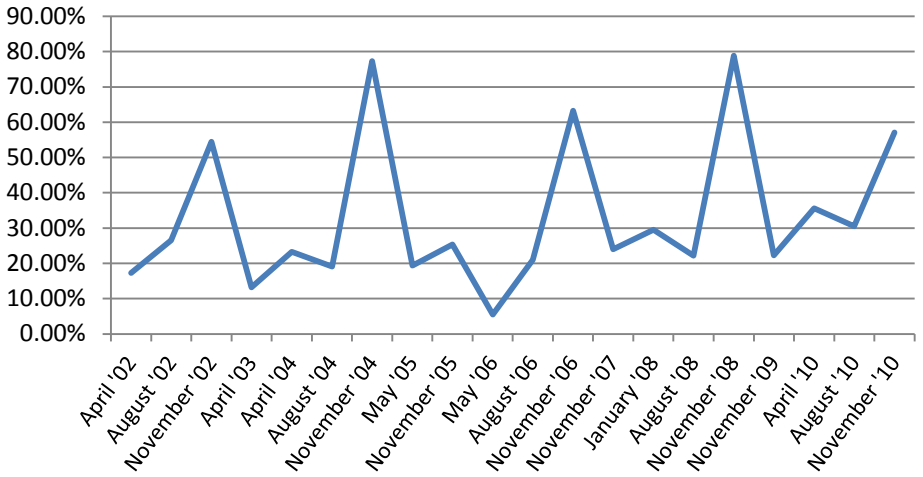


Figure 17

After 50 years of annual City Regular Elections being conducted in April, City Regular Elections were moved to odd-year Novembers in 2005. City Regular Elections in November have shown an increase in voter turnout.

City of Troy Employees Retirement System Schedule of Funding Progress (Pension Benefit)

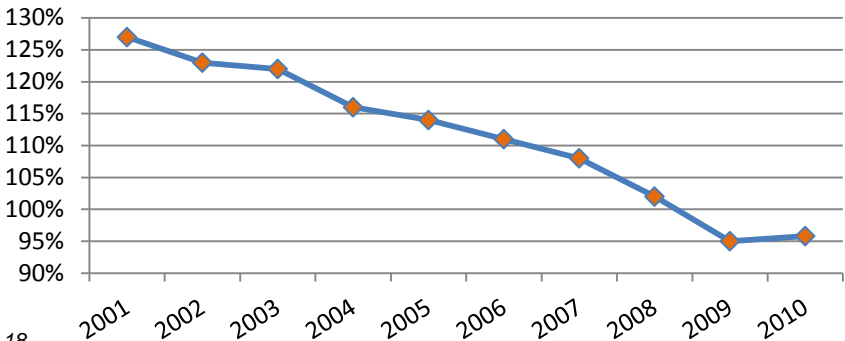
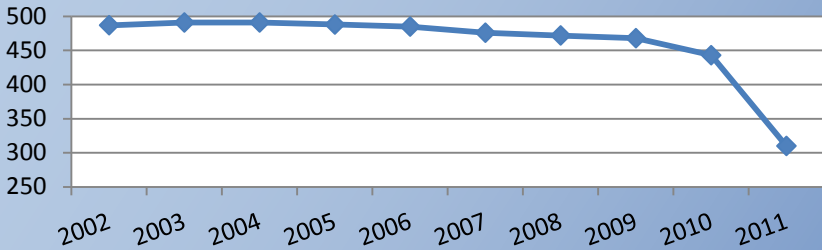


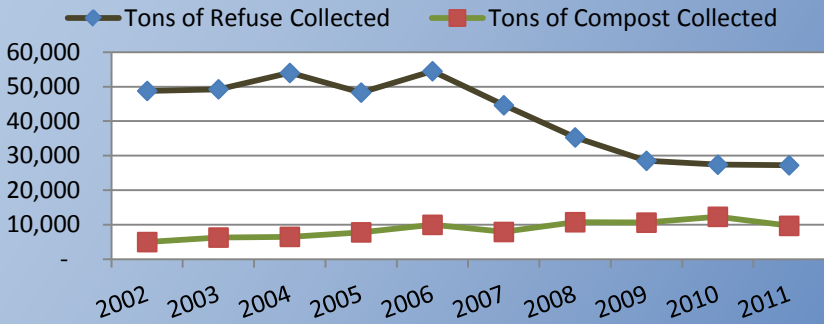
Figure 18

The above chart expresses the actuarial value of assets as a percentage of the actuarial accrued liability, which provides one indication of the system's funded status on an ongoing concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker.

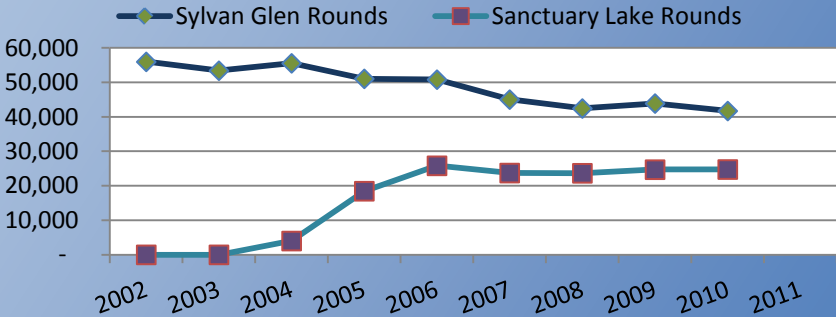
City Full-Time Staffing



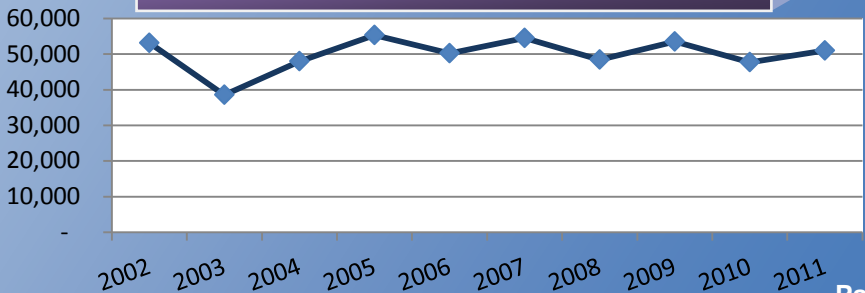
Refuse/Resource Recovery



Golf Course



Aquatic Center Admissions





Have you played yet?

Sanctuary Lake is built on 190 acres of rolling landscape. The course features approximately 80 strategically placed bunkers, small and undulating bent grass greens, and a vast variety of wildlife species.

The course is located at 1450 E. South Blvd. between John R and Dequindre in Troy. For more information call: **248.619.7671**

Opened in 2004, our **newest course** offers one of the most unique golf experiences in all of Oakland County. This par 71 links-style setting has four sets of tees ranging from 4,750 to 6,555 yards, and boasts a course rating of 71.9 with a slope of 133.

City Awards and Accolades

City Awards and Accolades

Safest City – The recently released CQ Press City Crime Rankings for 2010-2011, places Troy as the 19th safest U.S. city with a population of 75,000 and above. Troy is ranked once again as the **Safest City in Michigan** with the population of 75,000 and above.

For the fifth straight year, Troy received top rankings for attracting and retaining entrepreneurial firms in a study by the University of Michigan –Dearborn School of Management.

Elite Fleet Award 2011 was awarded to **Troy's Fleet Maintenance Division**. The elite fleets are the best of the best and only one fleet per year is added to the ranks of elite fleets. This **prestigious award** is given to the #1 fleet winners from the previous 4 years as long as they are still meeting the highest standards in fleet.

The City of Troy's **Fleet Maintenance Superintendent** Sam Lamerato was awarded Government Fleet magazine's 2011 Public Sector Fleet Manager of the Year honor. Lamerato helped implement a successful insourcing program and the City's Fleet was named #1 in the "**100 Best Fleets**" in 2010.

The Michigan Library Association presented Troy Public Library Director Cathleen Russ with the Loleta D. Fyan Award recognizing her outstanding professionalism and service.

For the 14th consecutive year, the **City of Troy** received the Certificate of Achievement for Excellence in Financial Reporting from the **Government Finance Officers Association** for the Comprehensive Annual Financial Report.

Troy was named Tree City for the 21st year by the Arbor Day Foundation to honor its commitment to community forestry.

Troy's Fleet Maintenance Division met the Blue Seal of Excellence Recognition Program standards established by the National Institute for Automotive Service Excellence (ASE). The City of Troy Fleet Division is the only municipality in the State of Michigan that is a current member of this Program.

The City of Troy received recognition from the **Traffic Improvement Association** for Continued Commitment to Traffic Safety.