



# TROY CITY COUNCIL

## REGULAR MEETING

### AGENDA

**DECEMBER 2, 2013**  
CONVENING AT 7:30 P.M.

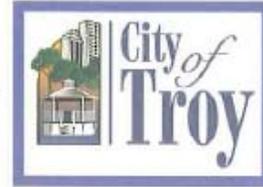
**Submitted By**  
**The City Manager**

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***NOTICE: Persons with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk at (248) 524-3316 or via e-mail at [clerk@troymi.gov](mailto:clerk@troymi.gov) at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.***

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TO: The Honorable Mayor and City Council  
Troy, Michigan

FROM: Brian Kischnick, City Manager

SUBJECT: Background Information and Reports

Ladies and Gentlemen:

This booklet provides a summary of the many reports, communications and recommendations that accompany your agenda. Also included are suggested or requested resolutions and/or ordinances for your consideration and possible adoption.

Supporting materials transmitted with this Agenda have been prepared by department directors and staff members. I am indebted to them for their efforts to provide insight and professional advice for your consideration.

As always, we are happy to provide such added information as your deliberations may require.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "B. Kischnick". The signature is written in a cursive style.

Brian Kischnick, City Manager



# TROY CITY COUNCIL

## VISION STATEMENT AND GOALS

Adopted: Monday, February 7, 2011

### **VISION:**

To honor the legacy of the past and build a strong, vibrant future and be an attractive place to live, work, and grow a business.

### **GOALS:**

#### **Provide a safe, clean, and livable city**

- Practice good stewardship of infrastructure
- Maintain high quality professional community oriented police and fire protection
- Conserve resources in an environmentally responsible manner
- Encourage development toward a walkable, livable community

#### **Provide effective and efficient local government**

- Demonstrate excellence in community services
- Maintain fiscally sustainable government
- Attract and support a committed and innovative workforce
- Develop and maintain efficiencies with internal and external partners
- Conduct city business and engage in public policy formation in a clear and transparent manner

#### **Build a sense of community**

- Communicate internally and externally in a timely and accurate manner
- Develop platforms for transparent, deliberative and meaningful community conversations
- Involve all stakeholders in communication and engagement activities
- Encourage volunteerism and new methods for community involvement
- Implement the connectedness of community outlines in the Master Plan 2008

#### **Attract and retain business investment**

- Clearly articulate an economic development plan
  - Create an inclusive, entrepreneurial culture internally and externally
  - Clarify, reduce and streamline investment hurdles
  - Consistently enhance the synergy between existing businesses and growing economic sectors
  - Market the advantages of living and working in Troy through partnerships
-



# CITY COUNCIL AGENDA

December 2, 2013 – 7:30 PM  
Council Chambers  
City Hall - 500 West Big Beaver  
Troy, Michigan 48084  
(248) 524-3317

**INVOCATION: Pastor Simion Timbuc From Bethesda Romanian Pentecostal Church 1**

**PLEDGE OF ALLEGIANCE: 1**

**A. CALL TO ORDER: 1**

**B. ROLL CALL: 1**

**C. CERTIFICATES OF RECOGNITION AND SPECIAL PRESENTATIONS: 1**

C-1 2013 Comprehensive Annual Financial Report (CAFR) *(Presented by: Tom Darling, Financial Services Director)* 1

**D. CARRYOVER ITEMS: 1**

D-1 No Carryover Items 1

**E. PUBLIC HEARINGS: 1**

E-1 No Public Hearings 1

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<b><u>F.</u></b>	<b><u>PUBLIC COMMENT FOR ITEMS ON THE AGENDA FROM TROY RESIDENTS AND BUSINESSES:</u></b>	<b><u>2</u></b>
<b><u>G.</u></b>	<b><u>CITY COUNCIL/CITY ADMINISTRATION RESPONSE/REPLY TO PUBLIC COMMENT:</u></b>	<b><u>3</u></b>
<b><u>H.</u></b>	<b><u>POSTPONED ITEMS:</u></b>	<b><u>3</u></b>
H-1	No Postponed Items	3
<b><u>I.</u></b>	<b><u>REGULAR BUSINESS:</u></b>	<b><u>3</u></b>
I-1	Board and Committee Appointments: a) Mayoral Appointments – Local Development Finance Authority (LDFA), Planning Commission; b) City Council Appointments – Employee Retirement System Board of Trustees/Retiree Health Care Benefits Plan and Trust, Southeastern Michigan Council of Governments (SEMCOG)	3
I-2	Board and Committee Nominations: a) Mayoral Nominations – None; b) City Council Nominations – Liquor Advisory Commission	5
I-3	No Closed Session Requested	6
I-4	Contract Ratification - Troy Communication Supervisors Association Contract <i>(Introduced by: Peggy Sears, Human Resources Director)</i>	6
I-5	Termination of Required Furlough Hours <i>(Introduced by: Brian Kischnick, City Manager)</i>	6
<b><u>J.</u></b>	<b><u>CONSENT AGENDA:</u></b>	<b><u>7</u></b>
J-1a	Approval of “J” Items NOT Removed for Discussion	7
J-1b	Address of “J” Items Removed for Discussion by City Council	7
J-2	Approval of City Council Minutes	7
	a) City Council Meeting Minutes-Draft – November 25, 2013.....	7
J-3	Proposed City of Troy Proclamations: None Submitted	7

---

J-4	Standard Purchasing Resolutions: None Submitted	7
J-5	Traffic Committee Recommendations and Minutes – November 20, 2013	7
J-6	Request for Approval of Agreement to Purchase Realty for Public Purposes for John R Road Improvements, Square Lake to South Boulevard – Project No. 02.204.5, Parcel #48 – Sidwell #88-20-02-228-031	8
<b><u>K.</u></b>	<b><u>MEMORANDUMS AND FUTURE COUNCIL AGENDA ITEMS:</u></b>	<b><u>8</u></b>
K-1	Announcement of Public Hearings: None Submitted	8
K-2	Memorandums (Items submitted to City Council that may require consideration at some future point in time): None Submitted	8
<b><u>L.</u></b>	<b><u>PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA FROM TROY RESIDENTS AND BUSINESSES:</u></b>	<b><u>8</u></b>
<b><u>M.</u></b>	<b><u>COUNCIL REFERRALS:</u></b>	<b><u>8</u></b>
M-1	No Council Referrals Advanced	8
<b><u>N.</u></b>	<b><u>COUNCIL COMMENTS:</u></b>	<b><u>8</u></b>
N-1	No Council Comments Advanced	8
<b><u>O.</u></b>	<b><u>REPORTS:</u></b>	<b><u>9</u></b>
O-1	Minutes – Boards and Committees:	9
	a) Building Code Board of Appeals-Final – October 2, 2013.....	9
	b) Zoning Board of Appeals-Final – October 15, 2013 .....	9
	c) Building Code Board of Appeals-Draft – November 6, 2013 .....	9
	d) Planning Commission-Draft – November 12, 2013 .....	9
O-2	Department Reports:	9
	a) Submittal of the 2013 Comprehensive Annual Financial Report (CAFR).....	9
O-3	Letters of Appreciation:	9

---

a)	To Paul Featherston, SafeBuilt Building Official, From Chris Fuchs, President of Code Officials' Conference of Michigan, Congratulating Him on Being Elected First Director in Charge of Planning and Education for the Code Officials Conference of Michigan.....	9
b)	To Sergeant Andy Breidenich From Brenda Balas, Leadership Team Chair, for Hosting a Meeting for the Troy-Area Interfaith Group .....	9
c)	To Chief Gary Mayer From Edward Bova, Sr. Instructor of the National Association of School Resource Officers Regarding the Basic Training Course Sponsored by the Troy Police Department .....	9
d)	To Chief Mayer From Renee Atkinson Regarding Police Service Assisting in a Road Safety Issue .....	9
e)	To Chief Mayer From John Reynolds, Sr. Operations Manager from Delphi, Recognizing Sergeant Andy Breidenich for His <i>Workplace Violence-Active Shooter</i> Training Course .....	9
O-4	Proposed Proclamations/Resolutions from Other Organizations: None Submitted	9
<b><u>P.</u></b>	<b><u>COMMENTS ON ITEMS ON OR NOT ON THE AGENDA FROM MEMBERS OF THE PUBLIC OUTSIDE OF TROY (NOT RESIDENTS OF TROY AND NOT FROM TROY BUSINESSES):</u></b>	<b><u>9</u></b>
<b><u>Q.</u></b>	<b><u>STUDY ITEMS:</u></b>	<b><u>9</u></b>
Q-1	No Study Items	9
<b><u>R.</u></b>	<b><u>CLOSED SESSION:</u></b>	<b><u>9</u></b>
R-1	No Closed Session Requested	9
<b><u>S.</u></b>	<b><u>ADJOURNMENT:</u></b>	<b><u>9</u></b>
	<b><u>FUTURE CITY COUNCIL PUBLIC HEARINGS:</u></b>	<b><u>10</u></b>
	<b><u>SCHEDULED REGULAR CITY COUNCIL MEETINGS:</u></b>	<b><u>10</u></b>
	December 16, 2013 Regular Meeting.....	10
	January 13, 2014 Regular Meeting.....	10
	January 27, 2014 Regular Meeting.....	10
	February 3, 2014 Regular Meeting .....	10
	February 10, 2014 Regular Meeting .....	10
	March 3, 2014 Regular Meeting .....	10
	March 17, 2014 Regular Meeting .....	10
	April 7, 2014 Regular Meeting .....	10
	April 14, 2014 Regular Meeting .....	10
	May 12, 2014 Regular Meeting.....	10

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May 19, 2014	Regular Meeting.....	10
June 2, 2014	Regular Meeting .....	10
June 16, 2014	Regular Meeting .....	10
July 7, 2014	Regular Meeting.....	10
July 21, 2014	Regular Meeting.....	10
August 11, 2014	Regular Meeting .....	10
August 25, 2014	Regular Meeting .....	10
September 8, 2014	Regular Meeting.....	10
September 22, 2014	Regular Meeting.....	10
October 6, 2014	Regular Meeting .....	10
October 20, 2014	Regular Meeting .....	10
November 10, 2014	Regular Meeting.....	10
November 24, 2014	Regular Meeting.....	10
December 1, 2014	Regular Meeting.....	10
December 15, 2014	Regular Meeting.....	10

**SCHEDULED SPECIAL CITY COUNCIL MEETINGS: 10**

February 5, 2014	Liquor Advisory Meeting.....	10
February 19, 2014	Liquor Advisory Meeting.....	10
April 21, 2014	Special Budget Meeting .....	10
April 23, 2014	Special Budget Meeting .....	10



**INVOCATION: Pastor Simion Timbuc From Bethesda Romanian Pentecostal Church**

**PLEDGE OF ALLEGIANCE:**

**A. CALL TO ORDER:**

**B. ROLL CALL:**

- a) Mayor Dane Slater  
Jim Campbell  
Wade Fleming  
Dave Henderson  
Ellen Hodorek  
Ed Pennington  
Doug Tietz

- b) Excuse Absent Council Members:

Suggested Resolution

Resolution #2013-12-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **EXCUSES** the absence of \_\_\_\_\_ at the Regular City Council Meeting of December 2, 2013, due to \_\_\_\_\_.

Yes:

No:

**C. CERTIFICATES OF RECOGNITION AND SPECIAL PRESENTATIONS:**

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**C-1** 2013 Comprehensive Annual Financial Report (CAFR) *(Presented by: Tom Darling, Financial Services Director)*

**D. CARRYOVER ITEMS:**

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**D-1** No Carryover Items

**E. PUBLIC HEARINGS:**

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**E-1** No Public Hearings

## F. PUBLIC COMMENT FOR ITEMS ON THE AGENDA FROM TROY RESIDENTS AND BUSINESSES:

**In accordance with the Rules of Procedure for the City Council, Article 17 – Members of the Public and Visitors:**

Any person not a member of the City Council may address the Council with recognition of the Chair, after clearly stating the nature of his/her inquiry or comment. *City Council requests that if you do have a question or concern, to bring it to the attention of the appropriate department(s) whenever possible. If you feel that the matter has not been resolved satisfactorily, you are encouraged to bring it to the attention of the City Manager, and if still not resolved satisfactorily, to the Mayor and Council.*

- Petitioners shall be given a fifteen (15) minute presentation time that may be extended with the majority consent of City Council.
- Any member of the public, not a petitioner of an item, shall be allowed to speak for up to three (3) minutes to address any Public Hearing item.
- Any Troy resident or Troy business representative, not a petitioner of an item, shall be allowed to speak for up to three (3) minutes total to address Postponed, Regular Business, Consent Agenda or Study items or any other item on the Agenda as permitted under the Open Meetings Act during the *Public Comment for Items On the Agenda from Troy Residents and Businesses* portion of the Agenda.
- Any Troy resident or Troy business representative, not a petitioner of an item, shall be allowed to speak for up to three (3) minutes to address any topic not on the Agenda as permitted under the Open Meetings Act during the *Public Comment for Items Not on the Agenda from Troy Residents and Businesses* portion of the Agenda.
- Any member of the public who is not a Troy resident or Troy business representative shall be allowed to speak for up to three (3) minutes to address any topic on or not on the Agenda as permitted under the Open Meetings Act during the *Comments for Items On or Not On the Agenda from Members of the Public Outside of Troy (Not Residents of Troy and Not From Troy Businesses)* portion of the Agenda.
- All members of the public who wish to address the Council at a meeting shall be allowed to speak only if they have signed up to speak within thirty minutes before or within fifteen minutes after the meeting's start time. Signing up to speak requires each speaker provide his or her name and residency status (Troy resident, non-resident, or Troy business owner). If the speaker is addressing an Item (or Items) that appear on the pre-printed agenda, then the speaker shall also identify each such agenda item number(s) to be addressed.
- City Council may waive the requirements of this section by a majority vote of the City Council members.
- Agenda items that are related to topics where there is significant public input anticipated should initiate the scheduling of a Special meeting for that specific purpose.

The following has been approved by Troy City Council as a statement of the rules of decorum for City Council meetings. The Mayor will also provide a verbal notification of these rules prior to Public Comment:

*The audience should be aware that all comments are to be directed to the Council rather than to City Administration or the audience. Anyone who wishes to address the Council is required to sign up to speak within thirty minutes before or within fifteen minutes of the start of the meeting. There are three Public Comment portions of the Agenda. For Items On the Agenda, Troy Residents and Business Owners can sign up to address Postponed, Regular Business,*

*Consent Agenda, or Study items or any other item on the Agenda. Troy Residents and Business Owners can sign up to address all other topics under Items Not on the Agenda. All Speakers who do not live in Troy or own a Troy business may sign up to speak during the Comments on Items On and Not On the Agenda from Members of the Public Outside of Troy. Also, there is a timer on the City Council table in front of the Mayor that turns yellow when there is one minute of speaker time remaining, and turns red when the speaker's time is up.*

*In order to make the meeting more orderly and out of respect, please do not clap during the meeting, and please do not use expletives or make derogatory or disparaging comments about any one person or group. If you do so, then there may be immediate consequences, including having the microphone turned off, being asked to leave the meeting, and/or the deletion of speaker comments for any re-broadcast of the meeting. Speakers should also be careful to avoid saying anything that would subject them to civil liability, such as slander and defamation.*

*Please avoid these consequences and voluntarily assist us in maintaining the decorum befitting this great City.*

**G. CITY COUNCIL/CITY ADMINISTRATION RESPONSE/REPLY TO PUBLIC COMMENT:**

**H. POSTPONED ITEMS:**

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**H-1 No Postponed Items**

**I. REGULAR BUSINESS:**

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**I-1 Board and Committee Appointments: a) Mayoral Appointments – Local Development Finance Authority (LDFA), Planning Commission; b) City Council Appointments – Employee Retirement System Board of Trustees/Retiree Health Care Benefits Plan and Trust, Southeastern Michigan Council of Governments (SEMCOG)**

**a) Mayoral Appointments:**

Suggested Resolution  
Resolution #2013-12-  
Moved by  
Seconded by

RESOLVED, That the Mayor of the City of Troy hereby **APPOINTS** the following nominated person(s) to serve on the Boards and Committees as indicated:

**Local Development Finance Authority (LDFA)**

Appointed by Mayor  
5 Regular Members  
Staggered 4 Year Term

**Term Expires: 11/13/2017**

**Ellen Hodorek**

**(Alternate)**

Term previously held by: Maureen McGinnis

**Planning Commission**

Appointed by Mayor  
9 Regular Members  
3 Year Term

**Term Expires: 12/31/2016**

**Donald Edmunds**

Term currently held by: Donald Edmunds

**Term Expires: 12/31/2016**

**Steve Gottlieb**

Term currently held by: Edward Kempen

**Term Expires: 12/31/2016**

**Thomas Krent**

Term currently held by: Thomas Krent

Yes:  
No:  
Absent:

**b) City Council Appointments:**

Suggested Resolution  
Resolution #2013-12-  
Moved by  
Seconded by

RESOLVED, That Troy City Council hereby **APPOINTS** the following nominated person(s) to serve on the Boards and Committees as indicated:

**Employee Retirement System Board of Trustees / Retiree Health Care Benefits Plan & Trust**

Appointed by Council  
6 Regular Members and 2 Ordinance Members:  
(1) Troy Citizen.; (1) City Council Member.; (1) Retiree-DB; (3) Trustees - Elected;  
City Manager; Asst. City Manager-Finance & Administration  
3 Year Term

**Term Expires: 12/31/2016**

**William Need**

**Ex-Officio-DB Retiree Rep.**

Term currently held by: William Need

**Southeastern Michigan Council of Governments (SEMCOG)**

Appointed by Council

1 Regular and 1 Alternate  
Appointed Every Odd-Year Election

**Term Expires: 11/10/2015**

**James Campbell**

**(Delegate)**

Term currently held by: James Campbell

**Term Expires: 11/10/2015**

**Mark Miller**

**(Alternate)**

Term currently held by: Mark Miller

Yes:  
No:  
Absent:

**I-2 Board and Committee Nominations: a) Mayoral Nominations – None; b) City Council Nominations – Liquor Advisory Commission**

a) **Mayoral Nominations: None**

b) **City Council Nominations:**

Suggested Resolution

Resolution #2013-12-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **FORWARDS** the following nominated person(s) to serve on the Boards and Committees as indicated to the next Regular City Council Meeting for action:

**Liquor Advisory Committee**

Appointed by Council

7 Regular Members

3 Year Term

**Current Members:**

Last Name	First Name	App Res Expire	Appointment Expire	Notes 3
Ehlert	Max	11/15/2013	1/31/2015	
Godlewski	W. Stan	12/14/2012	1/31/2014	Requests Reappointment
Hall	Patrick	12/12/2014	1/31/2016	
<i>Huber</i>	<i>Robert</i>	<i>3/1/2015</i>	<i>7/31/2014</i>	<i>Student</i>
Kaltsounis	Andrew	12/13/2014	1/31/2016	
Oberski	Jeff		12/31/2099	
Payne	Timothy	2/8/2014	1/31/2015	
Ukrainec	Bohdan	12/23/2012	1/31/2014	

Vacancy			1/31/2015	Matthew Binkowski resigned 11/25/2013
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**Nominations to the Liquor Advisory Committee:**

**Term Expires: 1/31/2015**

Term currently held by: Vacancy-Matthew Binkowski resigned 11/25/2013

**Interested Applicants:**

Last Name	First Name	App Res Expire	Notes 3
<i>Boudon</i>	<i>Frank</i>	<i>5/15/2015</i>	<i>Student on Planning Comm exp 7/31/2014</i>
<i>Bluhm</i>	<i>David</i>	<i>10/21/2015</i>	<i>Student on Parks &amp; Rec Bd exp 7/31/2014</i>
Gottlieb	Steve	11/8/2015	

Yes:  
No:  
Absent:

**I-3 No Closed Session Requested**

**I-4 Contract Ratification - Troy Communication Supervisors Association Contract  
(Introduced by: Peggy Sears, Human Resources Director)**

Suggested Resolution  
Resolution #2013-12-  
Moved by  
Seconded by

RESOLVED, That a collective bargaining agreement between the City of Troy and TCSA for the period July 1, 2013 through June 30, 2016 is hereby **RATIFIED** by the City Council of the City of Troy, and the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the final agreement.

Yes:  
No:  
Absent:

**I-5 Termination of Required Furlough Hours (Introduced by: Brian Kischnick, City Manager)**

Suggested Resolution  
Resolution #2013-12-  
Moved by  
Seconded by

RESOLVED, That Troy City Council hereby **TERMINATES** furlough hours required of City employees effective January 1, 2014.

Yes:  
No:  
Absent:

**J. CONSENT AGENDA:**

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**J-1a Approval of “J” Items NOT Removed for Discussion**

Suggested Resolution  
Resolution #2013-12-  
Moved by  
Seconded by

RESOLVED, That Troy City Council hereby **APPROVES** all items on the Consent Agenda as presented with the exception of Item(s) \_\_\_\_\_, which shall be **CONSIDERED** after Consent Agenda (J) items, as printed.

Yes:  
No:  
Absent:

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**J-1b Address of “J” Items Removed for Discussion by City Council**

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**J-2 Approval of City Council Minutes**

Suggested Resolution  
Resolution #2013-12-

RESOLVED, That Troy City Council hereby **APPROVES** the following Minutes as submitted:

- a) City Council Meeting Minutes-Draft – November 25, 2013

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**J-3 Proposed City of Troy Proclamations: None Submitted**

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**J-4 Standard Purchasing Resolutions: None Submitted**

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**J-5 Traffic Committee Recommendations and Minutes – November 20, 2013**

Suggested Resolution  
Resolution #2013-12-

**Item # 3 Request for Traffic Control – Forest Park Drive at Redbud Drive**

RESOLVED, That the intersection of Forest Park Drive and Redbud Drive **BE MODIFIED** from NO traffic control to ALL-WAY STOP control.

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**Item # 4      Request to Extend No Parking Zone – London Court**

RESOLVED, That the existing NO PARKING zone **BE EXTENDED** to encompass the entire cul-de-sac; ending at a point approximately at the property line between 2629 London Court and 4586 Butler.

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**J-6      Request for Approval of Agreement to Purchase Realty for Public Purposes for John R Road Improvements, Square Lake to South Boulevard – Project No. 02.204.5, Parcel #48 – Sidwell #88-20-02-228-031**

Suggested Resolution  
Resolution #2013-12-

RESOLVED, That Troy City Council hereby **APPROVES** the Agreement to Purchase Realty for Public Purposes between Awni A. Abu-Joudeh and Fadia Abu-Joudeh, owners of property having Sidwell #88-20-02-228-031, and the City of Troy, for the acquisition of property for John R Road Road Improvements, Square Lake to South Boulevard in the amount of \$275,233.70, plus closing costs; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **AUTHORIZES** the Engineering Department to **EXPEND** the necessary closing costs to complete this purchase according to the agreement; and

BE IT FINALLY RESOLVED, That Troy City Council hereby **DIRECTS** the City Clerk to **RECORD** the Warranty Deed with the Oakland County Register of Deeds, a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

**K.      MEMORANDUMS AND FUTURE COUNCIL AGENDA ITEMS:**

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**K-1      Announcement of Public Hearings: None Submitted**

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**K-2      Memorandums (Items submitted to City Council that may require consideration at some future point in time): None Submitted**

**L.      PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA FROM TROY RESIDENTS AND BUSINESSES:**

**M.      COUNCIL REFERRALS:**

Items Advanced to the City Manager by Individual City Council Members for Placement on the Agenda

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**M-1      No Council Referrals Advanced**

**N.      COUNCIL COMMENTS:**

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**N-1      No Council Comments Advanced**

**O. REPORTS:**

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**O-1 Minutes – Boards and Committees:**

- a) Building Code Board of Appeals-Final – October 2, 2013
  - b) Zoning Board of Appeals-Final – October 15, 2013
  - c) Building Code Board of Appeals-Draft – November 6, 2013
  - d) Planning Commission-Draft – November 12, 2013
- 

**O-2 Department Reports:**

- a) Submittal of the 2013 Comprehensive Annual Financial Report (CAFR)
- 

**O-3 Letters of Appreciation:**

- a) To Paul Featherston, SafeBuilt Building Official, From Chris Fuchs, President of Code Officials' Conference of Michigan, Congratulating Him on Being Elected First Director in Charge of Planning and Education for the Code Officials Conference of Michigan
  - b) To Sergeant Andy Breidenich From Brenda Balas, Leadership Team Chair, for Hosting a Meeting for the Troy-Area Interfaith Group
  - c) To Chief Gary Mayer From Edward Bova, Sr. Instructor of the National Association of School Resource Officers Regarding the Basic Training Course Sponsored by the Troy Police Department
  - d) To Chief Mayer From Renee Atkinson Regarding Police Service Assisting in a Road Safety Issue
  - e) To Chief Mayer From John Reynolds, Sr. Operations Manager from Delphi, Recognizing Sergeant Andy Breidenich for His *Workplace Violence-Active Shooter* Training Course
- 

**O-4 Proposed Proclamations/Resolutions from Other Organizations: None Submitted****P. COMMENTS ON ITEMS ON OR NOT ON THE AGENDA FROM MEMBERS OF THE PUBLIC OUTSIDE OF TROY (NOT RESIDENTS OF TROY AND NOT FROM TROY BUSINESSES):****Q. STUDY ITEMS:**

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**Q-1 No Study Items****R. CLOSED SESSION:**

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**R-1 No Closed Session Requested****S. ADJOURNMENT:**

Respectfully submitted,



Brian Kischnick, City Manager

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**FUTURE CITY COUNCIL PUBLIC HEARINGS:****SCHEDULED REGULAR CITY COUNCIL MEETINGS:**

December 16, 2013.....	Regular Meeting
January 13, 2014.....	Regular Meeting
January 27, 2014.....	Regular Meeting
February 3, 2014.....	Regular Meeting
February 10, 2014.....	Regular Meeting
March 3, 2014.....	Regular Meeting
March 17, 2014.....	Regular Meeting
April 7, 2014.....	Regular Meeting
April 14, 2014.....	Regular Meeting
May 12, 2014.....	Regular Meeting
May 19, 2014.....	Regular Meeting
June 2, 2014.....	Regular Meeting
June 16, 2014.....	Regular Meeting
July 7, 2014.....	Regular Meeting
July 21, 2014.....	Regular Meeting
August 11, 2014.....	Regular Meeting
August 25, 2014.....	Regular Meeting
September 8, 2014.....	Regular Meeting
September 22, 2014.....	Regular Meeting
October 6, 2014.....	Regular Meeting
October 20, 2014.....	Regular Meeting
November 10, 2014.....	Regular Meeting
November 24, 2014.....	Regular Meeting
December 1, 2014.....	Regular Meeting
December 15, 2014.....	Regular Meeting

**SCHEDULED SPECIAL CITY COUNCIL MEETINGS:**

February 5, 2014.....	Liquor Advisory Meeting
February 19, 2014.....	Liquor Advisory Meeting
April 21, 2014.....	Special Budget Meeting
April 23, 2014.....	Special Budget Meeting



## CITY COUNCIL AGENDA ITEM

Date: November 27, 2013

To: Brian Kischnick, City Manager

From: Peggy Sears, Human Resources Director 

Subject: **AGENDA ITEM** – Contract Ratification – Troy Communications Supervisors Association (TCSA) 2013-2016

### BACKGROUND

On June 27 2013, the City of Troy and TCSA reached a tentative agreement for a three-year successor collective bargaining agreement that would replace the contract that expired June 30, 2013. As you are aware, the union failed to ratify that tentative agreement and so we resumed negotiations. Unable to reach an agreement, we began mediation and finally, after 2 mediation sessions, reached a tentative agreement on November 20, 2013.

In the last contract, the parties achieved a 10% savings from this employee group which through health insurance savings, reduced leave time, elimination of shift prep time and Training Officer premium pay, and reduced overtime costs. Consistent with the direction of City Council and similar to agreements reached with other unions, these recent negotiations addressed cost saving measures while at the same time considering the need to improve some of the financial loss experienced by employees in order to have a more positive effect on the attraction and retention of high quality employees.

As seen in the attached Tentative Agreement Summary, this agreement provides for a modest wage increase, some of which is in the form of a signing bonus (\$500 and \$250 lump sum payments in 1<sup>st</sup> and 2<sup>nd</sup> years respectively). The employer's contribution to the DC plan for new employees will be reduced from 10% to 8%. All TCSA employees will transition to Blue Cross Community Blue PPO Plan I Modified with the same drug rider, deductibles and co-pays in place for other Community Blue Plan participants in other employee groups. With the entire bargaining unit accepting Community Blue PPO, there would be a two-year opt out of PA 152 with a reopener on the issue of health insurance for 2015-16. Notable annual savings (\$19,425) will be realized in health insurance and pension costs.

Changes to **retiree health insurance** (for those hired prior to the implementation of the Retiree Health Savings Plan) will reduce the employer's future liability: the accrual of employer-paid retiree health insurance will reduce from 4% to 3% for each future year of service, up to 90%. Employees can earn an additional 1.25% per year of service toward employer-paid retiree health insurance up to 95% if they work an additional four years.

The approval of this agreement advances our goal of creating a more uniform benefits package across all employee groups, and provides a favorable foundation for future negotiations with other Act 312-eligible units. And, while the delayed implementation reduces the annualized savings in health insurance, this is more than compensated by the delayed 1% pay increase with no retroactivity.



## CITY COUNCIL AGENDA ITEM

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### RECOMMENDATION

City management presents this tentative agreement between the City of Troy and the Troy Communication Supervisors Association (TCSA) for your consideration.

A summary of the tentative agreement is attached, as well as the resultant contract language detail.

Attachments

TENTATIVE AGREEMENT  
City of Troy and TCSA  
2013-2016 Collective Bargaining Agreement

Article 30. Hospitalization and Medical Insurance

A. 1. Eliminate HMOs. Modify current language as follows:

1. Blue Cross Community Blue PPO Plan 1 Modified, including the following:
  - a. \$10/\$40 prescription drug rider with mandatory generic, prior authorization, step therapy, and 2X MOPD.
  - b. \$30 office visit co-pay
  - c. \$50 emergency room co-pay
  - d. \$30 chiropractic office visit co-pay
  - e. \$250/\$500 basic deductible

~~Any available HMOs will include a, b and c above.~~

Add the following after E.

**F. The City shall opt out of PA 152 for two years (2013-14 and 2014-15), and there shall be a reopener at either party's request on the sole issue of health insurance (medical and prescription drug) for July 1, 2015.**

Article 33. Retirement

B. 1. Modify current language as follows:

Contribution rates:

- |            |  |
|------------|--|
| Employee – | 4%   |
| Employer – | 12% (employees hired before 1/1/04)                                |
|            | 11% (employees hired on or after 1/1/04)                           |
|            | 10% (employees hired on or after 7/1/05)                           |
|            | <b>8% (employees who enter bargaining unit on or after 7/1/13)</b> |

C. 1. For employees hired ~~on or before January 2, 2006~~ **February 18, 2008**:

Upon regular retirement, early retirement or disability retirement, employees will be eligible for health insurance, equivalent to that received by members of the bargaining unit at the time of the employee's retirement if they meet the age and service requirements whether they participate in the Defined Benefit or Defined Contribution Pension Plan. Such insurance will be provided for two-person coverage for retiree and spouse (or dependent child) at the time of retirement, at the rate of 4% per complete year of retirement service with the City of Troy (~~maximum 100%~~), provided that the retiree or spouse is drawing pension benefits pursuant to the City of Troy Retirement Ordinance.

**Effective the first full month following the date of ratification, the percentage rate earned for future service shall be reduced to 3.0% per year until such time that the employee is eligible for 90% of City-paid health insurance at which time the rate of earning shall be reduced to 1.25% per year. In no event shall the City's obligation under this provision exceed 95% of the premium cost for the insurance provided under this paragraph. Current employees who as of the date of ratification would be eligible for more than 95% of City-paid health insurance shall not have that amount reduced as a result of this paragraph.**

Article 34. Wages

- A. Effective date of ratification: 1% across the board increase + \$500 signing bonus  
Effective 7/1/2014: 1% across the board increase + \$250 lump sum bonus  
Effective 7/1/2015: 1% across the board increase

Current wage scales remain in place.

The wage increase will apply to all employees in the bargaining unit, including those previously redlined in the 2011-2013 agreement.

- D. **For the 2013-2016 contract**, employees whose salaries exceed the annual salaries set forth in Section A above shall ~~be redlined at their current salary for the duration of the Agreement.~~ **receive the across the board wage increases of 1% and the same lump sum bonuses on the same schedule as in Section A.**

Article 39. Duration of Agreement

Modify current language as follows:

This Agreement shall remain in full force and effect from July 1, ~~2014~~ **2013** until June 30, ~~2013~~ **2016**, and thereafter until amended or modified. Either party may, between January 1, ~~2013~~ **2016** and March 1, ~~2013~~ **2016**, serve written notice upon the other party of its desire to modify or amend this Agreement. In such event, the parties shall commence negotiations immediately on such proposed amendments for a succeeding contract. Any such amendment or modification would become effective after June 30, ~~2013~~ **2016**.

Article 40. Emergency Manager

Replace current language with the following:

An emergency manager appointed under the Local Financial Stability and Choice Act ("Act") may reject, modify or terminate the collective bargaining agreement as provided within the Act. Provisions required by this subsection are prohibited subjects of bargaining under this act.

By inclusion of section 40, as mandated by statute, the Union does not waive the right to challenge, under Article I, section 10 of the Michigan Constitution, actions of an Emergency Manager which invalidate any provisions of an existing collective bargaining agreement.

TENTATIVE AGREEMENT SUMMARY  
City of Troy and TCSA  
2013-2016 Collective Bargaining Agreement  
(With Side-by-side Comparison where applicable)

<u>ISSUE</u>	<u>CURRENT (where applicable)</u>	<u>TENTATIVE AGREEMENT</u>
Contract Duration		Three years
Wages		1 <sup>st</sup> year      1% plus \$500 signing bonus 2 <sup>nd</sup> year      1% plus \$250 lump sum 3 <sup>rd</sup> year      1%
Health Insurance	1. Blue Cross PPO, 2 HMO's (a) \$10/\$40 PDR prescription drug rider (PDR) (b) 2xMOPD (\$20 co-pay for 3 mos. supply of mail order prescription drugs) (c) \$30 office visit co-pay, \$50 emergency room visit co-pay (waived if admitted) (d) \$250/\$500 basic deductible (e) Employee cost-sharing of premium is 5%	1. Eliminated HMO's (CB PPO remains in effect)  2. City opts out of PA 152 for 2013-14 and 2014-15  3. Either party may request a reopener on the sole issue of health insurance for 7/1/2015
Pension	1. Employer contribution to Defined Contribution Plan is: 12% (hired before 1/1/04) 11% (hired on/after 1/1/04) 10% (hired on/after 7/1/05)  2. Accrual of employer-paid retiree health insurance is 4% per year of service, up to 100%	1. Employer contribution to DC Plan reduced to 8% for those hired after 7/1/13  Accrual of employer-paid retiree health insurance is 3% for each future year of service, up to 90%, then accrual rate reduced to 1.25% per year, up to 95%. (Employees eligible for >95% frozen)
Miscellaneous:	1. Modified Emergency Manager language to include language required by current legislation.	



## CITY COUNCIL AGENDA ITEM

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Date: November 26, 2013  
To: Honorable Mayor and City Council Members  
From: Brian Kischnick, City Manager  
Subject: Termination of Required Furlough Hours – *(Introduced by Brian Kischnick, City Manager)*

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### History

Beginning in January 2010 classified and exempt employees were required to take annual unpaid furlough time in the amount of 104 hours per year (approximately 2.6 weeks or 5% reduction in wages). This was one of many techniques used in a larger strategy to reduce expenditures to a level that would keep the City sustainable in light of significant and inevitable revenue declines from the recession of 2008.

Subsequent to January 2010 all other employee groups opened their contracts and negotiated concessions, including in many instances, furlough concessions that supported the new strategy.

In addition to furlough hours, other concessions included:

- 5% wage reductions and changes in healthcare levels for AFSCME employees;
- An additional 39 hours annually of unpaid time for hours worked by classified and exempt employees;
- Reduced holiday pay for MAP employees;
- Reduced employer contributions to employee pension benefits;
- For TCOA and TCSA, forfeited contractual pay raises, reduced healthcare coverage and elimination of shift preparation pay;
- Elimination of longevity and reduced healthcare coverage by TFSSOA members;
- Wage reductions, deferments of contractual raises, reduced healthcare benefits and reduced concessionary time by TPOA members; and
- Salaries frozen city-wide for all positions unless otherwise addressed through union contract negotiations.



## CITY COUNCIL AGENDA ITEM

The overall effect was to secure a 10% concession from all employee groups. Significantly, despite the amount and duration of these concessions, coupled with an increased workload due to a 35% reduction in the workforce, the remaining employees remained committed and supportive.

Beginning in July 2013, City Council established a Top 12 Strategy in order of priority as direction for city administration. Number 1 on the top 12 list is:

### **1. Attract and retain quality employees – Investigate programs to improve employee morale**

All full time employees have participated in the furlough program for 3.5 years. In May of 2013, one half of the required furlough hours were eliminated and incorporated into the City's three year budget for fiscal years 2014, 2015 and 2016.

In addition, all new collective bargaining agreements eliminate more expensive health plans and require health insurance coverage through Community Blue PPO which saves on City expenditures.

### **Financial**

It has been suggested that due to the stabilization of revenue sources and the current level of expenditures, that the remaining furlough requirements be terminated.

Current estimates would require a budget adjustment for the 2014 fiscal year (between \$250,000 to \$400,000 per department and funds to compensate for 6 months of eliminated furlough) which includes 26 hrs hours of additional pay for Classified/Exempt, AFSCME, and TFSOA employees; 15.5 hrs for TCOA members, and 12.5 hours for TPOA members.

From a productivity level, the City would gain approximately 6,400 hours in the first year and 12,800 hours in future years when compared to current requirements. It should be noted that the increased productivity would not have the additional fixed benefit costs, such as healthcare, that would be required by hiring additional employees to provide the same level of service.

Due to inequities between individual furlough banks, a time frame would need to be established to allow employees to use any required remaining furlough time that will be determined. At the end of this time frame if an employee has used more than the required furlough, the employee would be compensated for the difference.

### **Recommendation**

It is recommended that required furlough be terminated effective January 1, 2014. That City Management compile a budget amendment by fund and/or department and submit to City Council for approval. Establish a required furlough bank representing one half of the current budgeted furlough amount and give employees until the payroll period ending January 31, 2014 to comply with the new requirements.

Pastor Dan Lewis from Troy Christian Chapel performed the Invocation. The Pledge of Allegiance to the Flag was given.

#### **A. CALL TO ORDER:**

A Regular Meeting of the Troy City Council was held on Monday, November 25, 2013, at City Hall, 500 W. Big Beaver Rd. Mayor Slater called the meeting to order at 7:32 PM.

#### **B. ROLL CALL:**

Mayor Dane Slater  
Jim Campbell  
Wade Fleming  
Dave Henderson  
Ellen Hodorek  
Ed Pennington  
Doug Tietz

#### **C. CERTIFICATES OF RECOGNITION AND SPECIAL PRESENTATIONS:**

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**C-1 Presenting the MML Legislator of the Year Award to Senator Pappageorge**

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**C-2 Certificate of Recognition for Smith Middle School Students Who Volunteered to Clean Up Troy Parks**

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**C-3 Troy High School Senior and Eagle Scout Candidate Kyle Newberry to Present a Check From Money Raised From His Eagle Scout Project to Troy Nature Society**

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**C-4 Service Commendation Award to Peggy Sears, Human Resources Director**

#### **D. CARRYOVER ITEMS:**

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**D-1 No Carryover Items**

#### **E. PUBLIC HEARINGS:**

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**E-1 Public Hearing for Industrial Development District (IDD) for Magna US Holding Inc. at 750 Tower**

The Mayor **OPENED** the Public Hearing. The Mayor **CLOSED** the Public Hearing after receiving no public comment.

Resolution #2013-11-183  
Moved by Henderson  
Seconded by Pennington

WHEREAS, Pursuant to PA 198 of 1974, as amended, the Troy City Council has the authority to establish Industrial Development Districts (IDD's) within the City of Troy; and

WHEREAS, Magna US Holding, Inc. has petitioned the Troy City Council to establish an Industrial Development District (IDD) on its property located in the City of Troy, hereinafter described; and

WHEREAS, Construction, acquisition, alteration, or installation of a proposed facility had not commenced at the time of filing the request to establish the district; and

WHEREAS, Written notice was given by mail to all owners of real property located within the district, and to the public by newspaper advertisement in the newspaper of record, and public posting of the hearing on the establishment of the district; and

WHEREAS, On November 25, 2013, a public hearing was held at which all owners of real property within the proposed Industrial Development District (IDD) and all residents and taxpayers of the City of Troy were afforded an opportunity to be heard thereon; and

WHEREAS, The Troy City Council deems it to be in the public interest of the City of Troy to establish the industrial Development District (IDD) as proposed.

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **ESTABLISHES** an Industrial Development District (IDD) for property known as 750 Tower, Troy, MI 48098, Parcel #88-20-09-301-015, in accordance with City Council Policy Resolution #2010-08-173; and

BE IT FINALLY RESOLVED, That Troy City Council hereby **DIRECTS** the City Clerk to forward a certified copy of this resolution to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971.

Yes: Slater, Fleming, Henderson, Hodorek, Pennington  
No: Tietz  
Abstain: Campbell

**MOTION CARRIED**

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**E-2 Public Hearing for Industrial Facilities Exemption Certificate (IFEC) for Magna US Holding Inc. at 750 Tower**

The Mayor **OPENED** the Public Hearing. The Mayor **CLOSED** the Public Hearing after receiving no public comment.

Resolution #2013-11-184  
Moved by Henderson  
Seconded by Pennington

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on November 25, 2013, established an Industrial Development District (IDD) for property known as 750 Tower, Troy, MI 48098, Parcel # 88-20-09-301-015; and

WHEREAS, An Application has been submitted by Magna US Holding, Inc., for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 750 Tower, Troy, MI 48098 for nine (9) years after completion; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on November 25, 2013, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of an Industrial Facilities Exemption Certificate (IFEC) for Magna US Holding, Inc. at 750 Tower, Troy, MI 48098 may have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit; and

WHEREAS, The aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Troy, after granting this certificate will not exceed 5% of an amount equal to the sum of the SEV of the City of Troy, plus the SEV of real and personal property thus exempted.

NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has **FOUND THAT THE GRANTING** of an Industrial Facilities Exemption Certificate (IFEC) for Magna US Holding, Inc., at 750 Tower, Troy, MI 48098 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND THAT THE GRANTING** of the Industrial Facilities Exemption Certificate (IFEC) will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application to for an Industrial Facilities Exemption Certificate (IFEC) for Magna US Holding, Inc., at 750 Tower, Troy, MI 48098, Parcel # 88-20-09-301-015, for personal property for a term of nine (9) years after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and Magna US Holding, Inc., and the payment of the fees in accordance with Public Act 198 of 1974, as amended; and

BE IT FURTHER RESOLVED, That the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the Letter of Agreement between the City of Troy and Magna US Holding, Inc., a copy of which shall be **ATTACHED** to the original Minutes of this meeting;

BE IT FINALLY RESOLVED, That the City Clerk is hereby **AUTHORIZED TO COMPLETE** the Application and **TRANSMIT** same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971.

Yes: Fleming, Henderson, Hodorek, Pennington, Slater  
No: Tietz  
Abstain: Campbell

**MOTION CARRIED**

**F. PUBLIC COMMENT FOR ITEMS ON THE AGENDA:**

Dr. Samuel Fawaz	Spoke on Item I-05.
Lazar Jovanovski	Spoke on Item I-05.
Jonathan Yacoub	Spoke on Item I-05.

Bashar Dimitry	Spoke on Item I-05.
Michelle Strassburg	Spoke on Item I-05.
Sarmad Yousif	Spoke on Item I-05.
Fadi Zayto	Spoke on Item I-05.
James Werpetinski	Spoke on Item I-05.

**G. CITY COUNCIL/CITY ADMINISTRATION RESPONSE/REPLY TO PUBLIC COMMENT:**

**H. POSTPONED ITEMS:**

**H-1** No Postponed Items

**I. REGULAR BUSINESS:**

**I-1** Board and Committee Appointments: a) Mayoral Appointments – None; b) City Council Appointments – None

a) Mayoral Appointments: None

b) City Council Appointments: None

**I-2** Board and Committee Nominations: a) Mayoral Nominations – Local Development Finance Authority (LDFA), Planning Commission; b) City Council Nominations – Employee Retirement System Board of Trustees/Retiree Health Care Benefits Plan and Trust, Southeastern Michigan Council of Governments (SEMCOG)

a) Mayoral Nominations:

**Resolution to Nominate Persons to the Local Development Finance Authority**

Resolution #2013-11-185

Moved by Slater

Seconded by Fleming

RESOLVED, That the Mayor of the City of Troy hereby **FORWARDS** the following nominated person(s) to serve on the Boards and Committees as indicated to the next Regular City Council Meeting for action:

**Local Development Finance Authority (LDFA)**

Appointed by Mayor  
5 Regular Members  
Staggered 4 Year Term

**Nominations to the Local Development Finance Authority (LDFA):**

**Term Expires: 11/13/2017**

**Ellen Hodorek**

**(Alternate)**

Term previously held by: Maureen McGinnis

Yes: All-7  
No: None

**MOTION CARRIED**

**Resolution to Nominate Persons to the Planning Commission**

Resolution #2013-11-186  
Moved by Slater  
Seconded by Campbell

RESOLVED, That the Mayor of the City of Troy hereby **FORWARDS** the following nominated person(s) to serve on the Boards and Committees as indicated to the next Regular City Council Meeting for action:

**Planning Commission**

Appointed by Mayor  
9 Regular Members  
3 Year Term

**Nominations to the Planning Commission:**

**Term Expires: 12/31/2016**

**Donald Edmunds**

Term currently held by: Donald Edmunds

**Term Expires: 12/31/2016**

**Steve Gottlieb**

Term currently held by: Edward Kempen

**Term Expires: 12/31/2016**

**Thomas Krent**

Term currently held by: Thomas Krent

Yes: All-7  
No: None

**MOTION CARRIED**

**b) City Council Nominations:**

**Resolution to Nominate Persons to the Employee Retirement System Board of Trustees / Retiree Health Care Benefits Plan & Trust**

Resolution #2013-11-187  
Moved by Henderson  
Seconded by Fleming

RESOLVED, That Troy City Council hereby **FORWARDS** the following nominated person(s)

to serve on the Boards and Committees as indicated to the next Regular City Council Meeting for action:

**Employee Retirement System Board of Trustees / Retiree Health Care Benefits Plan & Trust**

Appointed by Council

6 Regular Members and 2 Ordinance Members:

- (1) Troy Citizen.; (1) City Council Member.; (1) Retiree-DB; (3) Trustees - Elected; City Manager; Asst. City Manager-Finance & Administration
- 3 Year Term

**Nominations to the Employee Retirement System Board of Trustees/Retiree Health Care Benefits Plan & Trust:**

<b>Term Expires: 12/31/2016</b>	<b>William Need</b>	<b>Ex-Officio–DB Retiree Rep.</b>
	Term currently held by: William Need	

Yes: All-7  
No: None

**MOTION CARRIED**

**Resolution to Nominate Persons to the Southeastern Michigan Council of Governments (SEMCOG)**

Resolution #2013-11-188  
Moved by Henderson  
Seconded by Fleming

RESOLVED, That Troy City Council hereby **FORWARDS** the following nominated person(s) to serve on the Boards and Committees as indicated to the next Regular City Council Meeting for action:

**Southeastern Michigan Council of Governments (SEMCOG)**

Appointed by Council  
1 Regular and 1 Alternate  
Appointed Every Odd-Year Election

**Nominations to the Southeastern Michigan Council of Governments (SEMCOG):**

<b>Term Expires: 11/10/2015</b>	<b>James Campbell</b>	<b>(Delegate)</b>
	Term currently held by: James Campbell	

<b>Term Expires: 11/10/2015</b>	<b>Mark Miller</b>	<b>(Alternate)</b>
	Term currently held by: Mark Miller	

Yes: All-7  
No: None

**MOTION CARRIED**

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**I-3 No Closed Session Requested**

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**I-4 City Council Rules of Procedure**

Resolution #2013-11-189  
Moved by Fleming  
Seconded by Pennington

- a) **Adoption of the City Council Rules of Procedure**
- b) **Council Member Fleming’s Proposed Revisions to the City Council Rules of Procedure**

RESOLVED, That Troy City Council hereby **AMENDS** the Rules of Procedure of the City Council of the City of Troy as recorded by the City Clerk in the Minutes of this meeting.

Yes: All-7  
No: None

**MOTION CARRIED**

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**I-5 Recommendation: Six Month Review of the Amendments to the Troy City Code Chapter 77, Smoking Lounges Hours of Operation**

Resolution #2013-11-190  
Moved by Campbell  
Seconded by Pennington

RESOLVED, That Chapter 77 – Smoking Lounges, **BE AMENDED** to allow hours of operation to be extended for Friday and Saturday nights, as recommended by the City Administration; a copy of the amendment shall be **ATTACHED** to the original Minutes of this meeting.

Yes: None  
No: All-7

**MOTION FAILED**

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**I-6 Approval of Third Amendment to MDOT Capital Contract for Troy Multi-Modal Transit Facility, MDOT Contract No. 2011-0231/A2**

Resolution #2013-11-191  
Moved by Campbell  
Seconded by Hodorek

WHEREAS, On September 12, 2011, City Council approved Capital Contract No. 2011-0231 with MDOT (Resolution No. 2011-09-210) for \$8,485,212 in federal funds for the final design and construction of the Troy Multi-Modal Transit Facility; and

WHEREAS, On January 17, 2012, City Council resolved that the total cost of the Troy Multi-Modal Transit Center not exceed \$6,272,500 (Resolution No. 2012-01-008); and

WHEREAS, On November 12, 2012, City Council approved the First Amendment to the MDOT Capital Contract to reduce the grant funding amount from the original \$8,485,212 to \$6,272,500; and

WHEREAS, On March 4, 2013, City Council approved the Second Amendment to the MDOT Capital Contract to increase the grant amount from \$6,272,500 to \$6,620,736 so as to include the cost of a crash wall required by the host railroad, Grand Trunk Western Railroad, also known as Canadian National Railroad (CN).

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **APPROVES** a Third Amendment to MDOT Capital Contract No. 2011-0231 between the City of Troy and the Michigan Department of Transportation to increase the funding amount from \$6,620,736 to a not to exceed amount of \$8,378,736, and **AUTHORIZES** the Mayor and Clerk to **EXECUTE** the contract amendment documents.

Yes: Campbell, Fleming, Henderson, Hodorek, Pennington, Slater  
No: Tietz

**MOTION CARRIED**

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**I-7 Grand/Sakwa Properties – Transit Center**

Resolution #2013-11-192  
Moved by Campbell  
Seconded by Pennington

WHEREAS, The City of Troy is in the process of completing the construction and establishing the operation of a public transportation center located near the southwesterly corner of Maple Road and Coolidge Highway in the City of Troy (the "Project");

WHEREAS, The City of Troy and Grand/Sakwa Properties, Inc. ("Grand/Sakwa") are currently involved in a legal dispute over the ownership of real property underlying the Project which is currently pending before the Michigan Supreme Court, Case No. 147482, and as such the interest of Grand/Sakwa, if any, is currently in dispute and has not been the subject of a final unappealable judicial determination;

WHEREAS, Without waiving, and expressly reserving, any claims or defenses in the pending legal dispute, nor admitting the validity of the asserted property rights of Grand/Sakwa, the City of Troy has determined that conditions necessitate the acquisition of the asserted property rights which serve as a basis for the claimed interest of Grand/Sakwa in the real property described in Exhibit A consisting of approximately 2.7 gross acres of land, in the City of Troy, County of Oakland, State of Michigan (the "Property") for the Project and benefit of the public;

THEREFORE, BE IT RESOLVED, That by virtue of the authority vested in the City of Troy, the City of Troy **DECLARES** and **DETERMINES** that it is necessary to proceed with eminent domain proceedings to acquire and take the Property without the consent of Grand/Sakwa, to the extent it may have an ownership interest, for the purpose of the construction, establishment, and operation of the public transportation center and benefit of the public; and that the Property is necessary for the use and benefit of the public and that a good faith written offer may be made in accordance with the requirements of 1980 PA 87, as amended; and

BE IT FURTHER RESOLVED, That by virtue of the authority vested in the City of Troy, it is **NOW DECLARED** and **DETERMINED** that the property rights, if any, owned by the parties of interest as described in Exhibit A is hereby taken.

INTEREST TAKEN: All interest (including all remainder and/or contingent interest) of Grand/Sakwa Properties, Inc. a Michigan corporation, as more fully described in **Exhibit A**.

PARTIES IN INTEREST: Grand/Sakwa Properties, Inc. a Michigan corporation, and other parties of interest unknown to the City of Troy at this time.

ESTIMATED JUST COMPENSATION: \$550,000.00

BE IT FURTHER RESOLVED, That the attorneys for the City of Troy and the agents for the City of Troy, are **DIRECTED** to take the necessary steps to acquire the Property, including making a good faith offer in the amount of the estimated just compensation to purchase for the property rights, negotiating to purchase the property rights, and to institute condemnation proceedings against parties of interest in the Property, and take any other steps that are necessary to implement this action.

BE IT FURTHER RESOLVED, That the City Manager of the City of Troy is **AUTHORIZED** to sign any related documents upon approval of counsel to acquire the Property.

Yes: Fleming, Henderson, Hodorek, Pennington, Slater, Campbell  
No: Tietz

## MOTION CARRIED

## J. CONSENT AGENDA:

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### J-1a Approval of "J" Items NOT Removed for Discussion

Resolution #2013-11-193  
Moved by Fleming  
Seconded by Henderson

RESOLVED, That Troy City Council hereby **APPROVES** all items on the Consent Agenda as presented.

Yes: All-7  
No: None

## MOTION CARRIED

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### J-1b Address of "J" Items Removed for Discussion by City Council

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### J-2 Approval of City Council Minutes

Resolution #2013-11-193-J-2a

RESOLVED, That Troy City Council hereby **APPROVES** the following Minutes as submitted:

- a) City Council Meeting Minutes-Draft – November 11, 2013

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### J-3 Proposed City of Troy Proclamations:

- a) MML Legislator of the Year Award to Senator Pappageorge  
b) Service Commendation Award to Peggy Sears, Human Resources Director

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### J-4 Standard Purchasing Resolutions:

- a) **Standard Purchasing Resolution 1: Award to Low Bidder - Asphalt Patching Material – Cold Patch**

Resolution #2013-11-193-J-4a

RESOLVED, That Troy City Council hereby **AWARDS** a seasonal contract for Asphalt Patching Material – Cold Patch to the low bidder, *Cadillac Asphalt LLC of Wixom, MI*, for an estimated total cost of \$39,000.00, at the unit price contained in the bid tabulation electronically submitted November 7, 2013, a copy of which shall be **ATTACHED** to the original Minutes of this meeting, the cost of which **SHALL NOT EXCEED** annual budgetary limitations; with the contract expiring April 30, 2014; and

BE IT FURTHER RESOLVED, That the award is **CONTINGENT** upon the contractor's submission of properly executed bid and proposal documents, including insurance certificates and all other specified requirements.

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### J-5 Agreement for Traffic Control Device – Adams Road and Harlan Elementary School

Resolution #2013-11-193-J-5

RESOLVED, That the Road Commission for Oakland County (RCOC) "Agreement for Traffic Control Device" (Co. #316) for the traffic signal on Adams Road at Harlan Elementary School **BE APPROVED**; and

BE IT FURTHER RESOLVED, That the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the agreement.

**J-6 May, as Personal Representative of Jesus Gillard v City of Troy, et al**

Resolution #2013-11-193-J-6

NOW, THEREFORE, BE IT RESOLVED, That the Troy City Council hereby **APPROVES** the confidential settlement presented during the November 11, 2013 closed session, and **DIRECTS** the City Attorney to proceed with settling this matter and executing a release and settlement agreement with Plaintiff and his counsel.

**J-7 Authorization to Request Reimbursement – MDEQ SAW Grant**

Resolution #2013-11-193-J-7

City of Troy  
County of Oakland

Resolution Authorizing the SAW Grant Agreement

Minutes of the regular meeting of the City Council of the City of Troy County of Oakland, State of Michigan, (the "Municipality") held on November 25, 2013.

PRESENT: Members: \_\_\_\_\_  
\_\_\_\_\_

ABSENT: Members: \_\_\_\_\_  
\_\_\_\_\_

Member \_\_\_\_\_ offered and moved the adoption of the following resolution, seconded by Member \_\_\_\_\_

WHEREAS, Part 52 (strategic water quality initiatives) of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended ("Part 52"), provides at MCL 324.5204e that the Michigan Finance Authority (the "MFA") in consultation with the Michigan Department of Environmental Quality (the "DEQ") shall establish a strategic water quality initiatives grant program; and

WHEREAS, In accordance with the provisions of 2012 PA 511, which provides grants to municipalities for sewage collection and treatment systems or storm water or nonpoint source pollution control; and

WHEREAS, In accordance with the provisions of 1985 PA 227, as amended, Part 52, and other applicable provisions of law, the MFA, the DEQ, and the Municipality that is a grant recipient shall enter into a grant agreement (the "SAW Grant Agreement") that requires the Municipality to repay the grant under certain conditions as set forth in MCL 324.5204e, as amended; and

WHEREAS, The Municipality does hereby determine it necessary to (**select one or more**)

establish an asset management plan,  establish a stormwater management plan,  establish a plan for wastewater/stormwater,  establish a design of wastewater/stormwater,  pursue innovative technology, or  initiate construction activities (up to \$500,000 for disadvantaged community).

WHEREAS, It is the determination of the Municipality that at this time, a grant in the aggregate principal amount not to exceed \$2,000,000.00 ("Grant") be requested from the MFA and the DEQ to pay for the above-mentioned undertaking(s); and

WHEREAS, The Municipality shall obtain this Grant by entering into the SAW Grant Agreement with the MFA and the DEQ.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. \_\_\_\_\_ (*title of the designee's position*), a position currently held by \_\_\_\_\_ (*name of the designee*), is designated as the Authorized Representative for purposes of the SAW Grant Agreement.

2. The proposed form of the SAW Grant Agreement between the Municipality, the MFA and DEQ (attached Sample Grant Agreement) is hereby approved and the Authorized Representative is authorized and directed to execute the SAW Grant Agreement with such revisions as are permitted by law and agreed to by the Authorized Representative.

3. The Municipality shall repay the Grant, within 90 days of being informed to do so, with interest at a rate not to exceed 8 percent per year, to the Authority if the Municipality is unable to, or decides not to, proceed with constructing the project or implementing the asset management program for which the funding is provided within 3 years of the Grant award.

4. The Grant, if repayable, shall be a first budget obligation of the Municipality, and the Municipality is required, if necessary, to levy ad valorem taxes on all taxable property in the Municipality for the payment thereof, subject to applicable constitutional, statutory and Municipality tax rate limitations.

5. The Municipality shall not invest, reinvest or accumulate any moneys deemed to be Grant funds, nor shall it use Grant funds for the general local government administration activities or activities performed by municipal employees that are unrelated to the project.

6. The Authorized Representative is hereby jointly or severally authorized to take any actions necessary to comply with the requirements of the MFA and the DEQ in connection with the issuance of the Grant. The Authorized Representative is hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MFA or the DEQ or as may be otherwise necessary to effect the approval and delivery of the Grant.

7. The Municipality acknowledges that the SAW Grant Agreement is a contract between the Municipality, the MFA and the DEQ.

8. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution are rescinded.

YEAS: Members: \_\_\_\_\_  
NAYS: Members: \_\_\_\_\_

**RESOLUTION DECLARED ADOPTED**

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Troy, County of Oakland, said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

\_\_\_\_\_  
M. Aileen Bittner, CMC  
City of Troy, City Clerk  
State of Michigan, County of Oakland

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**J-8 Request for Acceptance of Two Permanent Easements From Tinelle Properties, LLC - Sidwell #88-20-08-276-002**

Resolution #2013-11-193-J-8

RESOLVED, That City Council hereby **ACCEPTS** two permanent easements for water mains and sanitary sewers from Tinelle Properties, LLC, owner of the property having Sidwell #88-20-08-276-002; and

BE IT FURTHER RESOLVED, That the City Clerk is hereby **DIRECTED** to record the easements with Oakland County Register of Deeds, copies of which shall be **ATTACHED** to the original Minutes of this meeting.

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**J-9 Request for Recognition as a Nonprofit Organization Status From Kim Bryson – Boyd R. Larson Middle School Parent Teacher Organization**

Resolution #2013-11-193-J-9

RESOLVED, That Troy City Council hereby **APPROVES** the request from Boyd R. Larson Middle School Parent Teacher Organization, asking that they be recognized as a nonprofit organization operating in the community for the purpose of obtaining a charitable gaming license as recommended by City Management.

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**J-10 Request for Acceptance of Permanent Easements and Warranty Deeds for Beachview Site Condominium – Sidwell #88-20-18-127-012**

Resolution #2013-11-193-J-10

RESOLVED, That City Council hereby **ACCEPTS** three warranty deeds for right-of-way and a detention basin, and four permanent easements for greenbelts, storm sewers, landscaping and signage, and sanitary sewers from Mondrian Properties Beachview, LLC, owner of the property having Sidwell #88-20-18-127-012; and

BE IT FURTHER RESOLVED, That the City Clerk is hereby **DIRECTED** to record the warranty deeds and easements with the Oakland County Register of Deeds, copies of which shall be **ATTACHED** to the original Minutes of this meeting.

**J-11 Request for Acceptance of Permanent Easements and Warranty Deeds for Adria Estates Site Condominium – Sidwell #88-20-11-104-013 and 88-20-11-151-020**

Resolution #2013-11-193-J-11

RESOLVED, That City Council hereby **ACCEPTS** three permanent easements for sanitary sewers, watermains, sidewalks, public utilities, surface drainage, and emergency ingress/egress and police/fire protection from Mondrian Properties Adria, LLC, owner of the property having Sidwell #88-20-11-104-013 & 88-20-11-151-020; and

BE IT FURTHER RESOLVED, That the City Clerk is hereby **DIRECTED** to record the easements with the Oakland County Register of Deeds, copies of which shall be **ATTACHED** to the original Minutes of this meeting.

**J-12 Request for Acceptance of Eight Permanent Easements From Maurice and Sandy Gennari – Sidwell #88-20-03-301-078, 079, 080, 081, 082**

Resolution #2013-11-193-J-12

RESOLVED, That City Council hereby **ACCEPTS** eight permanent easements for storm sewer and surface drainage, public utilities and greenbelt from Maurice and Sandy Gennari, owners of the property having Sidwell # 88-20-03-301-078, 079, 080, 081 & 082; and

BE IT FURTHER RESOLVED, That the City Clerk is hereby **DIRECTED** to record the easements with the Oakland County Register of Deeds, a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

**K. MEMORANDUMS AND FUTURE COUNCIL AGENDA ITEMS:**

**K-1 Announcement of Public Hearings: None Submitted**

**K-2 Memorandums (Items submitted to City Council that may require consideration at some future point in time): None Submitted**

**L. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA:**

Suzanne Delisi	Spoke in opposition to a senior assisted living facility.
Robert Tourtillott	Spoke in opposition to a senior assisted living facility.

Roger Howard	Spoke in opposition to a senior assisted living facility.
Terry Adams	Spoke in opposition to a senior assisted living facility.
Richard Peters	Spoke about various topics.
John Mills	Spoke in opposition to a senior assisted living facility.
James Savage	Spoke about Snow and Mowing Maintenance.
Aaron Dylewski	Spoke about bike paths and trailways.

## M. COUNCIL REFERRALS:

Items Advanced to the City Manager by Individual City Council Members for Placement on the Agenda

### **M-1 Council Referrals Advanced**

- a) Amendments to Chapter 34 Referred by Mayor Slater

### **Vote on Resolution to Waive the Rules of Procedure for the City Council, Rule #6A – Regular Meeting Agenda to Add an Item on the Agenda**

Resolution #2013-11-194  
 Moved by Slater  
 Seconded by Pennington

RESOLVED, That Troy City Council hereby **WAIVES** the Rules of Procedure for the City Council, Rule #6A *Regular Meeting Agenda* to add an Item on the Agenda.

Yes: All-7  
 No: None

### **MOTION CARRIED**

### **Vote on Resolution to Amend Chapter 34, Sidewalk and Driveway Approaches**

Resolution #2013-11-195  
 Moved by Slater  
 Seconded by Campbell

RESOLVED, That City Council **AMENDS** Item M-1 Council Referrals Advanced by amending Section 34.11 of Chapter 34 – Sidewalk and Driveway Approaches, by **STRIKING** “one (1) inch” and **SUBSTITUTING** it with “two (2) inches”, as recommended by City Management.

Yes: All-7  
 No: None

### **MOTION CARRIED**

## N. COUNCIL COMMENTS:

### **N-1 Council Comments**

Council Member Tietz stated that he will address the topic of acceptable zoning proposals in R-1 (A-E) zoning districts at the Joint City Council and Planning Commission meeting scheduled for Tuesday, November 26, 2013.

City Attorney Bluhm noted that the Planning Commission is the authority overseeing acceptable zoning proposals in various zoning districts.

## O. REPORTS:

### O-1 Minutes – Boards and Committees:

- a) Retiree Health Care Benefits Plan & Trust-Final – April 10, 2013
- b) Employees' Retirement System Board of Trustees-Final – May 8, 2013
- c) Retiree Health Care Benefits Plan & Trust-Final – July 10, 2013
- d) Employees' Retirement System Board of Trustees-Final – August 14, 2013
- e) Employees' Retirement System Board of Trustees-Final – September 11, 2013
- f) Retiree Health Care Benefits Plan & Trust-Final – September 11, 2013
- g) Employees' Retirement System Board of Trustees-Final – October 9, 2013
- h) Retiree Health Care Benefits Plan & Trust-Final – October 9, 2013
- i) Planning Commission Special/Study-Draft – October 22, 2013
- j) Planning Commission Special/Study-Final – October 22, 2013

Noted and Filed

### O-2 Department Reports:

- a) First Quarter Financial Report
- b) Troy Nature Society – June, 2013 Annual Report
- c) SOCRRA Quarterly Report – October, 2013
- d) 2013 Local Millage Rates Comparison by County
- e) City of Troy Retiree Health Care Plan Actuarial Valuation of Other Post Employment Benefits – December 31, 2012

Noted and Filed

### O-3 Letters of Appreciation:

- a) To Steven Pallotta From Kyle Newberry Regarding Assistance with an Eagle Scout Project

Noted and Filed

### O-4 Proposed Proclamations/Resolutions from Other Organizations: None Submitted

Noted and Filed

The Meeting **RECESSED** at 9:46 PM.

The Meeting **RECONVENED** at 9:55 PM.

## P. STUDY ITEMS:

### P-1 Troy's Story

City Manager Kischnick discussed a PowerPoint presentation titled, "*The Troy Story – Where We've Been; Where We Are; Where We're Going*". Staff members were called upon to contribute during their departments' relevant slides.

Mayor Slater clarified that the Police Dept. was transformed from proactive to reactive; but, Council was looking to see if the Police Dept. and the City would be sustainable after the reductions in staff. We know now that we are sustainable but we need to get back to being proactive. He went on to clarify that when the City Council made the reductions in 2009, it was purely to survive. Troy has survived and it's important to point out that those decisions in 2009 were good decisions and brought us to where we are today. Mayor Slater stated that the decisions regarding the Library and the Library millage were tough decisions but were necessary for the survival of the City. He would like the speculation regarding the necessity of the Library millage and the decisions regarding the Library to end.

Council Member Tietz thinks this is a good start.

Mayor Slater stated that we may not want to do everything Administration has proposed tonight, but items like trails are important budgetary items that need to be brought back.

Council Member Fleming stated that with what we know now, regarding the Library, we would still have money in the Fund Balance even if we didn't have the Library millage.

Mayor Slater stated that without the Library millage, we would just be surviving with a low fund balance.

Council Member Fleming stated that the City went too far into reductions of expenditures with unexpected early retirements and cuts.

Mayor Slater clarified that we wouldn't be having this success story discussion today without the Library millage. We wouldn't have the AAA bond rating with the low fund balance caused by Library expenditures.

Council Member Tietz said we should talk about the community satisfaction with the millage rate and the satisfaction level with the Library millage since the millage is expiring in the next couple years. He stated a decision needs to be made about whether or not to bring the Library millage into future budgets. Council Member Tietz said we need to talk about how we're dealing with our pension obligations; and, the firefighters' pension being underfunded. The way the City spends this money needs to be a long term plan and not a new obligation. He is very cautious and concerned that we will be anxious to spend the money when caution is the best course of action.

Mayor Slater agreed with Council Member Tietz about being cautious and talked about the Success Story of Troy. He quoted Standard & Poor's positive comments regarding the City's reserves. The first thing this Council needs to decide is, "What is a good percentage of Fund Balance?" He admired Oakland County's approach to Fund Balance.

Mayor Pro Tem Henderson reiterated that if we hadn't enacted the Library millage, we would be below our recommended 15% Fund Balance. He believes City Council needs education on

what is the best percentage of Fund Balance. He went on to say that City policy on Fund Balance needs to address more than just the percentage of Fund Balance.

Mayor Slater commented that Council needs to discuss the feasibility of reducing the Library millage and recovering from being reactive to proactive.

City Manager Kischnick offered the opportunity for City Council to list their top five priorities for future discussions. He also reiterated the idea of resident focus groups to discuss priorities.

Mayor Slater suggested Council Members send City Manager Kischnick their top five priorities before the next discussion.

Council Member Hodorek stated that the conditions of the roads will make commercial real estate more appealing, as will public safety. She stated the take-away from tonight is that the City has done exceptionally well considering the financial climate that existed. The City should be proud of where we were and where we are now.

Mayor Slater stated that above all else, the City needs to get rid of furlough time for City employees.

Council Member Fleming warned to not spend money and get ourselves back in the bad situation we were in before.

City Manager Kischnick reiterated that this presentation shows the multi-year budgetary impact of the services discussed tonight. It is not a recommendation or suggestion. This presentation is a collaborative project that identified issues to discuss.

Mayor Slater suggested Council have another study session to discuss moving on to the next phase of proactive budgeting.

City Manager Kischnick reminded Staff and City Council that there is a webinar on December 12<sup>th</sup> with Standard & Poor's that Staff and Council are invited to attend.

Mayor Slater would like a study session in December to discuss the Council top five priorities.

Council Member Fleming stated that we've been very good at predicting revenues but we need to be better at predicting expenditures. He theorized that the City will realize additional excess funds since the City is still understaffed.

City Manager Kischnick pointed out the Budget Breakeven Adjustment in the presentation which accounts for the unfilled budgeted positions.

Mayor Slater would like to see the City get rid of the furlough hours as soon as possible prior to the holidays as a thank you to the Staff.

Council Member Tietz stated that he does not think it's prudent to make a budgetary change based on the time of year. He suggested that Council be more cautious.

Council Member Pennington asked if there's a precedent or a process for making these changes. Mayor Slater stated there is neither, but Council can form a consensus. City Attorney Bluhm suggested a budget amendment for the next meeting that eliminates furlough time.

**Q. CLOSED SESSION:**

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**Q-1 No Closed Session Requested**

**R. ADJOURNMENT:**

The Meeting **ADJOURNED** at 11:17 PM.

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Mayor Dane Slater

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M. Aileen Bittner, CMC  
City Clerk

**FUTURE CITY COUNCIL PUBLIC HEARINGS:****SCHEDULED REGULAR CITY COUNCIL MEETINGS:**

December 2, 2013.....	Regular Meeting
December 16, 2013.....	Regular Meeting
January 13, 2014.....	Regular Meeting
January 27, 2014.....	Regular Meeting
February 3, 2014.....	Regular Meeting
February 10, 2014.....	Regular Meeting
March 3, 2014.....	Regular Meeting
March 17, 2014.....	Regular Meeting
April 7, 2014.....	Regular Meeting
April 14, 2014.....	Regular Meeting
May 12, 2014.....	Regular Meeting
May 19, 2014.....	Regular Meeting
June 2, 2014.....	Regular Meeting
June 16, 2014.....	Regular Meeting
July 7, 2014.....	Regular Meeting
July 21, 2014.....	Regular Meeting
August 11, 2014.....	Regular Meeting
August 25, 2014.....	Regular Meeting
September 8, 2014.....	Regular Meeting
September 22, 2014.....	Regular Meeting
October 6, 2014.....	Regular Meeting
October 20, 2014.....	Regular Meeting
November 10, 2014.....	Regular Meeting
November 24, 2014.....	Regular Meeting
December 1, 2014.....	Regular Meeting
December 15, 2014.....	Regular Meeting

**SCHEDULED SPECIAL CITY COUNCIL MEETINGS:**

November 26, 2013.....	Special Joint City Council / Planning Commission
February 5, 2014.....	Liquor Advisory Meeting
February 19, 2014.....	Liquor Advisory Meeting
April 21, 2014.....	Special Budget Meeting
April 23, 2014.....	Special Budget Meeting



## CITY COUNCIL AGENDA ITEM

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Date: November 22, 2013

To: Brian Kischnick, City Manager

From: Mark F. Miller, Director of Economic & Community Development  
Steven J. Vandette, City Engineer  
William J. Huotari, Deputy City Engineer/Traffic Engineer

Subject: Traffic Committee Recommendations and Minutes – November 20, 2013

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At the Traffic Committee meeting of November 20, 2013, the following recommendations were made for City Council approval:

**3. Request for Traffic Control – Forest Park Drive at Redbud Drive**

**RESOLVED**, that the intersection of Forest Park Drive and Redbud Drive be modified from NO traffic control to ALL-WAY STOP control.

**4. Request to Extend No Parking Zone – London Court**

**RESOLVED**, that the existing NO PARKING zone be extended to encompass the entire cul-de-sac; ending at a point approximately at the property line between 2629 London Court and 4586 Butler.

A regular meeting of the Troy Traffic Committee was held Wednesday, November 20, 2013 in the Lower Level Conference Room at Troy City Hall. Pete Ziegenfelder called the meeting to order at 7:30 p.m.

**1. Roll Call**

PRESENT: Sarah Binkowski  
Tim Brandstetter  
Ted Halsey  
Richard Kilmer  
Pete Ziegenfelder

ABSENT: Al Petrusis  
Stevan Popovic

Also present: Kevin Roach, 1638 Redbud  
Clarence & Lorraine Kufel, 6659 Forest Park  
Nancy Gierak-Taggart, 4586 Butler  
Lee Watkins, 2653 London  
Bill Huotari, Deputy City Engineer/Traffic Engineer

**2. Minutes – October 16, 2013**

**RESOLUTION # 2013-11-23**

Moved by Kilmer  
Seconded by Halsey

To approve the October 16, 2013 minutes as printed.

YES: 5 (Binkowski, Brandstetter, Halsey, Kilmer, Ziegenfelder)  
NO: None  
ABSENT: 2 (Petrulis, Popovic)

MOTION CARRIED

**REGULAR BUSINESS**

**3. Request for Traffic Control – Forest Park Drive at Redbud Drive**

Paul and Pearl Newcomer of 1639 Redbud Drive request that traffic control be placed at the intersection of Forest Park Drive and Redbud Drive. Mr. and Mrs. Newcomer state that lack of Stop signs in all directions creates a hazardous situation.

Kevin Roach of 1638 Redbud discussed the need for traffic control at the intersection for safety of residents and property in and around the intersection. He reported that his

mailbox has been damaged three times. He also discussed the long stretch of Forest Park from South Boulevard to the end with no traffic control in place. Additionally, the line of sight at the intersection is not good. He feels that by adding traffic control at the intersection that everyone would be safer.

Clarence Kufel of 6659 Forest Park supported Mr. Roach’s statements and also requested that traffic control be added to the intersection. Mr. Roach stated that there are drivers who cut through this area between Crooks and South Boulevard. The intersection is also the bus stop for both the elementary and middle school students.

Mr. Ziegenfelder added that Stop signs do not control speed.

Ms. Binkowski asked about the three crashes that have occurred at the intersection. Two of the crashes are reported as being types that could be attributed to lack of traffic control at the intersection.

Traffic Engineering did receive one email in support of traffic control at the intersection.

**RESOLUTION # 2013-11-24**

Moved by Binkowski  
Seconded by Kilmer

**RESOLVED**, that the intersection of Forest Park Drive and Redbud Drive be modified from NO traffic control to ALL-WAY STOP control.

YES: 5 (Binkowski, Brandstetter, Halsey, Kilmer, Ziegenfelder)  
NO: None  
ABSENT: 2 (Petrulis, Popovic)

MOTION CARRIED

**4. Request to Extend No Parking Zone – London Court**

Don Plachta of 2622 London Court and Tom Butcher of 2629 London Court request that the existing No Parking zone along London Court be extended to a point southeast of the driveway to 2629 London Court (approximately at the property line between 2629 London Court and 4586 Butler). Vehicles being parked in the cul-de-sac are causing issues with vehicular movement around the cul-de-sac as well as access to properties adjacent to the cul-de-sac.

Lee Watkins of 2653 London Court reports that garbage trucks can’t get around the island due to parked cars in the cul-de-sac and therefore drive over the island causing damage. The problem has been ongoing for quite some time. She supports moving the sign outside of the cul-de-sac so that the entire cul-de-sac is posted as No Parking. Nancy Gierak-Taggart of 4586 Butler discussed the same issues with vehicles having a

difficult time getting around the cul-de-sac when vehicles are parked in it. With winter coming the problem only gets worse as cars park further away from the curb due to snow that gets piled up along the curb.

Mr. Halsey stated that cul-de-sac's in general are not setup well for parking.

The No Parking signage needs to be upgraded even with no changes as the current signs in place are the basic No Parking symbol signs, rather than the current standard which is a No Parking Begins and No Parking Ends signage to better delineate the No Parking zone.

Traffic Engineering did receive two emails in support of extending the no parking zone; one email opposed and one email stating that the owner would not protest any decision made collectively by the majority of residents and Traffic Committee members.

**RESOLUTION # 2013-11-25**

Moved by Halsey  
Seconded by Binkowski

**RESOLVED**, that the existing NO PARKING zone be extended to encompass the entire cul-de-sac; ending at a point approximately at the property line between 2629 London Court and 4586 Butler.

YES: 5 (Binkowski, Brandstetter, Halsey, Kilmer, Ziegenfelder)  
NO: None  
ABSENT: 2 (Petrulis, Popovic)

MOTION CARRIED

**5. Public Comment**

Lee Watkins of 2653 London Court asked about the Yield sign on westbound Butler at London/London Court. Mr. Ziegenfelder advised Ms. Watkins that she or any other resident could request that the intersection be reviewed for purposes of modifying the traffic control. Ms. Watkins did not request further action at this time, but did ask about increased police enforcement at this location and at other intersections.

The traffic safety unit was eliminated during the downsizing of the City and currently the police department provides these types of services when officers are not on higher priority activities. Direct enforcement is very limited. Traffic Engineering will contact the Police Department so that it can be noted and if officers are in the area and are available, then additional patrols may be made.

**6. Other Business**

Mr. Brandstetter questioned the traffic signal operation at the intersection of Square Lake

and Livernois. He noted that northbound Livernois experiences significant delays as compared to eastbound/westbound Square Lake during the evening peak hour (approximately 5:15 p.m.). Traffic Engineering will forward the concern to the Road Commission for Oakland County for investigation.

**7. Adjourn**

The meeting adjourned at 8:08 p.m.

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Pete Ziegenfelder, Chairperson

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Bill Huotari, Deputy City Engineer/Traffic Engineer

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## CITY COUNCIL AGENDA ITEM

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Date: November 26, 2013

To: Brian Kischnick, City Manager

From: Mark F. Miller, Director of Economic and Community Development  
Steven J. Vandette, City Engineer  
Larysa Figol, Sr. Right of Way Representative

Subject: Request for Approval of Agreement to Purchase Realty for Public Purposes for John R Road Improvements, Square Lake to South Boulevard – Project No. 02.204.5, Parcel #48 Sidwell #88-20-02-228-031

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### **History**

In connection with the proposed improvements to John R Road, from Square Lake to South Boulevard, the Engineering Department made a *Conditioned Offer to Purchase Real Estate* to Awni A. Abu-Joudeh and Fadia Abu-Joudeh, owners of the property having Sidwell # 88-20-02-228-031 located at 6769 John R. The property owners have accepted our offer in the total amount of \$275,233.70.

The parcel is located on the west side of John R Road, between Chancery and South Boulevard in the northeast ¼ of Section 2. The proposed right-of-way line infringes on the house itself, so we are required to purchase the entire parcel. The owners have found a new home and wish to relocate to a new property.

### **Financial**

An appraisal was prepared by Andrew Reed, State Certified Appraiser and reviewed by Kimberly Harper, Deputy Assessor and State Licensed Appraiser. Staff believes that the offer of \$275,233.70 is a justifiable amount for this acquisition. This price is based on the appraised value of \$220,000.00, times a factor of 1.25 per Public Act 367 of 2006, plus \$233.70 for the loss of the homeowner's principle residence exemption.

In addition to the amount listed above, the City will also be responsible for all closing costs plus the property owners will be eligible to submit a relocation claim for moving expenses.

Eighty percent of these costs will be reimbursed from Federal funds. Funds for the City of Troy's share are included in the 2013-14 Major Road fund.

### **Recommendation**

City Management recommends that City Council approve the attached purchase agreement with Awni A. Abu-Joudeh and Faida Abu-Joudeh in the amount \$275,233.70, plus closing costs.

Section 2, T2N,  
R11E, City of Troy,  
Oakland County, MI

# LOCATION MAP



SMALLBROOK

NORTHPOINT

JANDALE

LITTLE CREEK

EMERALD SHORES

88-20-02-228-031

JOHN R

GULLIVER

STIRLING

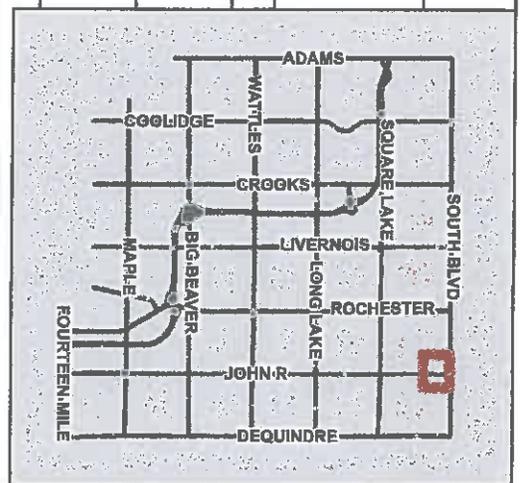
CHANCERY

EDITH

BURDIG

JARMAN

HARNED



CITY OF TROY  
AGREEMENT TO PURCHASE REALTY  
FOR PUBLIC PURPOSES

The CITY OF TROY (the "Buyer"), agrees to purchase from Awni A. Abu-Joudeh and Fadia Abu-Joudeh, husband and wife (the "Seller"), the following described premises (the "Property"):

T2N, R11E, SEC 2, CITY OF TROY, OAKLAND COUNTY, MICHIGAN,  
DESCRIBED AS PART OF THE NORTHEAST 1/4: BEGINNING AT A POINT  
DISTANT S 00°14'53" E 1233.41 FT FROM NORTHEAST SECTION CORNER,  
THENCE S 89°22'22" W 528 FT, THENCE N 00°14'53" W 82.50 FT, THENCE  
N 89°22'22" E 528 FT, THENCE S 00°14'53" E 82.50 FT TO BEGINNING.  
CONTAINING 1.00 ACRE.

for a public project within the City of Troy and to pay the sum of Two Hundred, Seventy-Five Thousand and no/100 Dollars (\$275,000)\* under the following terms and conditions:

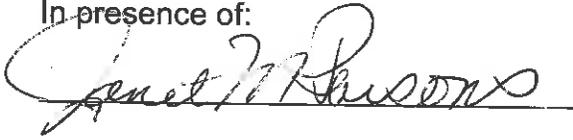
1. Seller shall assist Buyer in obtaining all releases necessary to remove all encumbrances from the property so as to vest a marketable title in Buyer.
2. Seller shall pay all taxes, prorated to the date of closing, including all special assessments, now due or which may become a lien on the property prior to the conveyance.
3. Seller shall deliver the Warranty Deed upon payment of the purchase money by check drawn upon the account of the City of Troy.
4. Buyer shall, at its own expense, provide title insurance information, and the Seller shall disclose any encumbrances against the property.
5. This Agreement is binding upon the parties and closing shall occur within ninety (90) days of the date that all liens have been released and encumbrances have been extinguished to the satisfaction of the Buyer, unless extended by agreement of the parties in writing. It is further understood and agreed that this period of time is for the preparation and authorization of purchase money.
6. Buyer shall notify the Seller immediately of any deficiencies encumbering marketable title, and Seller shall then proceed to remove the deficiencies. If the Seller fails to remove the deficiencies in marketable title to Buyer's approval, the Buyer shall have the option of proceeding under the terms of this Agreement to take title in a deficient condition or to render the Agreement null and void, and any deposit tendered to the Seller shall be returned immediately to the Buyer upon demand.
7. The City of Troy's sum paid for the property being acquired represents the property being free of all environmental contamination. Although the City of Troy will not withhold or place in escrow any portion of this sum, the City reserves its rights to bring Federal and/or State and/or local cost recovery actions against the present owners and any other potentially responsible parties, arising out of a release of hazardous substances at the property.
8. Seller acknowledges that this offer to purchase is subject to final approval by Troy City Council.
9. Seller grants to Buyer temporary possession and use of the property commencing on this date and continuing to the date of closing in order that the Buyer may proceed with the public project.
10. Additional conditions, if any: In addition to the offer listed above, the City of Troy also agrees to pay the Sellers \$233.70 for the loss of homeowner's principle residence exemption (per Public Act 439 of 2006).
11. At the request of the Seller, Buyer agrees that all proceeds from the sale of after satisfaction of all encumbrances, liens, and/or title obstructions will be paid to Patrick Abu-Joudeh and Pierre Abu-Joudeh, for application towards the Seller's new residency.

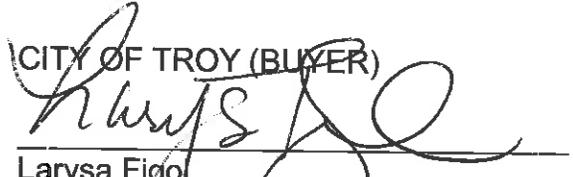
\*This price is based on a fair market value of \$220,000 x 1.25 Factor per Public Act 367 of 2006.

SELLER HEREBY ACKNOWLEDGES THAT NO PROMISES WERE MADE EXCEPT AS CONTAINED IN THIS AGREEMENT.

IN WITNESS WHEREOF, the undersigned hereunto affixed their signatures this 27<sup>th</sup> day of, November 2013.

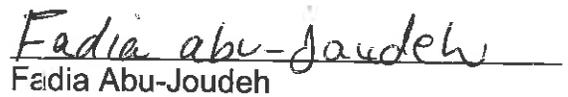
In presence of:

  
\_\_\_\_\_

CITY OF TROY (BUYER)  
  
Larisa Figo  
Sr. Right-of-Way Representative

SELLER:

  
Awni A. Abu-Joudeh

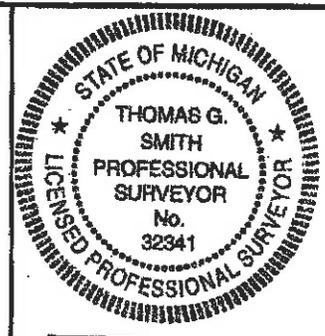
  
Fadia Abu-Joudeh

## Exhibit "A"

Section 2, John R Widening Project  
Parcel: 88-20-02-228-031  
Parcel #48

PARCEL #48 DESCRIPTION:

T2N, R11E, SEC 2, CITY OF TROY, OAKLAND COUNTY, MICHIGAN, DESCRIBED AS PART OF THE NORTHEAST 1/4: BEGINNING AT A POINT DISTANT S 00°14'53" E 1233.41 FT FROM NORTHEAST SECTION CORNER, THENCE S 89°22'22" W 528 FT, THENCE N 00°14'53" W 82.50 FT, THENCE N 89°22'22" E 528 FT, THENCE S 00°14'53" E 82.50 FT TO BEGINNING, THE EAST 33 FEET OF WHICH IS CURRENTLY BEING USED FOR ROADWAY PURPOSES. CONTAINING 1.00 ACRES.



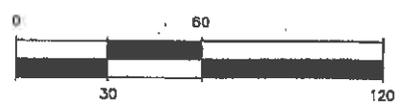
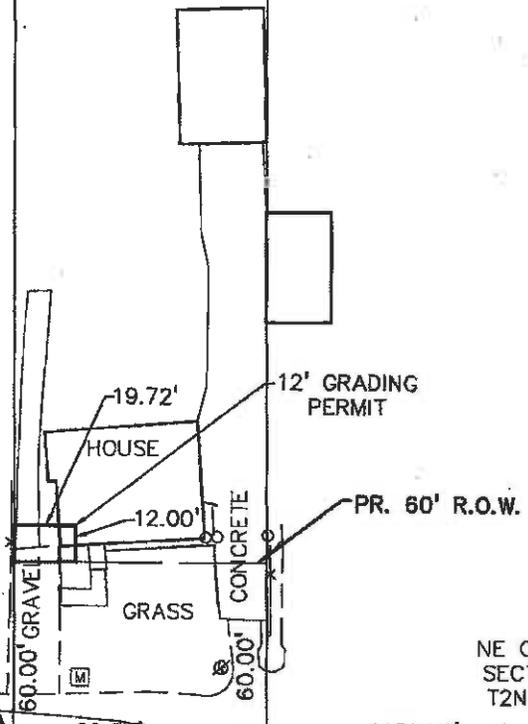
*Thomas G. Smith*

N00°14'53"W  
82.50'

PARCEL 48  
88-20-02-228-031  
#6769 JOHN R RD

S89°22'22"W 468.00'  
S89°22'22"W 528.00'  
N89°22'22"E 528.00'  
N89°22'22"E 468.00'

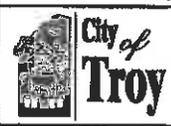
POB PARENT PARCEL



GRAPHIC SCALE  
1" = 60'

PARCEL 48

ORCHARD, HILTZ & McCLIMENT, INC.  
34000 Plymouth Road  
Livonia, MI, 48150 (734)522-8711



500 W. Big Beaver Rd.  
Troy, Michigan 48084  
(248) 524-3594  
www.ci.troy.mi.us

6769 John R  
Grading Permit  
Sketch

82.50' 1150.91'  
EAST LINE OF SEC 2 S00°14'53"E 1233.41'  
JOHN R ROAD (120' WIDE)

NE CORNER  
SECTION 2  
T2N-R11E

SCALE: 1" = 60'	DRAWN BY: JRV 2-10-06	CHECK BY: GWC 3-17-06	FILE 228-031 GRD
DATE	REV.	CONTRACT No.	
STEVEN J. VANDETTE CITY ENGINEER		SHEET No. 1 of 2	JOB No. 2002-234

Document Prepared by  
Professional Engineering  
Associates, Inc.

Chair Dziurman called the Regular meeting of the Building Code Board of Appeals to order at 3:00 p.m. on October 2, 2013 in the Lower Level Conference Room of the Troy City Hall.

1. ROLL CALL

Members Present:

Theodore Dziurman, Chair  
Gary Abitheira  
Teresa Brooks  
Michael Carolan  
Brian Kischnick (arrived 3:18 p.m.)

Support Staff Present:

Mitch Grusnick, Building Official/Code Inspector  
Kathy L. Czarnecki, Recording Secretary

Also Present:

Attached and made a part hereof is the signature sheet of those present and signed in at this meeting.

2. APPROVAL OF MINUTES

Moved by: Abitheira  
Support by: Carolan

**RESOLVED**, To approve the minutes of the September 4, 2013 Regular meeting as submitted.

Yeas: All present (4)  
Absent: Kischnick (arrived 3:18 p.m.)

**MOTION CARRIED**

3. HEARING OF CASES

- A. **VARIANCE REQUEST, PETE PERTILE, 5574 IVANHOE** – A variance for relief of Chapter 83 to install a 5 foot high PVC picket fence in the required front setback along Highbury where the Fence Code limits the height of fences to 30 inches.

Mr. Grusnick reviewed the variance request. He indicated the applicant is requesting to replace an existing 30 inch high fence for which the City issued a permit 17 years ago with a 5 foot high PVC picket fence on the same portion of yard. Mr. Grusnick addressed concern for the potential vision obstruction of pedestrian traffic along Highbury. He reported the department received no responses to the public hearing notices.

The applicant Pete Pertile said a higher fence would provide safety for his child. He said the new fence would be an upgrade and aesthetically pleasing to the neighborhood. Mr. Pertile asked to change his request from a 5 foot high fence to a 4 foot high fence to accommodate a concern of one of his neighbors. He circulated a brochure of the proposed fence.

There was discussion on:

- Angling fence to allow vision of pedestrian traffic.
- 4 foot high fence as relates to fence type, posts, arches.

Mr. Pertile said he has no objection to angling the fence, as suggested by the Board.

Chair Dziurman opened the floor for public comment; there was no one present who wished to speak.

Moved by: Abitheira

Support by: Brooks

**RESOLVED**, To grant the request to install a 4 foot high PVC picket fence located 18 inches off the sidewalk, and to allow supporting fence posts up to 5 feet in height, for the following reasons:

1. The variance would not be contrary to the public interest or general purpose and intent of Chapter 83.
2. The variance does not adversely affect properties in the immediate vicinity of the proposed sign.
3. The petitioner has a hardship or practical difficulty resulting from the unusual characteristics of the property that precludes reasonable use of the property.

**FURTHER RESOLVED**, That the variance is subject to providing a corner clearance triangular area without fencing starting at the northeast property corner and extending for a distance of 10 feet west and 10 feet south for the purpose of eliminating the public sidewalk vision obstruction for the driveway located at 2272 Highbury.

Yeas: All present (4)

Absent: Kischnick (arrived 3:18 p.m.)

### **MOTION CARRIED**

- B. **VARIANCE REQUEST, MARY CURL, 3955 ANVIL** – A variance for relief of Chapter 83 to install a 4 foot high chain link fence in the required front setback along Wattles where the Fence Code limits the height of fences to 30 inches.

Mr. Grusnick reviewed the variance request. He reported the department received no responses to the public hearing notices.

The applicant Mary Curl said the 4 foot high fence would provide the height needed to contain her one year old, 93 pound Labrador retriever as well as give him room to run. Ms. Curl said she spoke with the neighbors and there are no objections to the fence. Ms. Curl said a 4 foot high fence is all she needs with the existing natural vegetation that would screen the fence and understands that the fence would be installed on her side of the property.

Chair Dziurman opened the floor for public comment; there was no one present who wished to speak.

[Mr. Kischnick arrived at 3:18 p.m.]

Moved by: Abitheira  
Support by: Brooks

**RESOLVED**, To grant the request as submitted for the following reasons:

1. The variance would not be contrary to the public interest or general purpose and intent of Chapter 83.
2. The variance does not adversely affect properties in the immediate vicinity of the proposed sign.
3. The petitioner has a hardship or practical difficulty resulting from the unusual characteristics of the property that precludes reasonable use of the property.

Yeas: All present (5)

**MOTION CARRIED**

- C. **VARIANCE REQUEST, PATRICK STIEBER FOR ALLIED SIGNS, INC., 36895 DEQUINDRE** – In order to place two ground signs (menu boards), each measuring 46 square feet in size, a variance from the Sign Code that limits the size of these signs to 36 square feet each.

Mr. Grusnick reviewed the variance request and said the proposed menu boards would be out of public view. He reported the department received one response to the public hearing notices in support of the variance request. Mr. Grusnick stated there have been no complaints registered with the size of the menu boards at other McDonald restaurants in Troy that have been granted relief on the menu board size.

The applicant Patrick Stieber said the existing McDonald’s restaurant is doing a major remodel to upgrade to a double drive-through with two menu boards and two order points. They are asking relief to enlarge the existing menu board and install the second menu board. Mr. Stieber said the standard corporate menu boards are no different from other McDonald restaurants in Troy that have been granted relief of the sign code.

Mr. Grusnick agreed with the comments of the applicant.

Chair Dziurman opened the floor for public comment; there was no one present who wished to speak.

Moved by: Brooks  
Support by: Carolan

**RESOLVED**, To grant the request as submitted for the following reasons:

1. The variance would not be contrary to the public interest or general purpose and intent of Chapter 85, as the proposed signage is not within public view.
2. The variance does not adversely affect properties in the immediate vicinity of the proposed sign because there is a brick wall on the west property line.
3. The petitioner has indicated a hardship because it is a corporate sign at a minimum square footage size above what is permitted by code.

Yeas: All present (5)

### **MOTION CARRIED**

- D. **VARIANCE REQUEST, SEAN TWOMEY FOR DRURY DEVELOPMENT CORPORATION, 575-591 W. BIG BEAVER** – A variance from the requirement that permits a maximum of two ground signs on the property, in order to maintain a previously erected third ground sign measuring 36 square feet.

Mr. Grusnick reviewed the variance request. He identified on the visual screen the two existing ground signs (one for the hotel and one for the restaurant) and the third sign at the entrance, for which the variance is being requested. Mr. Grusnick said since the ordinance allows only 2 ground signs there are no provisions to regulate the size of a third sign but, if granted, it would follow the guidance of a second sign and be restricted to 10 feet maximum in height. He reported the department received no responses to the public hearing notices.

The applicant Sean Twomey circulated photographs of the site. Mr. Twomey said after an addition and remodel of the existing property, the hotel manager received complaints the hotel entrance was very difficult to find and guests were driving by the entrance. Mr. Twomey said the hotel applied for a sign permit to install a third sign to better identify the hotel entrance, with the belief they were within their rights to erect a second sign for the hotel. He said the permit was granted, a sign was erected, and subsequently the hotel was notified they were in violation.

There was discussion on:

- Combining/stacking signage for both hotel and restaurant.
- Sign at hotel entrance obscured by restaurant sign.
- Relationship of restaurant to hotel; ground lease, property owned by hotel.

Chair Dziurman opened the floor for public comment; there was no one present who wished to speak.

Moved by: Abitheira  
Support by: Brooks

**RESOLVED**, To grant the request as submitted for the following reasons:

1. The variance would not be contrary to the public interest or general purpose and intent of Chapter 85.
2. The petitioner has a hardship or practical difficulty because the sign is already installed with a permit.

Yeas: All present (5)

**MOTION CARRIED**

- E. **VARIANCE REQUEST, KEVIN DETERS OF METRO DETROIT SIGNS, 750 TOWER** – In order to place a second and third wall sign measuring 116.24 and 24.5 square feet respectively, a variance from the requirement allowing a maximum of one wall sign, not exceeding 200 square feet.

Mr. Grusnick reviewed the variance request. He stated that presently there is no existing signage on the property. He reported the department received no responses to the public hearing notices.

Paul Deters was present to represent the applicant. Also present was Scott Worden, Manager of Corporate Communications and Public Relations with Magna.

Mr. Deters addressed the proposed signage as relates to the west and east building elevations and frontage on two major thoroughfares. He said the proposed signs would not be visible at the same time and there would be no proliferation of signage. Magna is requesting relief of the sign code to allow visibility from I-75, Tower and Crooks. Mr. Deters said Magna currently occupies 75% of the building and expects full occupancy within the next six months, noting it is Magna's intent to be the only identification on the building. He noted the proposed sign on the north elevation is only for identification of the building entrance.

Discussion on:

- Signage on adjacent buildings.
- Signage on east elevation; previous (removed) lease sign.
- Signage on subject building prior to current tenant.

Chair Dziurman opened the floor for public comment; there was no one present who wished to speak.

Moved by: Kischnick  
Support by: Carolan

**RESOLVED**, To grant the request for two signs, one sign at the north entrance and a second sign on the building elevation facing Tower, for the following reasons.

1. The variance would not be contrary to the public interest or general purpose and intent of Chapter 85.
2. The variance does not adversely affect properties in the immediate vicinity of the proposed sign.
3. The petitioner has a hardship or practical difficulty resulting from the unusual characteristics of the property that precludes reasonable use of the property because it has two frontages.

Yeas: All present (5)

### **MOTION CARRIED**

- F. **VARIANCE REQUEST, ROBERT MOORHOUSE OF R. E. MOORHOUSE AND ASSOCIATES, INC., FOR 5440 CORPORATE** – In order to place 4 wall signs each measuring 100 square feet, a variance from the requirement allowing a maximum of one wall sign, not exceeding 200 square feet.

Mr. Grusnick reviewed the variance request. He addressed the similarity of the request to the previous request reviewed by the Board, as it relates to the existing office building having two frontages. Mr. Grusnick said there are three variance requests before the Board proposed by two separate tenants. He reported the department received no responses to the public hearing notices.

The applicant Robert Moorhouse said the tenants are two separate entities with individual company brands. Mr. Moorhouse said he spoke with Paul Evans, the City's Zoning and Compliance Specialist, who suggested bringing the signage of both brands within close proximity, with the intent that the Board might give consideration to it being one sign. Mr. Moorhouse said the signage would have no adverse affect on neighboring buildings, nor would the signs be visible at the same time. He said the intent of the signage is to give visibility and exposure to the individual growing companies.

Also present were Meaghan Lewis representing Residential Home Health and Diane Cattnach representing Residential Hospice.

There was discussion on:

- Individual business entities; technically two separate signs.
- Approximate distance between signs; 6 feet.
- Building elevation that comprises predominant parking.
- Ground sign permits in process; additional tenants would be identified.

- Percentage of leased building; just under 50% for both tenants, 7 year lease with expected growth.

Chair Dziurman opened the floor for public comment; there was no one present who wished to speak.

Moved by: Abitheira  
Support by: Carolan

**RESOLVED**, To grant the variance as submitted for three (3) additional wall signs at 100 square feet each for the following reasons:

1. The variance would not be contrary to the public interest or general purpose and intent of Chapter 85.
2. The variance does not adversely affect properties in the immediate vicinity of the proposed sign.
3. The petitioner has a hardship or practical difficulty resulting from the unusual characteristics of the property that precludes reasonable use of the property.

Discussion on the motion on the floor.

Mr. Kischnick shared concern with the request as it relates to the number of variances requested to identify individual business entities. He said he would vote yes on the request but would have liked to see a better solution. Mr. Kischnick said that in the end, the signs most likely will look okay.

Mr. Grusnick asked the applicant if the signs had been manufactured already and if they could be incorporated into one sign cabinet.

Mr. Moorhouse said no because the companies are two separate companies.

Vote on the motion on the floor.

Yeas: Abitheira, Carolan, Dziurman, Kischnick  
Nay: Brooks

**MOTION CARRIED**

Ms. Brooks said a better solution could have been proposed.

4. COMMUNICATIONS

None.

5. PUBLIC COMMENT

None.

6. MISCELLANEOUS BUSINESS

The 2014 meeting schedule will be placed on the next agenda for approval.

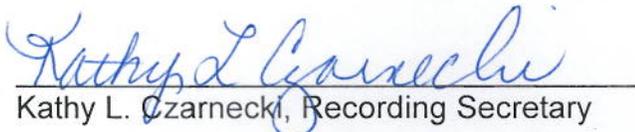
7. ADJOURNMENT

The Regular meeting of the Building Code Board of Appeals adjourned at 4:00 p.m.

Respectfully submitted,



Theodore Dziurman, Chair



Kathy L. Czarnecki, Recording Secretary



On October 15, 2013, at 7:30 p.m., in the Council Chambers of Troy City Hall, Chair Kneale called the Zoning Board of Appeals meeting to order.

1. ROLL CALL

Present:

Allen Kneale  
Bruce Bloomingdale  
Glenn Clark  
Kenneth Courtney  
David Eisenbacher  
Thomas Krent  
David Lambert

Also Present:

Paul Evans, Zoning and Compliance Specialist  
Julie Quinlan Dufrane, Assistant City Attorney  
Paul McCown, ZBA alternate (in audience)

2. APPROVAL OF MINUTES – September 17, 2013

Moved by Courtney  
Seconded by Lambert

RESOLVED, to approve the September 17, 2013 meeting minutes.

Yes: All

MOTION PASSED

3. APPROVAL OF AGENDA – Mr. Evans advised the applicant for item 4 (C), for property at 482 Starr, has postponed their matter to November 19, 2013.

4. HEARING OF CASES

A. Variance request, Nicolaie Santa, 2245 Alexander – In order to build a shed in the front yard adjacent to Paris, a variance from the requirement that sheds can be located only in rear yards. Zoning Ordinance Section 7.03 (B) (2) (a).

Moved by Krent  
Seconded by Eisenbacher

RESOLVED, to grant the request.

Yes: All

MOTION PASSED

- B. Variance request, Arben and Emira Meka, 2529 Binbrooke – In order to construct a covered porch at the front of the house, an 8 foot variance to the required 40 foot front yard setback. Zoning Ordinance Section 4.06 (C) R-1B Zoning.

Moved by Kneale  
Seconded by Lambert

RESOLVED, to deny the request.

Yes: Kneale, Krent, Lambert, Bloomingdale, Clark, Courtney  
No: Eisenbacher

MOTION PASSED

- 5. COMMUNICATIONS – None
- 6. MISCELLANEOUS BUSINESS – None
- 7. PUBLIC COMMENT – None
- 8. ADJOURNMENT – The Zoning Board of Appeals meeting ADJOURNED at 8:43 p.m.

Respectfully submitted,

  
\_\_\_\_\_  
Allen Kneale, Chair

  
\_\_\_\_\_  
Paul Evans, Zoning and Compliance Specialist

Chair Dziurman called the Regular meeting of the Building Code Board of Appeals to order at 3:02 PM on November 6, 2013 in the Lower Level Conference Room of the Troy City Hall.

1. ROLL CALL

Members Present:

Theodore Dziurman, Chair  
 Gary Abitheira  
 Teresa Brooks  
 Michael Carolan  
 Brian Kischnick (arrived 3:02 PM)

Support Staff Present:

Mitch Grusnick, Building Official/Code Inspector  
 Gerald Rice, Recording Secretary

Also Present:

Attached and made a part hereof is the signature sheet of those present and signed in at this meeting.

2. APPROVAL OF MINUTES

Moved by: Carolan  
 Support by: Abitheira

**RESOLVED**, To approve the minutes of the October 6, 2013 Regular meeting as submitted.

Yeas: Abitheira, Carolan, Brooks, Kischnick, Dziurman

**MOTION CARRIED**

3. HEARING OF CASES

- A. **VARIANCE REQUEST, LAWRENCE K LAVANWAY, for LAVANWAY SIGN COMPANY INC., 5440 CORPORATE** – A variance to allow a third ground sign measuring 48 square feet.

Mr. Grusnick reviewed the variance request. The applicant came to the Board and received a variance last month for additional wall signage. The request before the Board today is for a 3<sup>rd</sup> ground sign. Mr. Grusnick reported the department received no responses to the public hearing notices.

Michael Keen represented Lavanway Signs and stated this site is unique in that it has 2 street frontages. Currently, there is one tenant monument sign on Corporate which gets very little traffic and a second tenant monument sign on Crooks. They would like to increase the size of a third leasing sign on Crooks where there is heavy traffic.

There was discussion on:

- What the owner intends to do if they reach 90% occupancy

Chair Dziurman opened the floor for public comment; there was no one present who wished to speak.

Moved by: Brooks  
Support by: Kischnick

**RESOLVED**, To grant the request to allow a third ground sign measuring 48 square feet for the following reasons:

1. The variance does not adversely affect properties in the immediate vicinity of the proposed sign.
2. The petitioner has a hardship or practical difficulty resulting from the unusual characteristics of the property that precludes reasonable use of the property.

Yeas: Abitheira, Carolan, Brooks, Kischnick  
Nay: Dziurman

**MOTION CARRIED**

- B. **VARIANCE REQUEST, MICHAEL KONJA for MK2 LLC dba LUCKY’S MARKET, 4835 JOHN R** – A variance to allow two (2) additional wall signs with a combined size of 49.5 square feet. The Sign Code does not allow any wall signs on the building.

Mr. Grusnick reviewed the variance request. He reported this is an existing legal non-conforming property. The business use on the property precedes the current residential zoning. The department has received no responses to the public hearing notices.

The applicant Michael Konja Jr. stated they have just been approved to be a contractor for USPS. It would be beneficial to their business to place signage on the north and south elevations to advertise.

There was discussion on:

- Integrating the USPS sign into already existing signs
- Removing the canopy sign on the east elevation
- Concerns of the residential subdivision adjoining this property to the south

Mr. Carolan motioned to deny the variance request. No second.

Chair Dziurman opened the floor for public comment; there was no one present who wished to speak.

Mrs. Brooks motioned to approve signage on the north elevation of the building and deny the signage on the south elevation due to the uniqueness of the building and the owner trying to provide a service to the community while respecting the residential environment to the south.

Support by: Kischnick

Mrs. Brooks amended her motion to grant a sign on the north and east elevations with the removal of the liquor canopy if the appellant decides to place sign on east elevation.

Mr. Kischnick was in support of the amendment on the table.

**RESOLVED**, To grant the request as amended for the following reasons:

1. The variance would not be contrary to the public interest or general purpose and intent of Chapter 83.
2. The variance does not adversely affect properties in the immediate vicinity of the proposed sign.
3. The petitioner has a hardship or practical difficulty resulting from the unusual characteristics of the property that precludes reasonable use of the property.

Yeas: Abitheira, Dziurman, Brooks, Kischnick

Nay: Carolan

**MOTION CARRIED**

- C. **VARIANCE REQUEST, ANDREW J. MOISEEV for MOISEEV/GORDON ASSOCIATES, INC., DETROIT MEETING ROOMS, NORTH OF SQUARE LAKE AND I-75, EAST OF ADAMS (PID's 88-20-06-352-030, -031, -032)** – A variance for relief of Chapter 93, Appendix C, Section C103.1 and Section 912.2, to provide a fully suppressed building in lieu of the Code required fire hydrant.

Mr. Grusnick reviewed the variance request. He reported the department received no responses to the public hearing notices.

Assistant Fire Chief David Roberts addressed the Board. He has reviewed the proposal and would be in support of a fully suppressed building. The Troy Fire Department would not object to the variance request because of the recognized benefit of having fire suppression built into the building where the majority of fires start.

The applicant stated they meet in this building no more than five to six hours per week and there is no kitchen.

There was discussion on:

- The viability of a fire suppression system
- How an external fire would be handled
- Fire hydrant site requirement

Chair Dziurman opened the floor for public comment; there was no one present who wished to speak.

Moved by: Carolan  
 Support by: Kischnick

**RESOLVED**, To grant the request as submitted for the following reason:

1. The variance would not be contrary to the public interest or general purpose and intent of Chapter 93, as the proposed suppression system exceeds requirements.

Yeas: Abitheira, Carolan, Brooks, Kischnick  
 Nay: Dziurman

**MOTION CARRIED**

4. COMMUNICATIONS

None.

5. PUBLIC COMMENT

None.

6. MISCELLANEOUS BUSINESS

Finalize the 2014 monthly meeting dates. The monthly meeting dates will be held the 1<sup>st</sup> Wednesday of each month with the exceptions of:

- The January 2014 meeting will be held on the 8<sup>th</sup>.
- The July 2014 meeting will be held on the 9<sup>th</sup>.

7. ADJOURNMENT

The Regular meeting of the Building Code Board of Appeals adjourned at 4:07 PM.

Respectfully submitted,

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Theodore Dziurman, Chair

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Gerald Rice, Recording Secretary

G:\Building Code Board of Appeals Minutes\2013\Draft\2013 11 06 Regular Meeting\_Draft.docx



Chair Tagle called the Regular meeting of the Troy City Planning Commission to order at 7:00 p.m. on November 12, 2013 in the Council Chamber of the Troy City Hall.

1. ROLL CALL

Present:

Donald Edmunds  
Michael W. Hutson  
Tom Krent  
Gordon Schepke  
Robert Schultz  
Thomas Strat  
John J. Tagle

Absent:

Edward Kempen  
Philip Sanzica

Also Present:

R. Brent Savidant, Planning Director  
Ben Carlisle, Carlisle/Wortman Associates, Inc.  
Allan Motzny, Assistant City Attorney  
Frank Boudon, Student Representative  
Kathy L. Czarnecki, Recording Secretary

Chair Tagle extended condolences to the Garrett family and called for a moment of silence in memory of Joel and Dale Garrett.

2. APPROVAL OF AGENDA

**Resolution # PC-2013-11-085**

Moved by: Schultz  
Seconded by: Strat

**RESOLVED**, To approve the Agenda as prepared.

Yes: All present (7)  
Absent: Kempen, Sanzica

**MOTION CARRIED**

3. APPROVAL OF MINUTES

**Resolution # PC-2013-11-086**

Moved by: Edmunds  
Seconded by: Krent

**RESOLVED**, To approve the minutes of the October 22, 2013 Special/Study meeting as published.

Yes: All present (7)  
Absent: Kempen, Sanzica

**MOTION CARRIED**

4. PUBLIC COMMENTS – Items not on the Agenda

There was no one present who wished to speak.

**PRELIMINARY SITE PLAN REVIEWS**

5. PRELIMINARY SITE PLAN REVIEW (File Number SP 979 A) – Proposed Galleria of Troy Phase II, North side of Big Beaver between Wilshire and I-75, Section 21, Currently Zoned BB (Big Beaver) District

Mr. Carlisle reviewed the revisions to the Preliminary Site Plan application since last reviewed by the Planning Commission at its September 10, 2013 meeting. Mr. Carlisle recommended approval of the Preliminary Site Plan contingent upon the applicant addressing the items identified in his report dated November 5, 2013 as part of Final Site Plan submittal.

James Butler of Professional Engineering Associates was present to represent the applicant.

There was discussion on the justification of a pedestrian crossing connection and how the connection relates to the access points, landscaping and parking.

Chair Tagle opened the floor for public comment. There being no one present who wished to speak, Chair Tagle closed the floor for public comment.

**Resolution # PC-2013-11-087**

Moved by: Schultz  
 Seconded by: Edmunds

**RESOLVED**, That Preliminary Site Plan Approval for the proposed Galleria of Troy Phase II, North side of Big Beaver between Wilshire and I-75, Section 21, currently zoned BB (Big Beaver) district, be granted, subject to the following:

1. Install a pedestrian crossing connection from the sidewalk that runs in front of the Hampton Inn to the Pedestrian Spine, both north and south of the hotel’s drop-off area.
2. Confirm that all building lights are fully shielded.

Yes: All present (7)  
 Absent: Kempen, Sanzica

**MOTION CARRIED**

6. PRELIMINARY SITE PLAN REVIEW (File Number SP 989) – Proposed Holiday Inn, Northeast corner of Maple Road and Research Drive, Section 26, Currently Zoned GB (General Business) District

Mr. Carlisle reviewed the Preliminary Site Plan application, specifically addressing access, circulation, lighting and landscaping. Mr. Carlisle recommended approval of the Preliminary Site Plan conditioned on the applicant satisfying the requirements identified in his report dated November 4, 2013, as part of Final Site Plan submittal.

James Butler of Professional Engineering Associates and Scott Bowers of Bowers & Associates Architects were present to represent the applicant.

Mr. Bowers acknowledged the importance of the pedestrian connections and concurred with the recommendation of the Planning Consultant. A colored rendering was displayed revealing the new Holiday Inn ‘look’.

**Resolution # PC-2013-11-088**

Moved by: Schultz

Seconded by: Strat

**RESOLVED**, That Preliminary Site Plan Approval for the proposed Holiday Inn, Northeast corner of Maple Road and Research Drive, Section 26, currently zoned GB (General Business) district, be granted, subject to the following:

1. Add a bike rack with capacity of at least two bicycles.
2. Incorporate a pedestrian connection from the front entrance out to Maple Road.
3. Incorporate a pedestrian connection from the shared parking lot to the hotel.
4. Confirm that the entrance along the northern elevation permits guest access.
5. Confirm that all light fixtures are shielded or full-cut off.
6. Add landscape calculations to landscape plan.
7. Add one deciduous street tree on Research Drive.
8. Show protective techniques on final landscape plan for those trees identified to be preserved.

Yes: All present (7)

Absent: Kempen, Sanzica

**MOTION CARRIED**

7. PRELIMINARY SITE CONDOMINIUM PLAN REVIEW – Proposed Chatwal Estates, 14 units/lots, North side of Wattles, West of Rochester, Section 15, Currently Zoned R-1C (One Family Residential) District

Mr. Carlisle reviewed the Preliminary Site Condominium application and specifically addressed the site access and circulation and landscaping. Mr. Carlisle recommended approval of the Preliminary Site Condominium plan conditioned on the applicant satisfying the conditions identified in his report dated November 4, 2013, as part of the Final Site Plan submittal.

Fazal Khan, project engineer, and property owner Joseph Maniaci were present. Mr. Khan stated the application was revised from 15 lots to 14 lots, and agreed with the recommendations of the Planning Consultant. He briefly addressed the traffic lanes, landscaping and screening. Mr. Khan shared that Mr. Maniaci contacted homeowners in the area and no concerns were expressed about the proposed development.

Chair Tagle opened the floor for public comment.

Brian Zontini of 4221 Renee asked what impact the detention pond would have on his property and resale value of his home.

There was discussion on:

- Location of the detention pond.
- Detention pond is dry, 1:6 slope, no fencing.
- Engineering Department contact resource for flood insurance.
- Detention pond will be deeded to the City and maintained by the City.

Chair Tagle closed the floor for public comment.

**Resolution # PC-2013-11-089**

Moved by: Edmunds

Seconded by: Schultz

**RESOLVED**, That Preliminary Site Condominium Approval, pursuant to Article 8 and Section 10.02 of the Zoning Ordinance, as requested for Chatwal Estates Site Condominium, 14 units/lots, North side of Wattles, West of Rochester, Section 15, Currently Zoned R-1C (One Family Residential) District, be granted, subject to the following:

1. Install left turn passing lane.
2. Add deceleration lane on Wattles.
3. Connect the internal sidewalk to Wattles Road sidewalk.
4. Offset the internal sidewalk from the back of curb around the cul-de-sac.
5. Provide an access drive to the detention pond.
6. Provide landscape calculations on landscape plan.
7. Provide four (4) additional street trees on Wattles Road and better distribute street trees along Wattles Road.
8. Diversify variety of street trees.
9. Provide the seed mix for the detention facility.
10. Add additional evergreen trees to screen the entire cul-de-sac.
11. Additional screening of detention pond.

Yes: All present (7)

Absent: Kempen, Sanzica

**MOTION CARRIED**

**OTHER BUSINESS**

8. **2014 MEETING SCHEDULE**

**Resolution # PC-2013-11-090**

Moved by: Schultz  
Seconded by: Schepke

**RESOLVED**, To approve the 2014 Meeting Schedule as prepared.

Yes: All present (7)  
Absent: Kempen, Sanzica

**MOTION CARRIED**

9. **PUBLIC COMMENTS** – For Items on Current Agenda

There was no one present who wished to speak.

10. **PLANNING COMMISSION COMMENTS**

There were general Planning Commission comments.

Mr. Savidant reported on the following items unanimously approved by City Council at their November 11, 2013 meeting.

- PUD 10-A Kilmer Place
- CR 009 Troy Marriott Hotels

Chair Tagle shared a conversation he had with Mayor Dane Slater regarding the November 26, 2013 Joint City Council and Planning Commission meeting.

The Regular meeting of the Planning Commission adjourned at 7:49 p.m.

Respectfully submitted,

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John J. Tagle, Chair

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Kathy L. Czarnecki, Recording Secretary



## CITY COUNCIL AGENDA ITEM

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November 26, 2013

To: The Honorable Mayor and City Council Members

From: Brian Kischnick, City Manager  
Tom Darling, Director of Financial Services

Subject: Submittal of the 2013 Comprehensive Annual Financial Report (CAFR)

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We are pleased to present the Comprehensive Annual Financial Report (CAFR) prepared by City staff and reviewed by the City's auditors, the Rehmann Robson Group, for the period ending June 30, 2013.

The auditors have issued an unqualified or "clean" opinion on the CAFR. This is the highest opinion that can be issued from an independent auditor.

Hard copies of the CAFR are attached to your agenda materials, and are available for public viewing at the City Clerk's Office, the Library and on the City's web site.

If you have any questions about the information contained within this document, please contact us.

**INDEPENDENT AUDITORS' COMMUNICATION WITH  
THOSE CHARGED WITH GOVERNANCE**

November 27, 2013

To the Honorable Mayor  
and Members of the City Council  
City of Troy, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Troy, Michigan* (the "City") for the year ended June 30, 2013, and have issued our report thereon dated November 27, 2013. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133**

As stated in our engagement letter dated May 3, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.

**Other Information in Documents Containing Audited Financial Statements**

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Honorable Mayor  
and Members of the City Council  
City of Troy, Michigan  
November 27, 2013  
Page 2

We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our meeting about planning matters on September 30, 2013.

### **Significant Results of the Audit**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the employee retirement system pension plan, incentive plan for volunteer firefighters and the retiree health care trust fund plan (other postemployment benefits) are based on historical trends and industry standards.

To the Honorable Mayor  
and Members of the City Council  
City of Troy, Michigan  
November 27, 2013  
Page 3

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify any misstatements during our audit.

#### *Upcoming Changes in Accounting Standards*

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the attached management representation letter dated November 27, 2013.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors.

To the Honorable Mayor  
and Members of the City Council  
City of Troy, Michigan  
November 27, 2013  
Page 4

However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the City of Troy, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

# CITY OF TROY, MICHIGAN

## Attachment A - Upcoming Changes in Accounting Standards

For the June 30, 2013 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City. For the complete text of these and other GASB standards, visit [www.gasb.org](http://www.gasb.org) and click on the “pronouncements” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

### **GASB 66 ■ 2012 Technical Corrections (an Amendment to GASB 10 and GASB 62)**

*Effective 12/15/2013 (your FY 2014)*

This standard was issued to eliminate conflicting guidance that resulted from the issuance of GASB 54 and GASB 62, which are both already effective. GASB 10 was amended to allow for risk financing activities to be accounted for in whichever fund type is most applicable (no longer limited to the general fund or an internal service fund). GASB 62 was amended to modify specific guidance related to (1) operating leases with scheduled rent increases, (2) purchase of loans at an amount other than the principal amount, and (3) service fees related to mortgages that are sold when the service rate varies significantly from the current (normal) service fees.

We do not expect GASB 66 to have any significant impact on the City at this time.

### **GASB 67 ■ Financial Reporting for Pension Plans**

*Effective 06/15/2014 (your FY 2014)*

This standard establishes the requirements for pension plans administered by trusts to report on their operations, including setting new uniform requirements for actuarial valuations of the total pension liability, and reporting various 10-year trend data as required supplementary information. The financial statements of pension plans will not change substantially as a result of GASB 67, though the additional note disclosures and required supplementary information will be significant. Additionally, actuarial valuations conducted in accordance with GASB 67 will have to match the government’s fiscal year, or be rolled forward to that date by the actuary.

### **GASB 68 ■ Accounting and Financial Reporting for Pensions**

*Effective 06/15/2015 (your FY 2015)*

This standard establishes new requirements for governments to report a “net pension liability” for the unfunded portion of its pension plan. Governments that maintain their own pension plans (either single employer or agent multiple-employer) will report a liability for the difference between the total pension liability calculated in accordance with GASB 67 and the amount held in the pension trust fund. Governments that participate in a cost sharing plan will report a liability for their “proportionate share” of the net pension liability of the entire system.

Historically, governments have only been required to report a net pension obligation to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net pension liability based on the current funded status of their pension plans. This liability would be limited to the government-wide financial statements and proprietary funds. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

# CITY OF TROY, MICHIGAN

## Attachment A - Upcoming Changes in Accounting Standards

For the June 30, 2013 Audit

GASB 68 also requires more extensive note disclosures and required supplementary information, including 10 years of historical information. The methods used to determine the discount rate (the assumed rate of return on plan assets held in trust) are mandated and must be disclosed, along with what the impact would be on the net pension liability if that rate changed by 1% in either direction. Other new disclosure requirements include details of the changes in the components of the net pension liability, comparisons of actual employer contributions to actuarially determined contributions, and ratios to put the net pension liability in context. For single-employer and agent multiple-employer plans, the information for these statements will come from the annual actuarial valuation. For cost sharing plans, this information will be derived from the financial reports of the plan itself, multiplied by the government's proportionate share of plan.

GASB 67 and 68 are only applicable to pension plans. However, the GASB has announced its intent to issue similar standards for other postemployment benefits (e.g., retiree healthcare) on a two year delay from these standards.

### **GASB 69 ■ Government Combinations and Disposals of Government Operations**

*Effective 12/15/2014 (your FY 2015)*

This standard provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity.

Given the infrequent nature of these types of events, we do not expect this standard to have any impact on the City at this time.

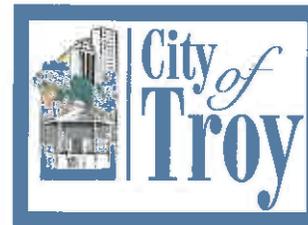
### **GASB 70 ■ Nonexchange Financial Guarantees**

*Effective 06/15/2014 (your FY 2014)*

This standard addresses the accounting and disclosure of situations in which one government offers a financial guarantee on behalf of another government, not-for-profit organization, private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). A government that extends a nonexchange financial guarantee will be required to recognize a liability when qualitative factors and/or historical data indicate that it is "more likely than not" that the government will be required to make a payment on the guarantee. It further requires governments to disclose any outstanding financial guarantees in the notes to the financial statements.

We do not expect GASB 70 to have any significant impact on the City at this time.





November 27, 2013

Rehmann Robson  
1500 W. Big Beaver Rd. 2<sup>nd</sup> Floor  
Troy, MI 48084

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Troy, Michigan, as of and for the year ended June 30, 2013, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and each major special revenue fund of the City in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 27, 2013:

#### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 3, 2013, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
2. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

9. With regard to items reported at fair value:
  - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
10. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
11. All funds and activities are properly classified.
12. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
13. All components of net position and fund balance classifications have been properly reported.
14. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
15. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
16. All interfund and intra-entity transactions and balances have been properly classified and reported.
17. Special items and extraordinary items have been properly classified and reported.
18. Deposit and investment risks have been properly and fully disclosed.
19. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
20. All required supplementary information is measured and presented within the prescribed guidelines.
21. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

#### **Information Provided**

22. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
23. All transactions have been recorded in the accounting records and are reflected in the financial statements.
24. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
25. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

- a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements.
26. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
  27. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
  28. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
  29. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
  30. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
  31. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
  32. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
  33. There are no:
    - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
    - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  34. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
  35. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
  36. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

#### **Supplementary Information in Relation to the Financial Statements as a Whole**

37. With respect to the supplementary information accompanying the financial statements:
  - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
  - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

#### **Required Supplementary Information**

38. With respect to the required supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

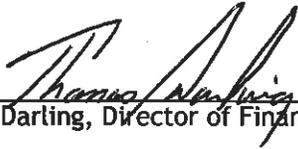
#### **OMB Circular A-133**

39. With respect to federal awards, we represent the following to you:

- a. We are responsible for understanding and complying with and have complied with the requirements of Circular A-133.
- b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with Circular A-133.
- c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with Circular A-133.
- d. The methods of measurement or presentation have not changed from those used in the prior period.
- e. We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- f. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- g. When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- h. We have, in accordance with Circular A-133, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- i. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program; and we have complied, in all material respects, with these requirements.

- j. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- k. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- l. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs.
- m. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- n. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- o. We have charged costs to federal awards in accordance with applicable cost principles, including amounts claimed or used for matching determined in accordance with relevant guidelines in the U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and the U.S. Office of Management and Budget's, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- p. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have monitored subrecipients to determine if they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A-133.
- t. We have issued management decisions timely after the receipt of subrecipients' auditor reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements, and have ensured that the subrecipients have taken the appropriate and timely corrective action on findings.
- u. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.
- v. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Circular A-133, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- w. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- x. We are responsible for and will accurately completed the appropriate sections of the Data Collection Form as required by Circular A-133, and we are responsible for preparing and implementing a correction action plan for each audit finding.
- y. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- z. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- aa. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.



---

Tom Darling, Director of Financial Services



City of  
**Troy**



# 2012/13 CAFR

## **Comprehensive Annual Financial Report**

*For the Year Ended June 30, 2013*

City of Troy,  
Michigan



Year Ended  
June 30, 2013

Comprehensive  
Annual Financial  
Report

### City Council

Mayor  
Mayor Pro Tem  
Council Members

Dane Slater  
Wade Fleming  
Maureen McGinnis  
Jim Campbell  
Dave Henderson  
Doug Tietz  
Ed Pennington

Prepared by:  
The Department of Financial Services  
City of Troy, Michigan

# CITY OF TROY, MICHIGAN

## Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
GFOA Certificate of Achievement	10
Organizational Chart	11
List of Principal Officials	12
Fund Organization Chart	13
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	15
Management's Discussion and Analysis	19
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet - Governmental Funds	32
Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities	33
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	34
Reconciliation of Net Changes in Fund Balance of Governmental Funds to Change in Net Position of Governmental Activities	35
Statement of Revenue, Expenditures and Change in Fund Balance - Budget and Actual:	
General Fund	36
Statement of Net Position - Proprietary Funds	38
Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds	39
Statement of Cash Flows - Proprietary Funds	40
Statement of Fiduciary Net Position	42
Statement of Changes in Fiduciary Net Position	43
Combining Statement of Net Position - Discretely Presented Component Units	44
Combining Statement of Activities - Discretely Presented Component Units	45
Notes to Financial Statements	47

## FINANCIAL SECTION, CONTINUED

### Required Supplementary Information:

Schedule of Funding Progress - Employee Retirement System	82
Schedule of Employer Contributions - Employee Retirement System	82
Schedule of Funding Progress - Incentive Plan for Volunteer Firefighters	83
Schedule of Employer Contributions - Incentive Plan for Volunteer Firefighters	83
Schedule of Funding Progress - Other Postemployment Benefits	84
Schedule of Employer Contributions - Other Postemployment Benefits	84

### Combining and Individual Fund Financial Statements and Schedules

#### Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	87
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	89
Schedule of Revenue, Expenditures and Change in Fund Balance - Budget and Actual:	
Major Streets Fund	91
Local Streets Fund	92
Refuse Fund	93
Drug Forfeiture Fund	94
Library Fund	95
Community Development Block Grant	96

#### Nonmajor Enterprise Funds:

Combining Statement of Net Position - Nonmajor Enterprise Funds	97
Combining Statement of Revenue, Expenses and Changes in Net Position - Nonmajor Enterprise Funds	98
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	99

#### Internal Service Funds:

Combining Statement of Net Position - Internal Service Funds	100
Combining Statement of Revenue, Expenses and Changes in Net Position - Internal Service Funds	102
Combining Statement of Cash Flows - Internal Service Funds	104

#### Fiduciary Funds:

Combining Statement of Net Position - Fiduciary Funds	106
Combining Statement of Changes in Net Position - Fiduciary Funds	107
Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	108

## FINANCIAL SECTION, CONTINUED

### Combining and Individual Fund Financial Statements, Continued

#### Component Units:

##### Downtown Development Authority:

Statement of Net Position and Governmental Funds Balance Sheet	109
Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities	110
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances	111
Reconciliation of Net Changes in Fund Balance of Governmental Funds to Change in Net Position of Governmental Activities	112

##### Local Development Financing Authority:

Statement of Net Position and Governmental Funds Balance Sheet	113
Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balance	114

##### Brownfield Redevelopment Authority:

Statement of Net Position and Governmental Funds Balance Sheet	115
Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balance	116

## STATISTICAL SECTION (UNAUDITED)

#### Financial Trends:

Net Position by Component	119
Changes in Net Position	120
Fund Balances, Governmental Funds	122
Changes in Fund Balances, Governmental Funds	123
General Government Tax Revenue by Source	124

#### Revenue Capacity:

Property Tax Levies and Collections	125
Property Tax Rates Direct and Overlapping Governments	126
Assessed Value and Taxable Value	127
Top Ten Principal Tax Payers	128

#### Debt Capacity:

Ratio of Outstanding Debt by Type	129
Ratio of Annual Debt Service Expenditures	130
Computation of Direct and Overlapping Debt	131
Computation of Legal Debt Margin	132
Pledged Revenue Coverage	134

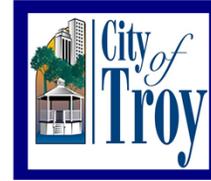
## STATISTICAL SECTION (UNAUDITED), CONTINUED

Demographic and Economic Information:	
Demographic Statistics	135
Principal Employers by Industry	136
Operating Information:	
Operating Indicators by Function/Program	137
Capital Asset Statistics by Function/Program	140
Building Construction	141
Full and Part-Time City Government Employees	142
Continuing Disclosure:	
State Shared Revenues	144
Gas and Weight Taxes	144
Labor Agreements	145

## SINGLE AUDIT ACT COMPLIANCE

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	147
Schedule of Expenditures of Federal Awards	148
Notes to the Schedule of Expenditures of Federal Awards	149
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	150
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	152
Schedule of Findings and Questioned Costs	154
Summary Schedule of Prior Audit Findings	156

## INTRODUCTORY SECTION



November 27, 2013

Dear Honorable Mayor and City Council Members:

The *Comprehensive Annual Financial Report* (CAFR) for the City of Troy, Michigan for the year ended June 30, 2013 is hereby submitted. The report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2012/13 and the financial condition of the various funds as of fiscal year end. This report was prepared by a team of City staff led by Thomas E. Darling, CPA, CPFIM Director of Financial Services. Troy's staff is responsible for the accuracy of data and completeness and fairness of the presentation, including all disclosures.

A *Management's Discussion and Analysis Report* (MD&A), as well as entity-wide, full accrual financial statements have been added to the front of the financial statement section. The fund statements have been altered to provide reporting under the "Major/Nonmajor Fund" concept. Reconciliation between the two presentations is included and the note disclosures have been expanded to provide appropriate information on both the entity-wide and fund financial statements.

The information presented is accurate in all material respects. Financial data presented is designed to provide the reader with information to assist in determining both the long-term fiscal health of the City of Troy and the City of Troy's ability to meet obligations on a short-term basis.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the City of Troy and related component units. The individual component units are included in the City of Troy's reporting entity because of the significance of their operational or financial relationships with the City of Troy.

The financial reporting entity includes all of the primary government (the City of Troy as legally defined). The criteria used in determining the reporting entity are consistent with current GAAP guidelines. Based on these criteria, the various funds of the City are shown in the table of contents and are included in this report. We have addressed all component units.

The City of Troy was incorporated in 1955 and has always operated under the Council-Manager form of government. The Mayor and six members of the City Council are elected to staggered four-year terms.

The City Manager is appointed by a majority vote of the City Council and is responsible for all administrative functions. The City provides a full range of municipal services, including police, fire, water distribution, wastewater collection, street maintenance, public improvements, planning, zoning, recreation and general administration.

## ECONOMIC CONDITION AND OUTLOOK

The economic condition of the City of Troy has reflected the slight uptick of the State and National economies to some degree. Our unemployment rate is well below the state and metro area average.

	<u>June 2013</u>
Troy	7.4%
Oakland County	8.5%
Metro Area*	9.0%
Michigan	8.7%
National	7.3%

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

The City continues to experience a decline in taxable values indicative of the overall real estate market compared to the 1980s, 1990s and the highpoint in 2008. The decline, however, has flattened compared to recent prior years. The taxable value for the 2012 levy (to fund the 2013 fiscal year) decreased 2.6% or \$114 million. This compares to the prior 2011 levy (that funded 2012 fiscal year) which decreased 8.2% or \$395 million. For Michigan cities, Troy ranked third for the largest taxable values in the state. However, in this era of competition for business retention and attraction, we need to advance a preferred future in which residents and businesses continue to aspire to locate and invest here.

The City has expanded upon its budgeting practices by including five-year budget projections and the adoption of a three-year budget. Our approach to funding major capital projects is to accumulate funds over a number of years to avoid the issuance of debt. The City has adopted a policy to maintain our Unassigned Fund Balance of the General Fund at a minimum 15% of General Fund Expenditures.

Other significant economic events occurring during the fiscal year include the following major initiatives, which more often than not span several years:

### Multi-Modal Transit Center

The \$6.2 million Troy Multi-Modal Transit Facility will replace an outmoded Amtrak stop with an ADA compliant, safe and secure transportation center. The facility will strengthen mobility options through a centralized facility that will allow user access to intercity passenger rail service, regional bus routes, and taxi services. The facility will provide linkages to ground level intermodal facilities via ADA compliant sidewalks and a pedestrian bridge over the tracks to a new Amtrak platform on the west side of the tracks. The new facility will also provide a bus stop area sized to accommodate four full sized buses, a passenger drop off and pickup lane, and a taxi waiting area. Parking for all modes of travel will be provided in an improved parking area on the Troy side. The project broke ground in November of 2012 and construction was substantially completed in October 2013.

### Big Beaver Center PUD

This retail project, located at W. Big Beaver and Alpine, includes a 24,000 square foot retail building, a 3,400 square foot Flagstar Bank branch with drive-thru, plaza area and outdoor seating.

### Big Beaver/Kilmer PUD

This mixed use development consists of a 9,607 square foot retail building, a 7,232 square foot retail building, a 1,860 square foot Tim Horton's restaurant with drive thru, and 14 to 16 residential units.

## DMC Children's Hospital

DMC has purchased the property at 350 W. Big Beaver for its new outpatient facility. DMC Children's Hospital will be building a 70,000 square foot facility on the site. The \$42 million project will employ approximately 100 people.

## Doeren Mayhew

Doeren Mayhew, an internationally recognized top 100 U.S. accounting firm, opened its new headquarters at 305 W. Big Beaver. The 62,000 square foot facility houses approximately 200 local professionals.

## Dunham's

Dunham's world headquarters is moving to 5607 New King Street. The company will initially occupy about 40,000 square feet of space for approximately 115 employees. Dunham's Sports is the Midwest's largest sporting goods chain.

## Entertainment Publications

After being purchased by a family member of the original company founders, Entertainment Publications has moved into its new headquarters at 1401 Crooks. The 42,000 square foot facility will house approximately 130 employees. Entertainment has worked to improve local communities as the leading consumer discount, promotion and coupon providers in the United States and Canada.

## Gallagher-Kaiser Corporation

Gallagher-Kaiser Corporation, a global leader in the design, manufacture, and installation of industrial process systems, HVAC systems and industrial buildings, has officially moved to their new headquarters at 777 W. Chicago in Troy. Approximately 100 full-time employees are located at the new office, which includes 3 floors and 33,000 square feet of offices and meeting space.

## Galleria of Troy

Located at W. Big Beaver and I-75, this project includes two restaurants and a retail center in the first phase, along with a second phase consisting of two hotels.

## Magna

Magna, one of the world's largest automotive suppliers, has consolidated area facilities with its new location at 700 Tower Drive. Magna is moving from its 79,400 square foot location on Wilshire Drive into 117,300 square feet of space at its new Troy location. The new location will house approximately 300 employees.

## MJR Troy Grand

This new 74,000 square foot theater complex consists of 16 state-of-the-art movie theaters with 3,200 seats. The project, located at 100 E. Maple Road, is now under construction and replaces a vacant Kmart department store. Approximately 70 new jobs will be created. Opening date is scheduled for May of 2014.

## Residential Home Health

Residential Home Health is moving its headquarters to 5440 Corporate Drive. Residential Home Health is a national leader of home care in both Michigan and Illinois and is ranked among the top home health companies in the United States. The company will be leasing approximately 45,000 square feet for its 200 employees.

## Tata Engineering & Innovation Center

Tata's new Engineering and Innovation Center is located at 800 Tower Drive. Tata provides a wide range of engineering services from concept to assembly and everything in between including engineering software, clay models, manufacturing processes, testing and how to manage a vehicle throughout its lifecycle. The facility is expected to house approximately 50 employees with anticipated growth to over 100 employees.

## FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived; and 2) The valuation of costs and benefits requires estimates and judgments by management.

### Single Audit

As a recipient of Federal, State, and local financial assistance, the City is also responsible for ensuring that adequate internal control is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control is subject to periodic evaluation by management and the independent auditors of the City.

As a part of the single audit process, tests are made by the auditors to determine the adequacy of the internal control structure, including that portion related to Federal financial assistance programs, as well as to determine that the City has complied with the applicable laws and regulations.

### Budgeting Controls

The object of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

Activities of the General and Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function for the General Fund and function level for special revenue funds.

### General Government Functions

Generally accepted accounting standards require that management provide a narrative introduction, overview and analysis to accompany these basic financial statements in the form of the MD&A.

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Troy's MD&A can be found immediately following the report of the independent auditors. Since the MD&A focuses on the government-wide financial statements, the balance of this letter will be directed at the fund or activity level.

The General Fund receives all City of Troy revenues not designated for special uses by statutes or the City Charter and accounts for most of the services provided to residents. Overall General Fund revenues were relatively flat compared to prior year, a decrease of only \$2,300. However, of this decrease, property taxes in the General Fund decreased \$812,000 or 2.7% compared to the prior fiscal year. This decrease was offset by increases in licenses and permits of \$568,000 or 33.7% and charges for services of \$496,000 or 7%.

State sources increased by \$147,000 for a total of \$6.4 million. State shared revenue is the major source of revenue, which is a return to local governments of a portion of state sales tax and is not restricted to use.

Total General Fund operating expenditures increased by \$873,000 or 1.9%. The increase was primarily in the area of public safety as budgeted position left from early retirement incentives are slowly being filled.

### General Fund Balance

Fund balance of the General Fund increased by \$2.8 million to a balance of \$36.8 million. Of this amount, \$4.4 million is nonspendable for such items as inventory and prepaid items; \$1.5 million is restricted for budget stabilization, \$2.8 million has been committed to the subsequent years budget and Volunteer Firefighters Incentive Reserve, and \$3.1 million has been assigned for insurance claims and tax appeals. The \$24.9 million remaining unassigned amount represents 53.5% of General Fund expenditures. This amount exceeds our 15% goal and is considered adequate to provide funds for unforeseen future negative events, and any upcoming budget shortfalls.

### Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The Special Revenue Funds of the City include:

*Major Street Fund* - Gas and weight tax revenues received in this fund from the State of Michigan are used for repairs, maintenance, snow and ice removal, and construction of all streets classified as “major” within the city.

*Local Street Fund* - Gas and weight taxes as well as a transfer of funds from the Major Street Fund to finance the repairs, maintenance, snow and ice removal, and construction of all streets classified as “local” within the city.

*Refuse Fund* - This fund has been established to account for property tax revenues restricted for rubbish and garbage collection and service charges for recycling.

*Drug Forfeiture Fund* - This fund has been established to account for resources provided from court ordered forfeitures in which City police officers participate in local, state and federal drug enforcement operations and which such resources can only be appropriated for approved drug enforcement expenditures.

*Library Fund* - This fund accounts for a special millage designed to fund operations and materials of the local city library.

*Community Development Block Grant* - This fund accounts for grant revenues from the Department of Housing and Urban Development to be used for residential and other capital improvements. Major activities in this fund include minor home chore program for seniors and infrastructure improvements.

## Enterprise Operations

The City operates five separate enterprise operations: Water Fund, Sanitary Sewer Fund, Aquatic Center Fund, Sylvan Glen and Sanctuary Lake Golf Course Funds.

*Water Fund* - Operating revenues increased slightly by \$41,000 compared to the prior fiscal year to \$16.0 million in total. Operating expenses also increased by \$519,000 compared to the prior fiscal year to \$14.4 million in total. The economy and weather conditions can have a significant effect on our water consumption.

*Sanitary Sewer Fund* - Generated \$13.0 million in operating revenues as compared to \$13.2 million in the prior year. However, operating expenses increased by \$446,000 or 3.8% to \$12.2 million compared to \$11.8 million last fiscal year due to increased rates from sewage treatment facilities. These rates are reviewed annually during budget time to ensure proper funding for operations and maintenance and improvements to the system.

*Aquatic Center* - Operating revenues decreased from the prior year by \$96,000 to \$481,000. This is due to an unseasonably warm prior year compared to more typical weather patterns for the 2013 fiscal year. Expenses decreased by \$26,000 to \$542,000. Accordingly, the Center incurred an operating loss of \$61,000 for the 2013 fiscal year.

*Sylvan Glen Golf Course Fund* - Revenues decreased by \$116,000 compared to the prior fiscal year for a total of \$1.2 million. This again is due to the warmer weather patterns experienced in the prior fiscal year that led to more golf rounds from an earlier start and extended ending to the season. Operating expenses decreased by \$12,000 compared to the prior year totaling \$1.0 million. Accordingly, the Course experienced \$124,000 in operating income for the fiscal year.

*Sanctuary Lake Golf Course Fund* - Operating revenues decreased by \$147,000 compared to the prior fiscal year for a total of \$1.3 million. As with Sylvan Glen Golf Course, the decrease is due to warmer weather patterns experienced in the prior fiscal year. Operating expenses show a decrease of \$81,000 compared to the prior fiscal year for a total slightly below \$1.3 million. The course had operating income of \$39,000 before the cost of interest on debt of \$420,000. Steps continue to reduce the loss, including the contracting of Billy Casper Golf to manage and operate both golf courses.

## Internal Service Funds

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

*Compensated Absences Fund* - This fund accounts for the charges to other departments based on sick and vacation accruals. The expenses of accumulated sick pay and vacation pay are then recorded in this fund.

*Unemployment Compensation Fund* - This fund accounts for the charges to other departments and the expenses to provide unemployment compensation insurance.

*Custodial Services Fund* - This fund charges other departments on a square footage basis to account for the custodial services and maintenance provided to all City-owned buildings.

*Information Technology Fund* - This fund accounts for charges to other departments based on the number of workstations to cover the expenses for providing computer services, including support, training and replacement.

*Motor Equipment Fund* - Rental charges of City-owned equipment to other City departments are accounted for in this fund. The fund provides maintenance, insurance and replacement of all City-owned vehicles.

*Workers' Compensation Fund* - Departments are charged a percentage of payroll based on premiums established by our provider to account for pooled insurance expenses.

## Fiduciary Funds

Fiduciary Funds are established to account for assets held by the governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units and/or funds.

*Pension Trust - Employees' Retirement Fund* - This fund is used to account for the accumulation of resources for pension benefit payments to qualified general and public safety employees. The Employees Retirement Fund reported end-of-the-year net position held in trust for pension and health care benefits of \$189.5 million compared to the beginning amount of \$176.4 million. As of December 31, 2012, the fund was 96.4% funded.

*Pension Trust - Discretionary Fire Incentive Reserve Fund* - This fund is used to account for accumulation of resources for incentive payments to qualified volunteer firefighters.

*Retiree Health Care Trust Fund* - The Retiree Health Care Trust Fund was established in fiscal year 2006 to account for medical benefits provided to employees during retirement. This fund will accumulate revenue until the reserves are depleted in the employee's retirement fund. This plan and trust is created under the authority of the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999.

*Agency Fund* - This fund is used to account for taxes collected on behalf of other governmental units and contractors' performance deposits.

## Component Units

Component units, as defined by GASB No. 14, are so classified due to their relationship with the primary government relative to financial accountability of the reporting agency.

*Downtown Development Authority Fund* - The Authority generates revenue from property value increases within the district compared to the initial taxable value established in 1993. These funds are used for the purpose of providing for the construction and financing of necessary improvements to prevent further deterioration of the development area while preserving and promoting economic growth.

*Brownfield Redevelopment Authority* - This fund was established in 2002 to account for projects that will improve environmentally distressed areas within the City of Troy.

*Local Development Financing Authority* - This fund was established to capture tax increment revenues in the Automation Alley Smart Park, to encourage local development, to prevent conditions of unemployment and to promote economic growth. The purpose of the authority is to provide for the construction and financing of public facilities within the City of Troy necessary for the project.

## Tax Rate Limitations

The City Charter provides tax rate limitations for general operations. In addition, the City of Troy may levy taxes in excess of the Charter limitation for refuse collection and debt service.

Purpose	Authority	Rate Per \$1,000 of Taxable Value
General operating	City Charter	\$8.10
Refuse collection and disposal	Act 298, P.A. of Michigan 1917 as Amended Article IX, Section 56 of Michigan Constitution	\$3.00
Library operations	Voter approved - 5 years	\$0.70
Debt service	City Charter	Amount necessary for debt payment

## OTHER INFORMATION

### Independent Audit

The City Charter and State statutes require an annual audit of all accounts of the City by certified public accountants. The accounting firm of Rehmann Robson, was selected by the City Council. The City received an “unmodified opinion” from Rehmann Robson, which is the best opinion that an organization can receive on its financial statements. It indicates that the auditor’s examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

Additionally, during the current year an audit was performed in accordance with the requirements of the *Single Audit Act Amendments of 1996 (P.L. 104456)*. The auditor’s reports related to the single audit are issued as a part of this report.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Troy, Michigan for its CAFR for the fiscal year ended June 30, 2012.

This was the sixteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized CAFR. This report 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City has also received the GFOA *Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR)*.

## Acknowledgements

The timely preparation of the CAFR was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report.



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Brian Kischnick  
City Manager



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Thomas E. Darling, CPA, CPPIM  
Director of Financial Services



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

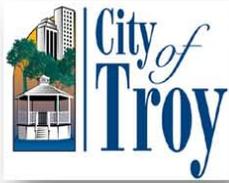
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**City of Troy  
Michigan**

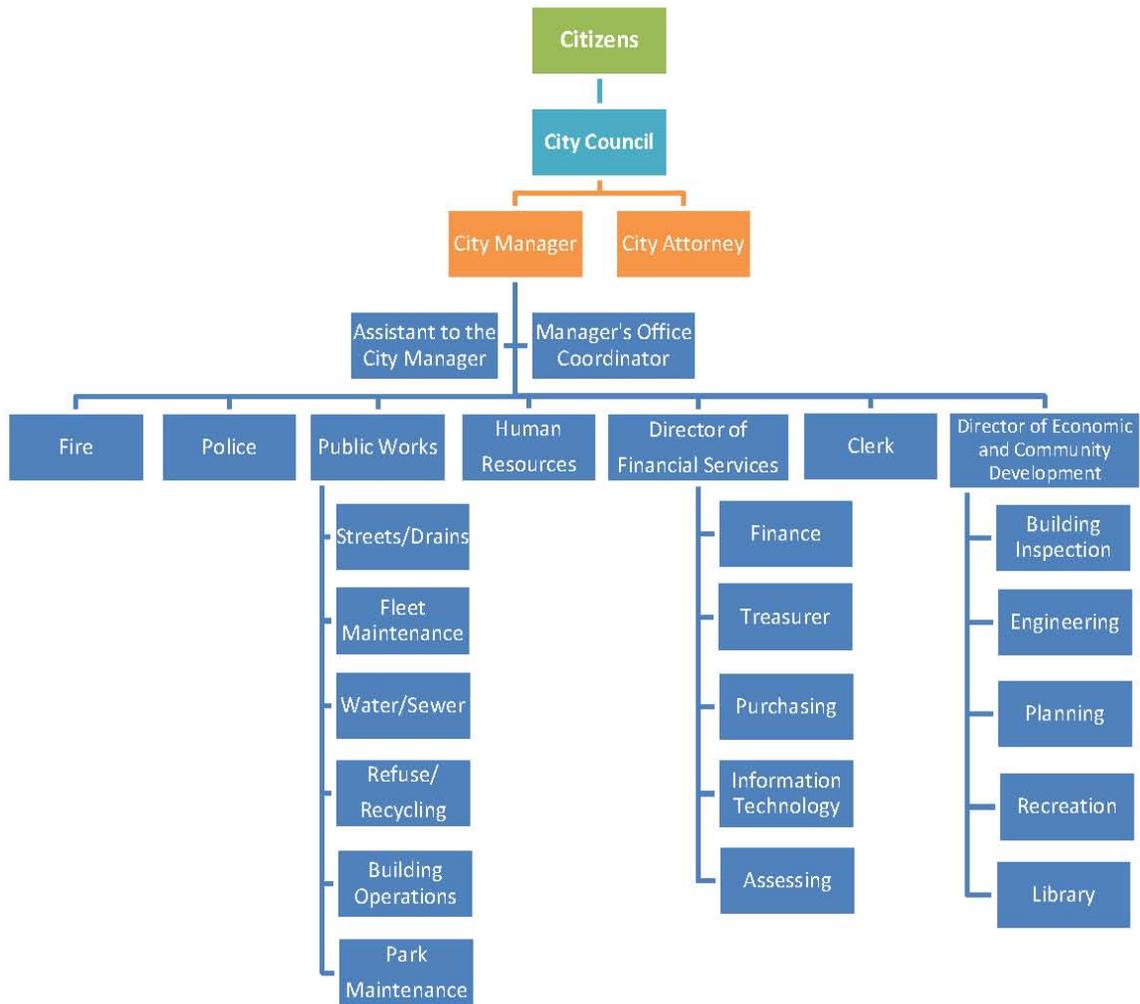
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



## Organizational Chart



## PRINCIPAL OFFICIALS

City Manager	Brian Kischnick
City Attorney	Lori Grigg Bluhm
Director of Financial Services	Thomas E. Darling, CPA
Director of Economic and Community Development	Mark F. Miller
City Assessor	Leger A. Licari
City Clerk	Aileen Bittner
City Engineer	Steven J. Vandette
City Treasurer	Sandra L. Kasperek
Community Affairs Director	Cynthia Stewart
Director of Building Operation	Steven Pallotta
Accounting Manager	Lisa Burnham
Fire Chief	William S. Nelson
Human Resources Director	Peggy E. Sears
Information Technology Director	Gertrude M. Paraskevin
Library Director	Cathleen A. Russ
Recreation Director	Carol Anderson
Planning Director	Brent Savidant
Police Chief	Gary G. Mayer
Public Works Director	Timothy L. Richnak
Purchasing Manager	MaryBeth Murz
Superintendent of Fleet Maintenance	Samuel Lamerato
Superintendent of Parks, Streets and Drains	Kurt Bovensiep
Superintendent of Water	Richard W. Shepler

## FUND ORGANIZATION CHART

### Governmental Funds

#### *Capital Projects\**

#### *Debt Service*

- Proposal A
- Proposal B
- Proposal C
- General Debt Service

#### *Special Revenue*

- Major Streets
- Local Streets
- Refuse
- Drug Forfeiture
- Library
- Community Development Block Grant

### Proprietary Funds

#### *Enterprise*

- Water\*
- Sanitary Sewer\*
- Aquatic Center
- Sylvan Glen Golf Course Fund
- Sanctuary Lake Golf Course Fund\*

### Fiduciary Funds

#### *Pension and OPEB Trust*

- Employees' Retirement System
- Discretionary Fire Incentive Reserve
- Retiree Health Care Trust

### Component Units

- Downtown Development Authority
- Brownfield Redevelopment Authority
- Local Development Financing Authority

#### *General\**

#### *Permanent*

- Cemetery Perpetual Care

#### *Internal Service*

- Compensated Absences
- Unemployment Compensation
- Custodial Services
- Information Technology
- Motor Equipment
- Workers' Compensation

#### *Agency*

- Agency

\*Major funds under GASB No. 34

## FINANCIAL SECTION

**INDEPENDENT AUDITORS' REPORT**

November 27, 2013

To the Honorable Mayor and City Council  
City of Troy, Michigan**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Troy, Michigan* (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Independent Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Trpy, Michigan, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions for the pension and other postemployment benefit plans listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 27, 2013, on our consideration of the City of Troy, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Loborn LLC". The signature is written in a cursive, flowing style.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## CITY OF TROY, MICHIGAN

### Management's Discussion and Analysis

As management of the City of Troy (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found as listed in the table of contents of this report.

#### Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities at the close of the most recent fiscal year by \$420.7 million (*net position*). Of this amount \$104.2 million represents unrestricted net position which are economic (not total cash) resources which may be used to meet the City's ongoing obligations to residents and creditors.
- The City's total net position increased \$15.1 million because of increased revenues while reducing the costs of governmental operations.
- In the City's governmental activities, revenues generated \$77.2 million. This is an increase of approximately \$4.7 million compared to the prior year. Expenses totaled \$64.8 million. This is a reduction of \$0.8 million compared to prior year amounts.
- In the City's business-type activities, revenues generated \$32.6 million. This is a decrease of approximately \$0.2 million compared to the prior year. Expenses totaled \$29.9 million. This was an increase of \$0.8 million compared to prior year amounts.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$58.5 million, an increase of \$5.8 million in comparison with the prior year. Approximately 43% of the amount (\$24.9 million) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$24.9 million, or approximately 53.5% of total general fund expenditures.

#### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consists of three components. The first component, *Government-Wide* financial statements, includes two financial statements, the *Statement of Position* and the *Statement of Activities*, these provide information about the activities of the City of Troy as a whole and present a longer-term view of the City's finances.

The second component, Fund financial statements, includes financial statements of governmental funds, proprietary funds, and fiduciary funds which focus on how City services were financed in the short term, as well as what remains for future spending. Fund financial statements report the City of Troy's operations in more detail than the government-wide financial statements.

The third and final component of the City's basic financial statements include notes that explain and provide more detailed data about some of the information found in the *Government-Wide* and *Fund* financial statements. The basic financial statements are followed by a section of supplementary information that further explains and supports the information in the basic financial statements. Information in the supplementary section include combining statements that provide details about our nonmajor governmental, nonmajor business-type, internal service, and fiduciary funds, each of which are added together and presented in single columns in the basic financial statements.

# CITY OF TROY, MICHIGAN

## Management's Discussion and Analysis

### Government-wide Statements

The government-wide statements report information about the City of Troy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the change in the difference between the City's assets and deferred outflows of resources and liabilities. This change in net position is an indicator of whether the City's financial health is improving or deteriorating. In order to assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads and other infrastructure.

The government-wide financial statements of the City of Troy are divided into two activities:

*Governmental Activities* - Most of the City's basic services are included here, such as police, fire, public works, parks and recreation, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.

*Business-type Activities* - The City charges fees to customers to help cover the cost of certain services it provides. The City's business-type activities include water, sanitary sewer, Aquatic Center, and two public golf courses.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate entities of the *Downtown Development Authority*, *Local Development Financing Authority* and the *Brownfield Redevelopment Authority* for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found as listed in the table of contents of this report.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City of Troy has three types of funds:

*Governmental Funds* - Most of the City's basic services are included in governmental funds, which focus on how cash, and other financial assets that can readily be converted to cash, flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental fund statements focus on a short-term view rather than the long-term focus of the government-wide statements, so additional information is provided after the governmental fund statements that explain the relationship or differences between the fund and government-wide statements.

*Proprietary Funds* - Proprietary funds are used to report services where the City charges customers a fee for services rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds:

- Enterprise funds and business-type activities are the same, but the fund statements provide more detail and additional information such as cash flows.
- Internal Service funds are used to report activities that provide supplies and service for the City's other programs. Examples of internal service funds would be Motor Equipment and Information Technology.

# CITY OF TROY, MICHIGAN

## Management's Discussion and Analysis

*Fiduciary Funds* - The City of Troy is trustee for its employee pension and other postemployment benefits plans. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance operations.

### Government-wide Overall Financial Analysis

#### *Statements of net position*

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$420.7 million, at the close of the most recent fiscal year.

The table below shows the comparison of total assets, total deferred outflows of resources, total liabilities, and total net position (in millions of dollars) in a condensed format as of June 30, 2013 to the prior year.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other assets	\$ 84.5	\$ 73.8	\$ 53.7	\$ 52.5	\$ 138.2	\$ 126.3
Capital assets	202.2	200.5	128.5	128.1	330.7	328.6
<b>Total assets</b>	<b>286.7</b>	<b>274.3</b>	<b>182.2</b>	<b>180.6</b>	<b>468.9</b>	<b>454.9</b>
<b>Deferred outflows</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>-</b>	<b>1.0</b>	<b>-</b>
<b>Liabilities:</b>						
Long-term debt outstanding	27.4	30.1	11.2	9.9	38.6	40.0
Other liabilities	7.0	4.3	3.7	5.0	10.6	9.3
<b>Total liabilities</b>	<b>34.4</b>	<b>34.4</b>	<b>14.8</b>	<b>14.9</b>	<b>49.2</b>	<b>49.3</b>
<b>Net position:</b>						
Net investment in capital assets	179.6	175.3	118.3	118.2	297.9	293.5
Restricted	18.6	16.1	-	-	18.6	16.1
Unrestricted	54.1	48.5	50.1	47.5	104.2	96.1
<b>Total net position</b>	<b>\$ 252.3</b>	<b>\$ 239.9</b>	<b>\$ 168.4</b>	<b>\$ 165.7</b>	<b>\$ 420.7</b>	<b>\$ 405.6</b>

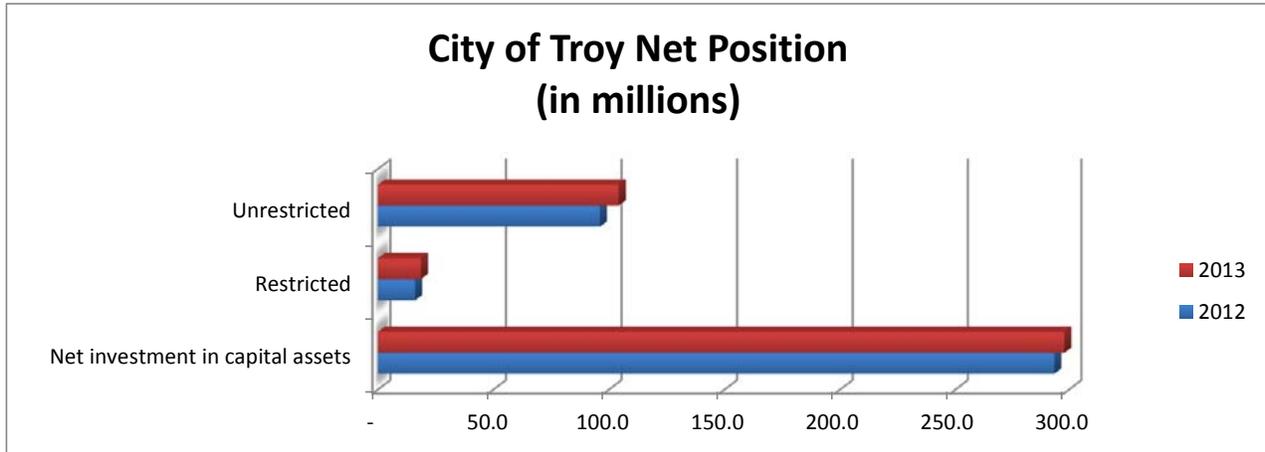
By far, the largest portion of the City's net position (70.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its residents. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$104.2 million is unrestricted and may be used to meet the City's ongoing obligations to its residents and creditors.

# CITY OF TROY, MICHIGAN

## Management's Discussion and Analysis

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



The City's overall net position increased \$15.1 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

### Statements of activities

The following table shows the comparison of the change in net position (in millions of dollars) as of June 30, 2013 to the prior year, in a condensed format:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 12.5	\$ 12.1	\$ 31.9	\$ 32.4	\$ 44.4	\$ 44.5
Operating grants & contributions	1.2	0.9	-	-	1.2	0.9
Capital grants & contributions:	10.4	6.7	0.5	0.2	11.0	6.9
General revenues:						
Property taxes	46.4	46.3	-	-	46.4	46.3
State-shared revenues	6.3	6.1	-	-	6.3	6.1
Interest earnings	0.2	0.2	0.1	0.2	0.3	0.4
Other revenue	0.2	0.2	-	-	0.2	0.2
<b>Total revenues</b>	<b>77.2</b>	<b>72.5</b>	<b>32.6</b>	<b>32.8</b>	<b>109.8</b>	<b>105.2</b>

# CITY OF TROY, MICHIGAN

## Management's Discussion and Analysis

### Statements of activities (continued)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Expenses:						
General government	8.5	9.7	-	-	8.5	9.7
Public safety	26.9	27.2	-	-	26.9	27.2
Public services & engineering	13.6	13.7	-	-	13.6	13.7
Sanitation	4.3	4.2	-	-	4.3	4.2
Community & economic development	1.4	0.9	-	-	1.4	0.9
Recreation and culture	9.1	8.8	-	-	9.1	8.8
Interest expense	1.0	1.1	-	-	1.0	1.1
Water	-	-	14.4	13.9	14.4	13.9
Sanitary sewer	-	-	12.2	11.8	12.2	11.8
Golf courses	-	-	2.7	2.9	2.7	2.9
Aquatic center	-	-	0.5	0.6	0.5	0.6
<b>Total expenses</b>	<b>64.8</b>	<b>65.6</b>	<b>29.9</b>	<b>29.1</b>	<b>94.7</b>	<b>94.7</b>
Increase in net position before transfers	\$ 12.4	\$ 6.9	\$ 2.6	\$ 3.7	\$ 15.1	\$ 10.5
Transfers	-	0.6	-	(0.6)	-	-
<b>Increase in net position</b>	<b>12.4</b>	<b>7.5</b>	<b>2.6</b>	<b>3.1</b>	<b>15.1</b>	<b>10.5</b>
Net position, beginning of year	239.9	232.4	165.7	162.6	405.6	395.1
<b>Net position, end of year</b>	<b>\$ 252.3</b>	<b>\$ 239.9</b>	<b>\$ 168.4</b>	<b>\$ 165.7</b>	<b>\$ 420.7</b>	<b>\$ 405.6</b>

### Governmental Activities

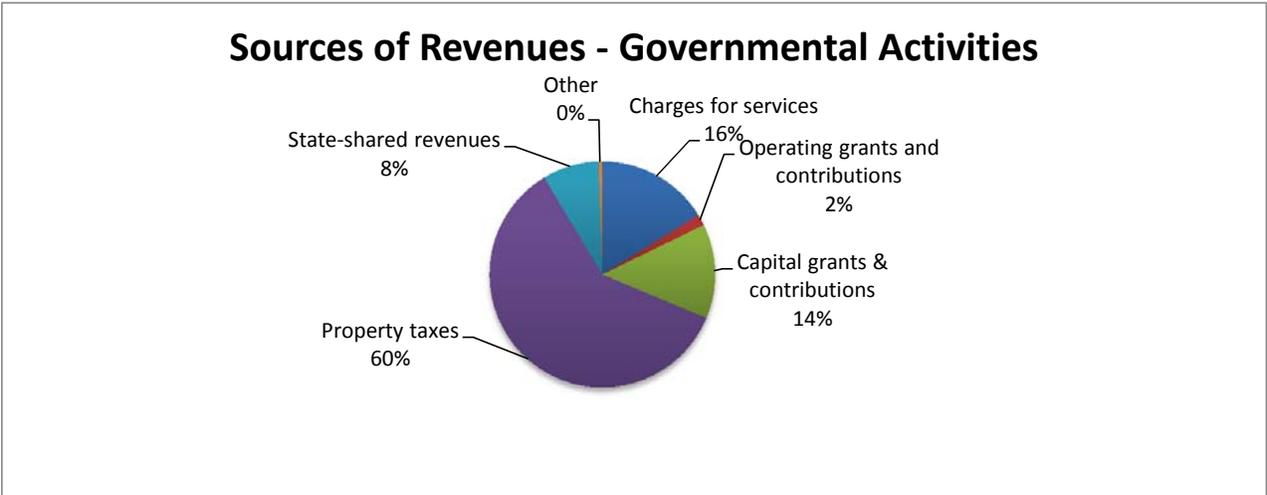
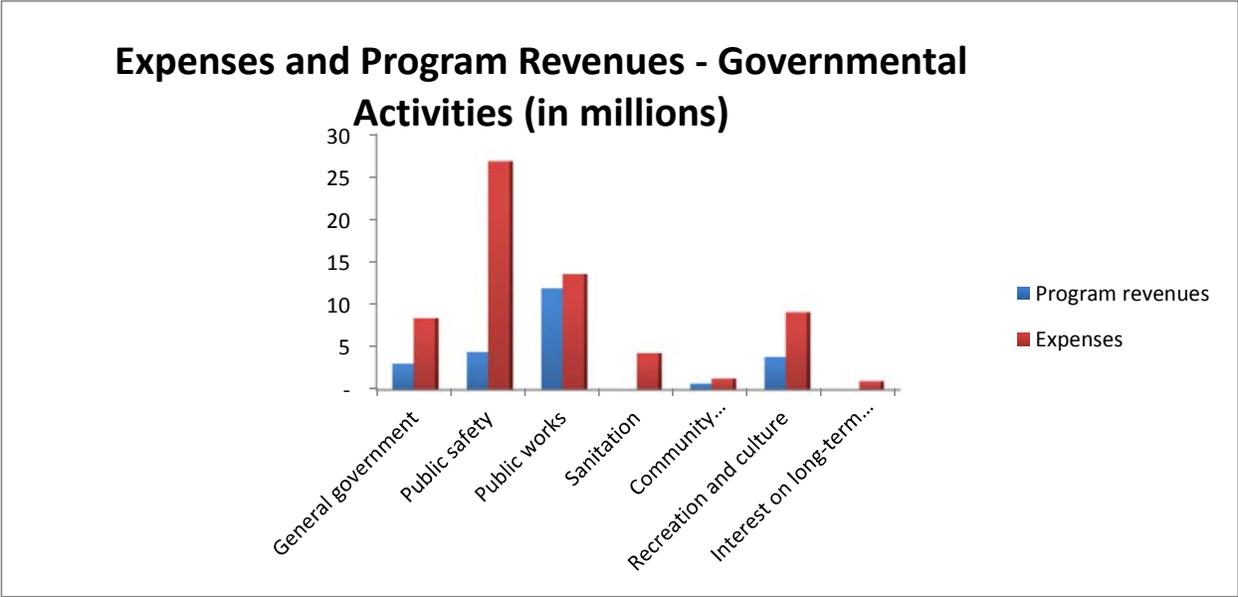
During the current fiscal year, net position for the City's governmental activities increased \$12.4 million from the prior fiscal year.

Total governmental revenue is reported at \$77.2 million, an increase of \$4.7 million from the prior year. The increase is primarily attributable to federal grant funding for the City Transit Center.

Total governmental expenses are reported at \$64.8 million, a decrease of \$0.8 million from the prior year. The decrease is primarily attributable to general governmental operations including a decrease in tax refunds of \$124,000, reduction in financial administration of \$202,000 from elimination of risk manager position, and reduction in insurance liabilities of \$458,000.

During the year the City continued meeting the actuarial required contributions for the defined benefit pension system and the discretionary fire incentive reserve fund as well as pre-funding retiree healthcare benefits. This is important for the City because future taxpayers should not be required to fund benefit payments that were earned in the past.

Management's Discussion and Analysis



**Business-type Activities**

The City of Troy’s business-type activities consist of water supply, sanitary sewer, aquatic center, and two municipal golf courses. Water and sanitary sewer services, classified as Major Funds, are provided to City residents through the Detroit water system and Oakland County sewerage treatment plants. Change in net position for business-type activities increased by \$2.6 million. The Water and Sewer Fund increased by \$1.9 million and \$1.0 million respectively. This was primarily due to the rate increases of 8.1% and increased sales of approximately 4,400 mcf. The City’s two golf courses recorded combined operating income of \$162,800 but a decrease in net position of \$258,000 after nonoperating expenses for interest on debt of \$420,000.

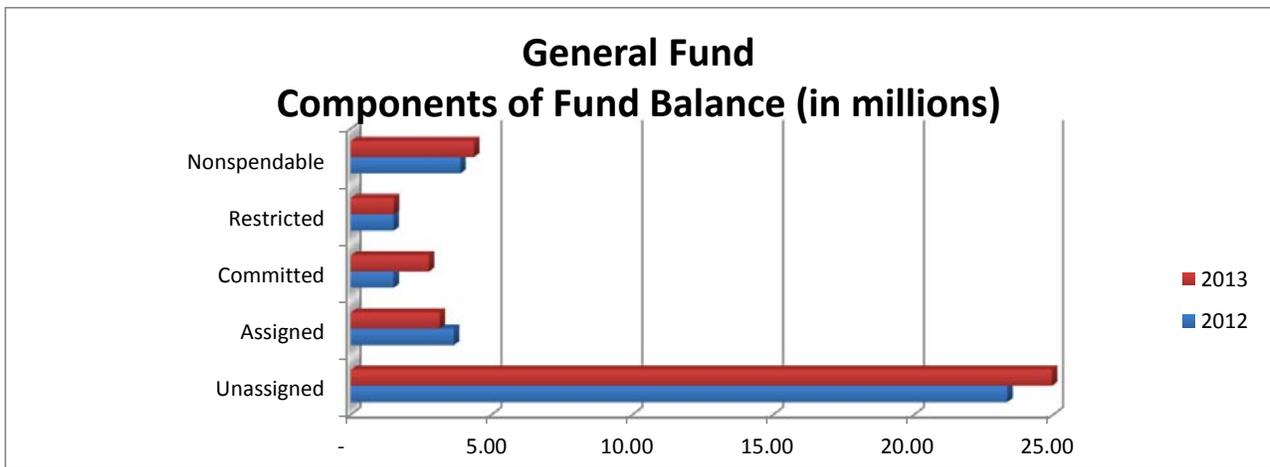
# CITY OF TROY, MICHIGAN

## Management's Discussion and Analysis

### Financial Analysis of Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City Council or management.

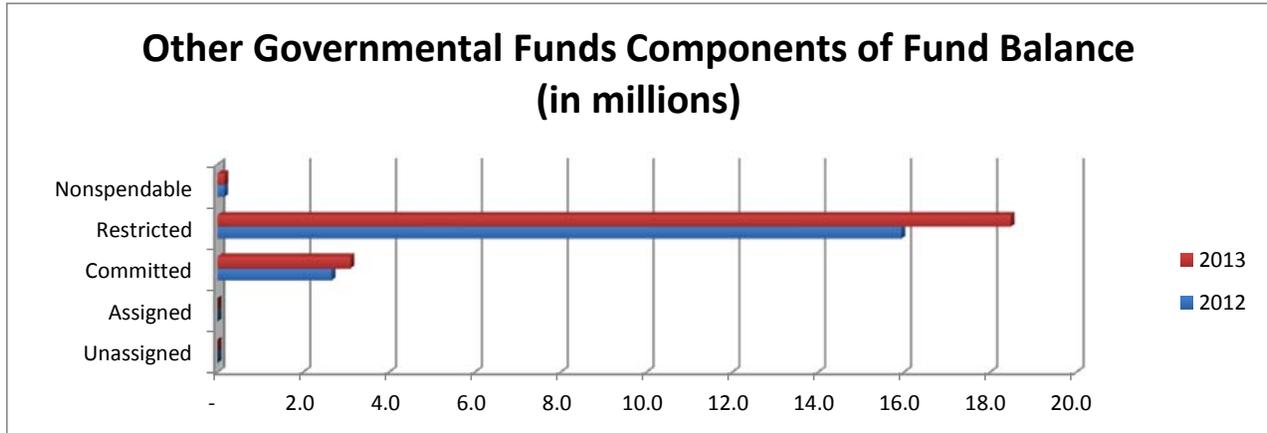
The City's governmental funds reported combined fund balances of \$58.5 million, an increase of \$5.8 million compared to the prior year. Approximately 42.6% of this amount (\$24.9 million) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact, 3) restricted for particular purposes, 4) committed for particular purposes, or 5) assigned for particular purposes.



The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$24.9 million, while total fund balance increased \$2.8 million to \$36.8 million. As a measure of the general funds liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 53.5% of total general fund expenditures, while total general fund balance represents approximately 78.8% of the same amount.

As mentioned, total general fund balance increased by \$2.8 million in the current fiscal year. Total revenues remained flat compared to the prior year. However, property tax decreased by \$812,000. This decrease was offset by increases in licenses and charges for services. Expenditures increased by \$873,000 due to increases for building inspections of \$434,000 (contractor expense based on permit fees) and increases for public safety personnel as the City replaces budgeted positions vacant from early retirement incentives \$244,000.

Management's Discussion and Analysis



The capital projects fund, a major fund, had an increase in fund balance of \$0.6 million during the current year. This resulted in a total fund balance of \$12.0 million at the close of the current fiscal year.

The increase in fund balance of \$0.6 million is primarily due to a transfer from the general fund of \$1.0 million help offset rising capital asset needs.

Financial Analysis of Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the water fund was \$20.7 million and sewer fund \$31.3 million at the end of the current fiscal year. The Water and Sewer Fund net positions increased by \$1.9 million and \$1.0 million respectively. This was primarily due to the increase in rates of 8.1% and demand increase of 4,400 mcf's from the prior year.

General Fund Budgetary Highlights

Over the course of the year, City Council amended the budget to take into account events during the year. The amendments related to revenues and expenditures from the original budget were minimal and related primarily to increases in revenues for building permit fees and expenditures related to contracted building inspection services related to those fees. A more significant change was in the area of other financing sources and uses where the City Council approved a one time transfer from the general fund to the capital projects fund of \$1.0 million for increased street repairs.

Revenues were \$2.1 million or 4.6% above amended budget amounts. Contributing factors include licenses and permits over the amended budget by \$0.3 million from building permit volume, state sources from state shared revenues over the amended budget by \$0.8 million and charges for services over the amended budget from various sources including CATV franchise fees \$157 thousand, engineering fees \$300 thousand and recreation fees \$355 thousand.

Expenditures were \$4.2 million under amended budget amounts. Expenditures by function under the amended budget include general government by \$700 thousand from personal service costs related to vacant positions, public safety by \$1.8 million from personal service costs related to vacant positions, and public works by \$1.3 million from personal services \$472 thousand and street maintenance of \$927 thousand.

# CITY OF TROY, MICHIGAN

## Management's Discussion and Analysis

### Capital Asset and Debt Administration

At the end of 2013, the City of Troy had \$330.7 million invested in a broad range of capital assets including land, buildings, police and fire equipment, water and sewer lines, roads, sidewalks, and other infrastructure. The increase in capital assets of \$2.1 million compared to the prior year was primarily attributable to the acquisition of new infrastructure items such as streets under the recognition of depreciation.

The City of Troy's debt rating is excellent. The City maintains a AAA rating on unlimited tax general obligation bonds by Standard and Poor's. The City of Troy's indebtedness totaled \$38.6 million at June 30, 2013, a decrease of \$2.9 million from the prior year resulting from debt retirement payments.

Additional information about the City's capital assets and debt administration is presented in the notes to financial statements titled "Capital Assets" and "Long-Term Debt", respectively.

### Current Economic Events

The following economic factors currently affect the City and were considered in developing the 2013/2014 three year fiscal budget.

- The millage rate for the 2013/2014 fiscal year increased by 0.04 mils due to funding requirements for refuse collection and disposal. The increase in mils assists to offset the stagnate levels of taxable values coupled with increased sanitation costs.
- General operating and capital improvement millage rates remained unchanged at 6.50 and 1.53 mils respectively.
- General fund property tax revenues are expected to remain at current year amounts.
- General fund expenditures are budgeted to increase by \$6.1 million from the current year actuals due to elimination of employee concessions, wage rate increases (1%) and increased costs of healthcare.
- The City purchases its water and sewer services from the City of Detroit and Oakland County respectively. Historically, we have passed along the full water and sewer rate increase or decrease to our customers. The 2013/2014 budget will not recognize an increase in water or sewer rates due to the favorable position of these funds. The City's rate structure is designed to provide water and sewer service to our residents as well as pay for operations, maintenance and improvements to the system.
- The City still prides itself on having one of the lowest combined water and sewer rates of any southeastern Michigan community.

### Contacting the City of Troy's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the City of Troy's financial condition.

If you have questions about this report or need additional information, we welcome you to contact the administrative offices at City Hall, 500 W. Big Beaver, Troy, MI. 48084. Additional information can be obtained at the City of Troy's web site, [www.troymi.gov](http://www.troymi.gov).

**BASIC FINANCIAL STATEMENTS**

# CITY OF TROY, MICHIGAN

## Statement of Net Position

June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 68,481,302	\$ 48,942,943	\$ 117,424,245	\$ 3,596,528
Receivables (net)	8,073,186	7,503,836	15,577,022	47,241
Internal balances	3,249,121	(3,249,121)	-	-
Other assets	1,563,575	540,377	2,103,952	-
Other postemployment benefits asset	3,108,873	-	3,108,873	-
Capital assets:				
Assets not being depreciated	51,288,943	20,252,437	71,541,380	-
Assets being depreciated, net	150,947,817	108,219,338	259,167,155	-
<b>Total assets</b>	<b>286,712,817</b>	<b>182,209,810</b>	<b>468,922,627</b>	<b>3,643,769</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	-	984,517	984,517	-
<b>Liabilities</b>				
Accounts payable	5,704,581	1,899,944	7,604,525	1,172
Accrued payroll	567,150	-	567,150	-
Accrued liabilities	680,395	1,777,658	2,458,053	130,222
Noncurrent liabilities:				
Due within one year	5,270,973	507,651	5,778,624	2,490,000
Due in more than one year	22,153,689	10,653,108	32,806,797	14,960,000
<b>Total liabilities</b>	<b>34,376,788</b>	<b>14,838,361</b>	<b>49,215,149</b>	<b>17,581,394</b>
<b>Net position</b>				
Net investment in capital assets	179,616,224	118,295,533	297,911,757	-
Restricted for:				
Debt service	1,331,194	-	1,331,194	-
Highways and streets	5,918,350	-	5,918,350	-
Capital projects	9,562,907	-	9,562,907	-
Drug forfeiture	218,524	-	218,524	-
Library services	1,191,951	-	1,191,951	-
Sanitation services	182,869	-	182,869	-
Perpetual care:				
Nonspendable	160,579	-	160,579	-
Spendable	67,081	-	67,081	-
Unrestricted (deficit)	54,086,350	50,060,433	104,146,783	(13,937,625)
<b>Total net position (deficit)</b>	<b>\$ 252,336,029</b>	<b>\$ 168,355,966</b>	<b>\$ 420,691,995</b>	<b>\$ (13,937,625)</b>

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 8,459,810	\$ 3,114,515	\$ -	\$ -	\$ (5,345,295)
Public safety	26,878,737	3,545,823	282,061	648,989	(22,401,864)
Public works	13,626,846	2,223,031	-	9,734,318	(1,669,497)
Sanitation	4,331,500	6,012	-	-	(4,325,488)
Community and economic development	1,366,075	-	742,359	2,958	(620,758)
Recreation and culture	9,145,272	3,651,142	172,038	49,429	(5,272,663)
Interest on long-term debt	1,019,021	-	-	-	(1,019,021)
<b>Total governmental activities</b>	<b>64,827,261</b>	<b>12,540,523</b>	<b>1,196,458</b>	<b>10,435,694</b>	<b>(40,654,586)</b>
Business-type activities					
Water	14,434,204	15,965,202	-	330,884	1,861,882
Sewer	12,215,434	12,978,863	-	197,532	960,961
Aquatic center	543,834	481,424	-	-	(62,410)
Sylvan Glen golf course	1,052,043	1,173,838	-	-	121,795
Sanctuary Lake golf course	1,676,239	1,295,277	-	-	(380,962)
<b>Total business-type activities</b>	<b>29,921,754</b>	<b>31,894,604</b>	<b>-</b>	<b>528,416</b>	<b>2,501,266</b>
<b>Total primary government</b>	<b>\$ 94,749,015</b>	<b>\$ 44,435,127</b>	<b>\$ 1,196,458</b>	<b>\$ 10,964,110</b>	<b>\$ (38,153,320)</b>
Component units					
Downtown development authority	\$ 1,345,878	\$ -	\$ -	\$ -	\$ (1,345,878)
Local development financing authority	159,884	-	-	-	(159,884)
Brownfield redevelopment authority	30,039	-	-	-	(30,039)
<b>Total component units</b>	<b>\$ 1,535,801</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,535,801)</b>

continued...

CITY OF TROY, MICHIGAN

Statement of Activities (Continued)

For the Year Ended June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (40,654,586)	\$ 2,501,266	\$ (38,153,320)	\$ (1,535,801)
General revenues				
Property taxes	29,612,174	-	29,612,174	-
Property taxes for sanitary purposes	4,446,398	-	4,446,398	-
Property taxes for economic development	-	-	-	405,130
Property taxes for library	2,962,459	-	2,962,459	-
Property taxes for capital projects	6,481,465	-	6,481,465	-
Property taxes for debt service	2,917,119	-	2,917,119	-
State shared revenue, unrestricted	6,279,381	-	6,279,381	-
Grants and contributions not restricted to specific programs	50,485	-	50,485	-
Unrestricted investment earnings	185,302	133,912	319,214	5,775
Gain on sale of capital assets	140,452	-	140,452	-
Total general revenues	53,075,235	133,912	53,209,147	410,905
Change in net position	12,420,649	2,635,178	15,055,827	(1,124,896)
Net position, beginning of year (deficit)	239,915,380	165,720,788	405,636,168	(12,812,729)
Net position, end of year (deficit)	\$ 252,336,029	\$ 168,355,966	\$ 420,691,995	\$ (13,937,625)

The accompanying notes are an integral part of these basic financial statements.

# CITY OF TROY, MICHIGAN

## Balance Sheet

Governmental Funds

June 30, 2013

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 31,233,088	\$ 12,513,769	\$ 8,703,247	\$ 52,450,104
Receivables:				
Accounts receivable (net)	734,139	3,423,651	131,687	4,289,477
Taxes-delinquent	145,243	-	-	145,243
Special assessments	-	168,774	-	168,774
Due from other governments	2,109,706	-	1,292,869	3,402,575
Inventories	225,057	-	-	225,057
Prepaid items	969,397	-	-	969,397
Advances to other funds	3,174,584	-	-	3,174,584
<b>Total assets</b>	<b>\$ 38,601,979</b>	<b>\$ 16,106,194</b>	<b>\$ 10,127,803</b>	<b>\$ 64,835,976</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,014,692	\$ 3,824,784	\$ 373,685	\$ 5,213,161
Accrued payroll	567,150	-	-	567,150
Other liabilities	114,789	302,880	27	417,696
<b>Total liabilities</b>	<b>1,696,631</b>	<b>4,127,664</b>	<b>373,712</b>	<b>6,198,007</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	145,242	-	-	145,242
<b>Fund balances</b>				
Nonspendable	4,369,038	-	160,579	4,529,617
Restricted	1,525,598	9,562,907	8,909,969	19,998,474
Committed	2,771,300	2,415,623	683,543	5,870,466
Assigned	3,148,000	-	-	3,148,000
Unassigned	24,946,170	-	-	24,946,170
<b>Total fund balances</b>	<b>36,760,106</b>	<b>11,978,530</b>	<b>9,754,091</b>	<b>58,492,727</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 38,601,979</b>	<b>\$ 16,106,194</b>	<b>\$ 10,127,803</b>	<b>\$ 64,835,976</b>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF TROY, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2013

Fund balances - total governmental funds	\$ 58,492,727
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: capital assets not being depreciated	51,150,962
Add: capital assets being depreciated	371,686,660
Deduct: accumulated depreciation	(223,415,090)
Contributions to Trust Funds in excess of actuarially required amounts create an asset that can be applied to future required contributions in the statement of net position but are not financial resources and therefore are not reported in the funds.	
Add: other postemployment benefits asset	3,108,873
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.	
Add: deferred inflows of resources	145,242
Internal service funds are used by management to charge the costs of certain equipment usage, public service department and retiree health care costs to individual governmental funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Add: net position of governmental activities accounted for in the internal service funds	14,965,944
Add: due from business-type activities for internal service fund activities	74,537
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct: accrued interest payable	(210,999)
Deduct: bonds payable	(22,620,536)
Deduct: claims incurred but not reported	(1,042,291)
Net position of governmental activities	<u>\$ 252,336,029</u>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF TROY, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2013

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 29,612,174	\$ 6,481,465	\$ 10,376,465	\$ 46,470,104
Licenses and permits	2,254,775	-	-	2,254,775
Intergovernmental:				
Federal sources	12,146	4,440,232	666,775	5,119,153
State sources	6,392,682	-	5,280,363	11,673,045
Local sources	147,676	638,392	-	786,068
Charges for services	7,535,805	191,885	32,605	7,760,295
Fines and forfeitures	784,172	-	118,011	902,183
Investment earnings	82,825	47,992	23,534	154,351
Other	1,678,869	274,124	54,029	2,007,022
<b>Total revenues</b>	<b>48,501,124</b>	<b>12,074,090</b>	<b>16,551,782</b>	<b>77,126,996</b>
<b>Expenditures</b>				
Current:				
General government	7,289,417	120,470	-	7,409,887
Public safety	27,330,415	-	41,368	27,371,783
Public works	6,037,793	-	-	6,037,793
Sanitation	-	-	4,331,560	4,331,560
Community development	-	-	621,439	621,439
Recreation and culture	5,976,912	-	2,266,410	8,243,322
Debt service:				
Principal	-	206,776	2,420,000	2,626,776
Interest and fees	-	69,485	973,354	1,042,839
Capital outlay	-	13,670,400	-	13,670,400
<b>Total expenditures</b>	<b>46,634,537</b>	<b>14,067,131</b>	<b>10,654,131</b>	<b>71,355,799</b>
<b>Revenues (under) over expenditures</b>	<b>1,866,587</b>	<b>(1,993,041)</b>	<b>5,897,651</b>	<b>5,771,197</b>
<b>Other financing sources (uses)</b>				
Transfers in	2,117,121	2,797,406	3,734,403	8,648,930
Transfers out	(1,134,786)	(238,006)	(7,276,138)	(8,648,930)
Proceeds from sale of capital assets	-	51,220	-	51,220
<b>Total other financing sources (uses)</b>	<b>982,335</b>	<b>2,610,620</b>	<b>(3,541,735)</b>	<b>51,220</b>
<b>Net change in fund balances</b>	<b>2,848,922</b>	<b>617,579</b>	<b>2,355,916</b>	<b>5,822,417</b>
<b>Fund balances, beginning of year</b>	<b>33,911,184</b>	<b>11,360,951</b>	<b>7,398,175</b>	<b>52,670,310</b>
<b>Fund balances, end of year</b>	<b>\$ 36,760,106</b>	<b>\$ 11,978,530</b>	<b>\$ 9,754,091</b>	<b>\$ 58,492,727</b>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF TROY, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 5,822,417
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: capital outlay	13,670,050
Deduct: depreciation expense	(12,233,601)
Deduct: book basis of capital assets sold	(4,310)
Pension contributions in excess of actuarially determined amounts are reported as expenditures. However, these expenditures are not recognized until they are actuarially required in the statement of activities.	
Add: net difference in other postemployment benefits asset	2,346,744
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred inflows to the following fiscal year.	
Deduct: net difference in deferred inflows of resources	(50,489)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Add: principal payments on long-term liabilities	2,626,776
Internal service funds are used by management to charge the costs of certain equipment, public service department and employee insurance costs to individual governmental funds. The net revenue attributable to those funds are reported with governmental activities.	
Add: net gain from governmental activities in the internal service funds	37,631
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Add: decrease in accrued interest expense	23,820
Add: decrease in accrued claims payable	181,611
Change in net position of governmental activities	<u>\$ 12,420,649</u>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF TROY, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 29,658,000	\$ 29,658,000	\$ 29,612,174	\$ (45,826)
Licenses and permits	1,405,550	1,931,550	2,254,775	323,225
Intergovernmental				
Federal sources	7,000	7,000	12,146	5,146
State sources	5,597,000	5,597,000	6,392,682	795,682
Local sources	200,000	200,000	147,676	(52,324)
Charges for services	6,456,585	6,456,585	7,535,805	1,079,220
Fines and forfeitures	725,900	725,900	784,172	58,272
Investment earnings	200,000	200,000	82,825	(117,175)
Other	1,609,870	1,609,870	1,678,869	68,999
<b>Total revenues</b>	<b>45,859,905</b>	<b>46,385,905</b>	<b>48,501,124</b>	<b>2,115,219</b>
<b>Expenditures</b>				
General government				
Council and executive administration	3,247,645	3,247,645	3,114,864	(132,781)
Finance	2,911,973	2,911,973	2,543,476	(368,497)
Other	1,803,921	1,803,921	1,631,077	(172,844)
<b>Total general government</b>	<b>7,963,538</b>	<b>7,963,538</b>	<b>7,289,417</b>	<b>(674,121)</b>
Public safety				
Police	22,917,408	22,892,408	21,250,091	(1,642,317)
Fire	4,541,551	4,541,551	4,309,551	(232,000)
Building inspection	1,194,244	1,720,244	1,770,773	50,529
<b>Total public safety</b>	<b>28,653,203</b>	<b>29,154,203</b>	<b>27,330,415</b>	<b>(1,823,788)</b>
Public works				
Roads and streets	5,541,219	5,541,219	4,257,865	(1,283,354)
Engineering	1,791,177	1,791,177	1,779,928	(11,249)
<b>Total public works</b>	<b>7,332,396</b>	<b>7,332,396</b>	<b>6,037,793</b>	<b>(1,294,603)</b>
Culture and recreation				
Parks and recreation	6,233,735	6,233,735	5,834,282	(399,453)
Library	-	75,000	75,000	-
Historic village	144,686	69,686	67,630	(2,056)
<b>Total culture and recreation</b>	<b>6,378,421</b>	<b>6,378,421</b>	<b>5,976,912</b>	<b>(401,509)</b>
<b>Total expenditures</b>	<b>50,327,559</b>	<b>50,828,559</b>	<b>46,634,537</b>	<b>(4,194,022)</b>

continued...

# CITY OF TROY, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
concluded...				
Revenues over (under) expenditures	\$ (4,467,654)	\$ (4,442,654)	\$ 1,866,587	\$ 6,309,241
Other financing sources (uses)				
Transfers in	4,673,654	4,673,654	2,117,121	(2,556,533)
Transfers out	(206,000)	(1,231,000)	(1,134,786)	(96,214)
Total other financing sources (uses)	4,467,654	3,442,654	982,335	(2,652,747)
Net change in fund balances	0	(1,000,000)	2,848,922	3,848,922
Fund balance, beginning of year	33,911,184	33,911,184	33,911,184	-
Fund balance, end of year	\$ 33,911,184	\$ 32,911,184	\$ 36,760,106	\$ 3,848,922

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 17,214,191	\$ 30,181,677	\$ 458,941	\$ 1,088,134	\$ 48,942,943	\$ 16,031,198
Interest receivable	928	3,564	-	-	4,492	-
Accounts receivable:						
Billed	2,764,849	5,812	29,032	18,116	2,817,809	56,352
Unbilled	2,300,392	1,879,727	-	-	4,180,119	-
Inventories	411,892	28,985	50,163	41,329	532,369	369,121
Prepaid items	-	-	3,974	4,034	8,008	-
<b>Total current assets</b>	<b>22,692,252</b>	<b>32,099,765</b>	<b>542,110</b>	<b>1,151,613</b>	<b>56,485,740</b>	<b>16,456,671</b>
Noncurrent assets:						
Contracts receivable	93,109	408,307	-	-	501,416	-
Advances to other funds	-	-	-	2,463,230	2,463,230	-
Capital assets not being depreciated	12,003,959	4,140,463	2,213,463	1,894,552	20,252,437	137,981
Capital assets being depreciated, net	68,156,350	30,650,555	7,449,888	1,962,545	108,219,338	2,676,247
<b>Total noncurrent assets</b>	<b>80,253,418</b>	<b>35,199,325</b>	<b>9,663,351</b>	<b>6,320,327</b>	<b>131,436,421</b>	<b>2,814,228</b>
<b>Total assets</b>	<b>102,945,670</b>	<b>67,299,090</b>	<b>10,205,461</b>	<b>7,471,940</b>	<b>187,922,161</b>	<b>19,270,899</b>
Deferred outflows of resources						
Deferred charge on refunding	-	-	984,517	-	984,517	-
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	1,050,463	845,149	328	4,004	1,899,944	491,413
Accrued liabilities	1,054,766	409,819	143,270	169,803	1,777,658	51,707
Compensated absences	-	-	-	-	-	2,023,249
Current portion of bonds payable and capital lease	-	-	460,059	47,592	507,651	-
<b>Total current liabilities</b>	<b>2,105,229</b>	<b>1,254,968</b>	<b>603,657</b>	<b>221,399</b>	<b>4,185,253</b>	<b>2,566,369</b>
Noncurrent liabilities:						
Compensated absences	-	-	-	-	-	1,738,586
Advances from other funds	-	-	5,457,512	180,302	5,637,814	-
Bonds payable and capital lease	-	-	10,466,322	186,786	10,653,108	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>15,923,834</b>	<b>367,088</b>	<b>16,290,922</b>	<b>1,738,586</b>
<b>Total liabilities</b>	<b>2,105,229</b>	<b>1,254,968</b>	<b>16,527,491</b>	<b>588,487</b>	<b>20,476,175</b>	<b>4,304,955</b>
Net position						
Net investment in capital assets	80,160,309	34,791,018	(278,513)	3,622,719	118,295,533	2,814,228
Unrestricted (deficit)	20,680,132	31,253,104	(5,059,000)	3,260,734	50,134,970	12,151,716
<b>Total net position (deficit)</b>	<b>\$ 100,840,441</b>	<b>\$ 66,044,122</b>	<b>\$ (5,337,513)</b>	<b>\$ 6,883,453</b>	<b>168,430,503</b>	<b>\$ 14,965,944</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:					(74,537)	
<b>Net position of business type activities</b>					<b>\$ 168,355,966</b>	

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

**Statement of Revenue, Expenses and Changes in Fund Net Position**  
 Proprietary Funds  
 For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 15,066,706	\$ 12,978,863	\$ 1,294,848	\$ 1,253,907	\$ 30,594,324	\$ 5,257,645
Rental:						
Golf course	-	-	429	203,353	203,782	-
Restaurant	-	-	-	67,150	67,150	-
Hydrant	4,000	-	-	-	4,000	-
Building	-	-	-	-	-	146,451
Equipment	-	-	-	-	-	2,923,514
Tap and connections fees	416,142	-	-	-	416,142	-
Penalties	445,156	-	-	-	445,156	-
Other services	33,198	-	-	130,852	164,050	-
Other services to city funds	-	-	-	-	-	739,819
<b>Total operating revenues</b>	<b>15,965,202</b>	<b>12,978,863</b>	<b>1,295,277</b>	<b>1,655,262</b>	<b>31,894,604</b>	<b>9,067,429</b>
Operating expenses						
Cost of sales and services	9,311,146	9,711,070	-	-	19,022,216	5,774,092
General and administrative	927,207	583,136	-	-	1,510,343	347,841
Operations	2,018,296	692,095	954,640	1,287,352	4,952,383	2,255,085
Depreciation	2,183,147	1,239,219	301,946	304,489	4,028,801	762,677
<b>Total operating expenses</b>	<b>14,439,796</b>	<b>12,225,520</b>	<b>1,256,586</b>	<b>1,591,841</b>	<b>29,513,743</b>	<b>9,139,695</b>
<b>Operating income (loss)</b>	<b>1,525,406</b>	<b>753,343</b>	<b>38,691</b>	<b>63,421</b>	<b>2,380,861</b>	<b>(72,266)</b>
Nonoperating revenues (expenses)						
Investment earnings	52,202	79,717	106	1,887	133,912	30,951
Interest expense	-	-	(419,657)	(2,949)	(422,606)	-
Gain on sale of capital assets	-	-	-	-	-	93,541
<b>Total nonoperating revenues (expenses)</b>	<b>52,202</b>	<b>79,717</b>	<b>(419,551)</b>	<b>(1,062)</b>	<b>(288,694)</b>	<b>124,492</b>
<b>Income (loss) before contributions</b>	<b>1,577,608</b>	<b>833,060</b>	<b>(380,860)</b>	<b>62,359</b>	<b>2,092,167</b>	<b>52,226</b>
Developer contributions	330,884	197,532	-	-	528,416	-
<b>Change in net position</b>	<b>1,908,492</b>	<b>1,030,592</b>	<b>(380,860)</b>	<b>62,359</b>	<b>2,620,583</b>	<b>52,226</b>
Net position (deficit), beginning of year	98,931,949	65,013,530	(4,956,653)	6,821,094		14,913,718
<b>Net position (deficit), end of year</b>	<b>\$ 100,840,441</b>	<b>\$ 66,044,122</b>	<b>\$ (5,337,513)</b>	<b>\$ 6,883,453</b>		<b>\$ 14,965,944</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					14,595	
<b>Change in net position of business-type activities</b>					<b>\$ 2,635,178</b>	

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and others	\$ 17,350,518	\$ 14,604,941	\$ 1,270,466	\$ 1,665,372	\$ 34,891,297	\$ -
Cash received from interfund services	-	-	-	-	-	9,067,429
Cash payments to employees	(1,925,519)	(640,020)	(433,764)	(737,032)	(3,736,335)	(5,330,783)
Cash payments to suppliers for goods and services	(10,451,957)	(10,936,718)	(555,978)	(562,895)	(22,507,548)	(2,695,430)
Cash payments for interfund services	(319,509)	(265,480)	(4,388)	(28,766)	(618,143)	-
Net cash provided by operating activities	4,653,533	2,762,723	276,336	336,679	8,029,271	1,041,216
Cash flows from noncapital financing activities						
Advances to other funds	-	-	-	(285,000)	(285,000)	-
Advances from other funds	-	-	285,000	-	285,000	-
Net cash provided (used) by noncapital financing activities	-	-	285,000	(285,000)	-	-
Cash flows from capital and related financing activities						
Purchase of capital assets	(3,092,274)	(257,021)	(249,938)	(302,666)	(3,901,899)	(1,040,181)
Proceeds from sale of capital assets	-	-	-	-	-	106,062
Proceeds from capital lease	-	-	249,938	234,378	484,316	-
Bond proceeds from debt refinance	-	-	9,854,470	-	9,854,470	-
Payment to escrow agent on debt refinance	-	-	(9,700,152)	-	(9,700,152)	-
Fees from debt refinance	-	-	(154,318)	-	(154,318)	-
Other fee offsets from debt refinance	-	-	191,925	-	191,925	-
Bond principal payments	-	-	(400,000)	-	(400,000)	-
Bond note interest payments	-	-	(419,657)	(2,949)	(422,606)	-
Net cash (used) by capital and related financing activities	(3,092,274)	(257,021)	(627,732)	(71,237)	(4,048,264)	(934,119)
Cash flows from investing activities						
Investment earnings	52,800	80,419	106	1,887	135,212	41,369
Net change in cash and investments	1,614,059	2,586,121	(66,290)	(17,671)	4,116,219	148,466
Cash and investments, beginning of year	15,600,132	27,595,556	525,231	1,105,805	44,826,724	15,882,732
Cash and investments, end of year	\$ 17,214,191	\$ 30,181,677	\$ 458,941	\$ 1,088,134	\$ 48,942,943	\$ 16,031,198

continued...

CITY OF TROY, MICHIGAN

**Statement of Cash Flows**  
 Proprietary Funds  
 For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Concluded....						
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 1,525,406	\$ 753,343	\$ 38,691	\$ 63,421	\$ 2,380,861	\$ (72,266)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	2,183,147	1,239,219	301,946	304,489	4,028,801	762,677
Changes in assets and liabilities:						
Accounts receivable	1,375,615	1,592,154	(24,811)	10,110	2,953,068	-
Inventories	(13,042)	6,202	(12,215)	(12,670)	(31,725)	(46,289)
Prepaid items	-	-	(3,899)	(4,034)	(7,933)	-
Contracts receivable	9,701	33,924	-	-	43,625	-
Accounts payable	(1,353,204)	(1,271,938)	(4,326)	(5,189)	(2,634,657)	(78,086)
Accrued liabilities	925,910	409,819	(19,050)	(19,448)	1,297,231	475,180
Net cash provided by operating activities	<u>\$ 4,653,533</u>	<u>\$ 2,762,723</u>	<u>\$ 276,336</u>	<u>\$ 336,679</u>	<u>\$ 8,029,271</u>	<u>\$ 1,041,216</u>
Noncash investing, capital, and financing activities						
Contributions of capital assets	<u>\$ 330,884</u>	<u>\$ 197,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,416</u>	<u>\$ -</u>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF TROY, MICHIGAN

## Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Pension and OPEB Trusts	Agency
<b>Assets</b>		
Cash	\$ 23,988,318	\$ 2,638,967
Interest receivable	52,328	-
Taxes receivable	-	969,933
Due from other funds	26,227,372	-
Investments:		
U.S. Government securities	10,086,783	-
Corporate bonds	6,673,276	-
Corporate equities, preferred	871,763	-
Corporate equities, common	63,279,256	-
Mutual funds	74,717,335	-
Municipal bonds	51,302,284	-
<b>Total assets</b>	<b>257,198,715</b>	<b>\$ 3,608,900</b>
<b>Liabilities</b>		
Accounts payable	997	\$ 28,290
Due to other funds	26,227,372	-
Performance deposits	-	3,580,610
<b>Total liabilities</b>	<b>26,228,369</b>	<b>\$ 3,608,900</b>
<b>Net position</b>		
Held in trust for pension benefits	168,694,671	
Held in trust for postemployment healthcare benefits	62,275,675	
<b>Total net position</b>	<b>\$ 230,970,346</b>	

The accompanying notes are an integral part of these basic financial statements.

# CITY OF TROY, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2013

	Pension and OPEB Trusts
<b>Additions</b>	
Contributions:	
Employer contributions	\$ 7,641,487
Employee contributions	190,366
	<hr/>
Total contributions	7,831,853
	<hr/>
Investment income:	
Interest	2,188,149
Dividends	3,801,916
Net adjustment in fair value of investments	23,686,226
	<hr/>
Total investment income	29,676,291
	<hr/>
Total additions	37,508,144
	<hr/>
<b>Deductions</b>	
Benefits	16,013,209
Administrative expenses	140,145
	<hr/>
Total deductions	16,153,354
	<hr/>
Net increase in net position	21,354,790
	<hr/>
Net position held in trust, beginning of year for	
Pension benefits	151,403,894
Postemployment healthcare benefits	58,211,662
	<hr/>
Total net position held in trust, beginning of year	209,615,556
	<hr/>
Net position held in trust, end of year for	
Pension benefits	168,694,671
Postemployment healthcare benefits	62,275,675
	<hr/>
Total net position held in trust, end of year	<u>\$ 230,970,346</u>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF TROY, MICHIGAN

## Discretely Presented Component Units

### Combining Statement of Net Position

June 30, 2013

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and investments	\$ 2,841,030	\$ 15,954	\$ 739,544	\$ 3,596,528
Receivables:				
Taxes receivable	47,241	-	-	47,241
<b>Total assets</b>	<b>2,888,271</b>	<b>15,954</b>	<b>739,544</b>	<b>3,643,769</b>
<b>Liabilities</b>				
Accounts payable	-	1,172	-	1,172
Accrued liabilities	1,152	-	-	1,152
Interest payable	129,070	-	-	129,070
Noncurrent liabilities:				
Due within one year	2,490,000	-	-	2,490,000
Due after one year	14,960,000	-	-	14,960,000
<b>Total liabilities</b>	<b>17,580,222</b>	<b>1,172</b>	<b>-</b>	<b>17,581,394</b>
<b>Net position</b>				
Unrestricted (deficit)	<u>\$ (14,691,951)</u>	<u>\$ 14,782</u>	<u>\$ 739,544</u>	<u>\$ (13,937,625)</u>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF TROY, MICHIGAN

## Discretely Presented Component Units

Combining Statement of Activities

For the Year Ended June 30, 2013

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Revenues				
General:				
Property taxes	\$ 315,655	\$ 86,235	\$ 3,240	\$ 405,130
Unrestricted investment earnings	3,823	420	1,532	5,775
Total revenues	<u>319,478</u>	<u>86,655</u>	<u>4,772</u>	<u>410,905</u>
Expenses				
Economic development	475,855	159,884	30,039	665,778
Interest	870,023	-	-	870,023
Total expenses	<u>1,345,878</u>	<u>159,884</u>	<u>30,039</u>	<u>1,535,801</u>
Change in net position	(1,026,400)	(73,229)	(25,267)	(1,124,896)
Net position (deficit), beginning of year	<u>(13,665,551)</u>	<u>88,011</u>	<u>764,811</u>	<u>(12,812,729)</u>
Net position (deficit), end of year	<u><u>\$ (14,691,951)</u></u>	<u><u>\$ 14,782</u></u>	<u><u>\$ 739,544</u></u>	<u><u>\$ (13,937,625)</u></u>

The accompanying notes are an integral part of these basic financial statements.

## NOTES TO FINANCIAL STATEMENTS

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Troy, Michigan have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The following is a summary of the significant accounting policies:

#### Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

#### Reporting Entity

The City of Troy, Michigan was incorporated in 1955, and was formerly known as Troy Township since it was organized in 1821. The City is governed by an elected mayor and six-member council.

As required by generally accepted accounting principles, these financial statements present the City of Troy and its component units, entities for which the government is considered to be financially accountable.

#### Component Units

*Blended Component Units.* Although legally separate entities, are in substance, part of the governments operations and so data from these units are combined with data of the primary government. The Troy Municipal Building Authority is included within the reporting entity as a blended component unit. The governing body of this authority is appointed by City Council. It's budget and any bond issuance authorizations also are approved by the City Council and the legal liability for any general obligation debt remains with the City. There have been no assets, liabilities, equity (beginning or ending) or financial transactions during the year ended June 30th. Accordingly, this blended component unit is not represented for financial reporting purposes.

*Discretely presented component units.* Are also legally separate entities, but are not in substance part of the government operation. The City of Troy has three component units, the Downtown Development Authority, Brownfield Redevelopment Authority and the Local Development Financing Authority, which meet the criteria for discretely presented component units. The Authorities are also reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. Financial statements for each of the individual component units are included in the supplemental information section as listed in the table of contents of this report. Separately issued audited financial statements are not available.

The purpose of the Downtown Development Authority is to issue bonds and use tax increment financing in the accomplishment of specific Downtown Development improvements to City-owned facilities and infrastructure, which are contained in the locally adopted development plan. The Downtown Development Authority may participate in projects for private development as long as it is for a public purpose. The Authority's governing body, which consists of thirteen individuals, is selected by the City Council. In addition, the City Council sets the annual budget.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

The purpose of the Brownfield Redevelopment Authority is to provide assistance for the redevelopment of abandoned, idled, or under-utilized industrial or commercial properties, which are complicated by real or perceived environmental contamination. The Authority's governing body, which consists of seven individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the Authority.

The Local Development Financing Authority is a multi-jurisdictional authority that was established to encourage local development in order to prevent conditions of unemployment and to promote economic growth. The Authority's governing body, which consists of five individuals, is selected by the City Council. In addition, the City Council sets the annual budget.

### Basis of Presentation - Government-Wide Financial Statements

The statement of net position and the statement of activities are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the Governmental Accounting Standards Board Statement No. 33.

The statement of net position and the statement of activities display information about the City as a whole. The statements include all funds of the primary government and its component units, except for its fiduciary funds. Those funds are reported in the statements of fiduciary net position and changes in fiduciary net position.

The statement of net position and the statement of activities are presented to distinguish between governmental and business-type activities of the City. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. These activities are reported in governmental and internal service funds. Business-type activities are financed by fees charged to external parties for goods or services. These activities are reported in the City's enterprise funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Capital assets are reported in the government-wide statements at historical cost. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, library collection, infrastructure and all other tangible or intangible assets that are used in operations and have initial useful lives beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net position. Capital assets not being depreciated, such as land and construction in progress, are reported separately.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset. Assets are depreciated on an individual basis for equipment and buildings. Roads are depreciated as a class with each class containing items based on their date of construction or reconstruction. Sidewalks are depreciated by class with each class containing items based on the year of construction.

### Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### Governmental Funds

The City reports the following major and nonmajor governmental funds:

#### *Major Governmental Funds*

*General Fund.* The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*Capital Project Fund.* The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

#### *Nonmajor Governmental Funds*

*Special Revenue Funds.* Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt Service Funds.* Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

*Permanent Funds.* Permanent funds are used to account for the resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its residents. The City has one permanent fund for cemetery perpetual care.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### Proprietary Funds

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds, Aquatic Center, golf course funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary funds focus on limitations on the use of net position, rather than on the source of those assets.

The following proprietary funds are reported:

#### *Enterprise Funds*

Enterprise funds are used to account for City operations which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

The City reports the following major enterprise funds:

*Water Fund.* The water fund accounts for the operation and maintenance of the City's water supply system, capital additions and improvements.

*Sanitary Sewer Fund.* The sanitary sewer fund accounts for the operation and maintenance of the City's sewage disposal system, capital additions and improvements.

*Sanctuary Lake Golf Course.* The Sanctuary Lake golf course fund accounts for the operations of the new 18-hole links style course with practice facility.

#### *Internal Service Funds*

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or other governments, on a cost-reimbursement basis.

The City operates six internal service funds. The unemployment and workers' compensation funds account for insurance costs provided to and charged to other departments. The compensated absences fund accounts for the accrual of sick and vacation by all departments. The information technology fund provides computer services, training and equipment to all departments on a cost reimbursement basis. The motor equipment fund rents vehicles and equipment to departments on a cost reimbursement basis. The custodial services fund provides services to all funds on a cost reimbursement basis.

### Fiduciary Funds

#### *Pension and Other Postemployment Benefits Trust Funds*

Pension funds are used to account for assets held by the City in a trustee capacity for the benefit of retirees and their beneficiaries. These include the employees' retirement system trust fund, the retiree health care trust fund and the discretionary fire incentive reserve fund. These funds are accounted for in essentially the same manner as proprietary funds, since capital maintenance is critical. They accumulate resources for benefits to qualified employees and volunteers during retirement.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### *Trust and Agency Fund*

The trust and agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results from operations. Fund activity includes tax collections for other taxing jurisdictions for which the City collects taxes and contractors performance deposits.

### Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources* measurement focus and the *full accrual* basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Their revenues are recognized when they become measurable and available.

Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year end to pay liabilities of the current period. For this purpose, the City generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The exception to this is state shared revenues and expenditure driven grants in which revenues are recognized if received within 90 days and one year of the end of the fiscal period, respectively. Significant revenues susceptible to accrual include reimbursement grants, state shared revenues and charges for services.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Certain indirect expenditures are included in the program expense reported for individual functions and activities.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds, pension and retiree health care trust funds and the trust and agency fund are accounted for using the *full accrual* basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled water and sewer fund utility service receivables are recorded at year-end.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

All proprietary funds, pension and retiree health care trust funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

### Budgetary Information

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1984:

1. Budgets must be adopted for the general fund and special revenue funds.
2. The budgets must be balanced.
3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The City adopts its budget by function, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or before the third Monday in April, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing on the budget is held before its final adoption.
3. As provided for by the City Charter, on or before the third Monday in May, the budget is legally adopted and by resolution designates the sum to be raised by taxation.
4. The City Manager is authorized to transfer budgeted amounts within budgetary functions; however, any revisions that alter the total expenditure of any budgetary function must be approved by the City Council.

Budget amounts of the revenues and expenditures presented for the governmental funds are a summarization of the budgeted amounts as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were adopted, for the general and special revenue funds. Budget appropriations lapse at year end. During the current year, the budget was amended in a legally permissible manner. Budgets have been prepared on a basis consistent with generally accepted accounting principles (GAAP).

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balances

#### *Cash and Investments*

The City maintains an investment pool for all City funds. Each fund's portion of the investment pool along with any individual fund investments are displayed on the statements of net position or balance sheet as "cash and investments".

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date of three months or less at the date acquired by the City.

Investments are stated at fair value. For fair value, securities traded on a national exchange are valued at the last reported sales price.

The investment policy adopted by the Troy City Council, in accordance with Public Act 201 of 1943, as amended, authorizes investments in all of the investment vehicles noted above with the provision that authorized depositories shall be designated by the Troy City Council.

The pension and retiree health care trust funds are authorized by Michigan Public Acts 314 of 1965, Public Act 485 of 1996 and Public Act 149 of 1999 to invest in certain reverse repurchase agreements, real estate leased to public agencies, stocks, diversified investment companies, annuity investment contracts, mortgages, certain state and local government obligations, and certain other specified investment vehicles.

#### *Inventories and Prepaid Items*

Inventory is stated at cost determined on a first-in, first-out basis which approximates market value. Inventories in the governmental funds are recorded as expenditures when the inventory item is consumed. Inventories are equally offset by nonspendable fund balance which indicates that such amounts do not constitute "available spendable resources".

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

#### *Capital Assets*

Capital assets, which include property, buildings, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation and infrastructure acquired prior to fiscal year ended June 30, 1980 is not reported in capital assets.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets Classification	Estimated Useful Life
Buildings	50 years
Water and sewer transmission and distribution system	50 years
Service connections	20 years
Infrastructure	20 - 25 years
Land improvements	10 years
Building improvements	20 years
Golf course equipment	3 - 10 years
Furniture and fixtures	3 - 10 years
Vehicles and miscellaneous equipment	2 - 20 years

### *Accrued Vacation and Other Compensated Absences*

The City maintains an internal service fund to account for the accumulation of resources for, and the payment of, vacation, compensatory time, holiday and sick pay. These amounts along with the associated benefit costs are fully accrued in the compensated absences fund. Departments are charged by the internal service fund when the benefits are earned and a liability incurred.

### *Long-Term Obligations*

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of material bond premium or discount. Material bond loss from issuance are reported as deferred outflows of resources and amortized over the term of the related debt.

### *Deferred Outflows/Inflows of Resources*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses while issuance costs are reported as debt service expenditures.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenditure/expense) until then. The City has one deferred outflow which represents the deferred loss from debt refinancing activities in business-type activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from only one source: delinquent personal property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

### *Net Position Flow Assumption*

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted - net position* and *unrestricted - net position* in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider *restricted - net position* to have been depleted before *unrestricted - net position* is applied.

### *Fund Balance Flow Assumption*

Sometimes the City will fund outlays for particular purpose from both restricted and unrestricted resources (i.e. committed, assigned and unassigned). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### *Fund Balance Policies*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid expenditures) or (b) legally or contractually required to be maintained intact (i.e. corpus of permanent funds). Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign fund balance as authorized under the current financial policies. Unassigned fund balance is the residual classification for the general fund.

The City has established a policy to maintain a minimum unassigned fund balance for the General Fund at a level of 15% of annual expenditures. This is to provide sufficient cash flow for City operations and minimize the potential for short term tax anticipation borrowing. The City has not currently established a policy to reinstate unassigned fund balance should the amount fall below target levels.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### State Construction Code Act

The City oversees building construction, in accordance with the State Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

A summary of the current year activity and the cumulative shortfall generated since July 1, 2001 is as follows:

Shortfall at July 1, 2012		\$ (6,437,733)
Current year building permit revenue	<u>\$ 2,401,357</u>	
Related expenses:		
Direct costs	1,770,773	
Estimated indirect costs	<u>141,662</u>	
Total construction code expenses	<u>1,912,435</u>	
Net surplus for the year ended June 30, 2013		<u>488,922</u>
Cumulative shortfall at June 30, 2013		<u>\$ (5,948,811)</u>

### Expenditures in Excess of Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the building inspection function (the legal level of budgetary control) by \$50,529. Although the building inspection overspending is a direct result of contractor fees generated by the increase in permit revenues received by the City, it is nevertheless considered a budgetary violation. Additionally, expenditures exceeded appropriations in the community development block grant fund by \$15,355.

### 3. DEPOSITS AND INVESTMENTS

#### Statutory Authority

State statutes authorize the City to make limited investments of non-pension surplus funds authorized by Michigan Public Act 20 of 1943, as amended), and may invest in the following:

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase. Not more than fifty percent of any fund may be invested in commercial paper at any time.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan or any of its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20, as amended.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

The investment policy adopted by the Troy City Council, is in accordance with Public Act 20 of 1943, as amended. The provisions of the act and the City's investment policy include a statement of purpose, scope, objectives, delegation of authority to make investments, safekeeping and custody, prudence, and authorizes investments in all of the above investment vehicles with the following provision: Authorized Depositories shall be designated by the Troy City Council.

The pension and retiree health care trust funds are also authorized by Public Acts 314 of 1965, as amended, Public Act 485 of 1996 and Public Act 149 of 1999 to invest in stocks, annuity investment contracts, mutual funds, commercial paper, corporate bonds, instrumentalities of the United States, real estate (limited to five percent of the trust funds assets), certain state and local government obligations, and certain other specified investment vehicles.

### Summary of Deposit and Investment Balances

The following is a reconciliation of deposit and investment balances segregated by cash and cash equivalents and investments as of June 30, 2013.

Cash and Investments	Deposits	Investments	Cash on Hand	Total
Government-wide				
Cash and equivalents	\$ 54,467,873	\$ 5,783,808	\$ 13,508	\$ 60,265,189
Investments	3,718,315	53,440,741		57,159,056
Fiduciary funds				
Cash and equivalents	26,627,285	-		26,627,285
Investments	-	206,930,697		206,930,697
Component units				
Cash and equivalents	3,596,528			3,596,528
<b>Total</b>	<b>\$ 88,410,001</b>	<b>\$ 266,155,246</b>	<b>\$ 13,508</b>	<b>\$ 354,578,755</b>

### Deposit and Investment Risk

#### *Deposits*

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City of Troy deposits may not be returned. State law does not require and the City's investment policy does not directly address a deposit policy for custodial credit risk. At year end, \$79,488,524 of the City of Troy's bank deposits (certificates of deposit, checking, and cash) of \$91,926,665 was exposed to custodial credit risk because they were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### *Investments*

*Interest Rate Risk.* Interest rate risk is the risk that the value of fixed income investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City of Troy's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

At year end, the average maturities of fixed income security investments are as follows:

Investment	Fair Value	Average Maturity
<b>Government-wide</b>		
US Government or agency bond/note	\$ 38,250,345	Over 10 years
Municipal bonds	11,666,217	Over 10 years
<b>Fiduciary funds</b>		
US Government or agency bond/note	10,242,364	Over 10 years
Municipal bonds	601,631	Over 10 years
Corporate bonds	7,178,642	Over 10 years

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The City of Troy investment policy does not have specific limits in excess of state law on investment credit risk. As of year-end, the credit quality ratings of fixed income securities are as follows:

	Primary Government	Fiduciary Funds	Total
AAA	\$ -	\$ 1,550,993	\$ 1,550,993
AA to AA-	40,013,739	9,156,720	49,170,459
A to A-	9,902,823	5,670,150	15,572,973
BBB to BBB-	-	1,248,894	1,248,894
BB to BB-	-	395,880	395,880
<b>Total</b>	<b>\$ 49,916,562</b>	<b>\$ 18,022,637</b>	<b>\$ 67,939,199</b>

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City of Troy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City of Troy does not have a policy for investment custodial credit risk. At year end none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the City and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the City's name

*Concentration of Credit Risk.* In compliance with State law, the City's investment policy limits investments to the top two ratings issued by nationally recognized statistical rating organizations. Through its investment policy, the City places a five percent limit on the amount the City may invest in any one issuer.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### 4. RECEIVABLES

Receivables, which include amounts due from other governments at June 30, 2013, are summarized as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Primary Government</b>			
<b>Governmental Activities</b>			
Delinquent personal property taxes (net)	\$ 145,243	\$ -	\$ 145,243
Billed accounts receivable	790,293	2,817,809	3,608,102
Unbilled accounts receivable		4,180,119	4,180,119
Contracts receivable		501,416	501,416
Special assessments	168,774	-	168,774
Due from Oakland County	35,499	-	35,499
Due from State of Michigan	3,037,082	-	3,037,082
Due from U.S. Government	3,790,986	-	3,790,986
Accrued interest	10,765	4,492	15,257
Other receivables	94,544	-	94,544
<b>Total</b>	<b>\$ 8,073,186</b>	<b>\$ 7,503,836</b>	<b>\$ 15,577,022</b>
			<b>Total Component Units</b>
<b>Component Units</b>			
Downtown Development Authority			
Delinquent personal property taxes (net)			\$ 47,241

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### 5. CAPITAL ASSETS

The capital asset activity of the primary government's governmental and business-type activities is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 33,001,863	\$ -	\$ -	\$ -	\$ 33,001,863
Museum artifacts	2,084,666	-	-	-	2,084,666
Construction in progress	16,305,480	6,971,746	-	(7,074,812)	16,202,414
	<u>51,392,009</u>	<u>6,971,746</u>	<u>-</u>	<u>(7,074,812)</u>	<u>51,288,943</u>
Capital assets, being depreciated:					
Infrastructure					
Major/county/local roads	176,944,309	4,864,751	-	6,397,766	188,206,826
Local donated roads	33,551,524	-	-	-	33,551,524
Sidewalks	31,007,284	521,592	-	507,254	32,036,130
Drains	5,066,521	-	-	-	5,066,521
Land improvements	7,507,923	255,727	-	126,715	7,890,365
Buildings and improvements	82,018,397	12,227	-	7,181	82,037,805
Miscellaneous equipment	5,403,709	92,264	-	18,496	5,514,469
Office equipment	3,111,942	-	-	17,400	3,129,342
Vehicles	18,518,765	1,431,494	(416,862)	-	19,533,397
Library books/audio visual	7,698,186	560,430	-	-	8,258,616
	<u>370,828,560</u>	<u>7,738,485</u>	<u>(416,862)</u>	<u>7,074,812</u>	<u>385,224,995</u>
Less accumulated depreciation for:					
Infrastructure					
Major/county/local roads	(86,115,571)	(6,175,392)	-	-	(92,290,963)
Local donated roads	(26,049,747)	(1,054,439)	-	-	(27,104,186)
Sidewalks	(27,553,558)	(237,148)	-	-	(27,790,706)
Drains	(277,232)	(110,202)	-	-	(387,434)
Land improvements	(6,216,637)	(256,064)	-	-	(6,472,701)
Buildings and improvements	(47,808,085)	(2,968,572)	-	-	(50,776,657)
Miscellaneous equipment	(4,683,160)	(348,384)	-	-	(5,031,544)
Office equipment	(2,399,223)	(148,740)	-	-	(2,547,963)
Vehicles	(14,416,878)	(1,115,337)	400,033	-	(15,132,182)
Library books/audio visual	(6,160,842)	(582,000)	-	-	(6,742,842)
	<u>(221,680,933)</u>	<u>(12,996,278)</u>	<u>400,033</u>	<u>-</u>	<u>(234,277,178)</u>
Total capital assets					
being depreciated, net	<u>149,147,627</u>	<u>(5,257,793)</u>	<u>(16,829)</u>	<u>7,074,812</u>	<u>150,947,817</u>
Governmental activities					
capital assets, net	<u>\$ 200,539,636</u>	<u>\$ 1,713,953</u>	<u>\$ (16,829)</u>	<u>\$ -</u>	<u>\$ 202,236,760</u>

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 6,738,504	\$ -	\$ -	\$ -	\$ 6,738,504
Construction in progress	10,689,296	2,824,637	-	-	13,513,933
	<u>17,427,800</u>	<u>2,824,637</u>	<u>-</u>	<u>-</u>	<u>20,252,437</u>
Capital assets, being depreciated:					
Water and sewer transmission and distribution system	167,667,545	1,010,298	-	2,063	168,679,906
Service connections	750,121	-	-	-	750,121
Land improvements	8,898,233	-	-	-	8,898,233
Buildings and improvements	7,378,777	-	-	-	7,378,777
Miscellaneous equipment	2,930,047	95,506	-	(2,063)	3,023,490
Vehicles	638,873	499,874	-	-	1,138,747
Furniture, fixtures and other	261,330	-	-	-	261,330
	<u>188,524,926</u>	<u>1,605,678</u>	<u>-</u>	<u>-</u>	<u>190,130,604</u>
Less accumulated depreciation for:					
Water and sewer transmission and distribution system	(66,788,644)	(3,277,414)	-	16,923	(70,049,135)
Service connections	(750,121)	-	-	-	(750,121)
Land improvements	(2,537,201)	(225,784)	-	-	(2,762,985)
Buildings and improvements	(4,520,520)	(289,661)	-	-	(4,810,181)
Miscellaneous equipment	(2,502,866)	(188,240)	-	(16,923)	(2,708,029)
Vehicles	(521,783)	(47,702)	-	-	(569,485)
Furniture, fixtures and other	(261,330)	-	-	-	(261,330)
	<u>(77,882,465)</u>	<u>(4,028,801)</u>	<u>-</u>	<u>-</u>	<u>(81,911,266)</u>
Total capital assets being depreciated, net	<u>110,642,461</u>	<u>(2,423,123)</u>	<u>-</u>	<u>-</u>	<u>108,219,338</u>
Business-type activities capital assets, net	<u>\$ 128,070,261</u>	<u>\$ 401,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,471,775</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

### Depreciation of governmental activities by function

General government	\$ 3,650,507
Public safety	677,781
Public works	7,767,609
Community and economic development	31,492
Recreation and culture	868,889
	<u>868,889</u>

Total depreciation expense - governmental activities \$ 12,996,278

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

Depreciation of business-type activities by function	
Water	\$ 2,183,147
Sanitary Sewer	1,239,219
Sanctuary Lake Golf Course	301,946
Sylvan Glen Golf Course	134,069
Aquatic Center	<u>170,420</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 4,028,801</u></u>

### 6. INTERFUND ADVANCES AND TRANSFERS

The amounts of interfund advances are as follows as of June 30, 2013:

	Advanced to Other Funds	Advanced from Other Funds
General Fund	\$ 3,174,584	\$ -
Enterprise Funds		
Aquatic Center Fund	-	180,302
Sanctuary Lake Golf Course Fund	-	5,457,512
Sylvan Glen Course Fund	<u>2,463,230</u>	<u>-</u>
 Total	 <u><u>\$ 5,637,814</u></u>	 <u><u>\$ 5,637,814</u></u>

Advances represent cash flow assistance from mainly the general fund and sylvan glen golf course to meet operating and/or debt service requirements of the sanctuary lake golf course and aquatic center. The aquatic center is expected to continue to decrease the interfund advance, however, the advance to sanctuary lake golf course is not expected to be reduced in the subsequent year.

Interfund transfers reported in the fund statements are as follows as of June 30, 2013:

Transfers out	Transfers In			Totals
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	
General	\$ -	\$ 1,000,000	\$ 134,786	\$ 1,134,786
Capital projects fund		-	238,006	238,006
Nonmajor governmental funds	<u>2,117,121</u>	<u>1,797,406</u>	<u>3,361,611</u>	<u>7,276,138</u>
 Total	 <u><u>\$ 2,117,121</u></u>	 <u><u>\$ 2,797,406</u></u>	 <u><u>\$ 3,734,403</u></u>	 <u><u>\$ 8,648,930</u></u>

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### Nonmajor Governmental Funds

Major streets fund transfers to the general fund are for routine road maintenance in the amount of \$1,195,792. Major streets fund transfers to the capital projects fund of \$1,200,000 represents funding of road improvements. Major streets fund transfer to the local streets fund of \$313,048 represents allowable redirection of state funding. Local streets fund transfer to the general fund are for routine road maintenance in the amount of \$921,329. Library fund transfers to the capital projects fund of \$590,556 represent book and other capital purchases. Drug forfeiture fund transfers to the capital projects fund of \$6,850 are for capital purchases. General debt service fund transfers to Proposal A, B, and C debt service funds in the amount of \$3,048,563 are for principal and interest payments on outstanding debt.

### Capital Projects Fund

Transfers to nonmajor governmental funds are for debt service payments on MTF (Michigan Transportation Fund) bonds.

## 7. LEASE OBLIGATIONS

### *Operating Lease*

The City leases copy machines and telephones which are being treated as operating leases. The leases have various terms of three to four years and the future minimum lease payments remaining on these leases are as follows:

Year Ended June 30,	Amount
2014	\$ 41,957
2015	33,771
2016	12,542
2017	2,402
2018	400

Lease costs for the year ended June 30, 2013, were \$41,219.

### *Capital Lease*

The City entered into a lease agreement as lessee for financing the acquisition of golf carts for both Sylvan Glen and Sanctuary Lake Golf Courses. The equipment was valued at \$499,876 with a five (5) year useful life. This year, \$4,166 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

	Year Ended June 30,	Amount
	2014	\$ 107,650
	2015	107,650
	2016	107,650
	2017	107,650
	2018	<u>71,766</u>
Total minimum lease payments		502,366
Less: amount representing interest		<u>(33,610)</u>
Present value of minimum lease payments		<u>\$ 468,756</u>

### 8. LONG-TERM LIABILITIES

#### Primary Government

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2013:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities					
General obligation bonds					
Proposal A - streets	\$ 6,850,000	\$ -	\$ (625,000)	\$ 6,225,000	\$ 645,000
Proposal B - public safety	9,885,000	-	(1,035,000)	8,850,000	1,025,000
Proposal C - community ctr.	5,375,000	-	(535,000)	4,840,000	560,000
County contract bonds					
Public drains	2,662,312	-	(206,776)	2,455,536	211,746
MTF Street bonds	475,000	-	(225,000)	250,000	250,000
Total debt obligations	<u>25,247,312</u>	<u>-</u>	<u>(2,626,776)</u>	<u>22,620,536</u>	<u>2,691,746</u>
Accrued compensated absences	3,656,621	2,819,757	(2,714,543)	3,761,835	2,023,249
Estimated self-insurance claims	1,223,902	4,748,286	(4,929,897)	1,042,291	555,978
Total governmental activities	<u>\$ 30,127,835</u>	<u>\$ 7,568,043</u>	<u>\$ (10,271,216)</u>	<u>\$ 27,424,662</u>	<u>\$ 5,270,973</u>

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary Government					
Business-type Activities					
General obligation bonds					
Golf course series 2002	\$ 9,900,000		\$ (9,050,000)	\$ 850,000	\$ 400,000
Golf course series 2012	-	9,655,000	-	9,655,000	-
Capital lease					
Golf cart lease-Sanctuary Lake	-	249,938	(15,560)	234,378	47,592
Golf cart lease-Sylvan Glen	-	249,938	(15,560)	234,378	47,592
Deferred premiums	-	199,470	(12,467)	187,003	12,467
<b>Total business-type activities</b>	<b>\$ 9,900,000</b>	<b>\$ 10,354,346</b>	<b>\$ (9,093,587)</b>	<b>\$ 11,160,759</b>	<b>\$ 507,651</b>

Compensated absences are liquidated through the Internal Service Fund and incurred but not reported insurance claims are generally liquidated through the General Fund.

Debt issues outstanding are as follows:

	Maturity Date	Original Issue	Interest Rate	Amount Outstanding
Primary Government				
Governmental Activities				
General obligation bonds				
Proposal A - streets/streetscape				
2008 Refunding of series 2000	2021	\$ 3,505,000	3.0-4.0%	\$ 2,435,000
2010 Refunding of series 2001	2021	4,515,000	2.0-5.0%	3,790,000
Proposal B - public safety/city hall				
2010 Refunding of series 2001	2021	835,000	2.0-5.0%	710,000
2010 Refunding of series 2003	2021	9,110,000	2.0-5.0%	8,140,000
Proposal C - community center				
2010 Refunding of series 2001	2021	5,910,000	2.0-5.0%	4,840,000
County drain bond contracts				
GWK Series 2000A	2022	457,372	2.50%	233,930
GWK Series 2001C	2024	2,102,682	2.50%	1,283,352
GWK Series 2001D	2024	81,089	2.50%	34,090
GWK Series 2005	2026	41,440	1.63%	26,743
GWK Series 2007	2024	318,728	2.55%	262,196
GWK Series 2007G	2028	46,242	1.63%	35,450
GWK Series 2008H	2029	196,953	2.50%	164,471
North Arm Series 1998	2021	926,972	2.25%	415,304
MTF street bond	2014	5,600,000	4.75-5.45%	250,000
<b>Total governmental activities</b>		<b>\$ 33,646,478</b>		<b>\$ 22,620,536</b>
Business-type Activities				
General obligation bonds				
Golf course series 2002	2015	12,000,000	3.25-5.0%	850,000
Golf course series 2012	2028	9,655,000	1.5-3.0%	9,655,000
<b>Total business-type activities</b>		<b>\$ 21,655,000</b>	3.25-5.0%	<b>\$ 10,505,000</b>

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

The annual debt requirements to maturity for all long-term debts outstanding as of June 30, 2013, exclusive of earned but unpaid sick pay, insurance claims, capital leases and premiums are as follows:

Year Ending June 30,	Primary Government					Total
	Governmental Activities		Business-type Activities			
	Principal	Interest	Principal	Interest		
2014	\$ 2,691,746	\$ 848,556	\$ 400,000	\$ 270,475	\$ 4,210,777	
2015	2,572,182	739,672	450,000	250,475	4,012,329	
2016	2,662,716	639,864	645,000	234,388	4,181,968	
2017	2,718,788	531,341	635,000	220,025	4,105,154	
2018	2,649,269	427,666	630,000	201,050	3,907,985	
2019	2,834,959	315,284	725,000	184,350	4,059,593	
2020	2,876,159	192,185	715,000	169,950	3,953,294	
2021	3,010,977	74,254	700,000	155,800	3,941,031	
2022	201,424	15,665	685,000	140,238	1,042,327	
2023	164,082	10,127	770,000	122,050	1,066,259	
2024	166,837	5,752	755,000	102,988	1,030,577	
2025	16,111	1,320	840,000	83,050	940,481	
2026	16,477	960	820,000	62,300	899,737	
2027	14,551	590	850,000	39,300	904,441	
2028	14,531	250	885,000	13,275	913,056	
2029	9,727	-	-	-	9,727	
<b>Total</b>	<b>\$ 22,620,536</b>	<b>\$ 3,803,486</b>	<b>\$ 10,505,000</b>	<b>\$ 2,249,714</b>	<b>\$ 39,178,736</b>	

It is the intent of the City that all payments relating to primary government obligations will be made from revenues generated from operations of the respective funds. The City has pledged its full faith and credit for the debt if revenues are insufficient to meet the obligations of all general obligation bonds.

### Component Units

The following is a summary of long-term liability transactions of the City's component units for the year ended June 30, 2013:

Component Units	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Downtown Development Auth.					
General obligation bonds					
Big Beaver - Series 2001	\$ 7,020,000	\$ -	\$ (850,000)	\$ 6,170,000	\$ 895,000
2001 Refunding	4,845,000	-	(590,000)	4,255,000	620,000
Community Ctr-2002	5,125,000	-	(625,000)	4,500,000	650,000
Community Ctr (Jr.)-2003	2,825,000	-	(300,000)	2,525,000	325,000
<b>Total component units</b>	<b>\$ 19,815,000</b>	<b>\$ -</b>	<b>\$ (2,365,000)</b>	<b>\$ 17,450,000</b>	<b>\$ 2,490,000</b>

General obligation bonds are backed by the full faith and credit of the component unit and not the primary government.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

Component unit debt issues outstanding are as follows:

Component Units	Maturity Date	Original Issue	Interest Rate	Amount Outstanding
Downtown Development Authority				
General obligation bonds				
Big Beaver series 2001	2019	\$ 14,255,000	4.0-5.5%	\$ 6,170,000
2001 Refunding series 1995	2019	9,745,000	4.0-5.5%	4,255,000
Community center series 2002	2019	9,700,000	2.05-5.0%	4,500,000
Community center (jr. lein) series 2003	2019	4,025,000	2.5-4.25%	2,525,000
Total component units		<u>\$ 37,725,000</u>		<u>\$ 17,450,000</u>

The annual debt requirements to maturity for all component unit long-term debts outstanding as of June 30, 2013 are as follows:

Component Units Downtown Development Authority			
Year Ending June 30,	Principal	Interest	Total
2014	\$ 2,490,000	\$ 772,869	\$ 3,262,869
2015	2,650,000	648,951	3,298,951
2016	2,815,000	515,813	3,330,813
2017	3,005,000	376,638	3,381,638
2018	3,175,000	231,600	3,406,600
2019	3,315,000	78,450	3,393,450
	<u>\$ 17,450,000</u>	<u>\$ 2,624,321</u>	<u>\$ 20,074,321</u>

### Special Assessment Bonds

In the event that special assessment collections are insufficient to meet debt service costs of such issues, the City has pledged its full faith and credit as additional security for payment of related principal and interest.

### Advance Refunding/Defeased Debt

During the 2013 fiscal year, the City advance refunded the majority of the Golf Course Bonds Series 2002. The City issued \$9,655,000 of general obligation bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources to refund the prior debt on the first call date of December 1, 2014. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$965,191 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$879,368.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### 9. NET POSITION/FUND BALANCE CLASSIFICATIONS

#### Net Position

Net position has been restricted for (a) debt service, based upon bond indenture agreements and the City's understanding that bond proceeds generated by these funds are only to be spent on specified construction or the retirement of related debt, (b) replacements and extensions based upon bond indenture agreements or the limited purpose for which a fund was established, and (c) capital assets net of any outstanding debt.

#### Restricted for Pension and Other Employee Benefits

The related amount restricted in the Fiduciary Fund reserve is largely comprised of equity recorded in the pension trust fund. In addition, equity is set aside to pay for sick pay and vacation pay in the internal service funds.

#### Fund Balance

As noted in Note 1 - "Summary of Significant Accounting Policies", The City classifies fund balance by level of constraints imposed on resources by either external or internal factors or the form in which the resources exist.

The following is a summary of these constraints on fund balances:

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
<b>Nonspendable</b>				
Inventory & prepaids	\$ 1,194,454	\$ -	\$ -	\$ 1,194,454
Permanent fund corpus	-	-	160,579	160,579
Advance to Sanctuary Lake golf course	2,994,282	-	-	2,994,282
Advance to Aquatic Center	180,302	-	-	180,302
<b>Total nonspendable</b>	<b>4,369,038</b>	<b>-</b>	<b>160,579</b>	<b>4,529,617</b>
<b>Restricted</b>				
Special revenue funding source restrictions	-	-	7,578,775	7,578,775
Debt funding source restrictions	-	-	1,331,194	1,331,194
Budget stabilization	1,525,598	-	-	1,525,598
Capital improvements	-	9,562,907	-	9,562,907
<b>Total restricted</b>	<b>1,525,598</b>	<b>9,562,907</b>	<b>8,909,969</b>	<b>19,998,474</b>
<b>Committed</b>				
Volunteer Firefighters Incentive Reserve	1,000,000	-	-	1,000,000
Subsequent years budgets	1,771,300	2,415,623	683,543	4,870,466
<b>Total committed</b>	<b>2,771,300</b>	<b>2,415,623</b>	<b>683,543</b>	<b>5,870,466</b>

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
Assigned				
Insurance claims	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Tax appeals	148,000	-	-	148,000
Total assigned	3,148,000	-	-	3,148,000
Unassigned	24,946,170	-	-	24,946,170
Total fund balances	\$ 36,760,106	\$ 11,978,530	\$ 9,754,091	\$ 58,492,727

### 10. RISK MANAGEMENT

The City has entered into a Public Entity Risk Pool with other Michigan units of government as an individual member for its general liability, property damage insurance including auto and public officials liability and contractors equipment. The City's maximum deductible for property coverage is \$11,000 per occurrence. The liability maximum self-insured retention is \$500,000 per occurrence with an aggregate stop loss of \$1,000,000 per policy year for both property and liability.

The City accounts for transactions related to these risks in accordance with GASB No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which states that a liability for claims must be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

No settlements have exceeded insurance coverage during the last three years. The City has made no significant reductions in insurance coverage during the year. The City has received no indication that any significant losses exist at June 30, 2013.

The following are the changes in Incurred But Not Reported (IBNR) estimates:

Year Ending June 30,	Beginning Balance	Additions	Deductions	Ending Balance
2012	\$ 947,375	\$ 4,092,611	\$ (3,816,084)	\$ 1,223,902
2013	1,223,902	4,748,286	(4,929,897)	1,042,291

The City has also entered into a public entity risk pool with other Michigan units of government for its workers compensation insurance.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### 11. LITIGATION AND CONTINGENT LIABILITIES

#### Litigation

The City is a defendant to various claims, legal actions and complaints arising in the ordinary course of business. The City of Troy denies the allegations and plans a vigorous defense. In the opinion of legal counsel, all such matters as indicated above are adequately covered by insurance, or if not so covered, are without merit or of such kind, or involve such amounts that an unfavorable disposition would not have a material effect on the financial position of the City.

#### Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling approximately \$81,335,968 in contended taxable values to the Michigan Tax Tribunal. If the City is not successful with a portion of these appeals, the City of Troy's share of the tax to be refunded would be the levied rate (approximately \$10 per thousand of assessed value) plus interest. The amount of refund (if any) cannot be determined as of June 30, 2013.

### 12. PROPERTY TAXES

Property taxes are recorded on the modified accrual basis of accounting and are levied, and become a lien on July 1<sup>st</sup> on the taxable valuation of the property located within its boundaries as of the preceding December 31<sup>st</sup>. 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. Assessed values are equalized by the State, to closely approximate fifty percent of estimated current market value. The final taxable value of real and personal property subject to property tax within the City for the fiscal 2012-2013 levy was \$4,219,077,382. The City's operating tax rate was 6.50 mills for the same year with additional mills of 1.05, .70, 1.53 and .70 levied to fund refuse removal and disposal, library operations, capital outlay expenditures and debt service obligations, respectively.

In addition to collecting their own taxes, the City also acts as collection agent for all overlapping governments and school districts within its boundaries, which includes seven school districts, two intermediate school districts, a community college, and Oakland County.

City taxes are received in one installment, collectible from July 1<sup>st</sup> to September 1<sup>st</sup>. Any real property taxes not paid by March 1<sup>st</sup>, following the due date, are reimbursed by the County. The County Treasurer takes over collection responsibility at that date, as well as collections for delinquent personal property taxes.

The City is occasionally ordered by the Michigan Tax Tribunal to refund taxes already collected and recorded into revenue. It is, therefore, the City's policy to compensate for doubtful accounts, as well as refunds of taxes already collected through use of an allowance for doubtful taxes receivable and as assigned general fund balance.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### 13. RETIREMENT SYSTEM AND PLAN

#### Employee Retirement System

The City of Troy, Michigan, under the authorization of the City ordinance, maintains employee retirement plans covering all full-time employees. The single-employer defined benefit plan provides retirement benefits based on credited service time and average compensation with death and disability benefits, and under some circumstances, payments to dependents. Normal retirement age is 65 with provisions for early and late retirement. Participants under such plan are required to contribute a fixed percentage of their total compensation, with the City's contribution being an amount sufficient to cover current service costs and prior service costs which are being funded and charged to operations over the average expected active future working life time. The plan is closed to new participants. Current membership in the system is as follows:

Group	December 31, 2012
Retirees and beneficiaries currently receiving benefits	322
Vested terminated employees	11
Active employees	64

The employee retirement system financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2013 were determined using the aggregate cost method. Unfunded actuarial liabilities were amortized as a level percent of payroll on an open basis over the expected future service and pay for service of active members.

For the year ended June 30, 2013, contributions totaling \$2,073,896 (\$1,883,530 employer and \$190,366 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2011, which was net of the amortization of assets in excess of unfunded actuarial accrued liability. Employer and employee contributions were based on 39.3 percent and 1.5 to 4.0 percent, respectively, of covered payroll in the amount of \$4,791,084 for the year then ended. All contributions pertain to the pension plan only.

Significant actuarial assumptions are (a) a 6.5% investment return compounded annually, (b) salary increases of 3.5% per year compounded annually (c) additional projected salary increases of 0.0%-2.5% attributable to seniority/merit, and (d) no cost of living adjustments after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five year period.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

Three-Year Trend Information				
Employee Retirement System (\$ Amounts in Thousands)				
Fiscal Years Ended June 30,	Actuarial Valuation Date December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	2009	\$ 2,484	100%	\$ -
2012	2010	2,195	100%	-
2013	2011	1,884	100%	-

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the Plan was 96.4 percent funded. The actuarial accrued liability for benefits was \$153,045,000, and the actuarial value of assets was \$147,568,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,477,000. The covered payroll (annual payroll for active employee covered by the Plan) was \$5,069,000 and the ratio for the UAAL to the covered payroll was 108.0%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits. Because the system uses the aggregate cost method which does not identify or separately amortize unfunded actuarial accrued liabilities, funded status and funding progress are reported using the entry age actuarial cost method and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

### Incentive Plan for Volunteer Firefighters

The City of Troy has a noncontributory discretionary incentive plan established by resolution of the City Council covering its volunteer firefighters. The single-employer plan benefits are determined based on annual contribution amounts for each year of incentive service. The normal cost and amortization payment for the year ended June 30, 2012 was determined using an individual entry age funding method. At January 1, 2012, the benefit payment amount was \$605 per year for incentive service. Participants are eligible for payments at age 55 with ten or more years of volunteer service, age 50 with 25 years of service or 30 years of incentive service regardless of age. The City's contribution to the plan for the year ended June 30, 2013, was \$868,074. The volunteer firefighters are not paid any remuneration for their service. Unfunded actuarial liabilities were amortized as a level dollar amount on a closed basis over 25 years.

Group	December 31, 2012
Retirees and beneficiaries currently receiving benefits	80
Vested terminated employees	25
Active employees	140

Significant actuarial assumptions used include a 6.5 percent investment rate of return. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four year period.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

Three-Year Trend Information				
Incentive Plan for Volunteer Firefighters (\$ Amounts in Thousands)				
Fiscal Years Ended June 30,	Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	2009	\$ 874	100%	\$ -
2012	2010	873	100%	-
2013	2011	868	100%	-

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the Plan was 45.6 percent funded. The actuarial accrued liability for benefits was \$13,115,000, and the actuarial value of assets was \$5,983,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,132,000.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits. The plans do not issue a separate financial report.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### Statements of Fiduciary Net Position as of June 30, 2013

	Employees' Retirement System			Discretionary Fire Incentive Reserve Fund	Total
	Pension	Healthcare	Total Employees' Retirement		
<b>Assets</b>					
Cash	\$ 11,867,502	\$ -	\$ 11,867,502	\$ 1,358,940	\$ 13,226,442
Interest receivable	51,819	-	51,819	-	51,819
Due from other funds	-	26,227,372	26,227,372	-	26,227,372
Investments, at fair value:					
U.S. Government securities	7,426,579	-	7,426,579	2,660,204	10,086,783
Corporate bonds	6,673,276	-	6,673,276	-	6,673,276
Corporate equities, prfd.	871,763	-	871,763	-	871,763
Corporate equities, common	63,279,256	-	63,279,256	-	63,279,256
Mutual funds	48,444,666	-	48,444,666	986,751	49,431,417
Municipal bonds	50,930,039	-	50,930,039	372,245	51,302,284
<b>Total assets</b>	<b>189,544,900</b>	<b>26,227,372</b>	<b>215,772,272</b>	<b>5,378,140</b>	<b>221,150,412</b>
<b>Liabilities</b>					
Accounts payable	997	-	997	-	997
Due to other funds	26,227,372	-	26,227,372	-	26,227,372
<b>Total liabilities</b>	<b>26,228,369</b>	<b>-</b>	<b>26,228,369</b>	<b>-</b>	<b>26,228,369</b>
<b>Net position</b>					
Held in trust for:					
Pension benefits	163,316,531	-	163,316,531	5,378,140	168,694,671
Postemployment healthcare	-	26,227,372	26,227,372	-	26,227,372
<b>Total net position</b>	<b>\$ 163,316,531</b>	<b>\$ 26,227,372</b>	<b>\$ 189,543,903</b>	<b>\$ 5,378,140</b>	<b>\$ 194,922,043</b>

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### Statements of Changes in Fiduciary Net Position For the Year Ended June 30, 2013

	Employees' Retirement System			Discretionary Fire Incentive Reserve Fund	Total
	Pension	Healthcare	Total Employees' Retirement		
<b>Additions</b>					
Contributions:					
Employer	\$ 1,883,530	\$ -	\$ 1,883,530	\$ 868,074	\$ 2,751,604
Plan members	190,366	-	190,366	-	190,366
Total contributions	2,073,896	-	2,073,896	868,074	2,941,970
Investment income:					
Interest	1,156,978	141,057	1,298,035	172,873	1,470,908
Dividends	3,801,916	-	3,801,916	-	3,801,916
Net adjustment in fair value	21,068,092	-	21,068,092	51,976	21,120,068
Total investment income	26,026,986	141,057	26,168,043	224,849	26,392,892
Total additions	28,100,882	141,057	28,241,939	1,092,923	29,334,862
<b>Deductions</b>					
Benefit payments	10,700,658	4,250,326	14,950,984	1,062,225	16,013,209
Administrative expenses	130,855	-	130,855	9,290	140,145
Total deductions	10,831,513	4,250,326	15,081,839	1,071,515	16,153,354
Change in net position	17,269,369	(4,109,269)	13,160,100	21,408	13,181,508
<b>Net position held in trust, beginning</b>					
Pension benefits	146,047,162	-	146,047,162	5,356,732	151,403,894
Retiree healthcare benefits	-	30,336,641	30,336,641	-	30,336,641
Total held in trust, beginning	146,047,162	30,336,641	176,383,803	5,356,732	181,740,535
<b>Net position held in trust, ending</b>					
Pension benefits	163,316,531	-	163,316,531	5,378,140	168,694,671
Retiree healthcare benefits	-	26,227,372	26,227,372	-	26,227,372
Total held in trust, ending	\$ 163,316,531	\$ 26,227,372	189,543,903	\$ 5,378,140	\$ 194,922,043

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### 14. DEFINED CONTRIBUTION PLAN

The City maintains a defined contribution plan (DCP) administered by the International City Manager's Association Retirement Corporation (ICMARC), which qualifies under the Internal Revenue Code Section 401(a). Classified, Exempt and Fire Staff Officers in the City's Employees Retirement System were given the option to transfer to the DCP by December 31, 1997. Employees who elected to transfer to the DCP had their individually actuarially determined earned retirement benefits in the Employees Retirement System determined as of the date of election to transfer to the DCP. In 1998, the City afforded the option to AFSCME members of the Employees Retirement System to elect a transfer to the DCP, of which 41 employees elected such transfer. In 1999, the City afforded the option to MAP members of the Employees Retirement System to elect a transfer to the DCP, of which 29 employees elected such transfer. In 2000, the City afforded the option to TCOA members of the Employees Retirement System to elect a transfer to the DCP, of which 20 employees elected such transfer. In 2002, the City afforded the option to TPOA members of the Employees Retirement System to elect a transfer to the DCP of which 19 employees elected such transfer. The DCP is also in effect for all new full-time employees. Total membership in the DCP as of June 30, 2013 was 234.

The DCP maintains a schedule of vesting as follows: participants who transferred from the Employees Retirement System are fully vested. For new hires the following schedule applies: 50% vested after 3 years, 75% vested after 4 years and 100% vested after 5 years. Employees contribute 3 to 6 percent of their salary, while the employer contributes 8 to 13 percent. All employees are able to contribute up to 10 percent of their salary on a voluntary after-tax basis. All contributions are remitted to a third-party plan administrator.

The DCP was established by City Council resolution and any amendments to the plan would require City Council approval.

The City's payroll for employees covered by the DCP for the year ended June 30, 2013, was \$15,142,707. The required contributions, which matched those actually made, were \$691,884 by employees and \$1,627,579 by the City, representing 4.5 percent and 10.7 percent of covered payroll, respectively.

### 15. RETIREE HEALTH CARE TRUST FUND

#### Plan Description

The City provides certain healthcare benefits for retired employees in accordance with the bargaining group agreements and other requirements. There are 265 members from the ranks of the City's full-time employees that may become eligible for those benefits if they reach normal retirement age while working for the City. The City's contribution for healthcare benefits is accounted for in the Retiree Health Care Trust Fund. The employer's contribution of \$4,790,566 represented more than the required contribution of \$2,434,642 or 13.63% of covered payroll totaling \$17,862,374. During the current year, healthcare benefits paid for 324 retirees totaled \$4,250,326, which was paid out of the Employees Retirement System. It should be noted that although healthcare benefits are paid out of another fund, they do not qualify as required contributions, as healthcare assets in the Employees Retirement System are considered when actuarially determining required contributions. Future payments will be made by the Employees Retirement System until the reserves that have accumulated there are exhausted.

This is a single employee defined benefit plan administered by the City. The Plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### Funding Policy

For current employees not covered by the Retiree Health Savings Account Plan, the City includes retirees and their spouses in its healthcare plan, with no contribution required by participants if they retire with 25 or more years of service. If under 25 years of service, the City contributes 4% per year of service, or \$400 per month, whichever is greater.

### Funding Progress

For the year ended June 30, 2013, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2010. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 2,434,642
Interest on net OPEB asset - 6.5%	(49,538)
Actuary adjustment to annual required contribution	<u>58,718</u>
Annual OPEB cost (expense)	2,443,822
Contributions made	<u>(4,790,566)</u>
(Increase) in net OPEB asset	(2,346,744)
Net OPEB (asset), beginning of year	<u>(762,129)</u>
Net OPEB (asset), end of year	<u><u>\$ (3,108,873)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2013 and the two preceding years were as follows (dollar amounts in thousands):

Three-Year Trend Information			
Fiscal Year Ended June 30,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
2011	\$ 3,546	100%	\$ (281)
2012	2,790	117%	(762)
2013	2,444	196%	(3,109)

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### Actuarial Methods and Assumptions

In the December 31, 2010 actuarial valuation, the individual entry age normal actuarial cost method was used. The actuarial assumptions include an assumed rate of return of 6.5% and projected salary increases of 3.5%-8.0%. An annual healthcare cost trend of 8.25% was used in fiscal year 2012 decreasing to 3.5% by 2020. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percent of payroll on a closed basis. The remaining amortization period as of December 31, 2010 was 28 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of the benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the Plan was 59.1 percent funded. The actuarial accrued liability for benefits was \$100,064,000, and the actuarial value of assets was \$59,131,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$40,932,000. The covered payroll (annual payroll for active employee covered by the Plan) was \$19,194,000 and the ratio for the UAAL to the covered payroll was 213.2%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

### Statement of Net Position as of June 30, 2013

	Retiree Health Care Trust Fund
Assets	
Cash	\$ 10,761,876
Investments, at fair value:	
Mutual funds	<u>25,285,918</u>
Total assets	<u>36,047,794</u>
Net position	
Held in trust for postemployment healthcare benefits	<u><u>\$ 36,048,303</u></u>

# CITY OF TROY, MICHIGAN

## Notes to Financial Statements

### Statement of Changes in Fund Net Position for the Year Ended June 30, 2013

	Retiree Health Care Trust Fund
<b>Additions</b>	
Contributions:	
Employer	\$ 4,889,883
Investment income:	
Interest	717,241
Net adjustment in fair value of investments	2,566,158
Total investment income	<u>3,283,399</u>
<b>Total additions</b>	<b>8,173,282</b>
<b>Deductions</b>	
Benefit payments	<u>-</u>
<b>Change in net position</b>	<b>8,173,282</b>
Net position held in trust, beginning of year for:	
Postemployment healthcare benefits	<u>27,875,021</u>
<b>Net position held in trust, end of year for:</b>	
Postemployment healthcare benefits	<u><u>\$ 36,048,303</u></u>

#### 16. DEFICIT NET POSITION

The Sanctuary Lake golf course fund has a net position deficit of \$5,337,513 at June 30, 2013.

The Sanctuary Lake golf course completed its eighth year of operations with operating income of \$38,691 including depreciation expense of \$301,946. Nonoperating expenses including interest expense of \$419,657 resulted in a decrease change in net position of \$380,860. This compares to a decrease change in net position of \$378,633 last fiscal year. Cash flows from operations were positive in the amount of \$276,336. As such, the deficit is a result of operating income insufficient to meet the debt funding requirements. The fund has received advances from primarily the general fund and sylvan glen golf course fund to meet its cash debt financing requirements.

The City turned over operations and management of both the sanctuary lake and sylvan glen golf courses on June 15, 2010 to Billy Casper Golf with a strategic plan of eliminating the deficit in the next few years.

The Downtown Development Authority (component unit) reported a net position deficit of \$14,691,951 compared to \$13,665,551 last fiscal year. This deficit is attributable to recognizing outstanding long-term debt to be financed with future tax increment revenues from the district.

Notes to Financial Statements

17. BUDGET STABILIZATION FUND

The City has established a budget stabilization fund by adopting a City ordinance in accordance with PA 30 of 1978 - MCL 144.441. The City Council may appropriate all or part of a surplus in the General Fund to the Budget Stabilization Fund. The amount in the Budget Stabilization Fund shall not exceed 15% of the City's most recent General Fund budget as originally adopted or 15% of the average of the City's five most recent General Fund budgets, as amended, whichever is less. Appropriations from the Budget Stabilization Fund may be used to cover any General Fund deficit, prevent a reduction in the level of services when revenues are not being collected in a sufficient manner or when the subsequent year budget indicates a shortfall, and to cover expenses arising from a natural disaster unless federal or state funds are received to offset the appropriation. In accordance with *Governmental Accounting Standards Board (GASB) Statement number 54*, the Budget Stabilization Fund has been included as part of the General Fund for reporting purposes. Any residual fund balance is reported as restricted in the General Fund.

18. SUBSEQUENT EVENTS

On September 30 2013, the City issued \$14,945,000 in general obligation bonds. The bond proceeds along with reserves from the City of Troy Downtown Development Authority (TDDA) debt service fund, will be used to refund obligations of the TDDA series 2001, Series 2002 and Series 2002 Jr. Lein bonds with principal outstanding of \$17,450,000. The proceeds were used to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources to call the outstanding bonds on November 1, 2013. As a result, the refunded bonds will be considered to be defeased and the liability will be removed from long-term debt in the subsequent year.



## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TROY, MICHIGAN

Required Supplementary Information  
Employee Retirement System

Schedule of Funding Progress  
Employee Retirement System Trust Fund  
(amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2007	\$ 132,917	\$ 123,162	\$ (2,111)	101.7%	\$ 11,046	64.4%
12/31/2008	128,249	126,138	7,054	94.9%	10,953	55.6%
12/31/2009	132,465	139,519	5,832	95.8%	10,483	65.1%
12/31/2010	133,400	139,232	5,832	95.8%	8,959	65.1%
12/31/2011	145,523	153,564	8,041	94.8%	5,428	148.1%
12/31/2012	147,568	153,045	5,477	96.4%	5,069	108.0%

Schedule of Employer Contributions  
Employee Retirement System Trust Fund  
(amounts in thousands)

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2008	\$ 273	100.0%
2009	428	100.0%
2010	1,361	100.0%
2011	2,484	100.0%
2012	2,195	100.0%
2013	1,884	100.0%

CITY OF TROY, MICHIGAN

**Required Supplementary Information**  
 Incentive Plan for Volunteer Firefighters

Schedule of Funding Progress  
 Discretionary Fire Incentive Reserve Fund  
*(amounts in thousands)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)
12/31/2007*	\$ 6,413	\$ 13,240	\$ 6,827	48.4%
12/31/2008*	6,273	13,038	6,765	48.1%
12/31/2009	5,325	12,625	7,300	42.2%
12/31/2010	5,710	12,925	7,215	44.2%
12/31/2011	6,357	13,476	7,119	47.2%
12/31/2012	5,983	13,115	7,132	45.6%

\* After changes in benefit provisions

Schedule of Employer Contributions  
 Discretionary Fire Incentive Reserve Fund  
*(amounts in thousands)*

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2008	\$ 800	100.0%
2009	885	100.0%
2010	864	100.0%
2011	874	100.0%
2012	873	100.0%
2013	868	100.0%

CITY OF TROY, MICHIGAN

Required Supplementary Information  
Other Postemployment Benefits

Schedule of Funding Progress  
Retiree Health Care Trust Fund  
(amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2008	\$ 38,094	\$ 91,966	\$ 53,872	41.4%	\$ 31,168	172.8%
12/31/2010	60,360	89,952	29,592	67.1%	25,951	114.0%
12/31/2012	59,131	99,956	40,825	59.2%	21,431	190.5%

\* Actuarial valuations on the Retiree Health Care Trust Fund are required on a bi-annual basis

Schedule of Employer Contributions  
Retiree Health Care Trust Fund  
(amounts in thousands)

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2009	\$ 3,759	97.1%
2010	3,698	102.9%
2011	3,209	100.0%
2012	2,787	117.4%
2013	2,435	196.8%

## COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

### SPECIAL REVENUE FUNDS:

*Major Streets Fund* - Accumulates resources from state funding sources for the maintenance and construction of the City's major streets system.

*Local Streets Fund* - Accumulates resources from state funding sources for the maintenance and construction of the City's local streets system.

*Refuse Fund* - Accumulates resources from a dedicated tax millage for sanitation collection and disposal services.

*Drug Forfeiture Fund* - Accumulates resources from a federal and state drug forfeiture court rulings which can only be expended on specific supplies and services that support drug enforcement.

*Library Fund* - Accumulates resources from a dedicated tax millage for providing public library services to the community.

*Community Development Block Grant* - Accumulates resources for the administration of federal funded projects designed to address a wide-range of community needs in low income areas.

### PERMANENT FUND

*Cemetery Perpetual Care* - Accumulates resources from plot and burial fees for the perpetual care of cemetery grounds.

### DEBT SERVICE FUNDS

*Debt Service Funds* - Accumulate resources from a dedicated tax millage for the debt service financing requirements of major voter approved capital projects.

### NONMAJOR ENTERPRISE FUNDS

*Sylvan Glen Golf Course* - Accumulates resources from user fees to the operation and maintenance of a municipal golf course.

*Aquatic Center* - Accumulates resources from user fees for the operation and maintenance of the City's municipal water park.

continued...

## COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (concluded)

### INTERNAL SERVICE FUNDS

*Compensated Absences Fund* - Accumulates resources from interdepartmental charges for funding employee earned vacation and sick pay benefits.

*Unemployment Compensation Fund* - Accumulates resources from interdepartmental charges for City unemployment insurance premiums and obligations.

*Custodial Services Fund* - Accumulates resources from interdepartmental charges for the custodial services to city buildings.

*Information Technology Fund* - Accumulates resources from interdepartmental charges for the maintenance and improvements of the City's computer and software requirements.

*Motor Equipment Fund* - Accumulates resources from interdepartmental charges for the maintenance and capital investment of City owned vehicles.

*Worker's Compensation Fund* - Accumulates resources from interdepartmental charges for insurance premium and City obligations for worker's compensation claims.

CITY OF TROY, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue						Total Special Revenue
	Major Streets	Local Streets	Refuse	Drug Forfeiture	Library	Community Development Block Grant	
<b>Assets</b>							
Cash and investments	\$ 2,891,937	\$ 2,746,817	\$ 529,920	\$ 225,904	\$ 1,076,277	\$ (454,505)	\$ 7,016,350
Accounts receivable (net)	-	-	1,363	-	130,324	-	131,687
Due from other governments	599,946	235,150	-	-	-	457,773	1,292,869
<b>Total assets</b>	<b>\$ 3,491,883</b>	<b>\$ 2,981,967</b>	<b>\$ 531,283</b>	<b>\$ 225,904</b>	<b>\$ 1,206,601</b>	<b>\$ 3,268</b>	<b>\$ 8,440,906</b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 348,394	\$ 7,380	\$ 14,643	\$ 3,268	\$ 373,685
Other liabilities	-	-	20	-	7	-	27
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>348,414</b>	<b>7,380</b>	<b>14,650</b>	<b>3,268</b>	<b>373,712</b>
<b>Fund balance</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,954,283	2,964,067	182,869	218,524	1,191,951	-	7,511,694
Committed	537,600	17,900	-	-	-	-	555,500
<b>Total fund balances</b>	<b>3,491,883</b>	<b>2,981,967</b>	<b>182,869</b>	<b>218,524</b>	<b>1,191,951</b>	<b>-</b>	<b>8,067,194</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,491,883</b>	<b>\$ 2,981,967</b>	<b>\$ 531,283</b>	<b>\$ 225,904</b>	<b>\$ 1,206,601</b>	<b>\$ 3,268</b>	<b>\$ 8,440,906</b>

CITY OF TROY, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds (Concluded)  
 June 30, 2013

	Debt Service				Total Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	General Debt Service	Proposal A Debt Service	Proposal B Debt Service	Proposal C Debt Service		Cemetery Perpetual Care	
<b>Assets</b>							
Cash and investments	\$ 1,459,237	\$ -	\$ -	\$ -	\$ 1,459,237	\$ 227,660	\$ 8,703,247
Accounts receivable (net)	-	-	-	-	-	-	131,687
Due from other governments	-	-	-	-	-	-	1,292,869
<b>Total assets</b>	<b>\$ 1,459,237</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,459,237</b>	<b>\$ 227,660</b>	<b>\$ 10,127,803</b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 373,685
Other liabilities	-	-	-	-	-	-	27
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>373,712</b>
<b>Fund balance</b>							
Nonspendable	-	-	-	-	-	160,579	160,579
Restricted	1,331,194	-	-	-	1,331,194	67,081	8,909,969
Committed	128,043	-	-	-	128,043	-	683,543
<b>Total fund balances</b>	<b>1,459,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,459,237</b>	<b>227,660</b>	<b>9,754,091</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,459,237</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,459,237</b>	<b>\$ 227,660</b>	<b>\$ 10,127,803</b>

CITY OF TROY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2013

	Special Revenue						Total Special Revenue
	Major Streets	Local Streets	Refuse	Drug Forfeiture	Library	Community Development Block Grant	
<b>Revenues</b>							
Property taxes	\$ -	\$ -	\$4,446,398	\$ -	\$ 2,962,459	\$ -	\$ 7,408,857
Federal grants	-	-	-	45,336	-	621,439	666,775
State grants	3,623,451	1,420,210	-	86,620	150,082	-	5,280,363
Charges for services	-	-	6,012	-	24,418	-	30,430
Fines and forfeitures	-	-	-	-	118,011	-	118,011
Investment earnings	4,946	4,432	7,875	-	-	-	17,253
Other	-	-	-	-	41,023	-	41,023
<b>Total revenues</b>	<b>3,628,397</b>	<b>1,424,642</b>	<b>4,460,285</b>	<b>131,956</b>	<b>3,295,993</b>	<b>621,439</b>	<b>13,562,712</b>
<b>Expenditures</b>							
Current:							
Public safety	-	-	-	41,368	-	-	41,368
Sanitation	-	-	4,331,560	-	-	-	4,331,560
Community development	-	-	-	-	-	621,439	621,439
Recreation and culture	-	-	-	-	2,266,410	-	2,266,410
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>4,331,560</b>	<b>41,368</b>	<b>2,266,410</b>	<b>621,439</b>	<b>7,260,777</b>
<b>Revenues over (under) expenditures</b>	<b>3,628,397</b>	<b>1,424,642</b>	<b>128,725</b>	<b>90,588</b>	<b>1,029,583</b>	<b>-</b>	<b>6,301,935</b>
<b>Other financing sources (uses)</b>							
Transfers in	-	313,048	-	134,786	-	-	447,834
Transfers out	(2,708,840)	(921,329)	-	(6,850)	(590,556)	-	(4,227,575)
<b>Total other financing (uses) sources</b>	<b>(2,708,840)</b>	<b>(608,281)</b>	<b>-</b>	<b>127,936</b>	<b>(590,556)</b>	<b>-</b>	<b>(3,779,741)</b>
<b>Net change in fund balances</b>	<b>919,557</b>	<b>816,361</b>	<b>128,725</b>	<b>218,524</b>	<b>439,027</b>	<b>-</b>	<b>2,522,194</b>
<b>Fund balances, beginning of year</b>	<b>2,572,326</b>	<b>2,165,606</b>	<b>54,144</b>	<b>-</b>	<b>752,924</b>	<b>-</b>	<b>5,545,000</b>
<b>Fund balances, end of year</b>	<b>\$ 3,491,883</b>	<b>\$ 2,981,967</b>	<b>\$ 182,869</b>	<b>\$ 218,524</b>	<b>\$ 1,191,951</b>	<b>\$ -</b>	<b>\$ 8,067,194</b>

CITY OF TROY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds (Concluded)

For the Year Ended June 30, 2013

	Debt Service				Total Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	General Debt Service	Proposal A Debt Service	Proposal B Debt Service	Proposal C Debt Service		Cemetery Perpetual Care	
<b>Revenues</b>							
Property taxes	\$ 2,967,608	\$ -	\$ -	\$ -	\$ 2,967,608	\$ -	\$ 10,376,465
Federal grants	-	-	-	-	-	-	666,775
State grants	-	-	-	-	-	-	5,280,363
Charges for services	-	-	-	-	-	2,175	32,605
Fines and forfeitures	-	-	-	-	-	-	118,011
Investment earnings	5,831	-	-	-	5,831	450	23,534
Other	13,006	-	-	-	13,006	-	54,029
<b>Total revenues</b>	<b>2,986,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,986,445</b>	<b>2,625</b>	<b>16,551,782</b>
<b>Expenditures</b>							
Current:							
Public safety	-	-	-	-	-	-	41,368
Sanitation	-	-	-	-	-	-	4,331,560
Community development	-	-	-	-	-	-	621,439
Recreation and culture	-	-	-	-	-	-	2,266,410
Debt service:							
Principal	225,000	625,000	1,035,000	535,000	2,420,000	-	2,420,000
Interest and fees	119,791	260,863	382,100	210,600	973,354	-	973,354
<b>Total expenditures</b>	<b>344,791</b>	<b>885,863</b>	<b>1,417,100</b>	<b>745,600</b>	<b>3,393,354</b>	<b>-</b>	<b>10,654,131</b>
<b>Revenues over (under) expenditures</b>	<b>2,641,654</b>	<b>(885,863)</b>	<b>(1,417,100)</b>	<b>(745,600)</b>	<b>(406,909)</b>	<b>2,625</b>	<b>5,897,651</b>
<b>Other financing sources (uses)</b>							
Transfers in	238,006	885,863	1,417,100	745,600	3,286,569	-	3,734,403
Transfers out	(3,048,563)	-	-	-	(3,048,563)	-	(7,276,138)
<b>Total other financing (uses) sources</b>	<b>(2,810,557)</b>	<b>885,863</b>	<b>1,417,100</b>	<b>745,600</b>	<b>238,006</b>	<b>-</b>	<b>(3,541,735)</b>
<b>Net change in fund balances</b>	<b>(168,903)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(168,903)</b>	<b>2,625</b>	<b>2,355,916</b>
<b>Fund balances, beginning of year</b>	<b>1,628,140</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,628,140</b>	<b>225,035</b>	<b>7,398,175</b>
<b>Fund balances, end of year</b>	<b>\$ 1,459,237</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,459,237</b>	<b>\$ 227,660</b>	<b>\$ 9,754,091</b>

# CITY OF TROY, MICHIGAN

## Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State grants	\$ 3,350,000	\$ 3,350,000	\$ 3,623,451	\$ 273,451
Investment earnings	15,000	15,000	4,946	(10,054)
<b>Total revenues</b>	<b>3,365,000</b>	<b>3,365,000</b>	<b>3,628,397</b>	<b>263,397</b>
<b>Other financing (uses)</b>				
Transfers out	(3,365,000)	(3,365,000)	(2,708,840)	(656,160)
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>919,557</b>	<b>919,557</b>
Fund balance, beginning of year	2,572,326	2,572,326	2,572,326	-
<b>Fund balance, end of year</b>	<b>\$ 2,572,326</b>	<b>\$ 2,572,326</b>	<b>\$ 3,491,883</b>	<b>\$ 919,557</b>

# CITY OF TROY, MICHIGAN

## Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ 1,300,000	\$ 1,300,000	\$ 1,420,210	\$ 120,210
Investment earnings	8,000	8,000	4,432	(3,568)
Total revenues	<u>1,308,000</u>	<u>1,308,000</u>	<u>1,424,642</u>	<u>116,642</u>
Other financing sources (uses)				
Transfers in	313,048	313,048	313,048	-
Transfers out	<u>(1,694,892)</u>	<u>(1,694,892)</u>	<u>(921,329)</u>	<u>(773,563)</u>
Total other financing uses	<u>(1,381,844)</u>	<u>(1,381,844)</u>	<u>(608,281)</u>	<u>(773,563)</u>
Net change in fund balance	(73,844)	(73,844)	816,361	890,205
Fund balance, beginning of year	<u>2,165,606</u>	<u>2,165,606</u>	<u>2,165,606</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,091,762</u>	<u>\$ 2,091,762</u>	<u>\$ 2,981,967</u>	<u>\$ 890,205</u>

# CITY OF TROY, MICHIGAN

## Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Refuse Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 4,468,000	\$ 4,468,000	\$ 4,446,398	\$ (21,602)
Charges for services	4,500	4,500	6,012	1,512
Investment earnings	10,000	10,000	7,875	(2,125)
Total revenues	4,482,500	4,482,500	4,460,285	(22,215)
Expenditures				
Sanitation	4,425,467	4,425,467	4,331,560	(93,907)
Net change in fund balance	57,033	57,033	128,725	71,692
Fund balance, beginning of year	54,144	54,144	54,144	-
Fund balance, end of year	<u>\$ 111,177</u>	<u>\$ 111,177</u>	<u>\$ 182,869</u>	<u>\$ 71,692</u>

# CITY OF TROY, MICHIGAN

## Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Drug Forfeiture

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal revenues	\$ 335,000	\$ 335,000	\$ 45,336	\$ (289,664)
State revenues	43,800	43,800	86,620	42,820
Total revenues	378,800	378,800	131,956	(246,844)
Expenditures				
Public safety	52,000	52,000	41,368	(10,632)
Revenues over (under) expenditures	326,800	326,800	90,588	(236,212)
Other financing sources (uses)				
Transfers in	206,000	206,000	134,786	(71,214)
Transfers out	(80,000)	(80,000)	(6,850)	(73,150)
Total other financing sources (uses)	126,000	126,000	127,936	1,936
Net change in fund balance	452,800	452,800	218,524	(234,276)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 452,800	\$ 452,800	\$ 218,524	\$ (234,276)

# CITY OF TROY, MICHIGAN

## Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Library Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 2,972,000	\$ 2,972,000	\$ 2,962,459	\$ (9,541)
State grants	114,001	114,001	150,082	36,081
Charges for services	22,400	22,400	24,418	2,018
Fines and forfeitures	100,000	100,000	118,011	18,011
Other	15,750	15,750	41,023	25,273
<b>Total revenues</b>	<b>3,224,151</b>	<b>3,224,151</b>	<b>3,295,993</b>	<b>71,842</b>
<b>Expenditures</b>				
Recreation and culture	2,438,850	2,438,850	2,266,410	(172,440)
<b>Revenues over expenditures</b>	<b>785,301</b>	<b>785,301</b>	<b>1,029,583</b>	<b>244,282</b>
<b>Other financing uses</b>				
Transfers out	(690,000)	(690,000)	(590,556)	(99,444)
<b>Net change in fund balance</b>	<b>95,301</b>	<b>95,301</b>	<b>439,027</b>	<b>343,726</b>
<b>Fund balance, beginning of year</b>	<b>752,924</b>	<b>752,924</b>	<b>752,924</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 848,225</b>	<b>\$ 848,225</b>	<b>\$ 1,191,951</b>	<b>\$ 343,726</b>

# CITY OF TROY, MICHIGAN

## Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Community Development Block Grant

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 606,084	\$ 606,084	\$ 621,439	\$ 15,355
Expenditures				
Community development	606,084	606,084	621,439	15,355
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

# CITY OF TROY, MICHIGAN

## Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2013

	Sylvan Glen Golf Course	Aquatic Center	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 1,023,285	\$ 64,849	\$ 1,088,134
Accounts receivable	9,078	9,038	18,116
Inventories	41,329	-	41,329
Prepaid items	4,034	-	4,034
<b>Total current assets</b>	<b>1,077,726</b>	<b>73,887</b>	<b>1,151,613</b>
Noncurrent assets:			
Advances to other funds	2,463,230	-	2,463,230
Capital assets not being depreciated	1,894,552	-	1,894,552
Capital assets being depreciated, net	633,924	1,328,621	1,962,545
<b>Total noncurrent assets</b>	<b>4,991,706</b>	<b>1,328,621</b>	<b>6,320,327</b>
<b>Total assets</b>	<b>6,069,432</b>	<b>1,402,508</b>	<b>7,471,940</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	4	4,000	4,004
Other liabilities	168,197	1,606	169,803
Current portion of capital lease	47,592	-	47,592
<b>Total current liabilities</b>	<b>215,793</b>	<b>5,606</b>	<b>221,399</b>
Noncurrent liabilities:			
Advances from other funds	-	180,302	180,302
Capital lease	186,786	-	186,786
<b>Total noncurrent liabilities</b>	<b>186,786</b>	<b>180,302</b>	<b>367,088</b>
<b>Total liabilities</b>	<b>402,579</b>	<b>185,908</b>	<b>588,487</b>
<b>Net position</b>			
Net investment in capital assets	2,294,098	1,328,621	3,622,719
Unrestricted (deficit)	3,372,755	(112,021)	3,260,734
<b>Total net position</b>	<b>\$ 5,666,853</b>	<b>\$ 1,216,600</b>	<b>\$ 6,883,453</b>

# CITY OF TROY, MICHIGAN

## Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds  
For the Year Ended June 30, 2013

	Sylvan Glen Golf Course	Aquatic Center	Total
Operating revenues			
Charges for services	\$ 812,135	\$ 441,772	\$ 1,253,907
Rental:			
Golf course	203,353	-	203,353
Restaurant	67,150	-	67,150
Other services	91,200	39,652	130,852
<b>Total operating revenues</b>	<b>1,173,838</b>	<b>481,424</b>	<b>1,655,262</b>
Operating expenses			
Operations	915,584	371,768	1,287,352
Depreciation	134,069	170,420	304,489
<b>Total operating expenses</b>	<b>1,049,653</b>	<b>542,188</b>	<b>1,591,841</b>
<b>Operating income (loss)</b>	<b>124,185</b>	<b>(60,764)</b>	<b>63,421</b>
Nonoperating revenues (expenses)			
Investment earnings	1,887	-	1,887
Interest expense	(2,949)	-	(2,949)
<b>Total nonoperating revenues (expenses)</b>	<b>(1,062)</b>	<b>-</b>	<b>(1,062)</b>
<b>Change in net position</b>	<b>123,123</b>	<b>(60,764)</b>	<b>62,359</b>
Net position, beginning of year	5,543,730	1,277,364	6,821,094
<b>Net position, end of year</b>	<b>\$ 5,666,853</b>	<b>\$ 1,216,600</b>	<b>\$ 6,883,453</b>

# CITY OF TROY, MICHIGAN

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2013

	Sylvan Glen Golf Course	Aquatic Center	Total
Cash flows from operating activities			
Cash received from customers	\$ 1,172,461	\$ 492,911	\$ 1,665,372
Cash payments to employees	(507,821)	(229,211)	(737,032)
Cash payments to suppliers for goods and services	(440,189)	(122,706)	(562,895)
Cash payments for interfund services	(5,350)	(23,416)	(28,766)
Net cash provided by operating activities	<u>219,101</u>	<u>117,578</u>	<u>336,679</u>
Cash flows (used) by noncapital financing activities			
Advances to other funds	(285,000)	-	(285,000)
Cash flows from capital and related financing activities			
Purchase of capital assets	(249,937)	(52,729)	(302,666)
Proceeds from capital lease	234,378	-	234,378
Interest on capital lease	(2,949)	-	(2,949)
Net cash used by capital and related financing activities	<u>(18,508)</u>	<u>(52,729)</u>	<u>(71,237)</u>
Cash flows from investing activities			
Investment income	1,887	-	1,887
Net change in cash and investments	(82,520)	64,849	(17,671)
Cash and investments, beginning of year	<u>1,105,805</u>	<u>-</u>	<u>1,105,805</u>
Cash and investments, end of year	<u>\$ 1,023,285</u>	<u>\$ 64,849</u>	<u>\$ 1,088,134</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 124,185	\$ (60,764)	\$ 63,421
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	134,069	170,420	304,489
Changes in assets and liabilities:			
Accounts receivable	(1,377)	11,487	10,110
Inventories	(12,670)	-	(12,670)
Prepaid items	(4,034)	-	(4,034)
Accounts payable	(18)	(5,171)	(5,189)
Other liabilities	(21,054)	1,606	(19,448)
Net cash provided by operating activities	<u>\$ 219,101</u>	<u>\$ 117,578</u>	<u>\$ 336,679</u>

# CITY OF TROY, MICHIGAN

## Combining Statement of Net Position Internal Service Funds June 30, 2013

	Compensated Absences	Unemployment Compensation	Custodial Services
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 4,768,786	\$ 123,912	\$ 601,836
Accounts receivable	-	-	-
Inventories	-	-	-
<b>Total current assets</b>	<b>4,768,786</b>	<b>123,912</b>	<b>601,836</b>
Noncurrent assets:			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>4,768,786</b>	<b>123,912</b>	<b>601,836</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	23,913	2,016
Accrued liabilities	-	-	295
Compensated absences	2,023,249	-	-
<b>Total current liabilities</b>	<b>2,023,249</b>	<b>23,913</b>	<b>2,311</b>
Noncurrent liabilities:			
Compensated absences	1,738,586	-	-
<b>Total liabilities</b>	<b>3,761,835</b>	<b>23,913</b>	<b>2,311</b>
<b>Net position</b>			
Investment in capital assets	-	-	-
Unrestricted	1,006,951	99,999	599,525
<b>Total net position</b>	<b>\$ 1,006,951</b>	<b>\$ 99,999</b>	<b>\$ 599,525</b>

# CITY OF TROY, MICHIGAN

## Combining Statement of Net Position

Internal Service Funds

June 30, 2013

	Information Technology	Motor Equipment	Workers' Compensation	Total
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 1,267,620	\$ 7,087,044	\$ 2,182,000	\$ 16,031,198
Accounts receivable	23,194	33,158	-	56,352
Inventories	-	369,121	-	369,121
<b>Total current assets</b>	<b>1,290,814</b>	<b>7,489,323</b>	<b>2,182,000</b>	<b>16,456,671</b>
Noncurrent assets:				
Capital assets not being depreciated	127,733	10,248	-	137,981
Capital assets being depreciated, net	418,572	2,257,675	-	2,676,247
<b>Total noncurrent assets</b>	<b>546,305</b>	<b>2,267,923</b>	<b>-</b>	<b>2,814,228</b>
<b>Total assets</b>	<b>1,837,119</b>	<b>9,757,246</b>	<b>2,182,000</b>	<b>19,270,899</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	70,960	394,524	-	491,413
Accrued liabilities	51,195	217	-	51,707
Compensated absences	-	-	-	2,023,249
<b>Total current liabilities</b>	<b>122,155</b>	<b>394,741</b>	<b>-</b>	<b>2,566,369</b>
Noncurrent liabilities:				
Compensated absences	-	-	-	1,738,586
<b>Total liabilities</b>	<b>122,155</b>	<b>394,741</b>	<b>-</b>	<b>4,304,955</b>
<b>Net position</b>				
Investment in capital assets	546,305	2,267,923	-	2,814,228
Unrestricted	1,168,659	7,094,582	2,182,000	12,151,716
<b>Total net position</b>	<b>\$ 1,714,964</b>	<b>\$ 9,362,505</b>	<b>\$ 2,182,000</b>	<b>\$ 14,965,944</b>

CITY OF TROY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2013

	Compensated Absences	Unemployment Compensation	Custodial Services
Operating revenues			
Charges for services	\$ 2,706,472	\$ -	\$ 970,480
Building rental	-	-	-
Equipment rental	-	-	-
Other	-	324,894	-
<b>Total operating revenues</b>	<b>2,706,472</b>	<b>324,894</b>	<b>970,480</b>
Operating expenses			
Cost of services	2,714,543	317,512	814,812
Motor vehicle and garage expenses:			
Administration	-	-	-
Operations	-	-	-
Depreciation	-	-	-
<b>Total operating expenses</b>	<b>2,714,543</b>	<b>317,512</b>	<b>814,812</b>
Operating income (loss)	(8,071)	7,382	155,668
Nonoperating revenues			
Investment earnings	8,221	136	845
Gain on sale of capital assets	-	-	-
<b>Total nonoperating revenues</b>	<b>8,221</b>	<b>136</b>	<b>845</b>
Change in net position	150	7,518	156,513
Net position, beginning of year	1,006,801	92,481	443,012
<b>Net position, end of year</b>	<b>\$ 1,006,951</b>	<b>\$ 99,999</b>	<b>\$ 599,525</b>

# CITY OF TROY, MICHIGAN

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2013

	Information Technology	Motor Equipment	Workers' Compensation	Total
Operating revenues				
Charges for services	\$ 1,552,009	\$ 11,771	\$ 16,913	\$ 5,257,645
Building rental	-	146,451	-	146,451
Equipment rental	-	2,923,514	-	2,923,514
Other	-	358,108	56,817	739,819
<b>Total operating revenues</b>	<b>1,552,009</b>	<b>3,439,844</b>	<b>73,730</b>	<b>9,067,429</b>
Operating expenses				
Cost of services	1,632,903	-	294,322	5,774,092
Motor vehicle and garage expenses:				
Administration	-	347,841	-	347,841
Operations	-	2,255,085	-	2,255,085
Depreciation	75,197	687,480	-	762,677
<b>Total operating expenses</b>	<b>1,708,100</b>	<b>3,290,406</b>	<b>294,322</b>	<b>9,139,695</b>
Operating income (loss)	(156,091)	149,438	(220,592)	(72,266)
Nonoperating revenues				
Investment earnings	2,817	14,296	4,636	30,951
Gain on sale of capital assets	-	93,541	-	93,541
<b>Total nonoperating revenues</b>	<b>2,817</b>	<b>107,837</b>	<b>4,636</b>	<b>124,492</b>
Change in net position	(153,274)	257,275	(215,956)	52,226
Net position, beginning of year	1,868,238	9,105,230	2,397,956	14,913,718
<b>Net position, end of year</b>	<b>\$ 1,714,964</b>	<b>\$ 9,362,505</b>	<b>\$ 2,182,000</b>	<b>\$ 14,965,944</b>

# CITY OF TROY, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2013

	Compensated Absences	Unemployment Compensation	Custodial Services
<b>Cash flows from operating activities</b>			
Cash received from interfund services	\$ 2,706,472	\$ 324,894	\$ 970,480
Cash payments to employees	(2,609,329)	-	(701,309)
Cash payments to suppliers for goods and services	-	(397,030)	(111,776)
<b>Net cash provided (used) by operating activities</b>	<b>97,143</b>	<b>(72,136)</b>	<b>157,395</b>
<b>Cash flows from capital and related financing activities</b>			
Purchase of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
<b>Net cash used by capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Investment income	8,221	136	866
<b>Net change in cash and investments</b>	<b>105,364</b>	<b>(72,000)</b>	<b>158,261</b>
Cash and investments, beginning of year	4,663,422	195,912	443,575
<b>Cash and investments, end of year</b>	<b>\$ 4,768,786</b>	<b>\$ 123,912</b>	<b>\$ 601,836</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (8,071)	\$ 7,382	\$ 155,668
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
Inventories	-	-	-
Accounts payable	-	(79,518)	1,432
Accrued liabilities	105,214	-	295
<b>Net cash provided (used) by operating activities</b>	<b>\$ 97,143</b>	<b>\$ (72,136)</b>	<b>\$ 157,395</b>

# CITY OF TROY, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2013

	Information Technology	Motor Equipment	Workers' Compensation	Total
<b>Cash flows from operating activities</b>				
Cash received from interfund services	\$ 1,552,009	\$ 3,439,844	\$ 73,730	\$ 9,067,429
Cash payments to employees	(888,138)	(1,132,007)	-	(5,330,783)
Cash payments to suppliers for goods and services	(658,648)	(1,233,654)	(294,322)	(2,695,430)
<b>Net cash provided (used) by operating activities</b>	<b>5,223</b>	<b>1,074,183</b>	<b>(220,592)</b>	<b>1,041,216</b>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	(127,734)	(912,447)	-	(1,040,181)
Proceeds from sale of capital assets	-	106,062	-	106,062
<b>Net cash used by capital and related financing activities</b>	<b>(127,734)</b>	<b>(806,385)</b>	<b>-</b>	<b>(934,119)</b>
<b>Cash flows from investing activities</b>				
Investment income	(7,602)	35,112	4,636	41,369
<b>Net change in cash and investments</b>	<b>(130,113)</b>	<b>302,910</b>	<b>(215,956)</b>	<b>148,466</b>
Cash and investments, beginning of year	1,397,733	6,784,134	2,397,956	15,882,732
Cash and investments, end of year	<u>\$ 1,267,620</u>	<u>\$ 7,087,044</u>	<u>\$ 2,182,000</u>	<u>\$ 16,031,198</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (156,091)	\$ 149,438	\$ (220,592)	\$ (72,266)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	75,197	687,480	-	762,677
Changes in assets and liabilities:				
Inventories	-	(46,289)	-	(46,289)
Accounts payable	-	-	-	(78,086)
Accrued liabilities	86,117	283,554	-	475,180
<b>Net cash provided (used) by operating activities</b>	<b>\$ 5,223</b>	<b>\$ 1,074,183</b>	<b>\$ (220,592)</b>	<b>\$ 1,041,216</b>

CITY OF TROY, MICHIGAN

Combining Statement of Net Position

Fiduciary Funds

June 30, 2013

	Pension and Other Employee Benefit Trust Funds					
	Employees' Retirement System			Discretionary Fire Incentive Reserve Fund	Retiree Health Care Trust Fund	Total Pension and OPEB Trust Funds
	Pension	Health Care	Total			
<b>Assets</b>						
Cash	\$ 11,867,502	\$ -	\$ 11,867,502	\$ 1,358,940	\$ 10,761,876	\$ 23,988,318
Interest receivable	51,819	-	51,819	-	509	52,328
Due from other funds	-	26,227,372	26,227,372	-	-	26,227,372
<b>Investments</b>						
U.S. government securities	7,426,579	-	7,426,579	2,660,204	-	10,086,783
Corporate bonds	6,673,276	-	6,673,276	-	-	6,673,276
Corporate equities, preferred	871,763	-	871,763	-	-	871,763
Corporate equities, common	63,279,256	-	63,279,256	-	-	63,279,256
Mutual funds	48,444,666	-	48,444,666	986,751	25,285,918	74,717,335
Municipal bonds	50,930,039	-	50,930,039	372,245	-	51,302,284
<b>Total assets</b>	<b>189,544,900</b>	<b>26,227,372</b>	<b>215,772,272</b>	<b>5,378,140</b>	<b>36,048,303</b>	<b>257,198,715</b>
<b>Liabilities</b>						
Accounts payable	997	-	997	-	-	997
Due to other funds	26,227,372	-	26,227,372	-	-	26,227,372
<b>Total liabilities</b>	<b>26,228,369</b>	<b>-</b>	<b>26,228,369</b>	<b>-</b>	<b>-</b>	<b>26,228,369</b>
<b>Net position</b>						
Held in trust for pension benefits	163,316,531	-	163,316,531	5,378,140	-	168,694,671
Held in trust for postemployment healthcare benefits	-	26,227,372	26,227,372	-	36,048,303	62,275,675
<b>Total net position</b>	<b>\$ 163,316,531</b>	<b>\$ 26,227,372</b>	<b>\$ 189,543,903</b>	<b>\$ 5,378,140</b>	<b>\$ 36,048,303</b>	<b>\$ 230,970,346</b>

CITY OF TROY, MICHIGAN

Combining Statement of Changes in Net Position

Fiduciary Funds

For the Year Ended June 30, 2013

	Pension and Other Employee Benefit Trust Funds					
	Employees' Retirement System			Discretionary Fire Incentive Reserve Fund	Retiree Health Care Trust Fund	Total Pension and OPEB Trust Funds
	Pension	Health Care	Total			
<b>Additions</b>						
Contributions						
Employer contributions	\$ 1,883,530	\$ -	\$ 1,883,530	\$ 868,074	\$ 4,889,883	\$ 7,641,487
Employee contributions	190,366	-	190,366	-	-	190,366
Total contributions	<u>2,073,896</u>	<u>-</u>	<u>2,073,896</u>	<u>868,074</u>	<u>4,889,883</u>	<u>7,831,853</u>
Investment income						
Interest	1,156,978	141,057	1,298,035	172,873	717,241	2,188,149
Dividends	3,801,916	-	3,801,916	-	-	3,801,916
Net adjustment in fair value of investments	21,068,092	-	21,068,092	51,976	2,566,158	23,686,226
Total investment income	<u>26,026,986</u>	<u>141,057</u>	<u>26,168,043</u>	<u>224,849</u>	<u>3,283,399</u>	<u>29,676,291</u>
Total additions	<u>28,100,882</u>	<u>141,057</u>	<u>28,241,939</u>	<u>1,092,923</u>	<u>8,173,282</u>	<u>37,508,144</u>
<b>Deductions</b>						
Benefits	10,700,658	4,250,326	14,950,984	1,062,225	-	16,013,209
Administrative expenses	130,855	-	130,855	9,290	-	140,145
Total deductions	<u>10,831,513</u>	<u>4,250,326</u>	<u>15,081,839</u>	<u>1,071,515</u>	<u>-</u>	<u>16,153,354</u>
Change in net position	<u>17,269,369</u>	<u>(4,109,269)</u>	<u>13,160,100</u>	<u>21,408</u>	<u>8,173,282</u>	<u>21,354,790</u>
Net position held in trust, beginning of year for						
Pension benefits	146,047,162	-	146,047,162	5,356,732	-	151,403,894
Postemployment healthcare benefits	-	30,336,641	30,336,641	-	27,875,021	58,211,662
Total net position held in trust, beginning of year	<u>146,047,162</u>	<u>30,336,641</u>	<u>176,383,803</u>	<u>5,356,732</u>	<u>27,875,021</u>	<u>209,615,556</u>
Net position held in trust, end of year for						
Pension benefits	163,316,531	-	163,316,531	5,378,140	-	168,694,671
Postemployment healthcare benefits	-	26,227,372	26,227,372	-	36,048,303	62,275,675
Total net position held in trust, end of year	<u>\$ 163,316,531</u>	<u>\$ 26,227,372</u>	<u>\$ 189,543,903</u>	<u>\$ 5,378,140</u>	<u>\$ 36,048,303</u>	<u>\$ 230,970,346</u>

# CITY OF TROY, MICHIGAN

## Statement of Changes in Fiduciary Assets and Liabilities

Agency Fund

For the Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash and investments	\$ 1,824,410	\$ 191,571,069	\$ (190,756,512)	\$ 2,638,967
Taxes receivable	952,709	187,325,118	(187,307,894)	969,933
<b>Total assets</b>	<b>\$ 2,777,119</b>	<b>\$ 378,896,187</b>	<b>\$ (378,064,406)</b>	<b>\$ 3,608,900</b>
<b>Liabilities</b>				
Accounts payable	\$ 16,253	\$ 183,535,103	\$ (183,523,066)	\$ 28,290
Performance deposits	2,760,866	2,183,075	(1,363,331)	3,580,610
<b>Total liabilities</b>	<b>\$ 2,777,119</b>	<b>\$ 185,718,178</b>	<b>\$ (184,886,397)</b>	<b>\$ 3,608,900</b>

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Downtown Development Authority

June 30, 2013

	Operating	Debt Service	Total	Adjustments	Statement of Net Position
<b>Assets</b>					
Cash and investments	\$ 1,152	\$ 2,839,878	\$ 2,841,030	\$ -	\$ 2,841,030
Receivables:					
Taxes receivable	47,241	-	47,241	-	47,241
<b>Total assets</b>	<b>\$ 48,393</b>	<b>\$ 2,839,878</b>	<b>\$ 2,888,271</b>	<b>-</b>	<b>2,888,271</b>
<b>Liabilities</b>					
Accrued liabilities	\$ 1,152	\$ -	\$ 1,152	\$ -	\$ 1,152
Interest payable	-	-	-	129,070	129,070
Noncurrent liabilities:					
Due within one year	-	-	-	2,490,000	2,490,000
Due in more than one year	-	-	-	14,960,000	14,960,000
<b>Total liabilities</b>	<b>1,152</b>	<b>-</b>	<b>1,152</b>	<b>17,579,070</b>	<b>17,580,222</b>
Deferred inflows of resources					
Unavailable - property taxes	47,241	-	47,241	(47,241)	-
Fund balance					
Restricted:					
Debt service	-	2,839,878	2,839,878	(2,839,878)	-
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 48,393</b>	<b>\$ 2,839,878</b>	<b>\$ 2,888,271</b>		
Net position					
Unrestricted (deficit)				<u>\$ (14,691,951)</u>	<u>\$ (14,691,951)</u>

# CITY OF TROY, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
Downtown Development Authority  
June 30, 2013

Fund balances - total governmental funds \$ 2,839,878

Amounts reported for *governmental activities* in the statement of net position are different because:

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.

Add: deferred inflows or resources 47,241

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: accrued interest payable (129,070)

Deduct: bonds payable - current portion (2,490,000)

Deduct: bonds payable - long-term portion (14,960,000)

Net position of governmental activities \$ (14,691,951)

CITY OF TROY, MICHIGAN

**Statement of Activities and Governmental Fund Revenues, Expenditures  
and Changes in Fund Balances  
Downtown Development Authority  
For the Year Ended June 30, 2013**

	Operating	Debt Service	Total	Adjustments	Net Position
Revenues					
Property taxes	\$ 320,854	\$ -	\$ 320,854	\$ (5,199)	\$ 315,655
Investment earnings	3,178	645	3,823	-	3,823
<b>Total revenues</b>	<b>324,032</b>	<b>645</b>	<b>324,677</b>	<b>(5,199)</b>	<b>319,478</b>
Expenditures/expenses					
Economic development	475,855	-	475,855	-	475,855
Debt service:					
Principal	-	2,365,000	2,365,000	(2,365,000)	-
Interest and fees	-	889,350	889,350	(19,327)	870,023
<b>Total expenditures/expenses</b>	<b>475,855</b>	<b>3,254,350</b>	<b>3,730,205</b>	<b>(2,384,327)</b>	<b>1,345,878</b>
Revenues over (under) expenditures	(151,823)	(3,253,705)	(3,405,528)	2,379,128	(1,026,400)
Other financing sources (uses)					
Transfers in	-	2,882,192	2,882,192	-	2,882,192
Transfers out	(2,882,192)	-	(2,882,192)	-	(2,882,192)
<b>Total other financing sources (uses)</b>	<b>(2,882,192)</b>	<b>2,882,192</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances/ net position	(3,034,015)	(371,513)	(3,405,528)	2,379,128	(1,026,400)
Fund balance/net position (deficit), beginning of year	3,034,015	3,211,391	6,245,406	(19,910,957)	(13,665,551)
Fund balance/net position (deficit), end of year	\$ -	\$ 2,839,878	\$ 2,839,878	\$ (17,531,829)	\$ (14,691,951)

# CITY OF TROY, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
Downtown Development Authority  
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ (3,405,528)

Amounts reported for *governmental activities* in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred inflows to the following fiscal year.

Deduct: net difference in deferred inflows of resources (5,199)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add: principal payments on long-term liabilities 2,365,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: decrease in accrued interest expense 19,327

Change in net position of governmental activities \$ (1,026,400)

# CITY OF TROY, MICHIGAN

## Statement of Net Position and Governmental Funds Balance Sheet

Local Development Financing Authority

June 30, 2013

	Operating	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and investments	\$ 15,954	\$ -	\$ 15,954
<b>Liabilities</b>			
Accounts payable	\$ 1,172	-	1,172
<b>Fund balance</b>			
Restricted	14,782	(14,782)	-
<b>Total liabilities and fund balance</b>	<u>\$ 15,954</u>		
<b>Net position</b>			
Unrestricted		14,782	14,782
<b>Total net position</b>		<u>\$ 14,782</u>	<u>\$ 14,782</u>

# CITY OF TROY, MICHIGAN

## Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balance Local Development Financing Authority For the Year Ended June 30, 2013

	Operating	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 86,235	\$ -	\$ 86,235
Investment earnings	420	-	420
Total revenues	86,655	-	86,655
Expenditures/expenses			
Economic development	159,884	-	159,884
Net change in fund balance/net position	(73,229)	-	(73,229)
Fund balance/net position, beginning of year	88,011	-	88,011
Fund balance/net position, end of year	\$ 14,782	\$ -	\$ 14,782

# CITY OF TROY, MICHIGAN

## Statement of Net Position and Governmental Funds Balance Sheet

Brownfield Redevelopment Authority

June 30, 2013

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 739,544	\$ -	\$ 739,544
Fund balance			
Restricted	\$ 739,544	(739,544)	-
Net position			
Unrestricted		739,544	739,544
Total net position		\$ 739,544	\$ 739,544

# CITY OF TROY, MICHIGAN

## Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balance Brownfield Redevelopment Authority For the Year Ended June 30, 2013

	Operating	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 3,240	\$ -	\$ 3,240
Investment earnings	1,532	-	1,532
Total revenues	<u>4,772</u>	<u>-</u>	<u>4,772</u>
Expenditures/expenses			
Community and economic development	<u>30,039</u>	<u>-</u>	<u>30,039</u>
Net change in fund balance/net position	(25,267)	-	(25,267)
Fund balance/net position, beginning of year	<u>764,811</u>	<u>-</u>	<u>764,811</u>
Fund balance/net position, end of year	<u>\$ 739,544</u>	<u>\$ -</u>	<u>\$ 739,544</u>

## STATISTICAL SECTION

# CITY OF TROY, MICHIGAN

## Statistical Section Table of Contents

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents		Page
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	119-124
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	125-128
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	129-134
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	135-136
Operating Information	These schedules contain serve and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	137-142
Continuing Disclosure	Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market.	144-145

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

CITY OF TROY, MICHIGAN

**Net Position by Component**  
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 116,110,302	\$ 122,746,020	\$ 159,749,955	\$ 153,793,099	\$ 157,447,608	\$ 164,045,115	\$ 170,829,690	\$ 174,656,911	\$ 175,292,324	\$ 179,616,224
Restricted	1,810,587	50,227,946	33,017,038	34,119,273	34,552,624	31,704,901	26,293,289	19,293,248	16,096,939	18,633,455
Unrestricted	81,355,650	32,494,032	34,533,448	33,414,001	31,970,878	30,192,218	33,877,687	38,429,041	48,526,117	54,086,350
<b>Total governmental activities net position</b>	<u>\$ 199,276,539</u>	<u>\$ 205,467,998</u>	<u>\$ 227,300,441</u>	<u>\$ 221,326,373</u>	<u>\$ 223,971,110</u>	<u>\$ 225,942,234</u>	<u>\$ 231,000,666</u>	<u>\$ 232,379,200</u>	<u>\$ 239,915,380</u>	<u>\$ 252,336,029</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 100,797,007	\$ 102,045,725	\$ 102,621,738	\$ 105,920,417	\$ 107,889,998	\$ 111,070,571	\$ 116,929,920	\$ 117,612,994	\$ 118,170,260	\$ 118,295,533
Restricted	7,306,405	-	-	-	-	-	-	-	-	-
Unrestricted	33,240,135	40,036,148	42,421,282	43,142,406	46,259,322	44,948,474	43,046,756	45,052,579	47,550,528	50,060,433
<b>Total business-type activities net position</b>	<u>\$ 141,343,547</u>	<u>\$ 142,081,873</u>	<u>\$ 145,043,020</u>	<u>\$ 149,062,823</u>	<u>\$ 154,149,320</u>	<u>\$ 156,019,045</u>	<u>\$ 159,976,676</u>	<u>\$ 162,665,573</u>	<u>\$ 165,720,788</u>	<u>\$ 168,355,966</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 216,907,309	\$ 224,791,745	\$ 262,371,693	\$ 259,713,516	\$ 265,337,606	\$ 275,115,686	\$ 287,759,610	\$ 292,269,905	\$ 293,462,584	\$ 297,911,757
Restricted	9,116,992	50,227,946	33,017,038	34,119,273	34,552,624	31,704,901	26,293,289	19,293,248	16,096,939	18,633,455
Unrestricted	114,595,785	72,530,180	76,954,730	76,556,407	78,230,200	75,140,692	76,924,443	83,481,620	96,076,645	104,146,783
<b>Total primary government net position</b>	<u>\$ 340,620,086</u>	<u>\$ 347,549,871</u>	<u>\$ 372,343,461</u>	<u>\$ 370,389,196</u>	<u>\$ 378,120,430</u>	<u>\$ 381,961,279</u>	<u>\$ 390,977,342</u>	<u>\$ 395,044,773</u>	<u>\$ 405,636,168</u>	<u>\$ 420,691,995</u>

CITY OF TROY, MICHIGAN

Changes in Net Position  
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 13,685,948	\$ 12,047,579	\$ 11,734,897	\$ 12,601,536	\$ 9,719,442	\$ 10,093,396	\$ 10,480,528	\$ 10,057,545	\$ 9,677,191	\$ 8,459,810
Public safety	13,434,097	27,736,351	28,703,542	30,436,286	31,450,783	31,597,944	31,300,208	30,776,101	27,228,933	26,878,737
Public works	16,274,728	16,475,289	18,372,828	20,864,379	16,064,613	15,869,334	15,000,517	14,812,707	13,703,006	13,626,846
Sanitation	4,432,201	4,433,033	4,367,093	4,529,666	3,893,842	3,961,658	3,994,706	4,110,330	4,216,260	4,331,500
Community and economic development	601,017	519,845	2,058,782	149,357	2,013,127	1,838,697	1,460,081	1,030,929	854,593	1,366,075
Recreation and culture	13,579,188	16,059,077	15,924,318	15,189,313	14,209,839	14,872,286	12,573,922	9,865,320	8,812,144	9,145,272
Interest on long-term debt	4,410,719	3,222,419	1,686,805	1,618,860	1,572,470	1,440,456	650,484	665,356	1,101,675	1,019,021
<b>Total governmental activities expenses</b>	<b>\$ 66,417,898</b>	<b>\$ 80,493,593</b>	<b>\$ 82,848,265</b>	<b>\$ 85,389,397</b>	<b>\$ 78,924,116</b>	<b>\$ 79,673,771</b>	<b>\$ 75,460,446</b>	<b>\$ 71,318,288</b>	<b>\$ 65,593,802</b>	<b>\$ 64,827,261</b>
Business-type activities:										
Water	\$ 10,630,027	\$ 13,307,382	\$ 13,839,024	\$ 13,951,978	\$ 13,808,288	\$ 12,704,768	\$ 12,474,578	\$ 12,439,089	\$ 13,904,820	\$ 14,434,204
Sanitary sewer	10,168,039	8,980,641	9,682,048	9,705,247	9,576,883	9,046,402	9,145,016	10,400,332	11,767,038	12,215,434
Aquatic center	544,125	561,096	638,837	688,236	592,653	597,942	561,343	565,873	566,978	543,834
Sylvan Glen Golf course	1,207,337	1,106,041	1,109,119	1,085,421	1,110,038	1,098,361	1,087,120	1,021,420	1,061,139	1,052,043
Sanctuary Lake Golf course	47,076	1,751,721	1,730,874	1,683,553	1,624,625	1,634,836	1,632,244	1,523,616	1,821,384	1,676,239
<b>Total business-type activities expenses</b>	<b>\$ 22,596,604</b>	<b>\$ 25,706,881</b>	<b>\$ 26,999,902</b>	<b>\$ 27,114,435</b>	<b>\$ 26,712,487</b>	<b>\$ 25,082,309</b>	<b>\$ 24,900,301</b>	<b>\$ 25,950,330</b>	<b>\$ 29,121,359</b>	<b>\$ 29,921,754</b>
<b>Total primary government expenses</b>	<b>\$ 89,014,502</b>	<b>\$ 106,200,474</b>	<b>\$ 109,848,167</b>	<b>\$ 112,503,832</b>	<b>\$ 105,636,603</b>	<b>\$ 104,756,080</b>	<b>\$ 100,360,747</b>	<b>\$ 97,268,618</b>	<b>\$ 94,715,161</b>	<b>\$ 94,749,015</b>
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,225,998	\$ 3,213,382	\$ 2,101,074	\$ 2,245,026	\$ 2,391,745	\$ 2,277,395	\$ 2,792,387	\$ 3,017,126	\$ 3,039,578	\$ 3,114,515
Public safety	2,930,182	2,694,665	2,925,740	3,059,322	3,132,235	2,579,487	2,606,050	2,912,838	3,219,618	3,545,823
Public works	2,757,644	1,380,977	1,361,164	1,927,982	1,613,717	1,579,964	1,912,056	1,696,240	2,357,325	2,223,031
Sanitation	154,047	1,410	44,765	2,275	3,510	6,993	4,796	4,860	5,700	6,012
Recreation and culture	4,081,620	4,080,652	4,338,069	4,546,308	4,617,520	4,398,056	4,484,145	3,850,470	3,444,462	3,651,142
Operating grants and contributions	517,704	491,224	1,079,243	932,693	979,113	967,159	1,057,307	1,474,950	912,173	1,196,458
Capital grants and contributions	13,463,732	9,469,923	6,527,476	6,552,433	6,870,969	9,963,345	8,590,800	6,895,652	6,723,177	10,435,694
<b>Total governmental activities program revenues</b>	<b>\$ 25,130,927</b>	<b>\$ 21,332,233</b>	<b>\$ 18,377,531</b>	<b>\$ 19,266,039</b>	<b>\$ 19,608,809</b>	<b>\$ 21,772,399</b>	<b>\$ 21,447,541</b>	<b>\$ 19,852,136</b>	<b>\$ 19,702,033</b>	<b>\$ 24,172,675</b>

continued...

(continued...)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services:										
Water	\$ 10,897,059	\$ 13,518,168	\$ 15,595,766	\$ 14,652,417	\$ 15,684,590	\$ 13,227,113	\$ 13,968,516	\$ 14,139,274	\$ 15,923,727	\$ 15,965,202
Sanitary sewer	9,710,263	9,623,410	10,114,977	11,291,515	11,612,763	9,750,202	10,372,640	11,917,175	13,177,412	12,978,863
Aquatic center	370,256	278,125	310,428	322,111	438,432	486,671	451,670	503,685	577,757	481,424
Sylvan Glen Golf course	1,242,938	1,198,744	1,055,142	1,125,895	1,137,679	1,178,497	1,128,192	1,024,216	1,290,051	1,173,838
Sanctuary Lake Golf course	81,190	962,132	1,173,020	1,052,986	985,503	923,692	968,687	940,775	1,442,755	1,295,277
Capital grants and contributions	-	633,491	727,343	1,012,829	643,394	1,025,250	299,239	221,561	150,603	528,416
Total business-type activities program revenues	\$ 22,301,706	\$ 26,214,070	\$ 28,976,676	\$ 29,457,753	\$ 30,502,361	\$ 26,591,425	\$ 27,188,944	\$ 28,746,686	\$ 32,562,305	\$ 32,423,020
Total primary government program revenues	\$ 47,432,633	\$ 47,546,303	\$ 47,354,207	\$ 48,723,792	\$ 50,111,170	\$ 48,363,824	\$ 48,636,485	\$ 48,598,822	\$ 52,264,338	\$ 56,595,695
Net (Expense)/Revenue										
Governmental activities	\$ (41,286,971)	\$ (59,161,360)	\$ (64,470,734)	\$ (66,123,358)	\$ (59,315,307)	\$ (57,901,372)	\$ (54,012,905)	\$ (51,466,152)	\$ (45,891,769)	\$ (40,654,586)
Business-type activities	(294,898)	507,189	1,976,774	2,343,318	3,789,874	1,509,116	2,288,643	2,796,356	3,440,946	2,501,266
Total primary government net expense	\$ (41,581,869)	\$ (58,654,171)	\$ (62,493,960)	\$ (63,780,040)	\$ (55,525,433)	\$ (56,392,256)	\$ (51,724,262)	\$ (48,669,796)	\$ (42,450,823)	\$ (38,153,320)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 54,685,430	\$ 50,570,501	\$ 49,497,560	\$ 50,488,216	\$ 51,002,080	\$ 51,041,101	\$ 50,673,061	\$ 46,067,375	\$ 46,295,903	\$ 46,419,615
State-shared revenues	7,101,729	6,906,372	6,844,167	6,635,508	6,633,938	6,313,999	5,615,666	5,615,666	6,136,066	6,279,381
Grants & contrib. not restricted	50	61,890	24,905	175,543	37,398	103,151	1,207,291	8,652	33,400	50,485
Unrestricted investment earnings	1,459,262	2,508,127	3,436,837	4,588,419	3,425,379	1,861,698	785,025	537,935	245,077	185,302
Miscellaneous	2,063,083	107,486	634,535	118,565	179,109	131,037	163,134	123,038	121,187	140,452
Transfers	-	830,140	758,500	(1,856,960)	682,140	704,200	627,160	492,020	596,316	-
Total governmental activities	\$ 65,309,554	\$ 60,984,516	\$ 61,196,504	\$ 60,149,291	\$ 61,960,044	\$ 60,155,186	\$ 59,071,337	\$ 52,844,686	\$ 53,427,949	\$ 53,075,235
Business-type activities:										
Grants & contrib. not restricted	\$ -	\$ 196,561	\$ 212,213	\$ 215,292	\$ 14,882	\$ 616	\$ 301	\$ -	\$ -	\$ -
Unrestricted investment earnings	365,794	910,557	1,530,660	2,104,233	1,963,881	1,064,193	487,698	384,561	210,585	133,912
Miscellaneous	1,130,466	-	-	-	-	-	4,800	-	-	-
Transfers	-	(830,140)	(758,500)	(643,040)	(682,140)	(704,200)	(627,160)	(492,020)	(596,316)	-
Total business-type activities	\$ 1,496,260	\$ 276,978	\$ 984,373	\$ 1,676,485	\$ 1,296,623	\$ 360,609	\$ (134,361)	\$ (107,459)	\$ (385,731)	\$ 133,912
Total primary government	\$ 66,805,814	\$ 61,261,494	\$ 62,180,877	\$ 61,825,776	\$ 63,256,667	\$ 60,515,795	\$ 58,936,976	\$ 52,737,227	\$ 53,042,218	\$ 53,209,147
Change in Net Position										
Governmental activities	\$ 24,022,583	\$ 1,823,156	\$ (3,274,230)	\$ (5,974,067)	\$ 2,644,737	\$ 2,253,814	\$ 5,058,432	\$ 1,378,534	\$ 7,536,180	\$ 12,420,649
Business-type activities	1,201,362	784,167	2,961,147	4,019,803	5,086,497	1,869,725	2,154,282	2,688,897	3,055,215	2,635,178
Total primary government	\$ 25,223,945	\$ 2,607,323	\$ (313,083)	\$ (1,954,264)	\$ 7,731,234	\$ 4,123,539	\$ 7,212,714	\$ 4,067,431	\$ 10,591,395	\$ 15,055,827

CITY OF TROY, MICHIGAN

**Fund Balances, Governmental Funds**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	For Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ 3,597,139	\$ 708,988	\$ 618,143	\$ 695,992	\$ 617,505	\$ 623,544	\$ 447,720	\$ 4,034,119	\$ 3,884,686	\$ 4,369,038
Restricted	-	-	-	-	-	-	-	1,508,257	1,514,118	1,525,598
Committed	-	-	-	-	-	-	3,400,000	3,610,131	1,517,000	2,771,300
Assigned	-	-	-	-	-	-	9,171,895	5,953,000	3,655,000	3,148,000
Unassigned	16,855,616	23,098,204	26,280,666	24,169,595	23,015,257	20,690,932	10,722,271	12,359,648	23,340,380	24,946,170
Total general fund	<u>\$ 20,452,755</u>	<u>\$ 23,807,192</u>	<u>\$ 26,898,809</u>	<u>\$ 24,865,587</u>	<u>\$ 23,632,762</u>	<u>\$ 21,314,476</u>	<u>\$ 23,741,886</u>	<u>\$ 27,465,155</u>	<u>\$ 33,911,184</u>	<u>\$ 36,760,106</u>
All other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,200	\$ 160,579
Restricted	51,089,791	50,227,946	33,017,038	34,119,273	34,552,624	31,704,901	8,294,105	12,047,688	15,938,739	18,472,876
Committed	-	-	-	-	-	-	89,400	7,245,560	2,662,187	3,099,166
Assigned	-	-	-	-	-	-	17,909,784	-	-	-
Total all other governmental funds	<u>\$ 51,089,791</u>	<u>\$ 50,227,946</u>	<u>\$ 33,017,038</u>	<u>\$ 34,119,273</u>	<u>\$ 34,552,624</u>	<u>\$ 31,704,901</u>	<u>\$ 26,293,289</u>	<u>\$ 19,293,248</u>	<u>\$ 18,759,126</u>	<u>\$ 21,732,621</u>

CITY OF TROY, MICHIGAN

Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	For Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Property taxes	\$ 49,729,110	\$ 51,455,237	\$ 49,877,171	\$ 50,696,911	\$ 51,270,756	\$ 51,092,129	\$ 50,828,551	\$ 46,082,673	\$ 46,450,199	\$ 46,470,104
Licenses and permits	1,649,985	1,607,445	1,662,592	1,491,958	1,393,635	1,237,191	1,113,809	1,259,748	1,686,633	2,254,775
Intergovernmental - federal	415,609	2,928,690	961,366	551,965	1,279,824	4,884,314	3,185,364	2,171,633	1,040,037	5,119,153
Intergovernmental - state	19,579,823	12,944,756	12,073,497	11,805,209	11,990,426	11,345,811	10,494,294	10,504,385	11,384,502	11,673,045
Intergovernmental - local	241,418	165,154	891,705	765,823	758,058	465,212	908,398	1,039,709	614,530	786,068
Charges for services	6,310,960	8,594,731	7,895,033	8,338,480	8,109,915	7,782,945	8,151,713	7,335,759	7,660,204	7,760,295
Fines and forfeits	960,250	973,527	994,373	1,243,286	1,483,784	1,054,161	1,226,729	1,277,705	1,154,999	902,183
Investment income	1,198,874	2,213,067	2,947,672	3,942,955	2,782,486	1,592,062	643,073	430,899	186,897	154,351
Other	5,497,512	2,817,781	1,601,059	2,046,840	1,924,977	1,999,943	3,347,701	1,967,075	2,330,595	2,007,022
<b>Total revenues</b>	<b>\$ 85,583,541</b>	<b>\$ 83,700,388</b>	<b>\$ 78,904,468</b>	<b>\$ 80,883,427</b>	<b>\$ 80,993,861</b>	<b>\$ 81,453,768</b>	<b>\$ 79,899,632</b>	<b>\$ 72,069,586</b>	<b>\$ 72,508,596</b>	<b>\$ 77,126,996</b>
<b>Expenditures</b>										
General government	\$ 8,657,335	\$ 8,978,687	\$ 9,002,076	\$ 9,118,399	\$ 9,181,757	\$ 9,167,749	\$ 8,562,924	\$ 8,232,791	\$ 7,499,219	\$ 7,409,887
Public safety	26,313,278	27,203,034	27,973,275	29,575,908	30,764,667	31,042,277	30,902,648	29,899,440	26,644,367	27,371,783
Roads and Streets	3,944,998	5,074,870	4,755,184	4,754,166	5,600,748	5,687,378	4,844,712	4,799,035	4,159,761	4,257,865
Other Public Works	3,500,055	2,780,643	2,835,772	2,676,716	2,676,845	2,525,114	2,043,464	1,756,490	1,680,731	1,779,928
Sanitation	4,432,201	4,432,841	4,367,093	4,528,962	3,892,487	3,961,794	3,996,065	4,109,985	4,216,324	4,331,560
Community & Economic Dev.	553,242	474,591	2,011,275	116,091	115,981	195,216	127,522	148,800	133,712	621,439
Recreation and culture	12,524,550	13,263,560	13,376,722	13,412,739	14,431,267	13,830,413	12,231,424	9,067,491	8,060,815	8,243,322
<b>Debt service</b>										
Principal	12,872,500	3,109,955	1,736,712	1,917,957	1,968,296	2,225,309	2,304,692	2,496,586	2,536,167	2,626,776
Interest and fees	4,410,719	3,246,210	1,702,856	1,639,410	1,471,759	1,461,569	1,375,693	1,248,479	1,119,964	1,042,839
Capital outlay	22,194,876	14,791,534	18,994,837	11,856,766	12,322,730	17,176,377	17,062,105	14,244,384	11,130,331	13,670,400
<b>Total expenditures</b>	<b>\$ 99,403,754</b>	<b>\$ 83,355,925</b>	<b>\$ 86,755,802</b>	<b>\$ 79,597,114</b>	<b>\$ 82,426,537</b>	<b>\$ 87,273,196</b>	<b>\$ 83,451,249</b>	<b>\$ 76,003,481</b>	<b>\$ 67,181,391</b>	<b>\$ 71,355,799</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (13,820,213)</b>	<b>\$ 344,463</b>	<b>\$ (7,851,334)</b>	<b>\$ 1,286,313</b>	<b>\$ (1,432,676)</b>	<b>\$ (5,819,428)</b>	<b>\$ (3,551,617)</b>	<b>\$ (3,933,895)</b>	<b>\$ 5,327,205</b>	<b>\$ 5,771,197</b>
<b>Other financing sources (uses)</b>										
Issuance of debt	\$ -	\$ -	\$ 81,089	\$ 41,440	\$ 3,505,000	\$ 181,379	\$ 11,321,816	\$ 9,110,000	\$ -	\$ -
Proceeds from sale of capital assets	-	74,985	905,292	748,221	47,902	131,205	-	61,373	-	51,220
Payments to escrow agents	-	-	-	-	(3,601,840)	-	(11,261,350)	(9,919,004)	-	-
Premium on Debt Issuance	-	-	-	-	-	-	-	947,639	-	-
Transfers in	22,746,919	16,529,331	12,767,350	13,965,781	12,260,233	11,066,116	10,441,542	9,229,240	8,803,101	8,648,930
Transfers out	(22,746,919)	(15,699,191)	(12,008,850)	(16,972,741)	(11,578,093)	(10,442,591)	(9,934,593)	(8,772,125)	(8,218,400)	(8,648,930)
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ 905,125</b>	<b>\$ 1,744,881</b>	<b>\$ (2,217,299)</b>	<b>\$ 633,202</b>	<b>\$ 936,109</b>	<b>\$ 567,415</b>	<b>\$ 657,123</b>	<b>\$ 584,701</b>	<b>\$ 51,220</b>
<b>Net change in fund balances</b>	<b>\$ (13,820,213)</b>	<b>\$ 1,249,588</b>	<b>\$ (6,106,453)</b>	<b>\$ (930,986)</b>	<b>\$ (799,474)</b>	<b>\$ (4,883,319)</b>	<b>\$ (2,984,202)</b>	<b>\$ (3,276,772)</b>	<b>\$ 5,911,906</b>	<b>\$ 5,822,417</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>22.4%</b>	<b>9.3%</b>	<b>5.1%</b>	<b>5.3%</b>	<b>4.9%</b>	<b>5.3%</b>	<b>5.5%</b>	<b>6.1%</b>	<b>6.5%</b>	<b>6.4%</b>

# CITY OF TROY, MICHIGAN

## General Governmental Tax Revenue by Source Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Funds					General Debt Service	Total All Property Taxes
	General	Refuse	Library	Capital			
2004	\$ 30,985,387	\$ 3,886,714	\$ -	\$ 7,586,118	\$ 3,512,091	\$ 45,970,310	
2005	32,300,414	4,010,718	-	9,036,196	2,418,718	47,766,046	
2006	35,229,232	4,120,154	-	8,041,747	2,486,038	49,877,171	
2007	35,679,836	4,254,241	-	8,200,947	2,561,887	50,696,911	
2008	36,667,821	3,563,759	-	8,385,316	2,653,860	51,270,756	
2009	36,487,455	3,564,456	-	8,386,956	2,653,262	51,092,129	
2010	36,362,516	3,900,932	-	7,957,902	2,607,201	50,828,551	
2011	32,550,858	4,057,573	-	7,137,343	2,321,601	46,067,375	
2012	30,424,031	4,168,478	3,037,539	6,645,570	2,020,285	46,295,903	
2013	29,612,174	4,446,398	2,962,459	6,481,465	2,917,119	46,419,615	

# CITY OF TROY, MICHIGAN

## Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections To Date	Percentage of Total Tax Collections To Total Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes To Total Tax Levy
2004	\$ 44,251,910	\$ 43,440,583	98.17%	\$ 672,473	\$ 44,113,056	99.69%	\$ 296,928	0.67%
2005	45,666,420	44,814,456	98.13%	637,527	45,451,983	99.53%	214,437	0.47%
2006	46,913,799	45,924,486	97.89%	726,792	46,651,278	99.44%	65,394	0.14%
2007	48,338,412	47,306,612	97.87%	923,002	48,229,614	99.77%	108,773	0.23%
2008	48,667,887	47,589,455	97.78%	1,037,838	48,627,293	99.92%	107,492	0.22%
2009	48,676,220	47,420,544	97.42%	771,027	48,191,571	99.00%	120,221	0.25%
2010	48,273,658	47,388,992	98.17%	766,850	48,155,842	99.76%	116,780	0.24%
2011	43,852,179	42,664,592	97.29%	1,095,386	43,759,978	99.79%	92,200	0.21%
2012	44,257,157	43,064,206	97.30%	1,108,768	44,172,974	99.81%	84,183	0.19%
2013	44,391,807	43,575,998	98.16%	729,657	44,305,655	99.81%	86,153	0.19%

CITY OF TROY, MICHIGAN

Property Tax Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

(Per \$1,000 of Assessed Valuation)

Fiscal Year Ended June 30	City of Troy						Overlapping Governments					State Education	Zoo	Art	Total
	General	Capital	Refuse	Debt	Library	Total	Troy School District	Oakland County	Oakland County Community College	Intermediate School District	SMART				
2004 H	6.25	1.62	0.83	0.75	-	9.45	9.43	4.65	1.60	3.40	0.60	5.00	*		34.13
2004 NH	6.25	1.62	0.83	0.75	-	9.45	21.14	4.65	1.60	3.40	0.60	5.00	*		45.84
2005 H	6.25	1.87	0.83	0.50	-	9.45	10.16	4.65	1.60	3.38	0.60	6.00	*		35.84
2005 NH	6.25	1.87	0.83	0.50	-	9.45	22.13	4.65	1.59	3.38	0.60	6.00	*		47.80
2006 H	6.50	1.62	0.83	0.50	-	9.45	9.87	4.65	1.58	3.37	0.60	6.00	*		35.52
2006 NH	6.50	1.62	0.83	0.50	-	9.45	22.13	4.65	1.58	3.37	0.60	6.00	*		47.78
2007 H	6.50	1.60	0.83	0.50	-	9.43	9.87	4.65	1.58	3.37	0.59	6.00	*		35.49
2007 NH	6.50	1.60	0.83	0.50	-	9.43	22.13	4.65	1.58	3.37	0.59	6.00	*		47.75
2008 H	6.50	1.60	0.68	0.50	-	9.28	9.42	4.65	1.58	3.37	0.59	6.00	*		34.89
2008 NH	6.50	1.60	0.68	0.50	-	9.28	22.13	4.65	1.58	3.37	0.59	6.00	*		47.60
2009 H	6.50	1.60	0.68	0.50	-	9.28	8.72	4.65	1.58	3.37	0.59	6.00	0.10		34.29
2009 NH	6.50	1.60	0.68	0.50	-	9.28	22.10	4.65	1.58	3.37	0.59	6.00	0.10		47.67
2010 H	6.50	1.53	0.75	0.50	-	9.28	8.77	4.65	1.58	3.37	0.59	6.00	0.10		34.34
2010 NH	6.50	1.53	0.75	0.50	-	9.28	22.10	4.65	1.58	3.37	0.59	6.00	0.10		47.67
2011 H	6.50	1.53	0.87	0.50	-	9.40	9.74	4.65	1.58	3.37	0.59	6.00	0.10		35.43
2011 NH	6.50	1.53	0.87	0.50	-	9.40	22.73	4.65	1.58	3.37	0.59	6.00	0.10		48.42
2012 H	6.50	1.53	0.96	0.50	0.70	10.19	10.16	4.65	1.58	3.37	0.59	6.00	0.10		36.64
2012 NH	6.50	1.53	0.96	0.50	0.70	10.19	22.73	4.65	1.58	3.37	0.59	6.00	0.10		49.21
2013 H	6.50	1.53	1.05	0.70	0.70	10.48	10.51	4.65	1.58	3.37	0.59	6.00	0.10	0.20	37.48
2013 NH	6.50	1.53	1.05	0.70	0.70	10.48	22.95	4.65	1.58	3.37	0.59	6.00	0.10	0.20	49.92

H - Homestead

NH - Non-Homestead

\* - Not Applicable

CITY OF TROY, MICHIGAN

**Assessed Value and Taxable Value of Property**  
Last Ten Fiscal Years

Assessment Date	Levy Date	Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Value	Total Direct Tax Rate	Assessed Value	Taxable Value as a Percentage of Assessed Value
12/31/2003	7/01/2004	6/30/2005	\$ 2,738,916,540	\$ 1,329,545,890	\$ 490,202,370	\$ 536,093,423	\$ 5,094,758,223	9.45	\$ 6,337,222,973	80.39%
12/31/2004	7/01/2005	6/30/2006	2,892,925,590	1,369,954,040	497,974,250	503,497,670	5,264,351,550	9.45	6,526,074,330	80.67%
12/31/2005	7/01/2006	6/30/2007	3,076,070,702	1,376,175,120	502,914,670	479,874,950	5,435,035,442	9.43	6,608,804,750	82.24%
12/31/2006	7/01/2007	6/30/2008	3,187,596,017	1,388,201,850	510,504,920	464,213,650	5,550,516,437	9.28	6,422,659,810	86.42%
12/31/2007	7/01/2008	6/30/2009	3,196,824,810	1,399,118,520	509,100,180	457,552,500	5,562,596,010	9.28	6,227,094,050	89.33%
12/31/2008	7/01/2009	6/30/2010	3,134,086,995	1,370,377,371	507,215,340	448,100,230	5,459,779,936	9.28	5,838,889,239	93.51%
12/31/2009	7/01/2010	6/30/2011	2,788,952,055	1,207,199,537	439,470,690	407,990,730	4,843,613,012	9.40	4,988,518,313	97.10%
12/31/2010	7/01/2011	6/30/2012	2,631,131,230	1,192,065,320	241,468,720	384,084,890	4,448,750,160	10.19	4,540,412,680	97.98%
12/31/2011	7/01/2012	6/30/2013	2,643,043,570	973,996,760	300,554,800	395,096,920	4,312,692,050	10.48	4,410,108,900	97.79%
12/31/2012	7/01/2013	6/30/2014	2,704,214,970	908,560,198	283,393,700	414,094,580	4,310,263,448	10.52	4,491,432,340	95.97%

Source: City of Troy Assessing records

Note: The estimated assessed value is calculated using a 12-month sales study updated annually.

Proposal "A", as passed by the citizens of Michigan, took effect in 1994. This Proposal created two new categories for tax and assessment purposes (taxable value and capped value). Assessed value was unchanged by the Proposal, and remains at 50% of the market value of a property.

Taxable value is the amount upon which millage rate (taxes) are now levied. Taxable value is defined as the lesser of assessed value or capped value

Capped value is calculated by taking the previous year's taxable value, minus any losses in value, multiplied by the inflation rate or 5% (whichever is less) plus any new construction.

This Proposal also mandated that the taxable value and assessed value were to be equal for the year following a transfer of ownership (as defined by the statutes), and then the capping process would begin anew.

The taxable and assessed valuation of taxable property is determined as of December 31st of each year.

# CITY OF TROY, MICHIGAN

## Top Ten Principal Taxpayers Current Year and Nine Years Ago

Taxpayer	Fiscal Year Ended 6/30/2004			Fiscal Year Ended 6/30/2013			Taxpayer
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value	
<u>Frankel Forbes Cohen</u>	\$ 61,057,410	1	1.20%	\$ 50,473,380	1	1.17%	<u>Frankel Forbes Cohen</u>
<u>Nykel Management</u>	55,107,070	2	1.08%	30,881,430	2	0.72%	NTCC LLC
The Gale Company	49,486,660	3	0.97%	30,822,560	3	0.71%	<u>Urbanical Oakland Mall</u>
Liberty Property L.P.	42,930,000	4	0.84%	24,902,430	4	0.58%	<u>Nykel Management</u>
<u>Detroit Edison</u>	42,429,070	5	0.83%	23,692,910	5	0.55%	<u>DTE</u>
<u>Kelly Services</u>	34,097,390	6	0.67%	20,008,820	6	0.46%	CC Troy ASSOC
Delphi Automotive	30,239,560	7	0.59%	19,997,050	7	0.46%	Osprey-Troy Officentre LLC
K-Mart	30,223,150	8	0.59%	17,763,250	8	0.41%	<u>Kelly Services</u>
<u>Oakland Mall LLC</u>	27,283,540	9	0.54%	17,576,490	9	0.41%	Nemer Troy Place Realty
<u>Standard Federal Bank (Bank of Am.)</u>	26,137,970	10	0.51%	16,342,090	10	0.38%	<u>Bank of America</u>
Total Top Ten	\$ 398,991,820			\$ 252,460,410			Total Top Ten
Total % of City T/V			7.83%			5.85%	Total % of City T/V
Total City T/V	\$ 5,094,758,223			\$ 4,312,692,050			Total City T/V

\*Underlined & Italic appear in both years.

## CITY OF TROY, MICHIGAN

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities	Business-Type Activities	Total Outstanding Debt	Percentage of Personal Income	Debt Per Capita
	General Obligation & County Issued Bonds	Business Type Activities Bonds			
2004	\$ 42,498,315	\$ 12,000,000	\$ 54,498,315	1.76%	\$ 634
2005	40,812,271	12,000,000	52,812,271	1.69%	609
2006	39,156,648	11,800,000	50,956,648	1.62%	585
2007	37,280,131	11,600,000	48,880,131	1.55%	558
2008	35,333,976	11,300,000	46,633,976	1.47%	530
2009	33,290,046	11,000,000	44,290,046	1.29%	544
2010	30,670,062	10,700,000	41,370,062	1.21%	509
2011	27,783,479	10,300,000	38,083,479	1.14%	470
2012	25,247,312	9,900,000	35,147,312	1.04%	428
2013	22,620,536	11,160,759	33,781,295	0.99%	408

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

## CITY OF TROY, MICHIGAN

### Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures Last Ten Fiscal Years

Fiscal Year Ended June 30	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Governmental Expenditures	Percentage of Debt Service to General Government Expenditures
2004	\$ 11,512,500	\$ 2,831,219	\$ 14,343,719	\$ 77,303,538	18.56%
2005	1,579,955	1,753,162	3,333,117	68,279,944	4.88%
2006	1,525,000	1,600,594	3,125,594	65,514,169	4.77%
2007	1,700,000	1,542,756	3,242,756	67,425,737	4.81%
2008	1,790,000	1,388,255	3,178,255	69,842,007	4.55%
2009	2,045,000	1,377,508	3,422,508	69,832,449	4.90%
2010	2,065,000	1,292,143	3,357,143	66,065,902	5.08%
2011	2,300,000	1,245,789	3,545,789	61,499,991	5.77%
2012	2,335,000	1,045,189	3,380,189	55,627,231	6.08%
2013	2,420,000	973,354	3,393,354	57,288,668	5.92%

Includes General, Special Revenue and Debt Service Funds.

# CITY OF TROY, MICHIGAN

## Computation of Direct and Overlapping Debt

June 30, 2013

Jurisdiction	Net General Bonded Debt Outstanding	Percentage Applicable to Troy	Amount Applicable to Troy
City of Troy	\$ 22,620,536	100.00%	\$ 22,620,536
Avondale School District	105,922,383	19.77%	20,940,855
Birmingham School District	192,480,000	3.78%	7,275,744
Bloomfield Hills School District	59,860,000	2.14%	1,281,004
Lamphere School District	11,475,000	13.76%	1,578,960
Royal Oak School District	59,170,000	2.14%	1,266,238
Troy School District	93,605,000	100.00%	93,605,000
Warren School District	158,735,000	8.18%	12,984,523
Oakland County	115,490,512	8.76%	10,116,969
Oakland Intermediate School District	60,095,000	8.23%	4,945,819
Macomb Intermediate School District	-	1.09%	-
Oakland County Community College	<u>3,765,000</u>	8.81%	<u>331,697</u>
Total overlapping debt	<u>860,597,895</u>		<u>154,326,808</u>
Total direct and overlapping debt	<u>\$ 883,218,431</u>		<u>\$ 176,947,344</u>

Source: Municipal Advisory Council of Michigan; Detroit, Michigan.

# CITY OF TROY, MICHIGAN

## Computation of Legal Debt Margin

June 30, 2013

Assessed Valuation at December 31, 2011 \$ 4,410,108,900

	Annual Net Debt	Percentage of State Equalized Valuation	Legal Margin	
			Amount	Legal Debt Margin
General obligation debt	\$ 19,915,000	10.0%	\$ 441,010,890	\$ 421,095,890
Emergency bonds	-	37.5%	1,653,790,838	1,653,790,838
Special assessment bonds	-	12.0%	529,213,068	529,213,068
Total debt	<u>\$ 19,915,000</u>		<u>\$ 2,624,014,796</u>	<u>\$ 2,604,099,796</u>

The statutory debt limits of net bonded indebtedness incurred for all public purposes shall not at any one time exceed 10% of the assessed valuation of taxable property in the City (\$4,540,412,680), except that this limit may be exceeded by 3/8ths of 1% in case of fire, flood or other calamity. This limitation does not include bonds issued in anticipation of the payment of special assessments, nor bonds issued pursuant to court order for sewage or garbage disposal systems.

The Michigan State Bond Act provides that the total debt in special assessment bonds, which would require that the City pledge its faith and credit, shall not exceed 12% of the assessed valuation of taxable property of the City, nor shall such bonds be issued in any calendar year in excess of 3% unless voted.

# CITY OF TROY, MICHIGAN

## Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt Limit	\$ 618,808,426	\$ 633,722,297	\$ 652,607,433	\$ 660,880,475	\$ 642,265,981
Total net debt applicable to limit	<u>(48,680,000)</u>	<u>(47,405,000)</u>	<u>(45,855,000)</u>	<u>(44,130,000)</u>	<u>(42,220,000)</u>
Legal debt margin	<u>\$ 570,128,426</u>	<u>\$ 586,317,297</u>	<u>\$ 606,752,433</u>	<u>\$ 616,750,475</u>	<u>\$ 600,045,981</u>
Total net debt applicable to the limit as a percentage of debt limit	7.87%	7.48%	7.03%	6.68%	6.57%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt Limit	\$ 622,709,405	\$ 583,886,924	\$ 498,851,831	\$ 454,041,268	\$ 441,010,890
Total net debt applicable to limit	<u>(40,050,000)</u>	<u>(37,460,000)</u>	<u>(34,545,000)</u>	<u>(32,010,000)</u>	<u>(19,915,000)</u>
Legal debt margin	<u>\$ 582,659,405</u>	<u>\$ 546,426,924</u>	<u>\$ 464,306,831</u>	<u>\$ 422,031,268</u>	<u>\$ 421,095,890</u>
Total net debt applicable to the limit as a percentage of debt limit	6.43%	6.42%	6.92%	7.05%	4.52%

CITY OF TROY, MICHIGAN

**Pledged Revenue Coverage**  
Last Ten Fiscal Years

Building Authority bonds					
Debt Service					
Fiscal Year Ended	Collections	Principal	Interest	Total	Coverage (1)
2004	\$ -	\$ -	\$ 557,770	\$ 557,770	0%
2005	962,132	-	557,770	557,770	172%
2006	1,173,020	200,000	554,520	754,520	155%
2007	1,057,265	200,000	547,307	747,307	141%
2008	985,813	300,000	539,038	839,038	117%
2009	923,908	300,000	526,950	826,950	112%
2010	974,051	300,000	515,200	815,200	119%
2011	940,775	400,000	501,945	901,945	104%
2012	1,442,755	400,000	485,446	885,446	163%
2013	1,295,277	400,000	419,657	819,657	158%

Michigan Transportation Fund Bonds					
Debt Service					
Fiscal Year Ended	Collections (2)	Principal	Interest	Total	Coverage
2004	\$ 2,627,194	\$ 125,000	\$ 103,438	\$ 228,438	1150%
2005	2,548,178	150,000	97,438	247,438	1030%
2006	2,529,103	175,000	90,088	265,088	954%
2007	2,502,483	175,000	81,338	256,338	976%
2008	2,461,676	175,000	72,588	247,588	994%
2009	2,371,142	175,000	63,838	238,838	993%
2010	2,329,592	175,000	54,913	229,913	1013%
2011	2,363,803	175,000	45,900	220,900	1070%
2012	2,487,834	200,000	36,713	236,713	1051%
2013	2,521,831	225,000	26,013	251,013	1005%

Special Assessment Bonds					
Debt Service					
Fiscal Year Ended	Collections	Principal	Interest	Total	Coverage (3)
2004	\$ 34,369	\$ 25,000	\$ 9,369	\$ 34,369	100%
2005	32,675	25,000	7,675	32,675	100%
2006	55,125	50,000	5,125	55,125	100%
2007	51,713	50,000	1,713	51,713	100%
2008	-	-	-	-	N/A
2009	-	-	-	-	N/A
2010	-	-	-	-	N/A
2011	-	-	-	-	N/A
2012	-	-	-	-	N/A
2013	-	-	-	-	N/A

(1) Capitalized Interest 2003, 2004.

(2) Fifty percent of state gas and weight taxes can be used for debt payments.

(3) Customers may choose to make special assessment payments up-front to avoid paying interest to the City, which creates uneven payment streams over the life of the assessment.

# CITY OF TROY, MICHIGAN

## Demographic Statistics Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (4)	Median Age (1)	Number of Households(1)	Average Household Size	Income Per Capita	Income Per Household	Personal Income (millions)	Unemployment Rate (%) (2)	Education Age 25 or Older		
									High School(1)	Bachelor Degree(1)	Graduate or Professional Degree
2004	85,956	38.1	31,944	2.69	\$36,000	\$ 96,840	\$ 3,094	3.2	67	50	22
2005	86,740	38.1	32,281	2.69	36,000	96,840	3,123	4.7	67	50	22
2006	87,159	38.1	32,431	2.69	36,000	96,840	3,138	4.9	67	50	22
2007	87,594	38.1	32,596	2.69	36,000	96,840	3,153	4.8	67	50	22
2008	87,956	38.1	32,802	2.69	36,000	96,840	3,166	5.6	67	50	22
2009	81,490	38.1	33,368	2.69	42,000	112,980	3,423	9.4	67	50	22
2010	81,235	38.1	30,723	2.69	42,000	112,980	3,412	11.9	67	50	22
2011	80,980	41.8	32,907	2.63	41,200	108,356	3,336	9.5	73	57	27
2012	82,071	41.8	32,998	2.61 (4)	41,200	107,532	3,381	7.7	73	57	27
2013	82,853	41.8	33,063	2.61 (4)	41,200	107,532	3,414	7.9	73	57	27

Source:

- (1) U.S. Census - American Community Survey
- (2) U.S. Department of Commerce, Bureau of Labor Statistics
- (3) Troy School District
- (4) Southeast Michigan Council of Governments (SEMCOG)

\* Information not available.

\*\* Change in the calculation method.

CITY OF TROY, MICHIGAN

Principal Employers by Industry  
Current and Previous Four Years

Industry	2009			2010			2011			2012			2013		
	Number of Parcels	Rank	Percent of Total Parcels												
Industrial, Light Manufacturing	676	1	41.83%	630	1	38.99%	630	1	38.82%	643	1	39.62%	643	1	39.62%
Office	267	2	16.52%	268	2	16.58%	262	2	16.14%	261	2	16.08%	261	2	16.08%
Retail Store (Mall, Plaza, Market, Whse, Discount)	149	3	9.22%	128	3	7.92%	149	3	9.18%	150	3	9.24%	150	3	9.24%
Medical Office	85	4	5.26%	80	4	4.95%	85	4	5.24%	85	4	5.24%	85	4	5.24%
Engineering	78	5	4.83%	76	5	4.70%	79	5	4.87%	66	7	4.07%	66	7	4.07%
Restaurant & Fast Food	66	6	4.08%	66	6	4.08%	66	6	4.07%	66	7	4.07%	66	7	4.07%
Apartments	64	7	3.96%	62	7	3.84%	66	6	4.07%	67	6	4.13%	67	6	4.13%
Service (Station, Garage, Booth, Convenience)	47	8	2.91%	56	9	3.47%	51	8	3.14%	58	8	3.57%	58	8	3.57%
Loft (Multi Tenant Industrial)	44	9	2.72%	42	11	2.60%	41	9	2.53%	41	10	2.53%	41	10	2.53%
Bank	29	10	1.79%	28	12	1.73%	29	10	1.79%	30	11	1.85%	30	11	1.85%
Auto Dealership	17	11	1.05%	17	13	1.05%	17	11	1.05%	17	12	1.05%	17	12	1.05%
Warehouse (Storage, Distribution, Transit)	17	12	1.05%	55	10	3.40%	56	7	3.45%	57	9	3.51%	57	9	3.51%
All other	77	13	4.78%	74	8	4.58%	85	4	5.24%	82	5	5.05%	82	5	5.05%
Total commercial/industrial parcels	<u>1,616</u>		<u>100.00%</u>	<u>1,582</u>		<u>97.90%</u>	<u>1,616</u>		<u>99.57%</u>	<u>1,623</u>		<u>100.00%</u>	<u>1,623</u>		<u>100.00%</u>

# CITY OF TROY, MICHIGAN

## Operation Indicators by Function/Program Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b><u>Building Inspection</u></b>										
Permits issued	2,110	2,136	1,927	1,696	1,588	1,251	1,185	940	1,699	2,006
Plans reviewed	1,200	1,716	1,600	1,059	920	685	719	908	1,842	2,023
<b><u>Executive Administration</u></b>										
City Manager's Office										
GFOA awards/submittals	3	3	3	3	3	3	3	2	2	3
City Attorney's Office										
District court appearances	6,484	6,425	6,531	6,368	6,706	6,840	6,091	6,492	6,612	7,884
<b><u>Engineering</u></b>										
Engineering										
Soil erosion inspections	2,500	2,983	4,570	4,001	1,422	1,626	979	863	772	628
Machine traffic counts	140	128	125	136	136	146	125	93	68	52
<b><u>Finance</u></b>										
Accounting/Risk Management										
Payroll checks processed	23,250	23,851	23,800	24,116	27,717	27,346	23,147	22,891	23,091	24,073
Invoices issued	120	1,651	1,800	2,200	2,000	3,597	8,354	9,649	10,027	10,033
Liability claims processed	161	139	129	114	143	140	85	84	57	53
Insurance certificates approved	400	357	350	386	379	370	364	331	328	348
Assessing										
Residential appraisals	1,200	1,200	1,600	1,500	1,273	1,439	863	750	500	642
Reinspections	1,500	1,500	1,250	1,000	800	1,000	600	500	500	892
City Clerk's Office										
Dog licenses issued (1)	5,020	2,330	1,690	2,043	1,870	2,250	2,573	1,843 <sup>A</sup>	(A)	576
Registered voters	54,122	54,188	53,792	54,355	56,774	55,989	56,572	55,301	57,470	58,318
Human Resources										
Applications processed	1,248	1,156	1,500	1,117	1,762	1,015	365	110	1,566	778
Job postings	50	44	50	45	39	37	10	11	30	26
Labor contracts settled	1	1	4	0	1	1	1	6	0	0

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b><u>Finance (continued)</u></b>										
Purchasing										
Value of goods/services purchased	\$29.0 mil	\$26.3 mil	\$29.0 mil	\$30.4 mil	\$29.6 mil	\$33.8 mil	\$31.7 mil	\$33.3 mil	\$34.2 mil	\$34.6 mil
% of awards without dispute	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
City Treasurer's Office										
Tax bills processed	64,000	65,480	66,220	65,740	66,907	65,798	65,770	65,687	65,900	66,000
Water bills processed	N/A	104,771	106,369	102,000	104,784	104,777	104,807	99,566	101,055	102,272
Community Affairs										
New resident packets distributed	760	775	775	950	830	855	910	943	912	803
Press releases sent	340	412	440	450	465	475	482	487	474	479
<sup>A</sup> Data through April 2011 at which time Oakland County assumed animal control responsibility										
<b><u>Fire</u></b>										
Fire Department responses	1,358	1,188	1,475	1,338	1,154	889	853	1,022	1,090	1,006
Inspections performed	2,000	2,196	2,000	2,210	2,440	2,768	2,543	2,347	2,013	3,154
<b><u>Other General Government</u></b>										
Building Operations										
Requests for service	11,472	14,472	16,750	18,900	19,200	18,922	17,280	16,801	12,500	18,550
Planning										
Site plan reviews	18	19	21	14	21	9	14	13	8	9
Special use requests	7	6	10	22	13	15	9	8	7	12
<b><u>Parks &amp; Recreation</u></b>										
ROW trees trimmed	1,000	1,000	1,160	3,215	1,968	2,894	3,168	2,457	2,262	3,508
Nature Center program attendance	4,090	4,995	4,765	4,890	5,089	5,400	5,658	4,150	5,078	omit
<b><u>Police</u></b>										
Part 1 Crimes	1,979	2,044	2,088	1,890	2,021	1,944	1,837	1,842	1,865	1,670
Operate while impaired	431	453	448	520	503	477	396	464	399	506

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Works</b>										
Streets & Drains Division										
Requests for service	1,100	1,293	744	860	1,602	1,258	1,004	1,188	1,149	1,370
Traffic signs repaired/replaced	1,800	1,650	1,680	1,250	1,123	1,046	1,230	1,042	(B)	not traced
Water & Sewer Division										
Requests for service	2,650	2,650	2,637	2,244	2,147	2,844	2,902	3,379	3,366	4,217
Sanitary sewers cleaned in feet	1,670,000	1,670,000	2,067,000	1,610,795	2,100,000	2,100,000	1,785,000	1,307,000	2,100,000	1,300,000
Fleet Maintenance										
Work orders	4,000	4,137	4,050	4,072	4,000	3,848	3,507	3,217	2,839	2,037
Vehicle tires replaced	400	791	600	648	594	604	608	520	566	464
Refuse/Resource Recovery										
Tons of refuse collected	54,000	48,308	54,500	44,637	35,313	32,951	27,412	27,230	29,816	26,655
Tons of compost collected	6,500	7,804	9,984	7,917	10,753	10,620	12,313	9,690	10,689	8,786
<b>Information Technology</b>										
Help desk requests	1,400	1,620	1,800	2,062	2,136	2,075	2,392	2,498	2,485	2,333
<b>Golf Course</b>										
Sylvan Glen rounds of golf	55,560	51,060	50,820	45,032	42,451	43,892	41,719	40,852	47,293	42,655
Sanctuary Lake rounds of golf	4,010	18,463	25,833	23,729	23,664	24,710	24,757	27,236	33,485	30,301
<b>Aquatic Center</b>										
Admissions	48,000	55,348	50,240	54,519	53,521	48,146	47,738	51,000	54,260	47,940

(B) Data no longer maintained

# CITY OF TROY, MICHIGAN

## Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Fire</u>										
Stations	6	6	6	6	6	6	6	6	6	6
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
<u>Streets</u>										
Miles of improved	371	410	423	437	443	443	443	443	435	405
Miles of unimproved	7	5	5	5	4	4	4	4	4	4
<u>Sewers</u>										
Miles of combination storm/sanitary	10	10	10	10	10	10	10	10	10	10
Miles of sanitary	385	386	384	386	395	397	398	398	391	392
Miles of storm	397	488	510	542	543	545	545	545	589	625
<u>Street Lights</u>										
Detroit Edison owned poles	577	577	564	564	582	582	580	562	561	562
City owned poles	1,707	1,707	1,558	1,558	956	956	956	997	1,242	539
<u>Water</u>										
Annual distribution in million cubic feet	643	595	663	614	561	494	449	485	530	539
Miles of watermains	544	547	536	538	539	540	540	540	537	539
Number of hydrants	5,561	5,610	5,759	5,782	5,830	5,850	5,854	5,870	5,863	5,897
<u>Parks and Recreation</u>										
Number of developed parks	14	14	14	14	14	14	14	14	14	15
Acres of public parks	735	735	735	880	880	1,000	1,000	1,000	1,000	1,000
Number of tennis courts	18	18	18	18	18	18	18	18	18	18
Outdoor education center/farm	1	1	1	1	1	1	1	1	1	1
18-hole golf course	2	2	2	2	2	2	2	2	2	2
Community center	1	1	1	1	1	1	1	1	1	1
Aquatic center	1	1	1	1	1	1	1	1	1	1

# CITY OF TROY, MICHIGAN

## Building Construction

Last Ten Fiscal Years

2003 - 2004	2,110	permits	\$ 140,823,926	estimated value
2004 - 2005	2,136	permits	143,697,564	estimated value
2005 - 2006	1,927	permits	114,459,317	estimated value
2006 - 2007	1,696	permits	113,160,162	estimated value
2007 - 2008	1,588	permits	103,420,413	estimated value
2008 - 2009	1,251	permits	99,128,945	estimated value
2009 - 2010	1,185	permits	56,329,455	estimated value
2010 - 2011	940	permits	81,414,322	estimated value
2011 - 2012	1,699	permits	98,609,054	estimated value
2012 - 2013	2,006	permits	146,556,961	estimated value

# CITY OF TROY, MICHIGAN

## Full and Part-Time City Government Employees By Function/Program Last Ten Fiscal Years

Function/Program	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	Full Time	Part Time																		
<b><u>Building Inspection</u></b>																				
Building Inspection	22	-	22	-	21	2	21	2	21	2	21	2	17	2	-	-	-	-	-	-
<b><u>Executive Administration</u></b>																				
City Manager's Office	6	-	6	-	6	-	5	-	5	-	5	-	5	-	4	4	7	6	7	5
City Attorney's Office	8	1	8	1	8	1	8	1	8	1	8	1	8	1	6	1	7	1	7	1
City Clerk's Office	7	2	6	2	6	2	6	2	6	2	6	2	5	2	3	2	4	2	4	2
Human Resources	4	1	4	1	4	1	4	1	4	1	4	1	4	1	2	1	2	1	3	1
Community Affairs	3	3	3	9	3	6	3	6	3	6	3	6	1	6	-	-	-	-	-	-
<b><u>Engineering</u></b>																				
Engineering	23	7	23	7	23	6	23	6	22	6	21	6	16	5	12	3	10	4	11	3
<b><u>Finance</u></b>																				
Accounting/Risk Management	11	-	11	-	11	-	11	-	11	-	11	-	10	-	4	1	4	3	6	1
Assessing	10	-	8	2	8	2	8	2	8	2	8	2	8	1	6	1	6	1	6	1
Purchasing	3	1	3	1	3	1	3	1	3	1	3	1	3	1	2	-	-	1	2	1
City Treasurer's Office	5	-	5	-	5	-	5	-	5	-	4	-	4	-	3	-	4	-	3	1
<b><u>Fire</u></b>																				
Fire	14	2	14	2	14	2	14	2	14	2	13	2	13	2	10	6	11	6	11	6
<b><u>Library/Museum</u></b>																				
Library	20	86	20	88	20	88	17	98	16	98	16	96	15	93	5	61	6	68	5	71
Museum	3	5	2	9	2	9	2	9	2	9	2	9	2	9	-	-	-	-	-	-

Continued.....

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		
	Full Time	Part Time																			
(continued)																					
<b><u>Other General Government</u></b>																					
Real Estate & Development	5	1	5	1	5	1	4	1	4	-	4	-	4	-	-	-	-	-	-	-	-
Building Operations	12	2	12	2	12	2	12	2	12	2	12	2	11	2	6	-	6	3	7	3	
Planning	5	-	5	-	5	-	5	-	5	-	5	-	3	-	4	2	4	2	4	2	
<b><u>Police</u></b>																					
Police	194	13	194	13	194	13	193	14	192	18	192	18	188	18	153	22	140	32	140	35	
<b><u>Parks &amp; Recreation</u></b>																					
Parks & Recreation	35	128	35	128	35	128	34	212	34	206	32	206	32	181	15	155	12	190	11	182	
<b><u>Public Works</u></b>																					
Streets & Drains Division	35	19	35	19	33	18	32	18	32	18	32	18	29	18	25	2	21	11	21	8	
Water & Sewer Division	35	6	35	6	35	6	34	7	34	7	34	7	34	7	31	-	31	6	31	6	
Fleet Maintenance	18	2	18	2	18	2	18	2	18	2	18	2	18	2	11	2	11	4	14	3	
Refuse/Resource Recovery	2	1	2	1	2	1	2	1	2	1	2	1	2	1	1	-	1	-	1	-	
<b><u>Information Technology</u></b>																					
Information technology	9	-	9	-	9	-	9	-	9	-	9	2	9	2	8	1	8	1	8	1	
<b><u>Golf Course</u></b>																					
Golf course	3	36	5	54	5	72	5	72	5	71	5	71	5	54	-	-	-	-	-	-	
<b><u>Aquatic Center</u></b>																					
Aquatic center	-	74	-	74	-	74	-	74	-	74	-	88	-	88	-	50	-	37	-	45	
<b><u>Total Employees</u></b>	<u>491</u>	<u>390</u>	<u>488</u>	<u>422</u>	<u>485</u>	<u>437</u>	<u>476</u>	<u>533</u>	<u>472</u>	<u>529</u>	<u>467</u>	<u>543</u>	<u>443</u>	<u>496</u>	<u>310</u>	<u>314</u>	<u>294</u>	<u>379</u>	<u>301</u>	<u>378</u>	

# CITY OF TROY, MICHIGAN

## State Shared Revenues

Last Ten Fiscal Years

Fiscal Year Ended June 30	State Shared Revenue
2004	\$ 7,101,729
2005	6,906,372
2006	6,844,167
2007	6,635,508
2008	6,633,938
2009	6,313,999
2010	5,615,666
2011	5,615,666
2012	6,136,066
2013	6,279,381

## Gas and Weight Taxes

Last Ten Fiscal Years

Fiscal Year Ended June 30	Type of Street		Total Gas and Weight Tax (Act 51) Receipts
	Major Road	Local Road	
2004	\$ 3,751,867	\$ 1,502,521	\$ 5,254,388
2005	3,647,503	1,448,852	5,096,355
2006	3,628,794	1,429,411	5,058,205
2007	3,587,980	1,416,986	5,004,966
2008	3,529,518	1,393,834	4,923,352
2009	3,396,979	1,345,306	4,742,285
2010	3,337,309	1,321,874	4,659,183
2011	3,386,023	1,341,582	4,727,605
2012	3,572,892	1,402,776	4,975,668
2013	3,623,451	1,420,210	5,043,661

Source: City of Troy

# CITY OF TROY, MICHIGAN

## Labor Agreements

Name	Expiration Date	Number of Employees Covered
American Federation of State, County, and Municipal Employees, AFSCME - Public Works Employees	6/30/2016	58
Michigan Association of Police - Clerical, Police Services Aides	6/30/2015	39
Troy Command Officers Association - Command Police Officers	6/30/2014	21
Troy Police Officers Association - Police Officers	6/30/2015	74
Troy Firestaff Officers Association - Fire Career Professionals	6/30/2014	9
Troy Communication Supervisors Association - Civilian Communications Supervisors	6/30/2013	8

**SINGLE AUDIT**

INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133

November 27, 2013

To the Honorable Mayor and City Council  
City of Troy, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Troy, Michigan* (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated November 27, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



# CITY OF TROY, MICHIGAN

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Housing and Urban Development Community Development Block Grant	14.218	OAK	172170	<u>\$ 621,439</u>
U.S. Department of Justice JAG Grant 2010-DJ-BX-1570	16.607	Direct	N/A	<u>10,597</u>
U.S. Department of Transportation Highway Planning & Construction HH6088	20.205	MDOT	09-5747	4,907
Troy Multi Modal Transit Facility ARRA - Contract # 2011-0231, Project # 113143, Agenda: CAB	20.319	MDOT	20110276	<u>4,424,728</u>
Total U.S. Department of Transportation				<u>4,429,635</u>
U.S. Department of Homeland Security Assistance to Firefighters Grant Program	97.044	FEMA	EMW-2011-FO-05894	<u>12,146</u>
Total Expenditures of Federal Awards				<u><u>\$ 5,073,817</u></u>

See notes to schedule of expenditures of federal awards.

# CITY OF TROY, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of the City of Troy, Michigan (the “City”) under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City’s financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

### 3. PASS-THROUGH AGENCIES

The City receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
FEMA	Federal Emergency Management Agency
MDOT	Michigan Department of Transportation
OAK	County of Oakland, Michigan



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

November 27, 2013

To the Honorable Mayor and City Council  
City of Troy, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Troy, Michigan* (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 27, 2013.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

November 27, 2013

To the 'Honorable Mayor and City Council  
City of Troy, Michigan**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the *City of Troy, Michigan* (the "City") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

*Independent Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

*Opinion on Each Major Federal Program*

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### *Purpose of this Report*

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rehman Lohman LLC". The signature is written in a cursive, flowing style.

# CITY OF TROY, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

## CITY OF TROY, MICHIGAN

### Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

#### SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

#### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

# CITY OF TROY, MICHIGAN

## Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2013

None reported

■ ■ ■ ■ ■



# Code Officials Conference of Michigan

O-03a

P.O. Box 1101 Benton Harbor, MI. 49023

[www.cocm.org](http://www.cocm.org) 269-208-7779 [cocm1@yahoo.com](mailto:cocm1@yahoo.com)

**President**  
**Chris Fuchs**  
Building Inspector  
Benton Charter Township

November 4, 2013

**Vice President**  
**Martin Van Berlo**  
Building Official  
Emmet County

City of Troy  
c/o Steve Burns  
500 W Big Beaver  
Troy, MI 48084

**Secretary**  
**Michael Winkler**  
Building Official  
Holland Charter Township

Re: Paul Featherston, COCM Board

**Treasurer**  
**Jerry Jones**  
Building Official  
St. Joseph Charter Township

Dear Mr. Burns, Commissioners,

**1<sup>st</sup> Director**  
**Paul Featherston**  
Building Official  
City of Troy

I am pleased to inform you that Paul Featherston was elected by his peers as 1<sup>st</sup> Director in charge of planning the education for the Code Officials Conference of Michigan, during elections held recently in Crystal Mountain at the fall conference.

**2<sup>nd</sup> Director**  
**Robert Grostick**  
Building Official  
City of Milan

The Code Officials Conference of Michigan represents Code Professionals from throughout the State of Michigan, with a membership in excess of 400 individuals dedicated to assuring their communities a safe built environment.

**3<sup>th</sup> Director**  
**Tim Gardner**  
Building Inspector  
Sanilac County

A special appreciation is acknowledged to you and your community for allowing Paul's leadership and participation in this organization, as we seek to enhance the continued professionalism of members throughout the State of Michigan.

**4<sup>th</sup> Director**  
**Steven Sheldon**  
Building Inspector  
City of Norton Shores

Very Truly Yours,  
**Code Officials Conference of Michigan**

  
Chris Fuchs, CBO  
President

cc: City Manager Brian Kischnick; VP of Operations Matt Royer; 3755 Precision Dr.  
#140; Loveland, Colorado 80538



November 5, 2013

Sgt. Andy Breidenich  
 Community Services Section  
 City of Troy Police Department  
 500 West Big Beaver Road  
 Troy, MI 48084

Dear Sgt. Andy,

Thank you for hosting the November 4 meeting of the Troy-area Interfaith Group (TIG) at the Troy Fire and Police Training Center. We appreciate your hospitality, but more, we appreciate the ongoing interest and involvement of the Troy Police Department and of you personally in the important topics presented by TIG. Your contributions to the discussions were insightful and helpful. The opportunity to interact with department representatives on a personal level regarding matters of community concern is a terrific reflection of the fine integrity, character, and accessibility of our Troy Police Department.

Please keep TIG in mind as you work on topics of mutual interest. We offer our services in creating opportunities to bring together individuals and communities of diverse faiths, and to share information of common concern.

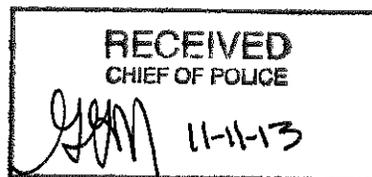
We hope you and your family, friends, and colleagues will be able to attend the November 24, 7:00 pm Community Thanksgiving Service at Bharatiya Temple, 6850 N. Adams Road. Certainly, we count you and the Troy Police Department one of our blessings for which we are thankful!

Sincerely,

*Brenda Balas*

Brenda Balas  
 Chair, Leadership Team  
 Troy-area Interfaith Group  
 pmbalas@sbcglobal.net

cc: Chief Gary G. Mayer



Sgt. Andy Breidenich -  
 THANK YOU FOR REPRESENTING  
 TROY PD WITH THE TROY-AREA INTERFAITH  
 GROUP.  
*Gary*

**Our Mission:**

*The Troy-area Interfaith Group exists to invite all faith communities to gather, grow and give for the sake of promoting the common values of love, peace and justice among all religions locally and globally. We believe that peace among peoples and nations requires peace among the religions.*

**Website:** <http://www.troyinterfaithgroup.org>

**Contact us:** [troy.interfaith@gmail.com](mailto:troy.interfaith@gmail.com)

O-36



2020 Valleydale Road, Suite 207A  
Hoover, Alabama 35244  
1.888.31NASRO  
[www.nasro.org](http://www.nasro.org)

3 November 2013

Mr. Gary Mayer, Chief of Police  
c/o Troy, Michigan, Police Department  
500 West Big Beaver Road  
Troy, Michigan 48084

Dear Chief Mayer,

Recently, I was honored to facilitate the National Association of School Resource Officers (NASRO) 40 Hour SRO Basic Training Course sponsored and hosted by your agency. Your agency was kind and generous in allowing us to use your outstanding training facility for this vital training for Officers working with, Michigan and Indiana youth.

All Troy Officers and staff were incredibly helpful, gracious and magnanimous. In particular, Sergeant George Zielinski, Officers Steve Zagacki, , Craig Fitzpatrick, Gail Jasak and Brian Jones went above and beyond in providing support and problem solving skills. As the Chief Executive of your organization you are indeed blessed to have such high quality people as members of your staff.

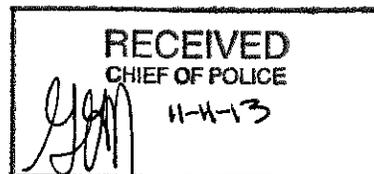
On behalf of NASRO I respectfully request that when you get a moment from your hectic schedule, please pass along to your staff our sincere gratitude for their unselfish, magnanimous and professional assistance in making it an incredibly successful class.

If there is anything that NASRO or I can do to assist you and your agency in any way, we implore you to contact us at your convenience.

Again, thank you so very much.

With all respect,

*Edward Bova*  
Edward Bova  
Senior Instructor  
National Association of School Resource Officers



SGT. GEORGE ZIELINSKI  
POLICE OFFICERS- STEVE ZAGACKI,  
CRAIG FITZPATRICK, GAIL JASAK AND  
BRIAN JONES-

THANK YOU ALL FOR YOUR  
WORK TO MAKE THIS IMPORTANT  
TRAINING HAPPEN.

**Safer School - Safer Kids Since 1991**

*Jay*  
O-3c

**From:** Renee Atkinson  
**Sent:** Tuesday, November 05, 2013 9:59 AM  
**To:** Gary G Mayer  
**Subject:** Thank you!!

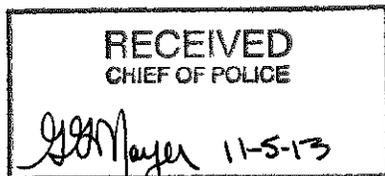
Dear Chief,

A thank you to your department for ensuring my road safety when my car ran out of gas this morning (first time in 20 years!), I felt safe and well-cared for—much appreciated!! With several family members in the Las Vegas force—I will be certain to relay the information!

*Renee Atkinson, MBA*



Molina Healthcare of Michigan  
Government Contracts Specialist  
Troy, MI



POLICE OFFICER RUSS BARROWS  
POLICE SERVICE AIDE STEVE YAILLANCOURT  
THANK YOU FOR PROVIDING THIS QUALITY  
SERVICE TO MS. ATKINSON.  
*G. Mayer*

Chief Gary Mayer  
City of Troy Police Department  
500 W. Big Beaver Rd.  
Troy, MI 48084

October, 21, 2013

Dear Chief Mayer,

Once again it is my extreme pleasure to take this opportunity to recognize Sgt. Andy Breidenich for his outstanding commitment and dedicated service to the citizens and business community in Troy.

I recently had the pleasure of inviting Sgt. Breidenich back to the Delphi Corporate offices and provide us his Workplace Violence / Active Shooter presentation. As you are aware, Andy was a guest speaker and presenter at Delphi back in June 2013 when we hosted a campus wide seminar on this same topic.

Last week, Andy presented this information to our entire Global Corporate Security Staff that was here in Troy for a week long security conference. Our team of security professionals from around the world, (Delphi has a presence in over 32 countries!), were not only entertained by Andy's tremendous presentation skills, but were also educated on this topic which truly has no international boundaries.

The feedback I received from my colleagues on Andy's skillful performance was exactly what I expected! He hit another home run at the Delphi "ballpark"!

Thank you again for allowing Delphi and my Global Security Staff the priceless opportunity to see, listen, and learn from such a respectful and valuable member of your TEAM!

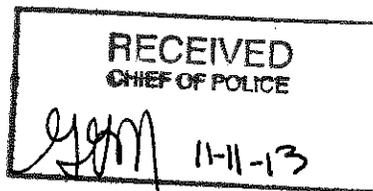
Sincerely,



**John D Reynolds**  
Sr. Operations Manager  
Delphi Corporate Security

**DELPHI**

5820 Delphi Drive  
M/C 480-405-232  
Troy, MI 48098-2815



Sgt. Andy Breidenich -  
THANK YOU FOR YOUR OUTSTANDING  
ABILITY TO PRESENT TO COMMUNITY  
GROUPS AND REPRESENT TROY PD  
SO WELL.

