

CITY OF TROY

Popular Annual Financial Report

For the year ended June 30, 2015

grow through community | lead through action

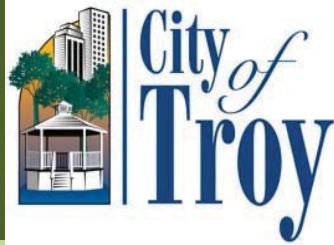


We believe a strong community embraces diversity, promotes innovation, and encourages collaboration.

We strive to lead by example within the region.

We do this because we want everyone to choose Troy as their community for life.

We believe in doing government the best.



Fast Facts

Residential Population:

83,319

(Southeast Michigan Council
of Governments - SEMCOG)

Workday Population:

170,396

(Southeast Michigan Council
of Governments - SEMCOG)

Businesses:

6,146

(City Assessor's Office)

Area:

34.3 square miles

Taxable Value:

\$4.4 billion

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 12,563. 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, Walsh College, Chamberlain College of Nursing, 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.

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.

- 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	Mean Household Income	Median Age
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
2013	82,853	33,063	107,532	41.8
2014	83,270	33,182	108,176	41.8
2015	83,319	33,233	106,454	41.8

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, 2014. 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 16 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 83,319 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 state assessed value of \$4.8 billion represents approx. 50% of the estimated current market value. Beginning in 1994, the concept of taxable value was introduced and limited the increase of value from increases realized in the market to the lower of 5% or the rate of inflation (before the consideration of new construction). Taxes are computed by multiplying the taxable value by the millage rate per thousand.

Fiscal 2015 Millage Rates

Community	Millage Rate	Rank (L=>H)
Novi	10.2000	1
Rochester Hills*	10.4496	2
Troy	10.5000	3
Auburn Hills	10.5602	4
Bloomfield Hills	10.9900	5
Rochester	12.0304	6
Farmington Hills	13.9662	7
Birmingham	15.0862	8
Sterling Heights	15.1858	9
Ann Arbor	16.4501	10
Farmington	16.5856	11
Northville	16.634	12
Pontiac**	17.0011	13
Berkley	17.5454	14
Royal Oak	18.1551	15
Pleasant Ridge	18.6476	16
Clarkston	20.2163	17
Madison Heights	22.968	18
Southfield	24.2314	19
Hazel Park	24.2651	20
Clawson	25.424	21
Huntington Woods	26.7149	22
Ferndale	30.9863	23
Detroit**	34.4064	24
Oak Park	37.1191	25

* Does Not include refuse millage (up to 3 mills)

** Also imposes income tax

Figure 2

The community's taxable value was \$4.4 billion (B) for fiscal 2015. This compares with fiscal 2014 values and indicates a leveling trend of the significant declines incurred from the 2008 great recession. As a point of reference, the fiscal 2008 taxable value was \$5.5 billion. (See figure 3)

Assessed vs. Taxable Value

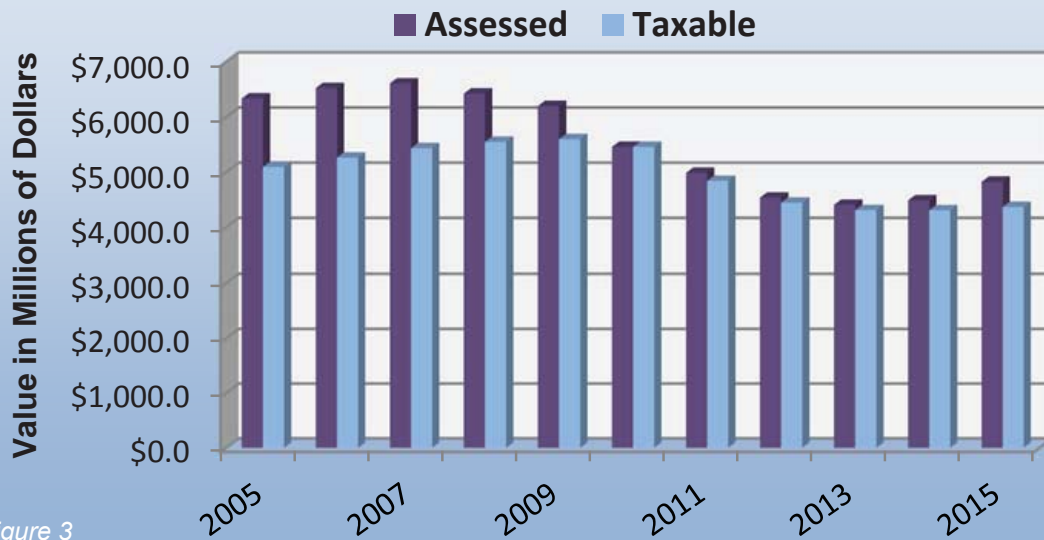


Figure 3

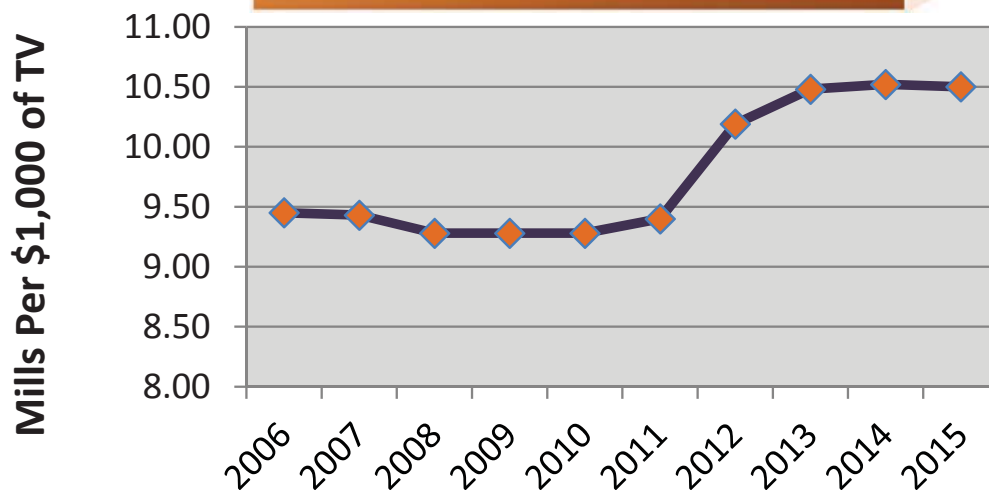
Unemployment Rates

Year	1990	2000	2010	2015
Troy	3.5%	1.6%	11.9%	4.4%
Metro Area*	7.6%	4.3%	15.2%	6.3%
Michigan	7.6%	3.6%	14.0%	5.8%
National	5.5%	4.0%	9.7%	5.5%

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

Figure 4

Millage Rate

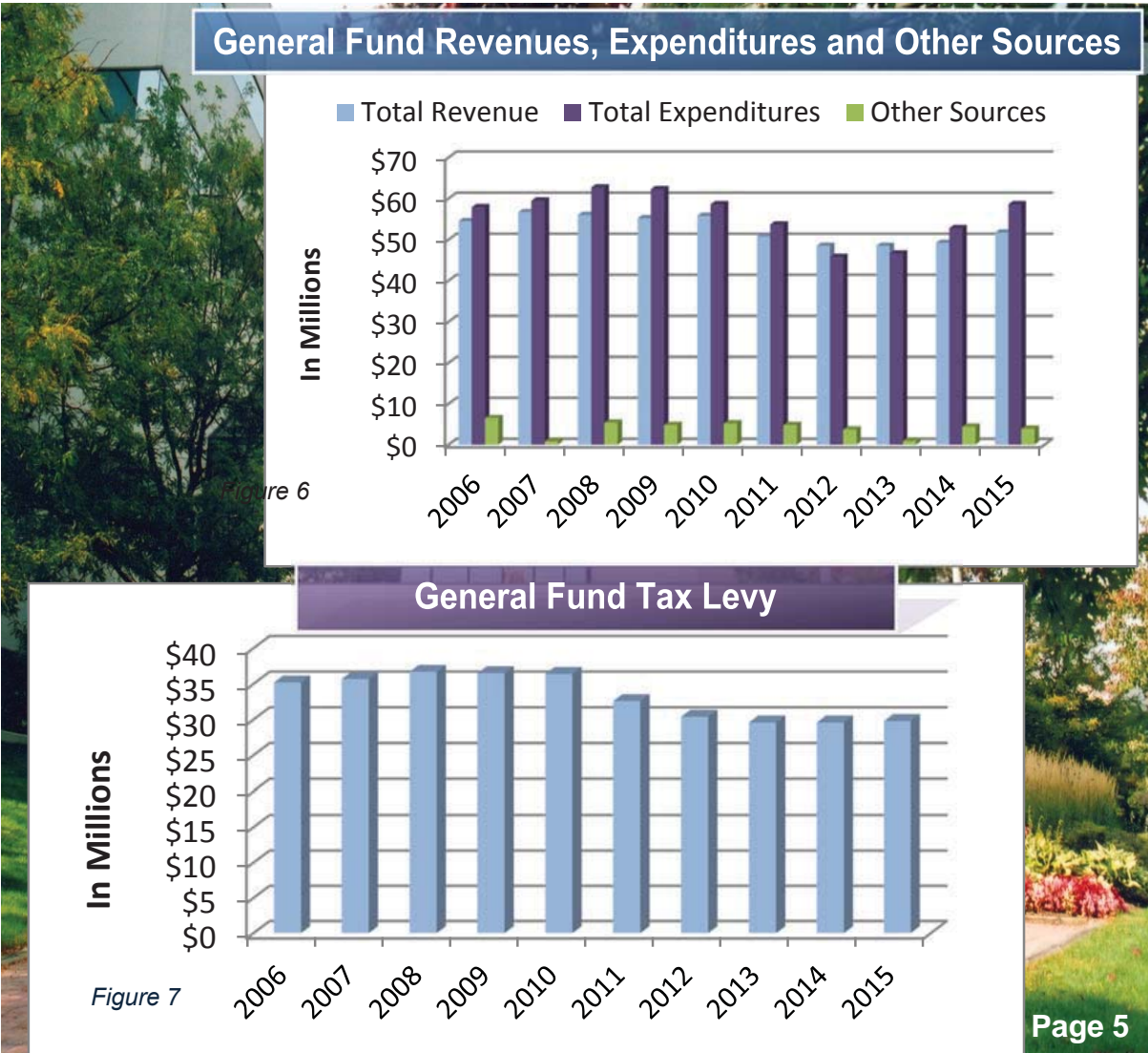


(Voter renewed Library Millage 2012)

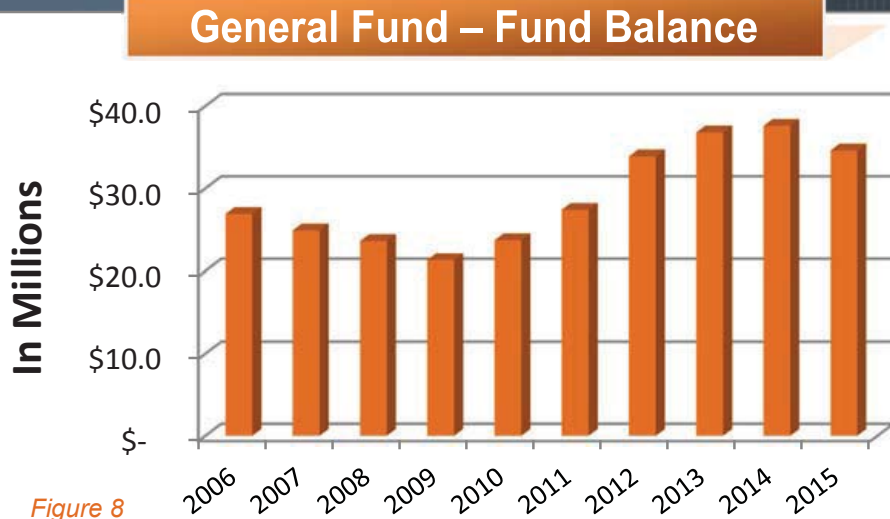
The General Fund is the general operating fund of the City and the main focus of this report. It is used to account for all financial resources except those required to be accounted for in another fund. General Fund activities are financed by revenues from general property taxes, state shared revenues 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 2006 to 2015. 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 2005, the General Fund fund balance had grown from \$23.8 to \$37.6 million. In 2007, 2008, 2009, and 2015 expenditures in excess of revenues and other sources were covered by the Fund Balance. The “Troy Roads Rock” program was a major initiative for the 2nd consecutive year. The General Fund contributed \$5.3 million to this program for fiscal year ended June 30, 2015. See the Capital Expenditures section for additional details.

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 four highest rated municipalities in Michigan. High bond ratings translate to savings for the City and its taxpayers.



Evaluating the City's Financial Condition



2015 Revenues and Expenditures (Millions)

	2008	2009	2010	2011	2012	2013	2014	2015
Revenues	\$56.0	\$55.2	\$55.8	\$50.8	\$48.5	\$48.5	\$49.2	\$51.7
Expenditures	(62.7)	(62.3)	(58.6)	(53.7)	(45.8)	(46.6)	(52.8)	(58.6)
Other Sources	5.4	4.8	5.2	4.8	3.7	1	4.4	3.9
Net Change	(1.3)	(2.3)	(2.4)	1.9	6.4	2.9	0.8	-3
Beg. Equity	24.9	23.6	21.3	25.6*	27.5	33.9	36.8	37.6
End Equity	\$23.6	\$21.3	\$23.7	\$27.5	\$33.9	\$36.8	\$37.6	\$34.6
% of expenditures	37.64	34.19	40.44	51.21	74.02	78.97	71.21	59.04

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

General Fund Revenues

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

Property Taxes: \$29.8 Million

The City's total tax rate of 10.50 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 10.50 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: \$2.9 Million

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

Intergovernmental Sources: \$7.0 Million

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

Charges for Services: \$8.8 Million

Fees charged for services and sales.

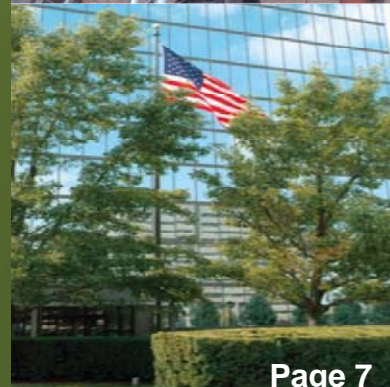
Some examples of charges for services include Community Center fees, cable franchise fees and county reimbursements.

Fines: Forfeitures: \$1.0 Million

Primarily from court ordered penalties and forfeitures.

Miscellaneous Revenue: \$2.2 Million

Generated primarily by administrative fees and rent income.



Where the City Gets its Revenue

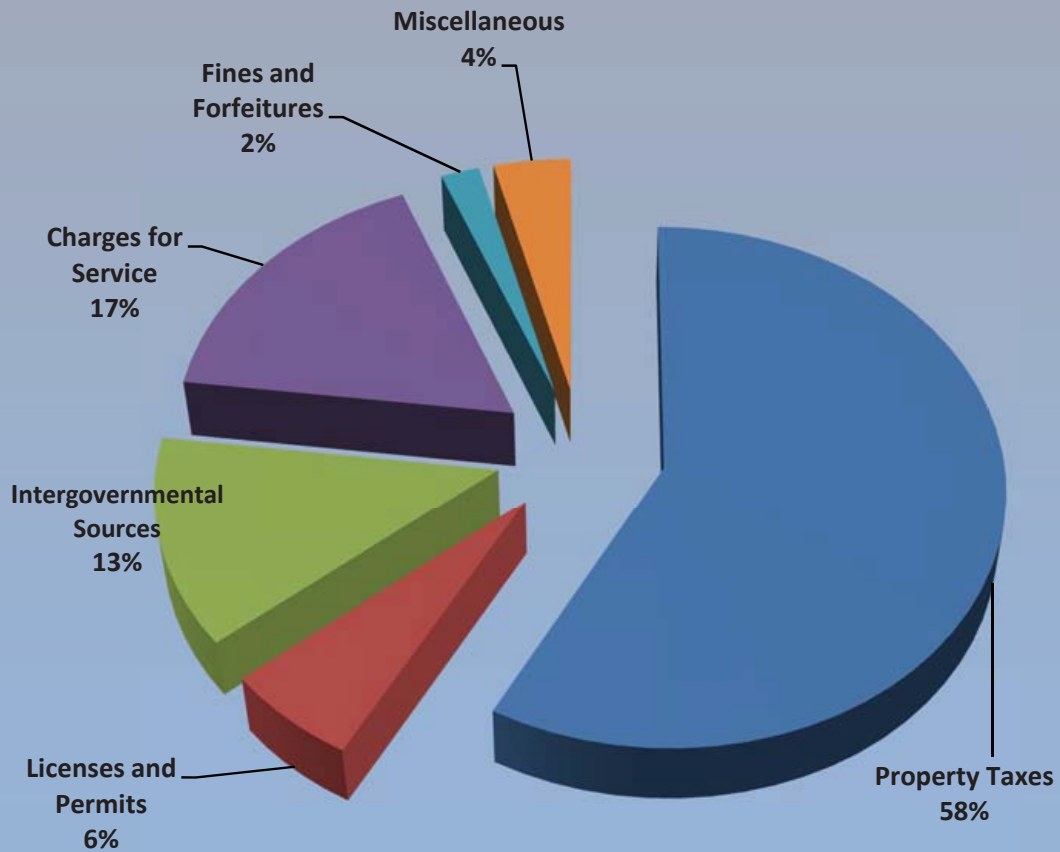


Figure 10

Where Does Your Tax Dollar Go?

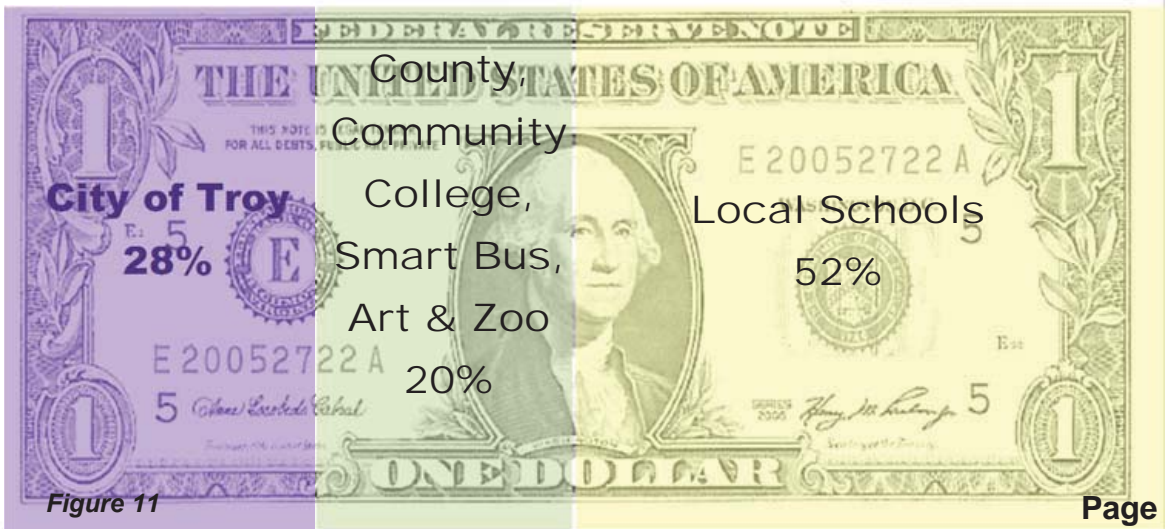


Figure 11

General Fund Expenditures

General Government: \$6.9 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, Economic & Community Development, City Hall and services.

Public Safety: \$31.0 Million

Police, Fire Protection and Building Inspection.

Public Works: \$5.6 Million

Maintenance costs for major, local and county roads, storm drains and retention ponds.

Community Development: \$3.2 Million

Includes cost for the Planning and Engineering Departments.

Recreation & Culture: \$6.5 Million

Costs to provide Parks, Recreation activities, Historic Village and Nature Center programs.

Transfers: \$5.3 Million

Includes transfers to Capital projects to fund major capital initiatives such as "Troy Roads Rock" and fire station #4.



Expenditures

General Fund Expenditures

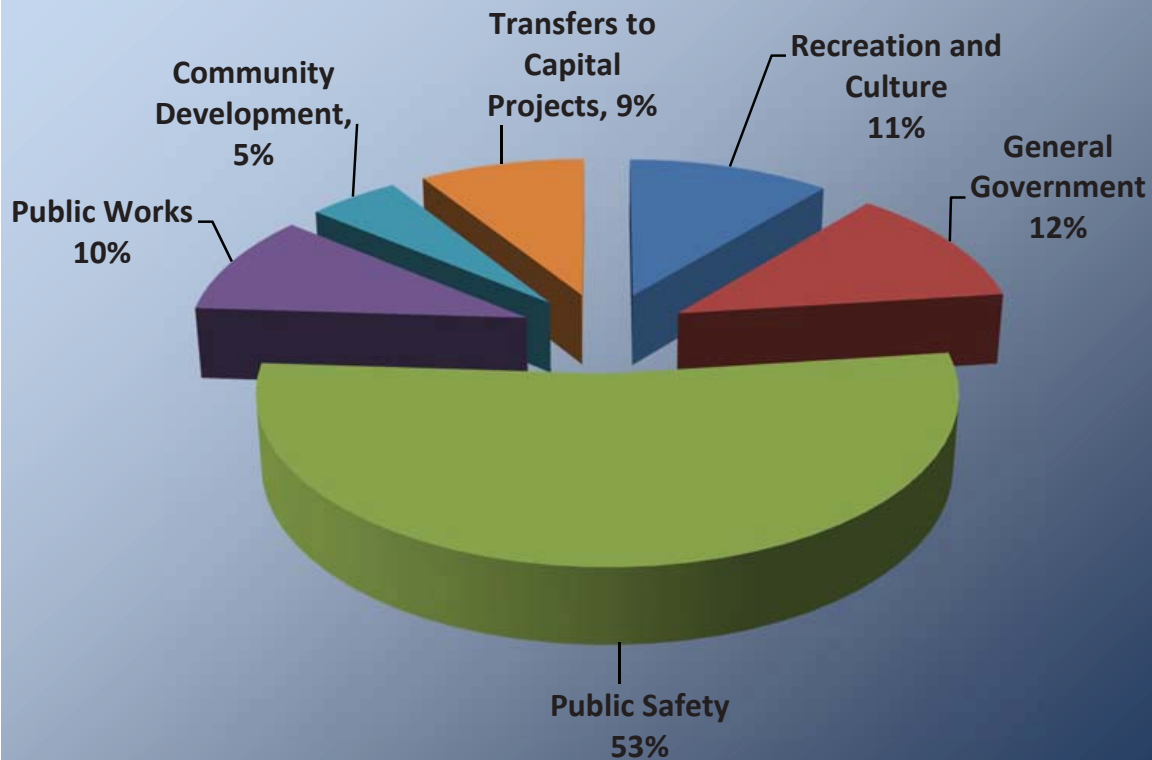


Figure 12

The General Fund major program activities are summarized in six areas: General Government, Public Safety, Public Works, Community Development, Recreation & Culture, and Transfers. 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, Drug Forfeiture, Library and Community Development Block Grant Funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for those 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 of proprietary fund types.

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. The concept includes user fees that are designed to pay for the services provided.

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.

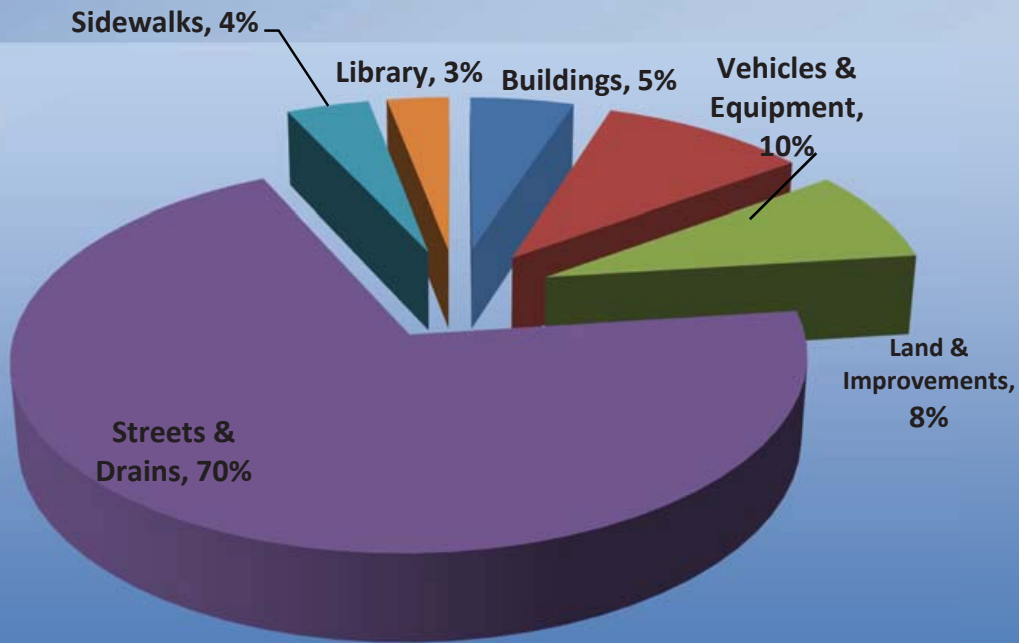
For more detailed information where the totals are represented by function, you should review the Comprehensive Annual Financial Report (CAFR). Both this summary and the CAFR are available at the Troy Public Library, 510 West Big Beaver and the City's website at: www.troymi.gov. If necessary, call 248.524.3330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



Page 11

Fiscal Year Ending June 30, 2015 Financial Summary

Capital Expenditures



Capital expenditures are disbursements that result in the acquisition of or addition to capital assets. Does not include enterprise funds such as water, sewer, and golf courses.

Figure 13

The “Troy Roads Rock” was a major initiative for the 2nd consecutive year. Using transfers from the General Fund of \$5.3 million, transfers from Major and Local Street Funds of \$2.5 million and grants of \$1.7 million, the City invested over \$14 million in street improvements this year.

Streets & Drains: \$14.6 million
Street expenditures consisted of improvements to major streets \$8.5 million, local streets \$5.5 million and drains \$0.6 million.

Buildings: \$1.0 Million
Building expenditures consisted of additions/improvements to Fire stations and the Fire-Police Training Center.

Vehicles & Equipment: \$2.0 Million
Vehicles: \$1.2 million, office equipment \$155,000 and miscellaneous equipment \$637,000.

Sidewalks: \$0.8 Million

Land & Improvements: \$1.8 Million

Municipal/Parking Lots \$0.2 million; Transit Center \$1.4 million; Fire Station 4 \$0.2 million.

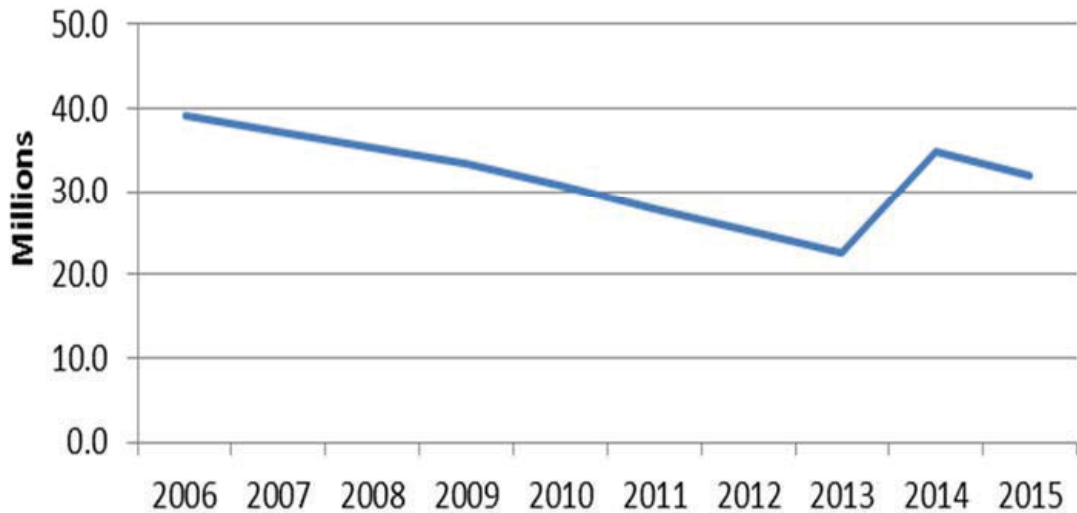
Library \$0.6 Million

Library books/ audio visual \$0.6 million

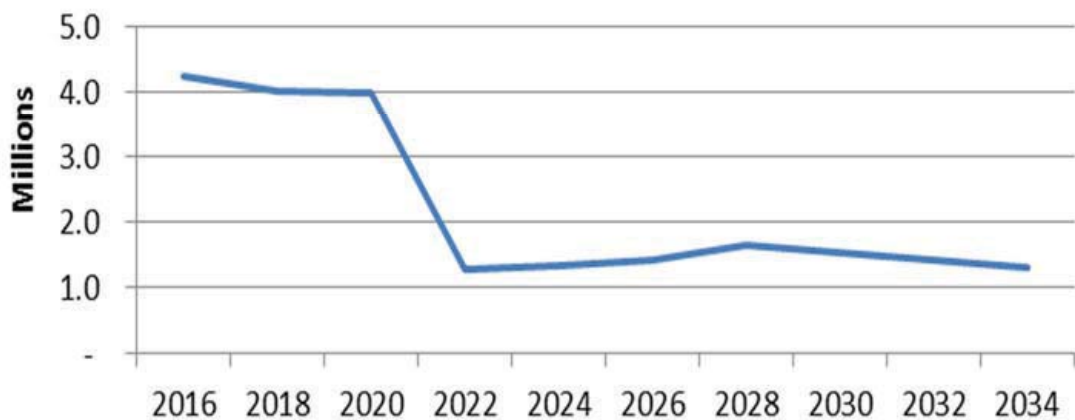


General Bond Debt and Obligation

General Bond Debt Outstanding

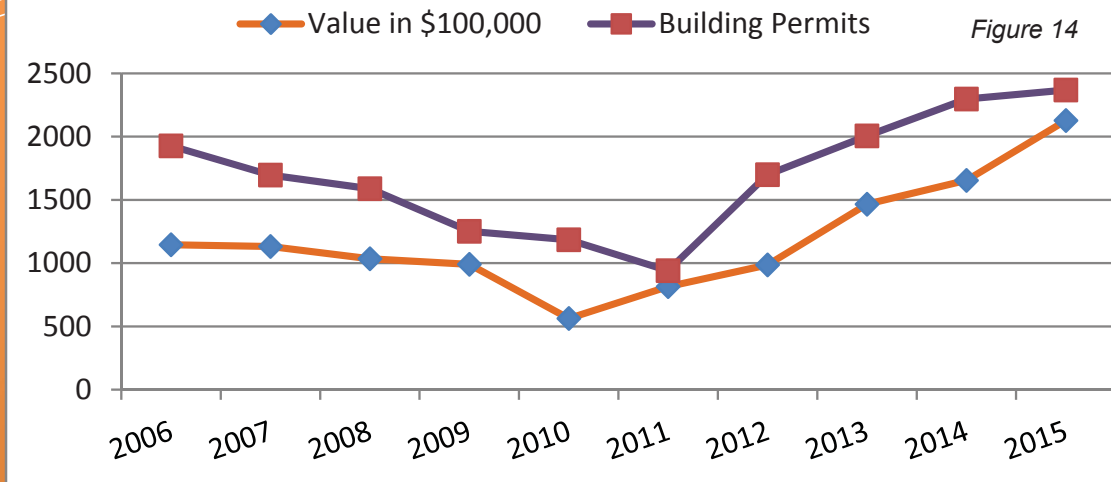


Bond Obligation Payment Requirements



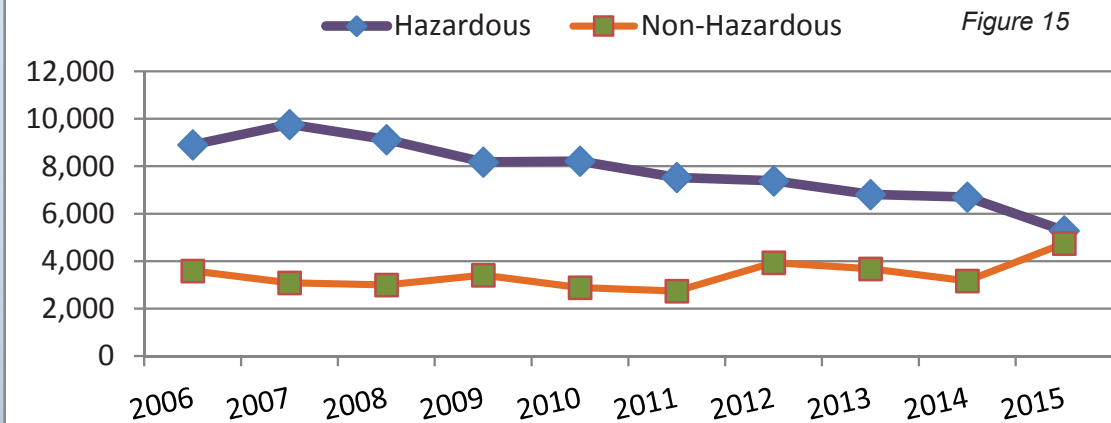
Performance Data

Building Permits and Construction



Troy's Building Department processes a wide range of construction permits each year.

Traffic Citations



Above and beyond Troy's 83,000 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

Executive Administrative

	<u>2014</u>	<u>2015</u>
GFOA Awards	3	3
District Court Appearances	7,871	8,289
New Resident Packets Distributed	790	801
Registered Voters	56,630	57,400
Job Applications Processed	1,274	1,120

Finance

Residential Appraisals	518	362
Tax Bills Processed	66,200	62,685
Water Bills Processed	102,510	102,807
Value of goods/services purchased	\$34 mil	\$35 mil

Fire Department

Responses	1,165	1,077
Inspections	2,988	2,398

Parks & Recreation

ROW Trees Trimmed	3,300	3,976
Recreation Programs Offered	480	485

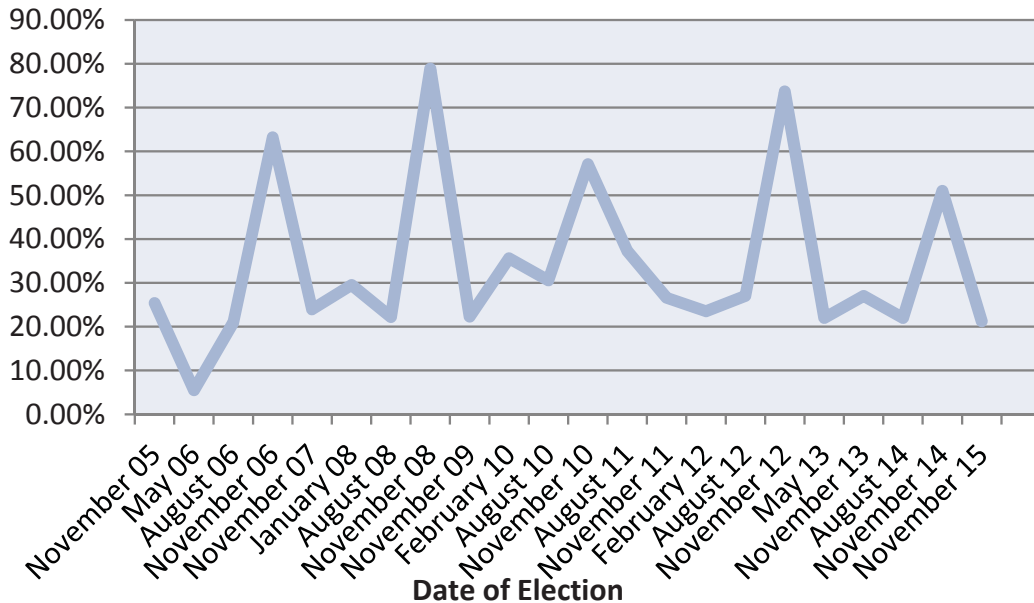
Public Works

Requests for Service	1,774	1,747
----------------------	-------	-------

Figure 16



Voter Turnout



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)

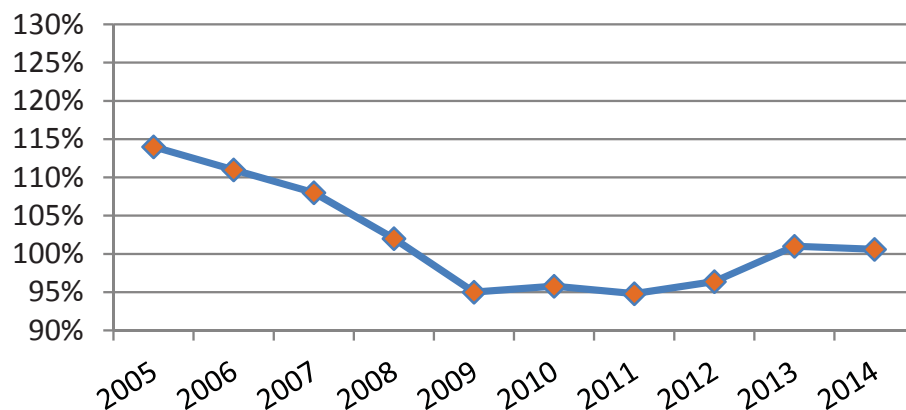
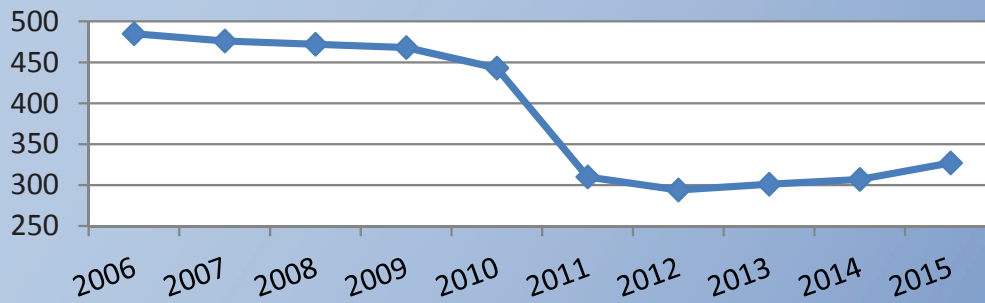


Figure 18

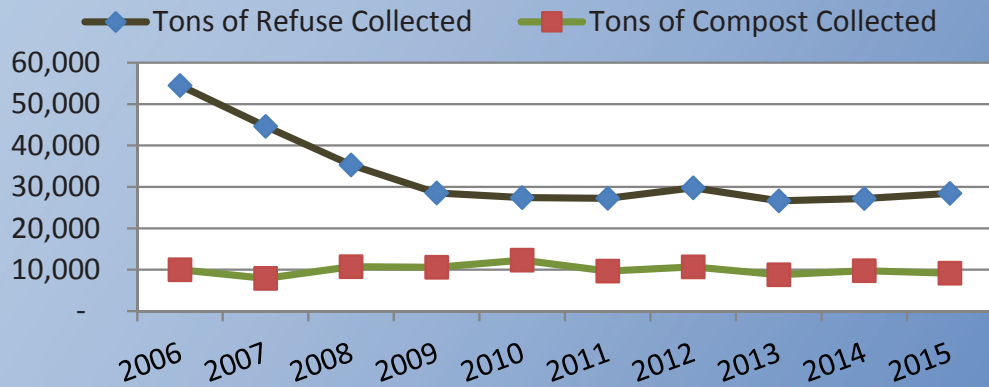
The above chart expresses the actuarial value of assets as a percentage of the actuarial accrued liability, which provides one indication of the system's funded status on an ongoing concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker.

The last actuarial valuation was as of 12/31/2014.

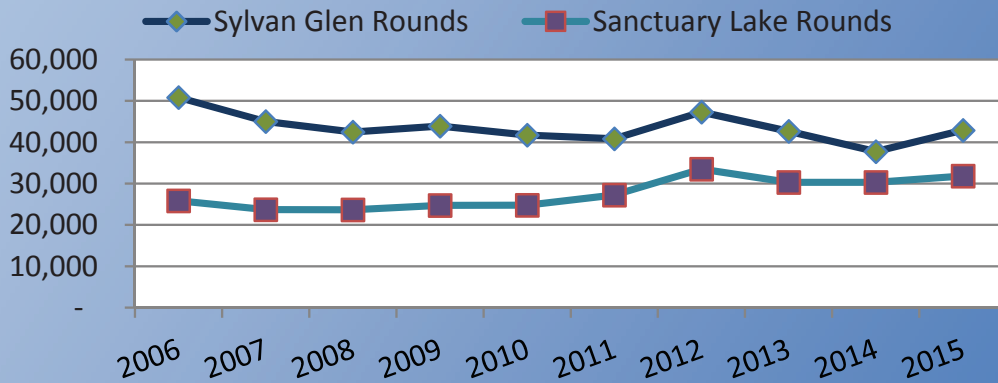
City Full-Time Staffing



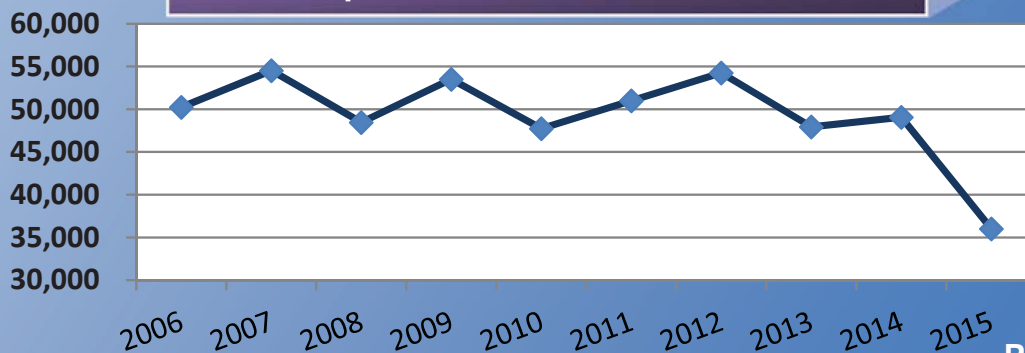
Refuse/Resource Recovery



Golf Course



Aquatic Center Admissions



Community Affairs Economic Development

New and prospective residents and businesses call 248.524.1147 or email cindy.stewart@troymi.gov to request an informational packet

City of Troy website

www.troymi.gov

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

What's online at www.troymi.gov?

- Online Payments
- Check your Property Tax Bill
- Check your Water Bill Statements
- Current Bid Items Posted by the Purchasing Department
- City Job Postings
- Community Calendar
- Youtube Channel with City Meetings & Troy Programming
- 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
- Economic Development Tools
- Dashboard – Measuring Troy's Performance
- Open Troy – Check Registers, Contracts, Salaries/Benefits, and Union Agreements

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, 2015. 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, 2014. 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

Safest City – The CQ Press City Crime Rankings for 2015, places Troy as the **Safest Michigan City** across all population sizes and **23rd overall Safest City in the US.**

Best Small City to Start a Business – In 2015, NerdWallet named Troy the 4th best small city in the U.S. to start a business.

Best Place to Raise a Family – Niche Rankings named Troy the #1 best town in Michigan to raise a family in 2015.

Healthiest Housing Market in Michigan – Smart Asset named Troy named the 5th healthiest housing market in Michigan in 2015.

The **City of Troy** received the Triple Crown in Financial Reporting from the **Government Finance Officers Association** for the Comprehensive Annual Financial Report, the Popular Annual Financial Report and the Budget Preparation. Troy is one of very few Michigan cities to receive all three **nationally recognized awards.**

Leader in Sustainability – Troy has received SEMCOG's Sustainable Community Recognition Program Award.

Best City for Young Families – NerdWallet, a consumer advocacy website, ranked Troy first among the best cities in Michigan for young families based on the City's cost of living, education system, and economic growth.

Strong City for Attracting Businesses – Troy received top rankings for attracting and retaining entrepreneurial companies for 8 straight years from the University of Michigan-Dearborn eCities annual report.

Elite Fleet Award 2013 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.

Troy was named Tree City for the 23rd year by the Arbor Day Foundation to honor its commitment to community forestry.

City of Troy 11 Strategies 2014/15

1. Improve road/infrastructure conditions including County roads;
2. Maintain a branding and marketing plan to effectively communicate.
3. Build and maintain strong, productive service levels;
4. Maintain strong Public Safety service;
5. Increase outreach to residents, businesses, and neighboring communities;
6. Facilitate redevelopment of underutilized office and industrial sites;
7. Advance technology to gain efficiencies;
8. Update and identify funding for the Pathways and Trails plan;
9. Implement a way-finding strategy for city resources;
10. Enhance gateways and entrance to create a sense of place;
11. Embrace the Transit Center.