O-02c

City of Troy

Popular Annual Financial Report

For the Year Ended June 30, 2014

Attract & Retain Quality Employees And Investigate Programs to Improve Morale

Find a Solution To The DDA Bond Issue

Improve Public Perception Of the City- Analyze Social Media Opportunitics To Connect

Support the Transit Center & Hold Promotional Events

Strengthen Police/Fire Consider Putting Police Officers Back In Schools

Redevelop Sites/ Office Space

Promote Troy Find a Way To Convince Youth to Stay In Troy

Evaluate Efficiencies Of Outsourcing Services And Consider Outsourcing Other Areas

Re - Evaluate Vision 2020

Improve Roads Examine Budget Allocation

Develop 3-Year Budget Projections

Increase Lines Of Communication With Troy Schools

500 W Big Beaver • Troy, MI 48084 • www.troymi.gov

Fast Facts

Residential Population:
83,270
(Southeast Michigan Council of Governments - SEMCOG)

Workday Population:
170,396
(Southeast Michigan Council of Governments - SEMCOG)

Businesses:
6,146
(City Assessor's Office)

Area:
34.3 square miles

Taxable Value:
$4.3 billion

Council/Manager Form of Government

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

Services

Basic community services are the highest priority. These include police and fire protection, refuse collection, water and wastewater collection, street maintenance, public improvements, planning, zoning, and administrative services. Troy's quality of life is also enhanced by recreation and leisure facilities including the Troy Public Library, Family Aquatic Center, Sylvan Glen and Sanctuary Lake Golf Courses, 1000 acres of parkland, and the Community Center.

Education

Top-rated school systems reinforce Troy's community strength and property values. Troy School District (TSD) serves the majority of households with an enrollment of 12,590. Six other school districts also serve Troy citizens: Avondale, Birmingham, Bloomfield Hills, Lamphere, Royal Oak and Warren Consolidated. Higher education is available through local institutions like Cornerstone College, the Michigan State Management Education Center, Walsh College, Chamberlain College of Nursing, nearby Baker College, Oakland Community College, Oakland University and Rochester College. Central Michigan University, Northwood University, Spring Arbor University and University of Michigan-Flint offer satellite courses in Troy.

Business Connection

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

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

Community Profile

Demographics

Year	Population	# of Households	Median Household Income	Median Age
2005	86,740	32,281	96,840	38.1
2006	87,159	32,431	96,840	38.1
2007	87,594	32,596	96,840	38.1
2008	87,956	32,802	96,840	38.1
2009	81,490	33,368	112,980	38.1
2010	81,235	30,723	112,980	38.1
2011	80,980	32,907	108,356	41.8
2012	82,071	32,998	107,532	41.8
2013	82,853	33,063	107,532	41.8
2014	83,270	33,182	108,176	41.8

Figure 1

GFOA Award for Outstanding Achievement

The Government Finance Officers Association of the United States of America and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Troy for its Popular Annual Financial Report for the fiscal year ended June 30, 2013. The award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

An award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Troy has received a Popular Award for the last 15 consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

City of Troy Economy

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

With 83,270 residents and the workday population exceeding 170,000, people constitute a strong market for the retail and service industries in Troy. These factors keep the City's unemployment rate below metro Detroit and state averages. See figure 4 to compare unemployment rates.

The state assessed value of $4.5 billion represents approx. 50% of the estimated current market value. Beginning in 1994, the concept of taxable value was introduced and limited the increase of value from increases realized in the market to the lower of 5% or the rate of inflation (before the consideration of new construction). Taxes are computed by multiplying the taxable value by the millage rate per thousand.

Fiscal 2014 Millage Rates

Rochester Hills*	9.7060	1
Novi	10.20	2
Bloomfield Hills	10.24	3
Troy	10.52	4
Auburn Hills	10.5602	5
Rochester	12.4304	6
Sterling Heights	12.6858	7
Farmington Hills	13.9364	8
Birmingham	15.0735	9
Royal Oak	15.1652	10
Ann Arbor	16.4501	11
Farmington	16.5856	12
Northville	16.7447	13
Pontiac**	17.0011	14
Berkley	17.5074	15
Pleasant Ridge	18.4928	16
Clarkston	18.5606	17
Madison Heights	22.925	18
Hazel Park	24.2584	19
Southfield	24.5011	20
Clawson	25.6558	21
Huntington Woods	26.8265	22
Ferndale	31.0883	23
Detroit**	33.5779	24
Oak Park	36.8734	25

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

** Also imposes income tax

Figure 2

The community's taxable value was $4.3 billion (B) for fiscal 2014. This compares with fiscal 2013 values and indicates a leveling trend of the significant declines incurred from the 2008 great recession. As a point of reference, the fiscal 2008 taxable value was $5.5 billion. (See figure 3)

Assessed vs. Taxable Value

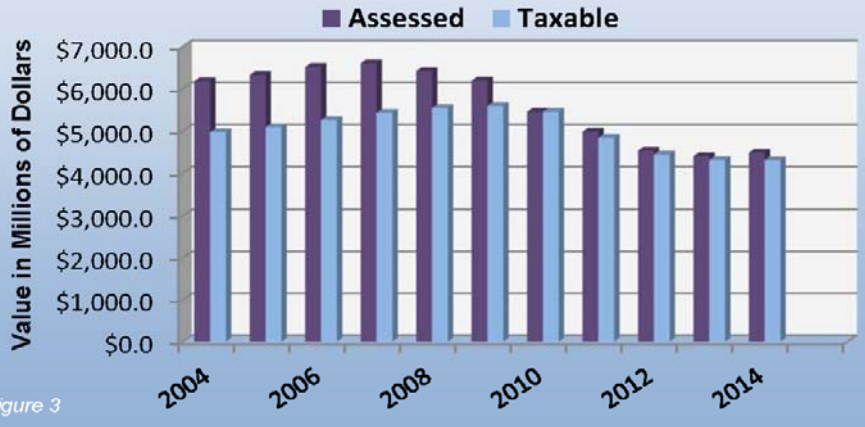


Figure 3

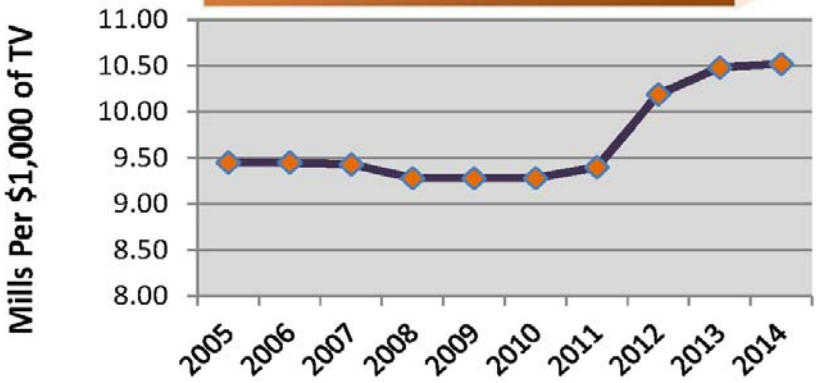
Unemployment Rates

Year	1990	2000	2010	2014
Troy	3.5%	1.6%	11.9%	5.9%
Metro Area*	7.6%	4.3%	15.2%	7.1%
Michigan	7.6%	3.6%	14.0%	6.7%
National	5.5%	4.0%	9.7%	6.3%

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

Figure 4

Millage Rate



(Voter approved Library Millage 2012)

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

Figure 6 shows the total revenue and expenditures of this fund from 2005 to 2014. Declines in revenue are due to reductions in the taxable value of property. Accordingly, the City has made significant reductions in expenditures primarily through position realignment and employee wage/benefit concessions to parallel services in line with the decline in revenues. An indicator of financial strength and stability is a positive fund balance in the General Fund. Since 2005, the General Fund fund balance had grown from $23.8 to $37.6 million. In 2007, 2008 and 2009 expenditures in excess of revenues and other sources were covered by the Fund Balance.

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

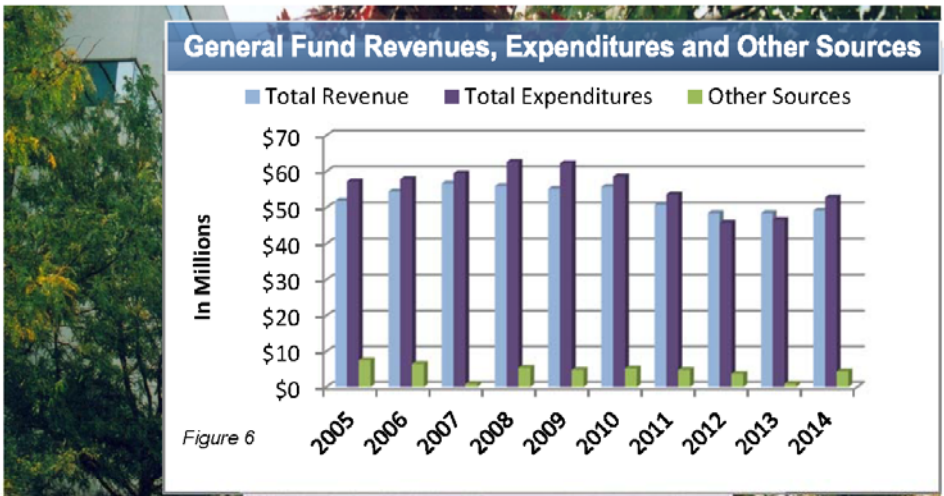


Figure 6

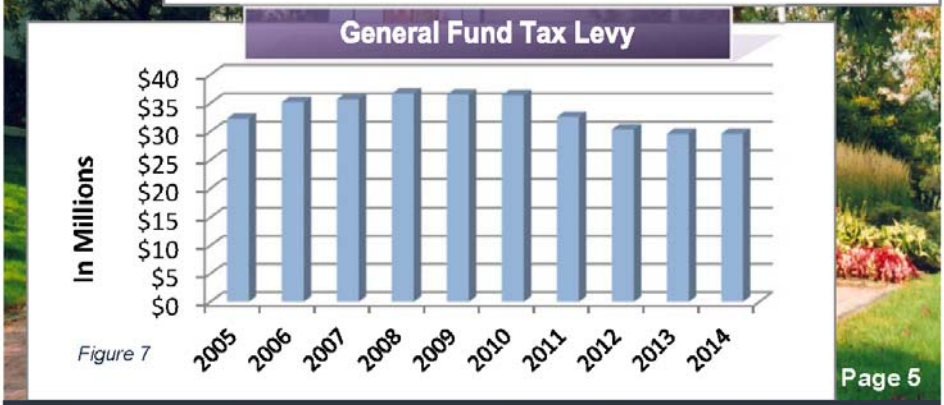


Figure 7

Evaluating the City's Financial Condition

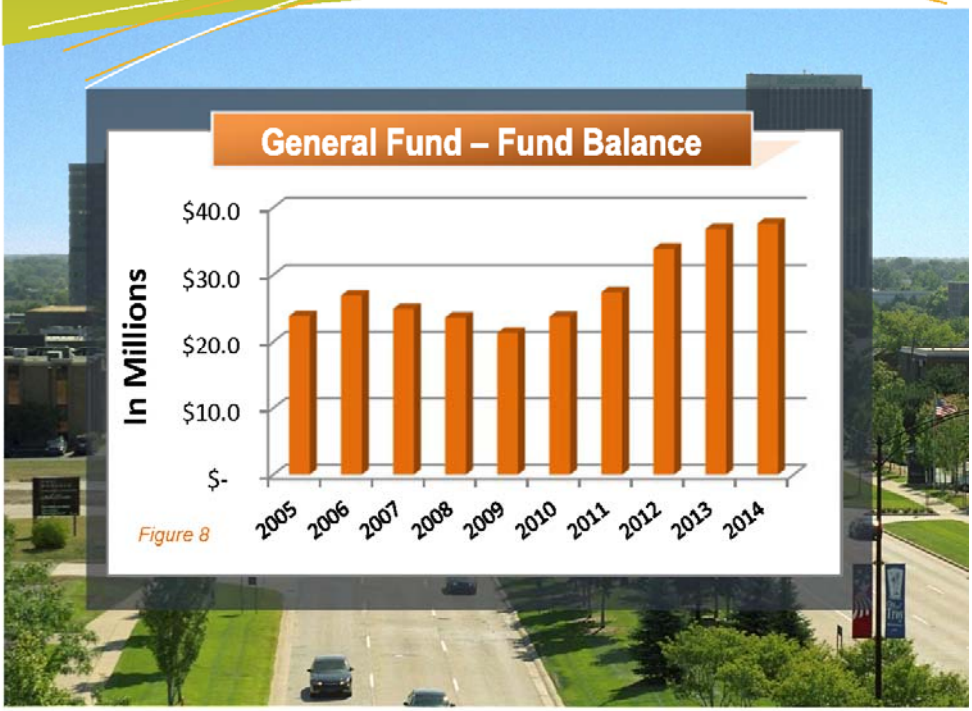


Figure 8

2014 Revenues and Expenditures (Millions)

	2007	2008	2009	2010	2011	2012	2013	2014
Revenues	$56.7	$56.0	$55.2	$55.8	$50.8	$48.5	$48.5	$49.2
Expenditures	(59.5)	(62.7)	(62.3)	(58.6)	(53.7)	(45.8)	(46.6)	(52.8)
Other Sources	0.8	5.4	4.8	5.2	4.8	3.7	1	4.4
Net Change	(2.0)	(1.3)	(2.3)	2.4	1.9	6.4	2.9	0.8
Beg. Equity	26.9	24.9	23.6	21.3	25.6*	27.5	33.9	36.8
End Equity	$24.9	$23.6	$21.3	$23.7	$27.5	$33.9	$36.8	$37.6
% of expenditures	41.85	37.64	34.19	40.44	51.21	74.02	78.97	71.21

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

General Fund Revenues

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

Property Taxes: $29.6 Million
The City's total tax rate of 10.52 mills includes the General Fund, Refuse Collection, Library Services, Debt Service and Capital Projects activities. The General Fund tax levy is 6.50 mills of the 10.52 mills.

As indicated in figure 11, the City's tax rate represents just 28% of the total property tax bill for all taxing jurisdictions. Those tax dollars represent over half of the City's total revenue as illustrated in Figure 10.

Licenses and Permits: $2.4 Million
Are mainly made up of building permits and trade licenses and permits.

Intergovernmental Sources: $6.5 Million
This revenue is mainly in the form of a return on sales tax dollars from the State of Michigan.

Charges for Services: $7.8 Million
Fees charged for services and sales.

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

Fines: Forfeitures: $0.9 Million
Primarily from court ordered penalties and forfeitures.

Miscellaneous Revenue: $2.0 Million
Generated primarily by administrative fees and rent income.

Where the City Gets its Revenue

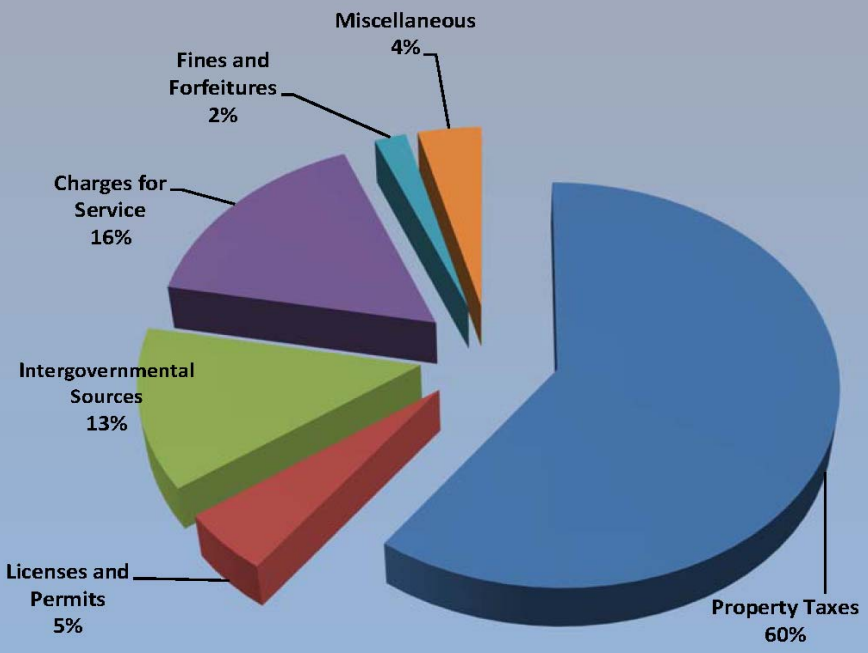


Figure 10

Where Does Your Tax Dollar Go?

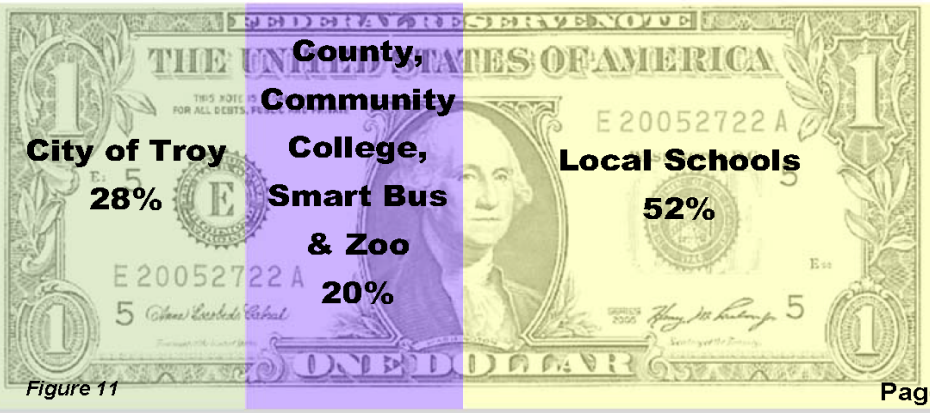


Figure 11

General Fund Expenditures

General Government: $6.6 Million
The General Government group of expenditures is broken down into the following areas: City Council, City Manager, City Attorney, City Assessor, City Clerk, Elections, Accounting, Human Resources, Purchasing, Treasurer, Community Affairs, Economic & Community Development, City Hall and services.

Public Safety: $28.0 Million
Police, Fire Protection and Building Inspection.

Public Works: $5.7 Million
Maintenance costs for major, local and county roads, storm drains and retention ponds.

Community Development: $2.8 Million
Includes cost for the Planning and Engineering Departments.

Recreation & Culture: $6.1 Million
Costs to provide Parks, Recreation activities, Historic Village and Nature Center programs.

Transfers: $3.6 Million
Includes transfers to Capital projects to fund major capital initiatives such as "Troy Roads Rock."

Expenditures

General Fund Expenditures

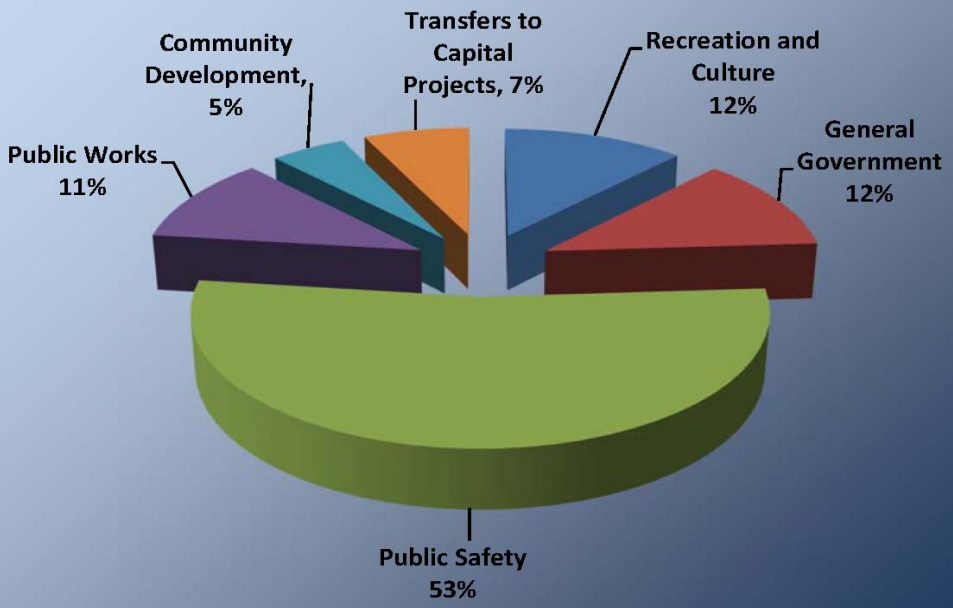


Figure 12

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

Other Funds Used to Manage City Dollars

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

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

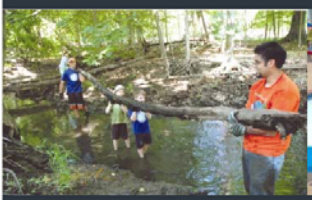
Debt Service Funds account for the accumulation of resources for the annual payment of principal, interest and fees in connection with certain long-term debt other than debt of proprietary fund types.

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

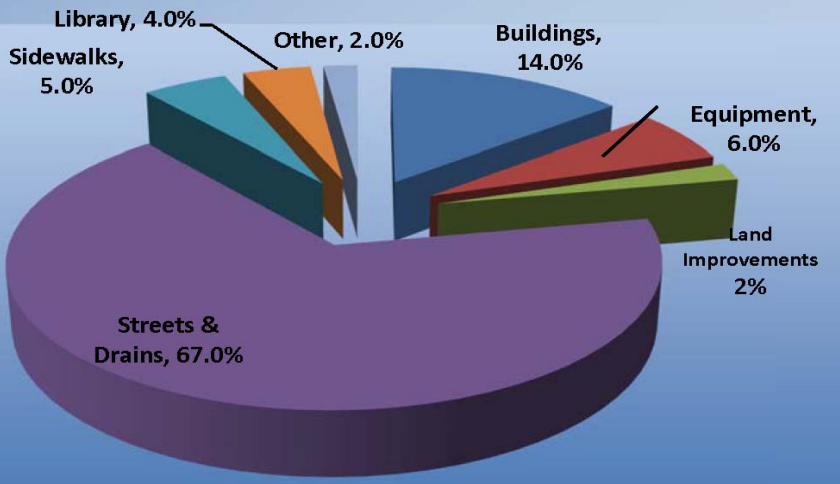
Enterprise Funds like Water, Sanitary Sewer, Aquatic Center and Golf Course Funds are used to account for operations that are similar to private business. The concept includes user fees that are designed to pay for the services provided.

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

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



Capital Expenditures



Capital expenditures are disbursements that result in the acquisition of, or addition to capital assets.

Figure 13

Streets & Drains: $9.4 million

Street expenditures consisted of improvements to major streets $6.3 million, local streets $0.9 million and drains $2.2 million.

Buildings: $1.9 Million

Building expenditures consisted of additions/improvements to transit center $1.8 million, various other projects $0.1 million.

Equipment: $0.9 Million

Various $0.3 million and fire $0.6 million.

Sidewalks: $0.7 Million

Land Improvements: $0.2 Million

Municipal/Parking Lots $0.2 million

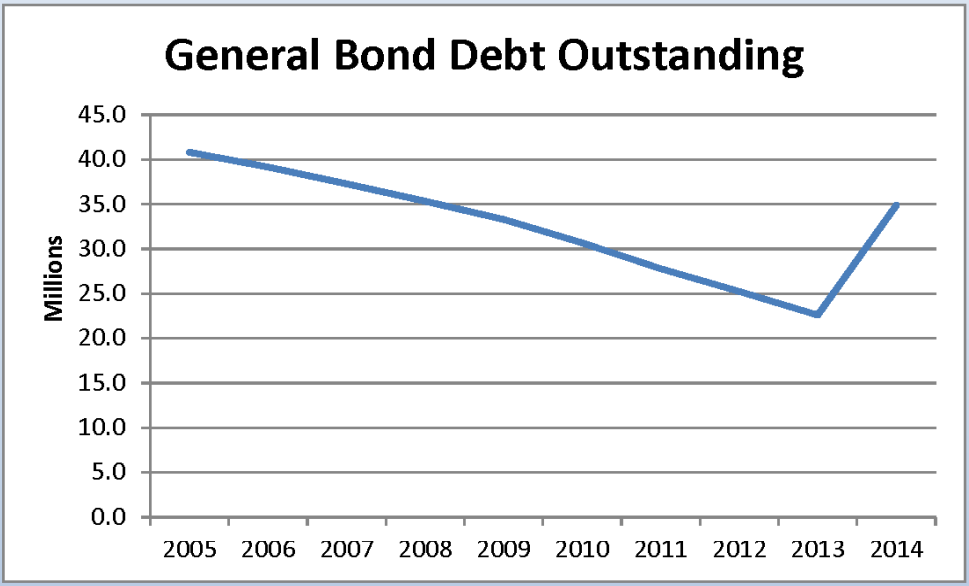
Library $0.6 Million

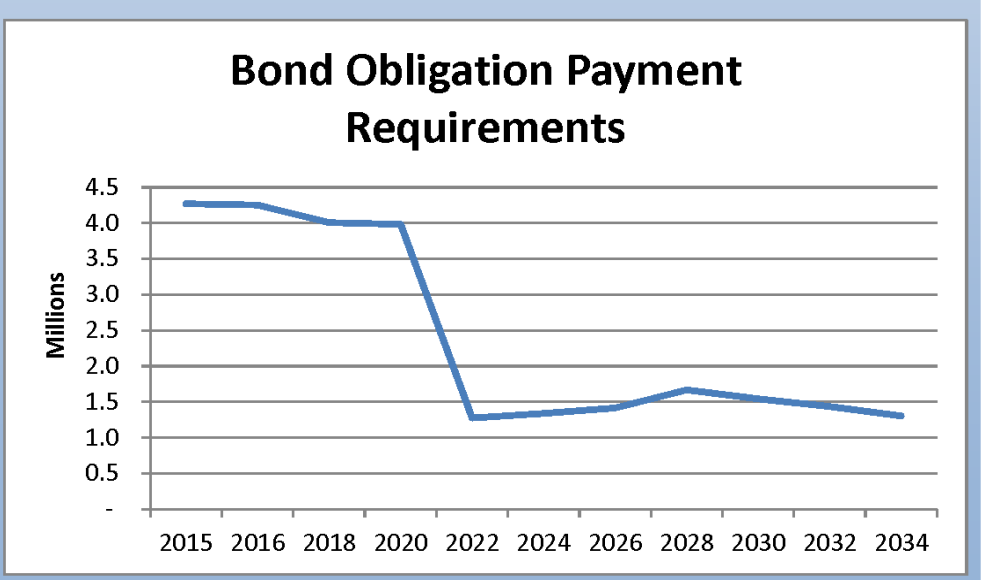
Library books/ audio visual $0.6 million

Other $0.3 Million

Debt Service $0.3 million

General Bond Debt and Obligation





Performance Data

Building Permits and Construction

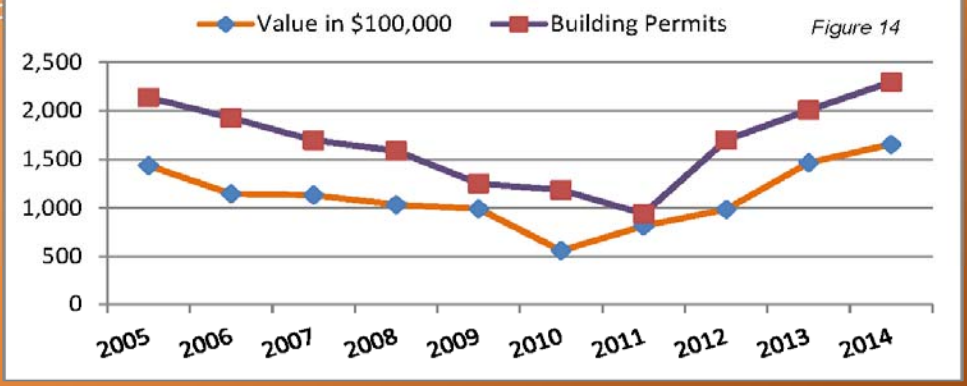


Figure 14

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

Traffic Citations

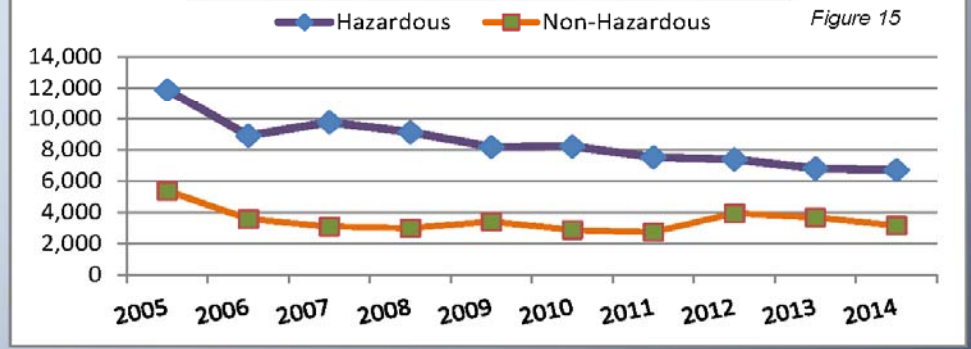


Figure 15

Above and beyond Troy's 82,000 residents, a large commuting population that travels our roadways puts a heavy responsibility on Troy Police Road Patrol.

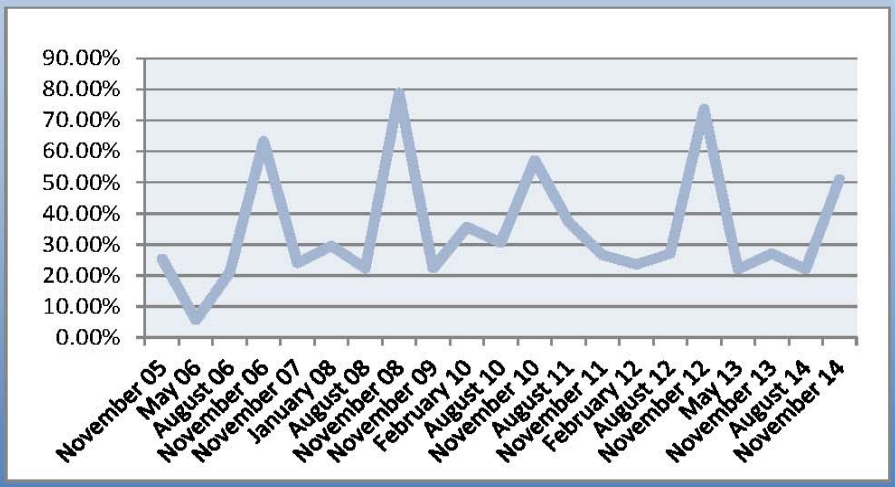
Hazardous Citations are issued for violations that could cause an accident, like speeding. Non-hazardous traffic citations are for minor violations that break ordinances, but do not generally put property or person at risk of damage or injury, for example, out-of-date registration.

Operation Indicators by Function/Program

Executive Administrative	2013	2014
GFOA Awards	3	3
District Court Appearances	7,884	7,871
New Resident Packets Distributed	803	790
Registered Voters	58,318	56,630
Job Applications Processed	778	1,274
Finance		
Residential Appraisals	642	518
Tax Bills Processed	66,000	66,200
Water Bills Processed	102,272	102,510
Value of goods/services purchased	$35 mil	$34 mil
Fire Department		
Responses	1,006	1,165
Inspections	3,154	2,988
Parks & Recreation		
ROW Trees Trimmed	3,508	3,300
Recreation Programs Offered	466	480
Public Works		
Requests for Service	1,370	1,774

Figure 16

Voter Turnout



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

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

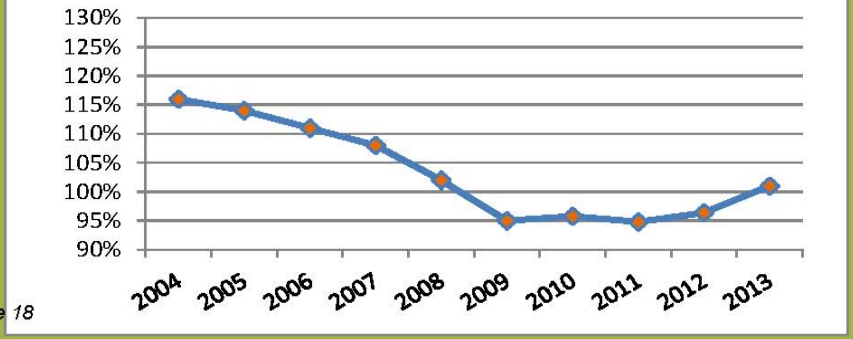
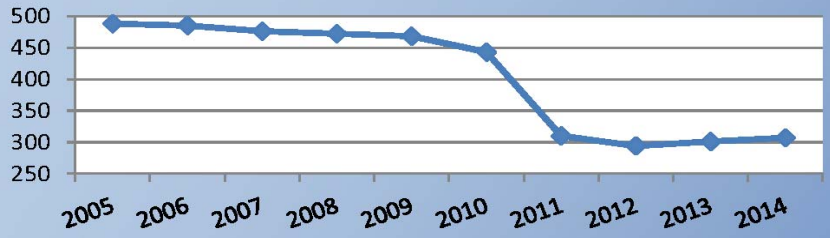


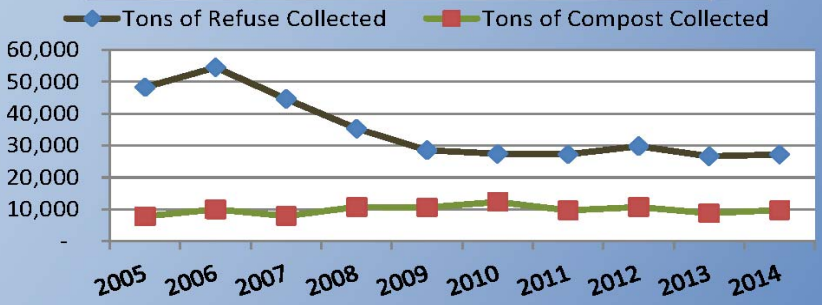
Figure 18

The above chart expresses the actuarial value of assets as a percentage of the actuarial accrued liability, which provides one indication of the system's funded status on an ongoing concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. The last actuarial valuation was as of 12/31/2013.

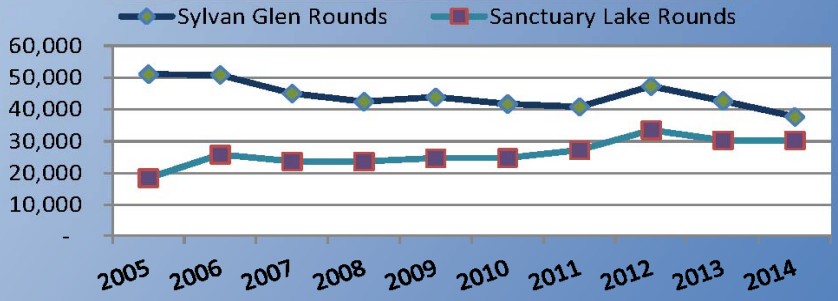
City Full-Time Staffing



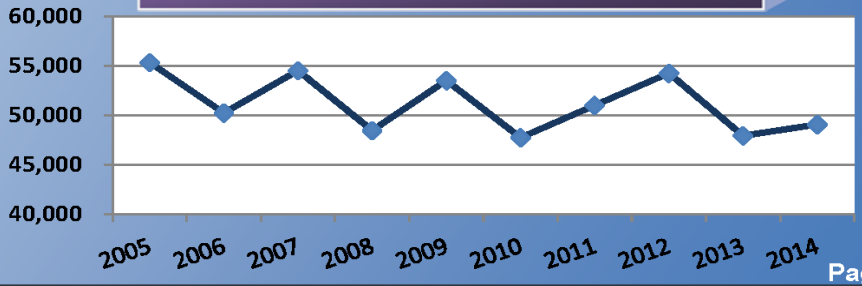
Refuse/Resource Recovery



Golf Course



Aquatic Center Admissions



Community Affairs Economic Development

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

City of Troy website

www.troymi.gov

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

What's online at www.troymi.gov?

- Online Payments
- Check your Property Tax Bill
- Check your Water Bill Statements
- Current Bid Items Posted by the Purchasing Department
- City Job Postings
- Community Calendar
- Youtube Channel with City Meetings & Troy Programming
- Webcast of live Council Meetings
- City Council Agendas & Minutes
- Building Permit Applications
- Business License Application Forms
- GIS Mapping Tool
- Zoning Ordinance, Master Plan
- New Business Checklist
- Troy Today, annual Budget, City Publications, and News Releases
- Construction Projects & Maps
- City Code and Charter
- Email access to City Administrators
- Economic Development Tools
- Dashboard – Measuring Troy's Performance
- Open Troy – Check Registers, Contracts, Salaries/Benefits, and Union Agreements

Comprehensive Annual Financial Report (CAFR)

The information in this document has been drawn from selected segments of the City of Troy Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. Complete financial statements of the City of Troy with additional demographic and economic information are published in the CAFR.

The City was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its CAFR for the fiscal year ended June 30, 2013. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

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

City Awards and Accolades

City Awards and Accolades

Safest City – The CQ Press City Crime Rankings for 2013, places Troy as the Safest Michigan City across all population sizes and 35th overall Safest City in the US.

Top 10 Cities for Families – In 2013, Family Circle Magazine named Troy as one of the top ten cities for families in the nation. Troy is the only city in Michigan to be listed in the top ten.

Best Place To Live in Michigan – In 2012 Money Magazine named Troy to their Best Places to Live List – Number One in Michigan and among the top 100 small cities in America.

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

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

Leader in Sustainability – In 2013, Troy received SEMCOG's Sustainable Community Recognition Program Award.

Financing Your Future – In 2013, Troy Public Library received the ALA/FINRA "Smart investing@your library" grant to help teach teens and their parents how to build financial literacy skills for a lifetime.

Elite Fleet Award 2013 was awarded to Troy's Fleet Maintenance Division. The elite fleets are the best of the best and only one fleet per year is added to the ranks of elite fleets. This prestigious award is given to the #1 fleet winners from the previous 4 years as long as they are still meeting the highest standards in fleet.

The City of Troy's Fleet Maintenance Division once again met the Blue Seal of Excellence Recognition Program standards established by the National Institute for Automotive Service Excellence (ASE). The City of Troy's Fleet Division is the only municipality in the State of Michigan that met the criteria to be recognized in the Blue Seal Recognition Program.

Troy was named Tree City for the 22nd year by the Arbor Day Foundation to honor its commitment to community forestry.