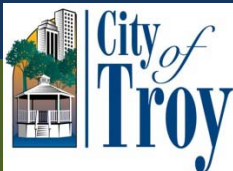




Financial Summary

**For the Year Ended
June 30, 2012**

City of Troy, Michigan



Fast Facts

Residential Population:

82,071

(Southeast Michigan Council
of Governments - SEMCOG)

Workday Population:

170,396

(Southeast Michigan Council
of Governments - SEMCOG)

Businesses:

5,955

(City Assessor's Office)

Area:

34.3 square miles

Taxable Value:

\$4.5 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, 1000 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 12,385. 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.com
- Oakland County Planning & Economic Development:
248.858.8706;
www.advantageoakland.com
- Troy Chamber of Commerce:
248.641.8151;
www.troychamber.com

Community Profile

Demographics

Year	Population	#of Households	Median Household Income	Median Age
2003	84,841	31,504	96,840	38.1
2004	85,956	31,944	96,840	38.1
2005	86,740	32,281	96,840	38.1
2006	87,159	32,431	96,840	38.1
2007	87,594	32,596	96,840	38.1
2008	87,956	32,802	96,840	38.1
2009	81,490	33,368	112,980	38.1
2010	81,235	30,723	112,980	38.1
2011	80,980	32,907	108,356	41.8
2012	82,071	32,998	107,532	41.8

Figure 1

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

PRESENTED TO

**City of Troy
Michigan**

for the Fiscal Year Ended
June 30, 2011



Christopher P. ...
President

Jeffrey L. Esser
Executive Director

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, 2011. 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 thirteen 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 82,071 residents and the workday population exceeding 170,000, 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 2011 (2012 Fiscal Year) our taxable value was \$4,448,750,160 compared to \$4,843,613,012 in 2010. (see Figure 3). Within the state of Michigan, Troy ranked third for the largest taxable value.

Fiscal 2012 Millage Rates

Community	Millage Rate	Rank (L=>H)
Rochester Hills	9.7060	1
Troy	10.1900	2
Novi	10.5416	3
Auburn Hills	10.5602	4
Royal Oak	11.7250	5
Farmington Hills	12.2036	6
Rochester	12.4304	7
Wixom	12.7423	8
Keego Harbor	13.3492	9
Berkley	14.299	10
South Lyon	15.2502	11
Birmingham	15.6005	12
Farmington	16.5856	13
Northville	16.7469	14
Pontiac	17.0931	15
Clarkston	17.9013	16
Pleasant Ridge	18.1928	17
Sylvan Lake	18.3779	18
Madison Heights	21.8654	19
Southfield	22.6302	20
Clawson	23.0392	21
Hazel Park	23.4884	22
Huntington Woods	25.7349	23
Oak Park	27.2386	24
Ferndale	28.5561	25

Figure 2

A State assessed value of \$4.5 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

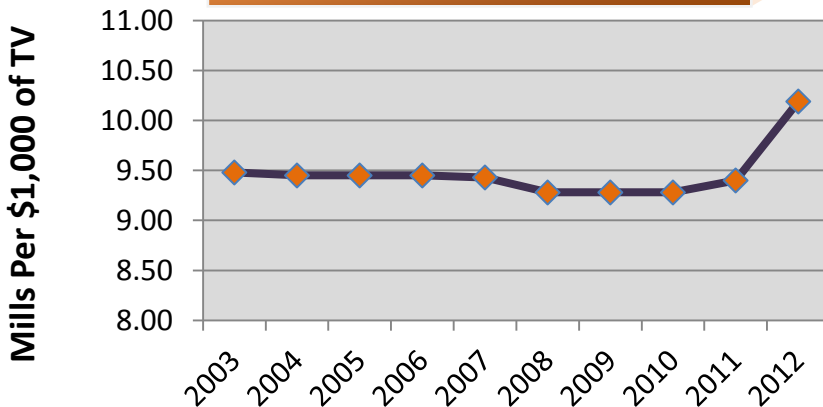
Unemployment Rates

Year	1990	2000	2012 (Aug)
Troy	3.5%	1.6%	8.3%
Metro Area*	7.6%	4.3%	10.9%
Michigan	7.6%	3.6%	9.2%
National	5.5%	4.0%	8.2%

Figure 4

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

Millage Rate



(Voter approved Library Millage 2012)

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 2003 to 2012. Declines in revenue are due to reductions in the taxable value of property. Accordingly, the City has made significant reductions in expenditures primarily through position realignment and employee wage/benefit concessions to parallel services in line with the decline in revenues. An indicator of financial strength and stability is a positive fund balance in the General Fund. Since 2003, the General Fund fund balance had grown from \$21.4 to \$33.9 million. In 2003, 2004, 2007, 2008 and 2009 expenditures in excess of revenues and other sources were 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.

General Fund Revenues, Expenditures and Other Sources

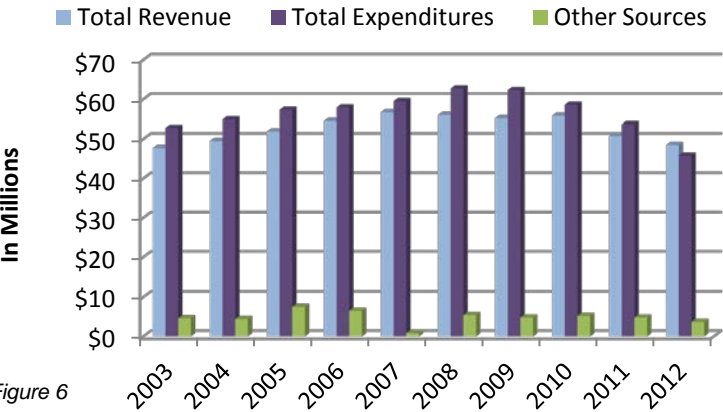


Figure 6

General Fund Tax Levy

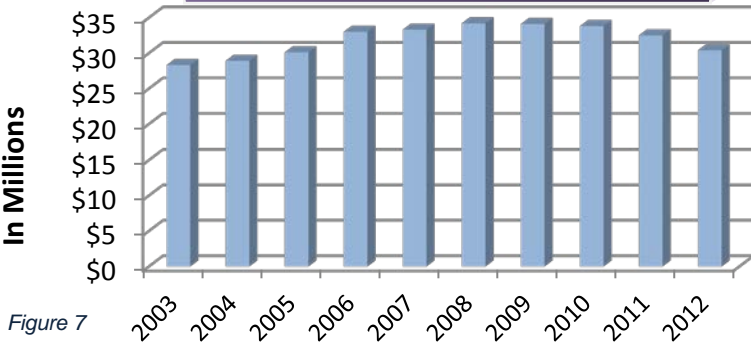
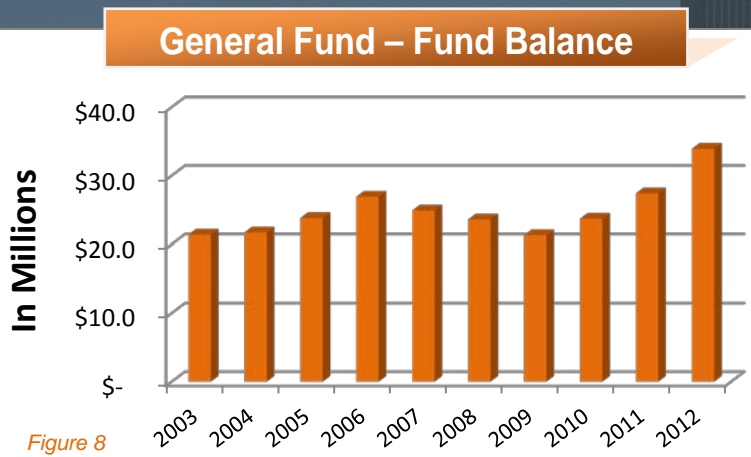


Figure 7

Evaluating the City's Financial Condition



2012 Revenues and Expenditures (Millions)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues	\$51.4	\$51.9	\$54.5	\$56.7	\$56.0	\$55.2	\$55.8	\$50.8	\$48.5
Expenditures	(55.6)	(57.3)	(57.9)	(59.5)	(62.7)	(62.3)	(58.6)	(53.7)	(45.8)
Other Sources	4.4	7.5	6.5	0.8	5.4	4.8	5.2	4.8	3.7
Net Change	0.2	2.1	3.1	(2.0)	(1.3)	(2.3)	2.4	1.9	6.4
Beg. Equity	21.5	21.7	23.8	26.9	24.9	23.6	21.3	25.6*	27.5
End Equity	\$21.7	\$23.8	\$26.9	\$24.9	\$23.6	\$21.3	\$23.7	\$27.5	\$33.9

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

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: \$30.4 Million

The City's total tax rate of 10.19 mills includes the General Fund, Refuse Collection, Library Services, Debt Service and Capital Projects activities. The General Fund tax levy is \$6.50 mills of the 10.19 mills.

As indicated in figure 11, the City's tax rate represents just 28% 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: \$1.7 Million

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

Intergovernmental Sources: \$6.5 Million

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

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.

Fines: Forfeitures: \$1.1 Million

Primarily from court ordered penalties and forfeitures.

Miscellaneous Revenue: \$1.8 Million

Generated primarily by administrative fees and rent income.



Where the City Gets its Revenue

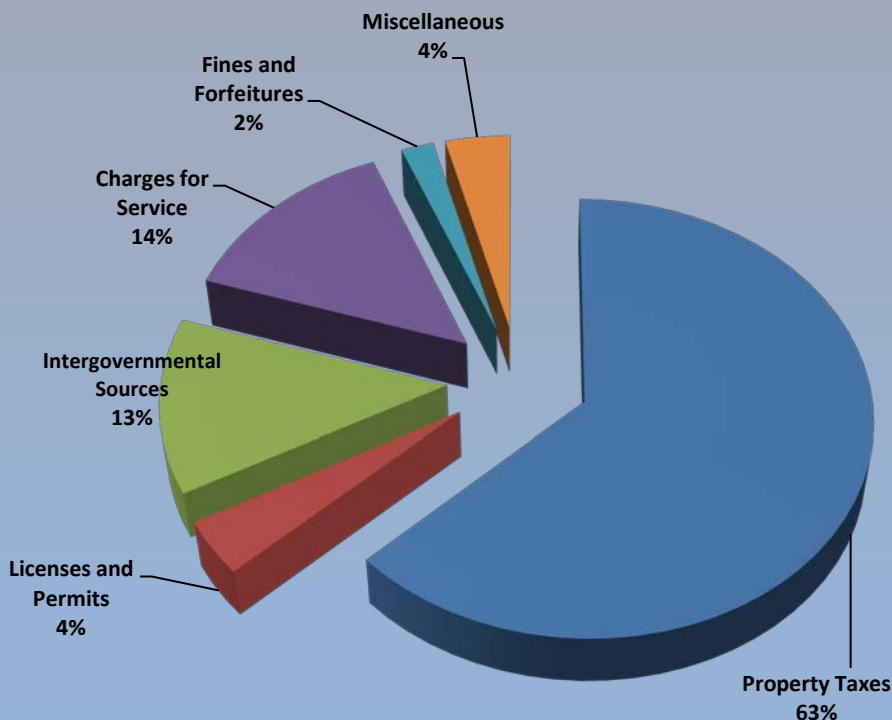


Figure 10

Where Does Your Tax Dollar Go?

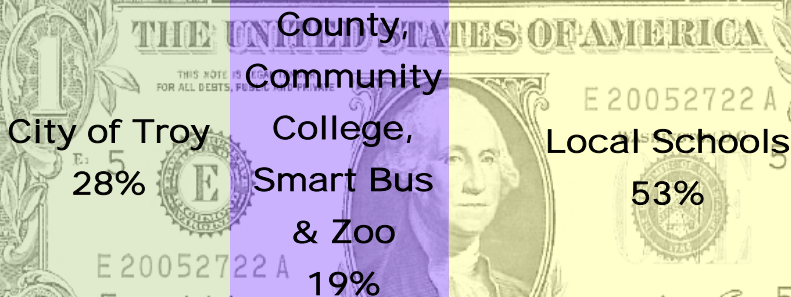


Figure 11

General Government: \$7.4 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: \$26.67 Million

Police, Fire Protection and Building Inspection.

Public Works: \$5.8 Million

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

Recreation & Culture: \$5.9 Million

Costs to provide Parks and Recreation activities.



Expenditures

General Fund Expenditures

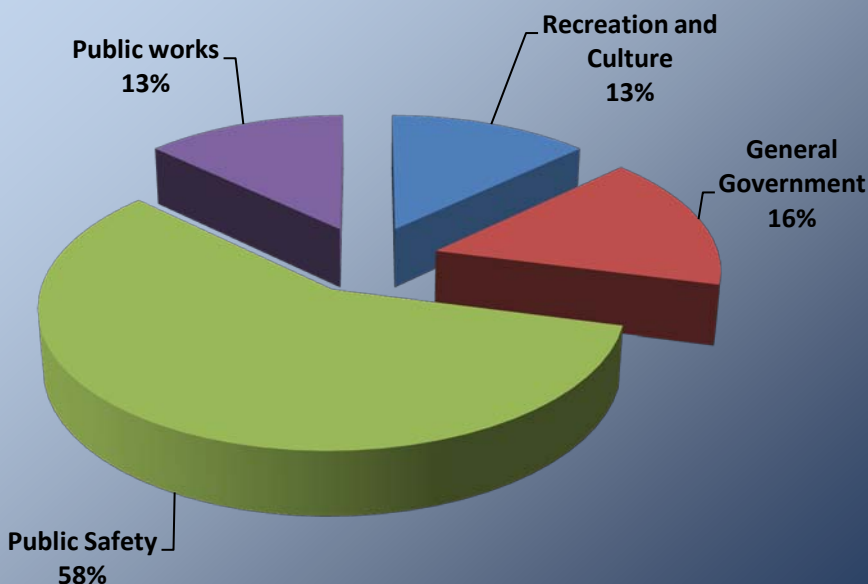


Figure 12

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, Library and Community Development Block Grant Funds are used to account for the library 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.

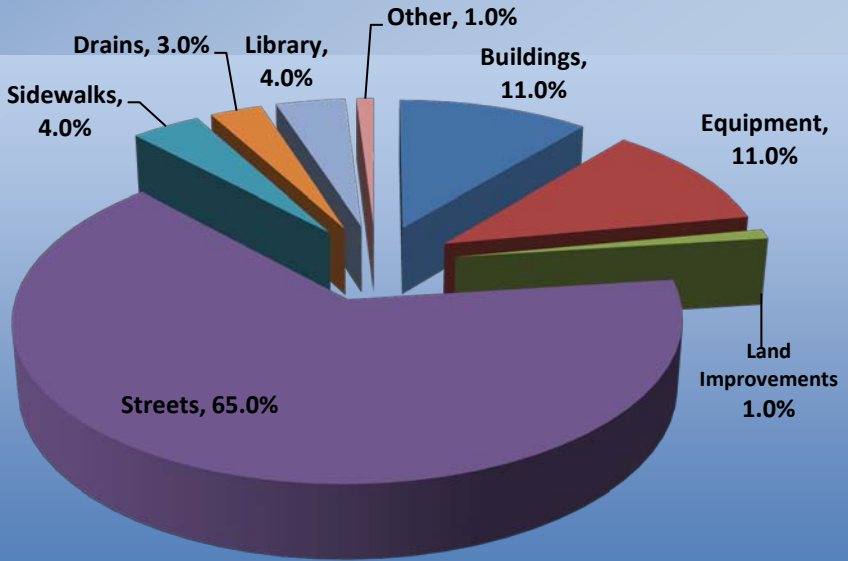
Enterprise Funds like Water, Sanitary Sewer, Aquatic Center and Golf Course Funds are used to account for operations that are similar to private business. Tracking the net income of Enterprise Funds helps evaluate programs and direct financial administration.

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: \$8 million

Street expenditures consisted of improvements to major streets \$4.8 million, local streets \$2.7 million.

Drains \$.3 Million

Library \$.5 Million

Library books/ audio visual \$0.5 million

Buildings: \$1.2 Million

Building expenditures consisted of additions/improvements to transit center \$0.35 million. City Hall \$0.49 million, Fire Stations \$0.14 million, Police \$0.16 million, other \$0.06 million.

Equipment: \$1.3 Million

Police \$0.2 million and fire \$1.1 million.

Sidewalks: \$.5 Million

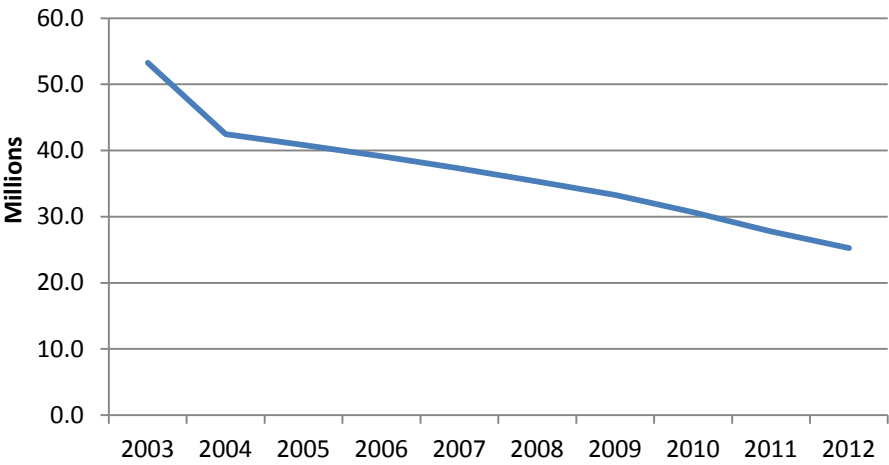
Land Improvements: \$.1 Million

Municipal/Parking Lots \$0.1 million

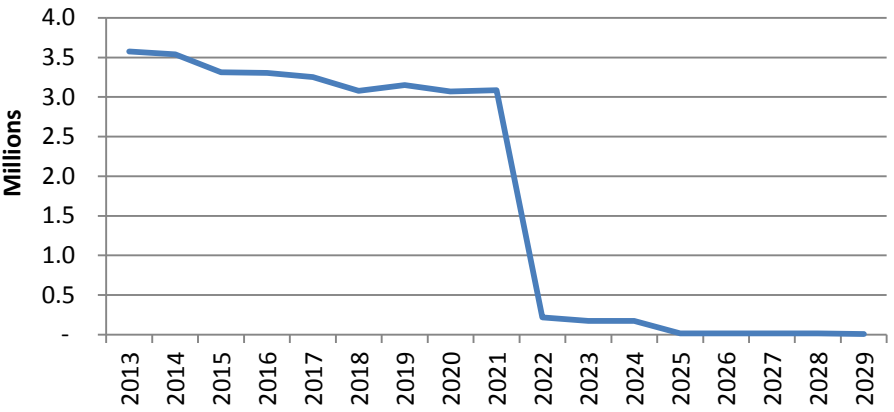


General Bond Debt and Obligation

General Bond Debt Outstanding

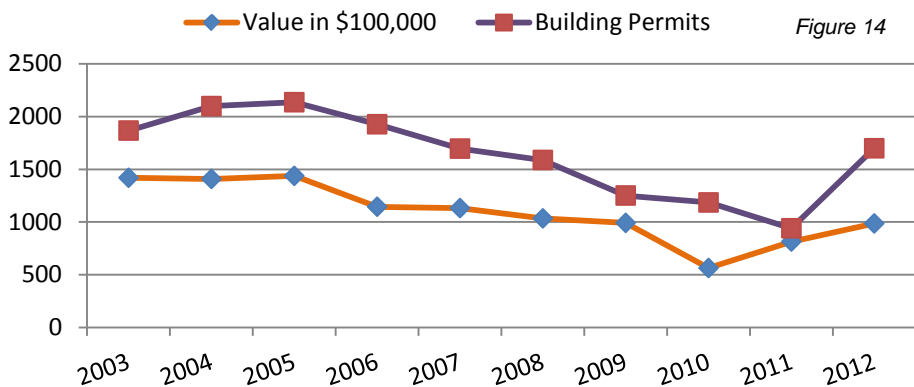


Bond Obligation Payment Requirements



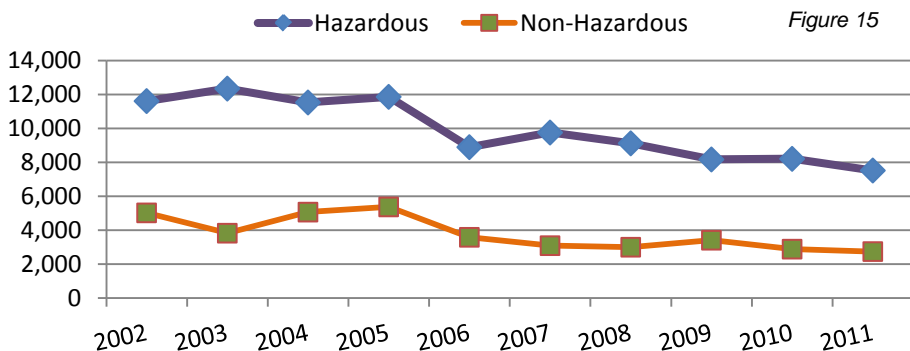
Performance Data

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 82,000 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

Engineering

Soil erosion inspections

2011

863

2012

772

Finance

Assessing

Residential appraisals

750

500

City Clerk's Office

Registered voters

55,301

57,470

Human Resources

Applications processed

110

1,566

Job postings

11

30

Purchasing

Value of goods/services purchased

\$33.3 million

\$34.2 million

Fire

Fire Department responses

1,022

1,090

Inspections performed

2,347

2,013

Parks & Recreation

Nature Center program attendance

4,150

5,078

Information Technology

Help desk requests

2,498

1,865

Figure 16



Voter Turnout

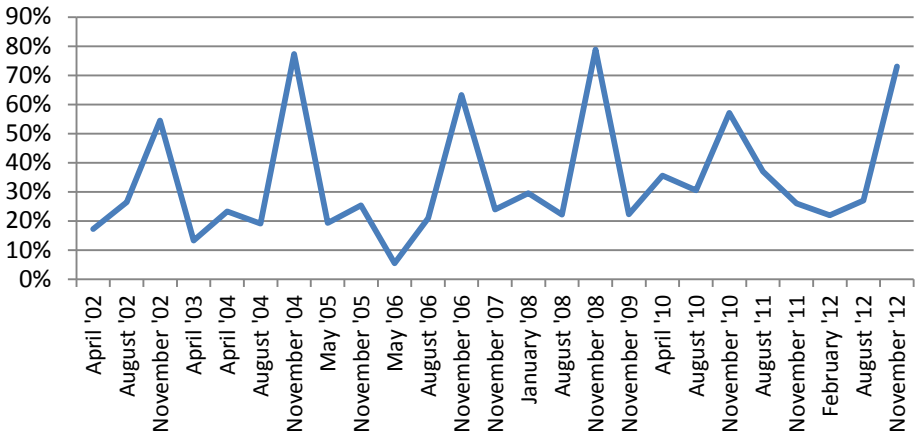


Figure 17

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)

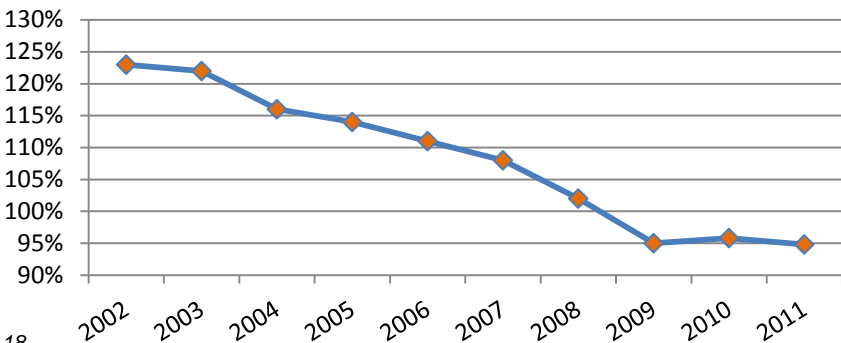
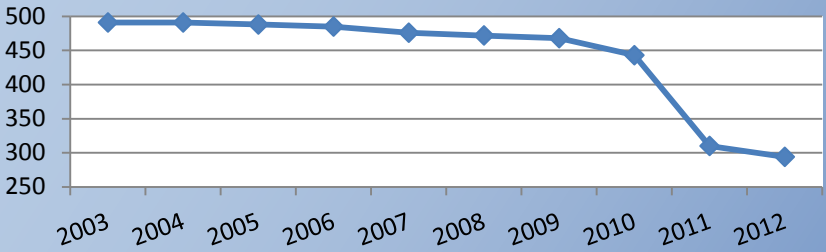


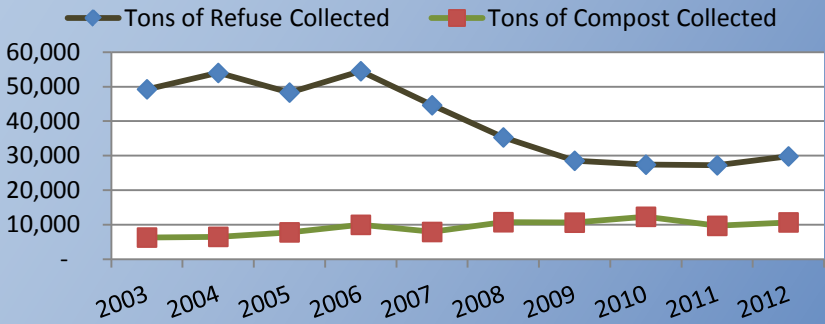
Figure 18

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.

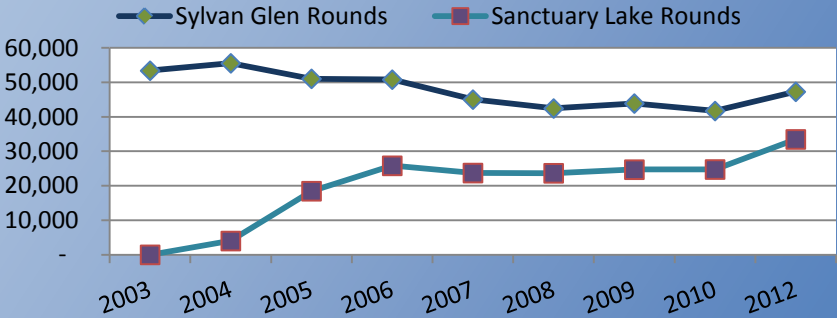
City Full-Time Staffing



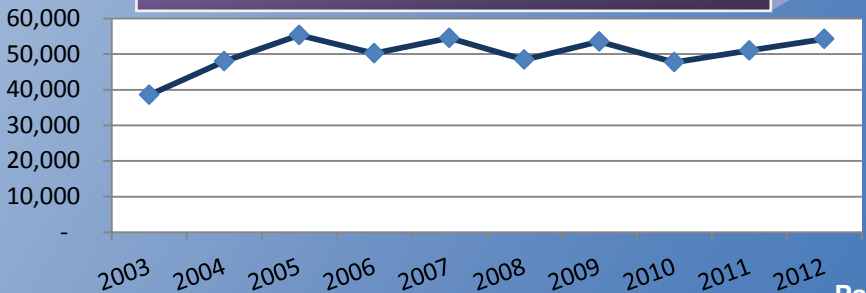
Refuse/Resource Recovery



Golf Course



Aquatic Center Admissions



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?

- Open Troy – View Check registers salaries and benefits, contracts, and union agreements
- 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 budget, City publications, and news releases
- Construction Projects & Maps
- City Code and Charter
- Email access to City Administrators
- Dashboard – Measuring Troy's Performance

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, 2012. 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, 2011. 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.

City Awards and Accolades

City Awards and Accolades

Best Place To Live in Michigan – Money Magazine named Troy to their Best Places to Live List – Number One in Michigan and among the top 100 small cities in America.

Safest City – The recently released CQ Press City Crime Rankings for 2011-2012, 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 sixth straight year, Troy received top rankings for attracting and retaining entrepreneurial firms in a study by the University of Michigan –Dearborn School of Management. The University's sixth Entrepreneurial Cities Index report, "eCities 2012," named Troy as one of the state's eight "Top Performing Communities" for fostering entrepreneurship and economic growth.

Elite Fleet Award 2012 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 Division** once again met the Blue Seal of Excellence Recognition Program standards established by the National Institute for Automotive Service Excellence (ASE). The City of Troy's Fleet Division is the only municipality in the State of Michigan that is a current member of the Blue Seal Recognition Program.

The Friends of the Troy Public Library received two prestigious awards – The National 2011 Baker & Taylor Award and the 2011 Outstanding Friends of Michigan Libraries Award by the Friends of Michigan Libraries for their outstanding efforts to support the Library.

For the 15th 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.