C-02

CITY OF TROY

Comprehensive Annual Financial Report

For the year ended June 30, 2015

grow through community | lead through action

Troy MICHIGAN

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

We strive to lead by example within the region.

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

We believe in doing government the best.

City of Troy, Michigan

Year Ended
June 30, 2015

Comprehensive Annual Financial Report

City Council

Mayor	**Dane Slater**
Mayor Pro Tem	**Jim Campbell**
Council Members	**Dave Henderson**
	Doug Tietz
	Ed Pennington
	Ellen Hodorek
	Steve Gottlieb

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

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CITY OF TROY, MICHIGAN

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INTRODUCTORY SECTION

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500 W. Big Beaver
Troy, MI 48084
(248) 524-3300

December 3, 2015

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, 2015 is hereby submitted. The report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2014/15 and the financial condition of the various funds as of fiscal year end. This report was prepared by a team comprised of executive members, financial staff and department leaders of the City. 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 metro area, state and national average.

	June 2015
Troy	4.4%
Oakland County	5.4%
Metro Area*	6.3%
Michigan	5.8%
National	5.5%

*The Metro Area includes Southeast Michigan Council of Governments (SEMCOG)

The City reached the low point in taxable value in the 2013 fiscal year at $4.219 billion after Michigan Tax Tribunal and Board of Review adjustments. The 2014 and 2015 fiscal years showed small gains of 0.6% and 0.75% respectively. While the City experienced a 2015 increase of 3.2% in the residential taxable value, it was offset by continued decreases in commercial and industrial values. For Michigan cities, Troy ranked fourth 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 here.

The City adopts a three year budget that is nationally recognized. 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 20% to 30% of General Fund Expenditures. Actual results outside these parameters requires a financial plan proposed by the city manager.

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

Ascension Health

Ascension Health will be leasing 43,342 square feet of administrative office space for St. John Health System's Medical Resource Group at 2800 Livernois. The new office will employ 220 professionals.

Centene

Based in St. Louis, Centene is a national leader in the healthcare services field. Centene has opened a 24,000 square foot office for its Michigan operations at 800 Tower Drive. The company employs over 1,000 people nationwide.

Dongah America

South Korea based Dongah America is a manufacturer of vibration management products for leading global automotive and defense customers. The company has purchased 1807 E. Maple for its 26,000 square foot technical center. The company will employ 25 people at the new location.

Hour Media

Hour Media has purchased 5750 New King for its corporate headquarters. The building is about 92,208 square feet. Hour Media and another wholly owned company, Utica Engineering, will be occupying about one-half of the available space. Additional tenants are being sought for the remaining space. Hour Media and Utica Engineering are expected to employ about 150 people combined.

Kresge Foundation Headquarters Expansion

The Kresge Foundation is building a 16,000 square feet, 2-story addition at its 3215 W. Big Beaver Road headquarters site. The total investment is valued at $5.5 million.

Magna Powertrain Corporate Headquarters

Magna Powertrain has outgrown its space at 1870 Technology Drive in Troy and will be leasing an additional 47,860 square feet of office space at 1235 E. Big Beaver Road. The Technology Drive location will continue to house various Magna corporate functions. The move is expected to retain approximately 150 jobs in the City of Troy.

SRG Global

A subsidiary of Guardian Industries, SRG Global has purchased 800 Stephenson Highway for its offices. The 48,906 square feet building will house approximately 149 employees. SRG Global is a Tier 1 automotive supplier of front and rear end components, body side components and interior trim. The company is also in the broader transportation and consumer goods industries.

Stanley Engineered Fastening

This company provides fastening and assembly technologies for a variety of industries. Stanley Engineered Fastening is leasing 70,468 square feet of space at 2380, 2400 and 2500 Meijer Drive in space formerly occupied by Faurecia.

Peter-Lacke USA

This international company, based in Germany, develops and produces paint and coating systems. Peter-Lacke USA will be locating its production and research facility at 865 Stephenson Highway (former DuPont facility). The facility is expected to house approximately 27 employees initially.

Troy Commons

Two new retailers have opened at this shopping center. Fresh Thyme is a growing fresh food market concept that has opened up a Troy location at 901 E. Big Beaver Road in the former Sym's space. The 30,000 square foot market employs 90 people. Retailer Tuesday Mornings occupies the remaining 14,000 square feet of the former Sym's space at 905 E. Big Beaver Road.

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 controls are 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 controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management and the **independent auditors** of the City.

As a part of the single audit process, the auditors considered the internal control structure to develop audit procedures over compliance that would have a direct and material effect on each major federal program and compliance with OMB Circular A-133, but not to issue an opinion on the effectiveness of internal controls over compliance.

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) are established at the functional level for the General Fund and fund 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 had a modest increase compared to prior year, an increase of $2.47 million or 5.0%. However, property taxes, the General Fund's largest revenue source, remained flat at $29.8 million. Property taxes remained flat despite a small increase in residential taxable value of 3.2% due to continued declines in the commercial/industrial sectors. Increased revenues came in the form of additional license and permit revenues $467 thousand, state shared revenues $96 thousand and charges for services $1.1 million.

State sources totaled $6.6 million. State shared revenue is a 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 of $53.3 million increased by $4.0 million or 8.2%. The increase was primarily in the area of an additional $2.0 million contribution to fund the Volunteer Firefighter Incentive Program (VFIP). Additional increases included $797 thousand for police operations, $378 thousand for council and executive administration, $265 thousand for engineering services related to additional street improvements and $405 for parks and recreation.

Other financing sources of $3.9 million decreased $485 thousand primarily from major and local street special revenue funds to reimburse the general fund for street maintenance. Transfers out of $5.3 million increased $1.8 million primarily to the capital projects fund to finance the city's major road construction program "Troy Roads Rock I & II".

General Fund Balance

Fund balance of the General Fund decreased by $3.0 million to a balance of $34.6 million. Of this amount, $5.3 million is nonspendable for such items as inventory, prepaid items and advances to other funds; $1.5 million is restricted for budget stabilization, and $8.1 million has been assigned for insurance claims, tax appeals and subsequent years budget. The $19.7 million remaining unassigned amount represents 37.0% of General Fund expenditures. This amount exceeds the city's 20% to 30% target range but has been addressed in the city's subsequent three year budget.

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.

Transit Center Fund - This fund has been established to track costs of Transit Center operations that are reimbursable by the city's contract with Amtrak and other sponsorship revenues.

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 of $14.6 million are down $453 thousand (3.0%) compared to the prior fiscal year. This is directly due to the decrease in sale volumes from 451 thousand mcf (thousand cubic feet) to 434 thousand mcf. The drop in volume is attributable to a general trend in less water consumption annually. Conversely, water operating expenses increased $256 thousand due to a change in the rate structure between fixed annual fees and the variable rate per mcf. More emphasis was placed on the fixed fee portion increasing from $4.3 million to $4.5 million (4.65%) while the variable rate increased from $30.30 to $31.00 per mcf (2.3%). The net effect was a reduction in net position of $1.1 million for the fiscal year. The economy and weather conditions can have a significant effect on water consumption.

Sanitary Sewer Fund - Generated $11.9 million in operating revenues as compared to $12.5 million in the prior year (a decrease of $552 thousand or 4.4%). This decrease was due to a reduction in volume sales as noted in the Water Fund section above. However, operating expenses, prior to depreciation, increased $1.3 million or 13.0%. Total operating costs were $12.8 million. The increase is directly attributable to the change from a variable/fixed cost formula to a 100% fixed fee structure. The fixed fees increased from $614 thousand (with the variable rate costs totaling $7.4 million) in the prior year to $9.2 million in fixed fees for fiscal 2015. The net effect was a reduction in net position of $533 thousand. 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 of $431 thousand decreased $101 thousand or 19.0% from the prior year. This was primarily in the area of membership fees which typically sell in the late spring season. Cooler spring temperatures are believed to have a direct affect on membership sale volumes. Operating expenses increased by $55 thousand to $581 thousand. Significant increases included heat (increased $22 thousand) and food costs of $22 thousand (new for fiscal 2015) for the City managed concession stand. Accordingly, the Center recognized an operating loss of $150 thousand for the 2015 fiscal year.

Sylvan Glen Golf Course Fund - Operating revenues of $1.1 million increased by $144 thousand compared to the prior fiscal year. This increase from the prior year is due to prior year frigid ice that caused significant green damage resulting in temporary greens and decreased play until June 2014. Operating expenses of $1.1 million increased $35 thousand or 3.2% compared to the prior year. The Course experienced operating income of $4 thousand and a change in net position of $284 for the fiscal year.

Sanctuary Lake Golf Course Fund - Operating revenues of $1.4 million increased by $40 thousand compared to the prior fiscal year. Operating expenses of $1.4 million increased $28 thousand compared to the prior fiscal year. The course had an operating loss of $60 thousand before the cost of interest on debt of $299 thousand. 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 $203.2 million compared to the beginning amount of $211.5 million. As of December 31, 2014, the most recent actuarial valuation, the fund was 100.6% 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. The fund reported end-of-year net position held in trust for benefits of $7.5 million. As of December 31, 2014, the most recent actuarial valuation, the fund was 50.2% funded after taking into consideration new benefit levels.

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. The fund reported net position held for benefits of $52.6 million. As of December 31, 2014, the most recent actuarial valuation, the fund was 59.8% funded.

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 and updated by GASB No. 61, 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, library operations 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

Long-Term Financial Planning

Unassigned fund balance for the General Fund at year end was $19.7 million or 37.0% of total general fund expenditures. This is above the general fund unassigned fund balance policy of 20%-30% of annual general fund expenditures.

The City's policy in restoring unassigned general fund balance to target levels includes using surplus unassigned fund balance for one-time purchases. The City maintains a 5 year capital improvement program. Typically specific projects are identified and funded through transfers from the general fund to the capital projects fund for these projects.

Specific projects identified in the 2015 fiscal year included "Troy Roads Rock I" and "Troy Roads Rock II" street improvements and the beginning stages building of fire station #4. These projects totaled $5.3 million. In addition, the City made a one-time additional contribution to the Volunteer Firefighter Incentive Program totaling $2 million. Future projects include additional funding for completion of the "Troy Roads Rock" street improvement program along with completion of fire station #4 and a pumper truck for fire station #4.

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, 2014.

This was the eighteenth 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) and the GFOA *Distinguished Budget Presentation Award* for the City's three year budget.

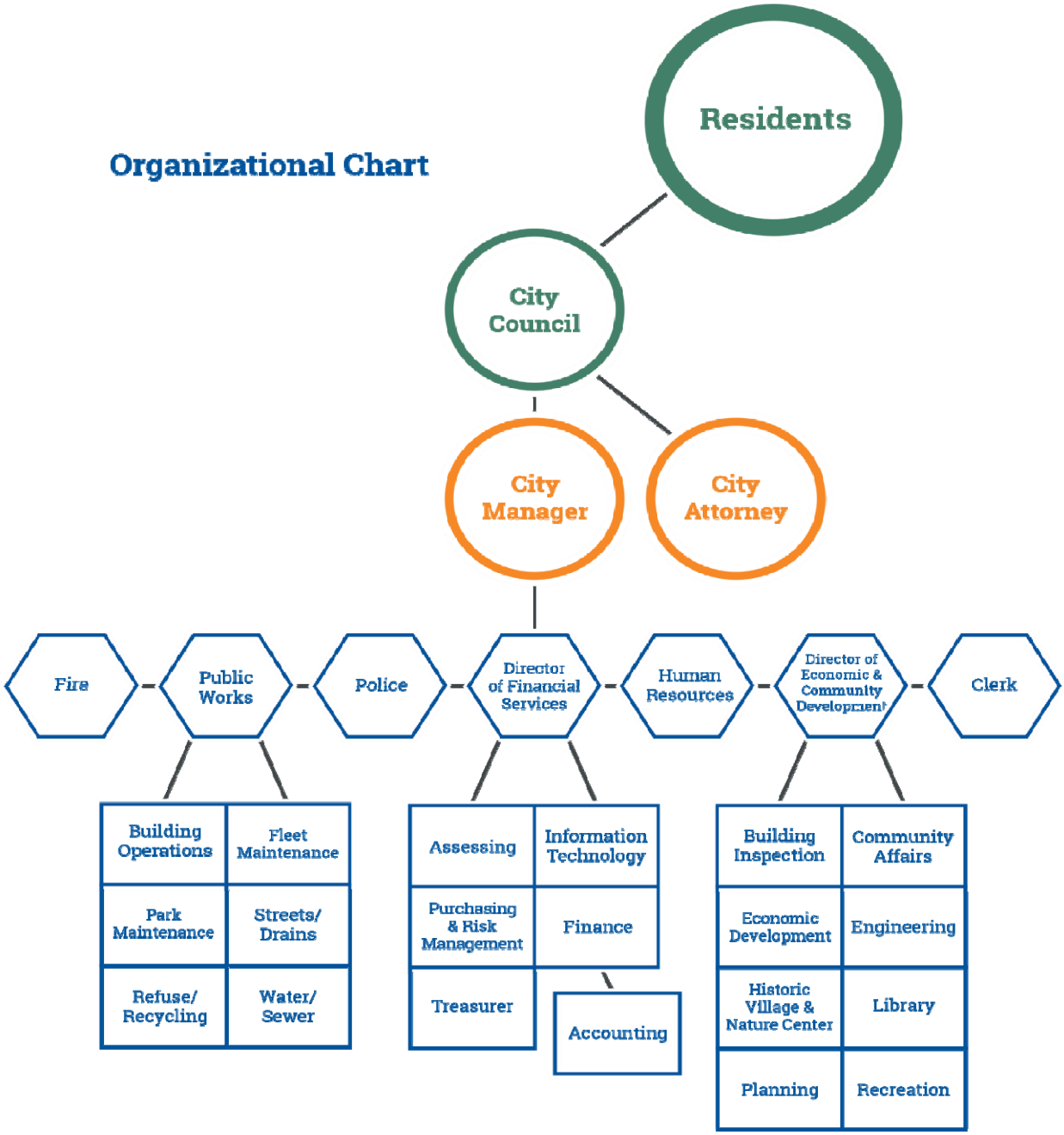
Acknowledgements

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.

Brian Kischnick
City Manager

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

Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Troy

Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF TROY, MICHIGAN
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	**Jeanette Menig**
Information Technology Director	**Gertrude M. Paraskevin**
Library Director	**Cathleen A. Russ**
Recreation Director	**Elaine Bo**
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	**Paul Trosper**

CITY OF TROY, MICHIGAN

FUND ORGANIZATION CHART

Governmental Funds

- **General Fund***

Special Revenue Funds
- Major Streets
- Local Streets
- Refuse
- Transit Center
- Drug Forfeiture
- Library
- Community Development Block Grant

Debt Service Funds
- General Debt Service
- Proposal A
- Proposal B
- Proposal C
- Series 2013*

- **Capital Projects Fund***

Permanent Fund
- Cemetery Perpetual Care

Proprietary Funds

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

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

Fiduciary Funds

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

Agency
- Agency

Component Units

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

*Major funds under GASB No. 34

FINANCIAL SECTION

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Rehmann

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INDEPENDENT AUDITORS' REPORT

December 3, 2015

To the Honorable Mayor and City Council of the
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, 2015, 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 Troy, Michigan, as of June 30, 2015, 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.

Implementation of GASB Statement No. 68

As described in Note 20, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* in the current year. Accordingly, beginning net position of the governmental activities was restated. Our opinion is not modified with respect to this matter.

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 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 our report dated December 3, 2015, 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.

Rehmann Robson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Troy, Michigan (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, 2015. 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 exceeded its liabilities at the close of the most recent fiscal year by $451.3 million (*net position).* Of this amount $127.8 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 revenues of $111.1 million were in under total expenses of $112.4 million resulting in a decrease of net position in the amount of $1.3 million.

- The City's governmental activities incurred expenses of $80.4 million. These expenses were covered by program revenues totaling $26.9 million and general revenues (including taxes, state shared revenues and other non-restrictive grants and contributions) of $54.3 million resulting in a decrease in net position of approximately $740 thousand.

- Governmental activities revenues decreased $11.2 million due to the prior year recognition of DDA pledged revenues to offset the refinanced DDA debt of $14.9 million.

- Governmental activities expense increased by $18.3 million due to the prior year restatement decreasing expense by $23.2 million to incorporate GASB 68 recognition of a total pension asset.

- The City's business-type activities incurred $32.0 million in expenses. These expenses were paid by program revenues, primarily in the form of user charges and contributions of $29.8 million and other general revenues of $100 thousand. This resulted in a decrease in net position of approximately $2.1 million. This decrease is primarily due to the lower sales volume coupled with increased costs due to a fixed fee structure of the water and sanitary sewer funds.

- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $59.4 million, a decrease of $3.2 million in comparison with the prior year. Approximately 33% of the amount ($19.7 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 $19.7 million, or approximately 37.0% 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 enterprise, internal service, and fiduciary funds, each of which are added together and presented in single columns in the basic financial statements.

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, liabilities, and deferred inflows of resources. 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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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.

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, net position was $451.3 million, at the close of the most recent fiscal year.

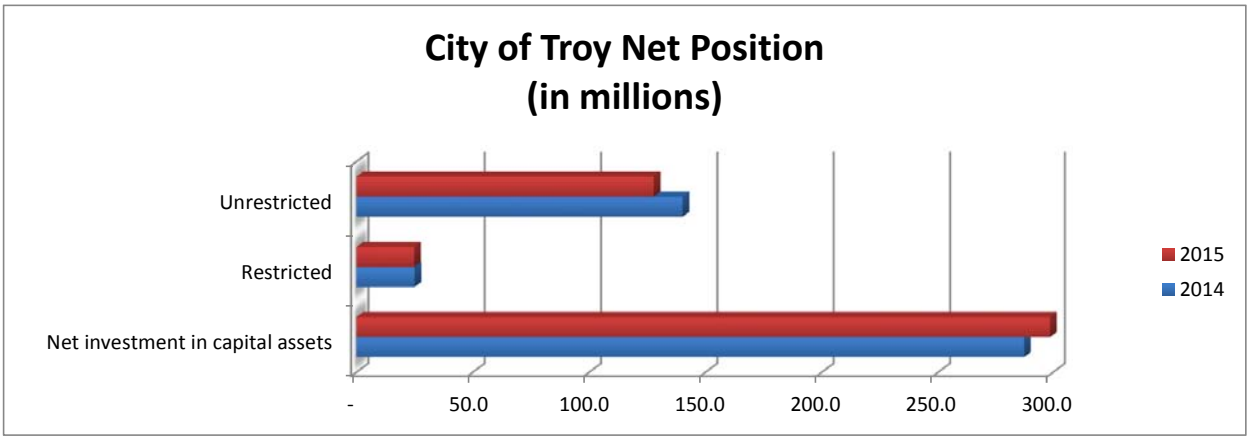
The table on the following page shows the comparison of total assets, deferred outflows, total liabilities, deferred inflows and total net position (in millions of dollars) in a condensed format as of June 30, 2015 to the prior year.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	$ 112.3	$ 127.1	$ 49.8	$ 54.1	$ 162.1	$ 181.2
Capital assets	211.6	204.3	129.1	128.5	340.7	332.8
Total assets	**323.9**	**331.4**	**178.9**	**182.6**	**502.8**	**514.0**
Deferred outflows	**5.9**	**-**	**0.8**	**1.0**	**6.7**	**1.0**
Liabilities:						
Long-term debt outstanding	37.3	40.4	10.1	10.7	47.4	51.1
Other liabilities	6.7	6.0	4.1	5.3	10.8	11.3
Total liabilities	**44.0**	**46.4**	**14.2**	**16.0**	**58.2**	**62.4**
Net position:						
Net investment in capital assets	178.9	168.7	119.8	118.7	298.7	287.4
Restricted	24.8	25.0	-	-	24.8	25.0
Unrestricted	82.1	91.3	45.7	48.9	127.8	140.2
Total net position (restated)	**$ 285.8**	**$ 285.0**	**$ 165.5**	**$ 167.6**	**$ 451.3**	**$ 452.6**

By far, the largest portion of the City's net position (66.2%) 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 (5.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $127.8 million (28.3%) is unrestricted and may be used to meet the City's ongoing obligations to its residents and creditors.

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 decreased $1.3 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, 2015 to the prior year, in a condensed format:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	$ 15.4	$ 13.5	$ 29.5	$ 30.4	$ 44.9	$ 43.9
Operating grants & contributions	1.1	0.8	-	-	1.1	0.8
Capital grants & contributions	10.4	23.8	0.3	0.3	10.7	24.1
General revenues:						
Property taxes	47.0	46.9	-	-	47.0	46.9
State-shared revenues	6.5	6.4	-	-	6.5	6.4
Interest earnings	0.3	0.4	0.1	0.3	0.4	0.7
Other revenue	0.5	0.6	-	-	0.5	0.6
Total revenues	**81.2**	**92.4**	**29.9**	**31.0**	**111.1**	**123.4**
Expenses:						
General government	10.4	8.5	-	-	10.4	8.5
Public safety	35.7	11.4	-	-	35.7	11.4
Public works	17.2	11.8	-	-	17.2	11.8
Sanitation	4.6	4.3	-	-	4.6	4.3
Community & economic development	1.0	16.0	-	-	1.0	16.0
Recreation and culture	10.1	9.0	-	-	10.1	9.0
Interest expense	1.4	1.1	-	-	1.4	1.1
Water	-	-	15.7	15.6	15.7	15.6
Sanitary sewer	-	-	12.8	12.9	12.8	12.9
Golf courses	-	-	2.9	2.8	2.9	2.8
Aquatic center	-	-	0.6	0.5	0.6	0.5
Total expenses	**80.4**	**62.1**	**32.0**	**31.8**	**112.4**	**93.9**

Statements of activities (continued)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Change in net position	**0.8**	**30.3**	**(2.1)**	**(0.8)**	**(1.3)**	**29.5**
Net position, beginning of year (Restated)	285.0	254.7	167.6	168.4	452.6	423.1
Net position, end of year	**$ 285.8**	**$ 285.0**	**$ 165.5**	**$ 167.6**	**$ 451.3**	**$ 452.6**

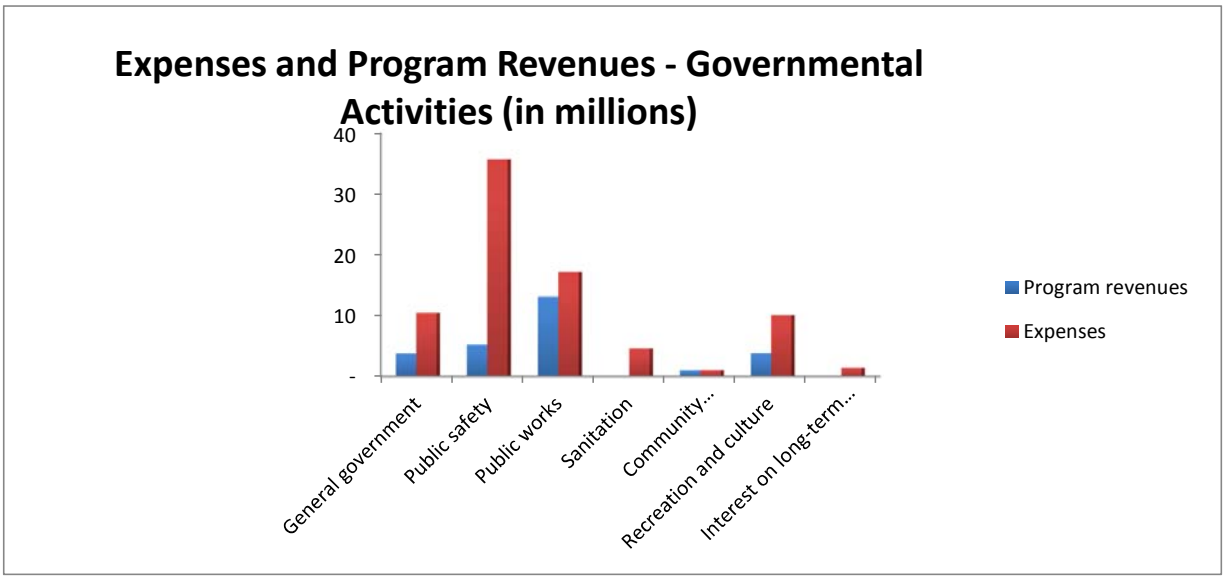
Governmental Activities

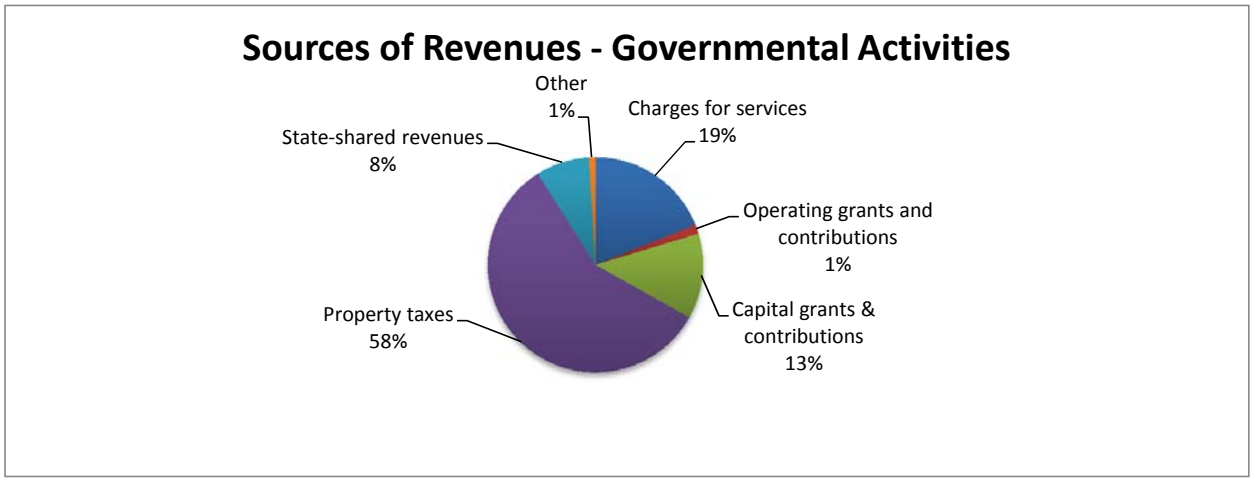
During the current fiscal year, net position for the City's governmental activities decreased $740 thousand from the prior fiscal year.

Total governmental revenue is reported at $81.2 million, a decrease of $11.2 million from the prior year. The decrease is primarily due to the prior year recognition of DDA pledged revenues to offset the refinanced DDA debt of $14.9 million. If the effects of this one-time revenue recognition are not considered, governmental revenues would have increased by $2.6 million primarily from engineering fees associated with road projects, building permit fees and state highway grants.

Total governmental expenses are reported at $80.4 million, an increase of $18.3 million from the prior year. Although the prior year includes the DDA debt issuance of $14.9 million (expensed as a contribution to the DDA), the prior year amounts have been restated to recognize the adoption of GASB 68 *Employer Reporting for Pension Obligation.* This restatement had a net effect of reducing expenses by $23.2 million to recognize a net pension asset.

During the year the City continued meeting the actuarial required contributions for the defined benefit pension and retiree healthcare benefit systems. The City contributed an additional $2 million to the discretionary fire incentive reserve system to offset the effects of increases to the Years of Service benefit multiplier. This is important for the City because future taxpayers should not be required to fund benefit payments that were earned in the past.





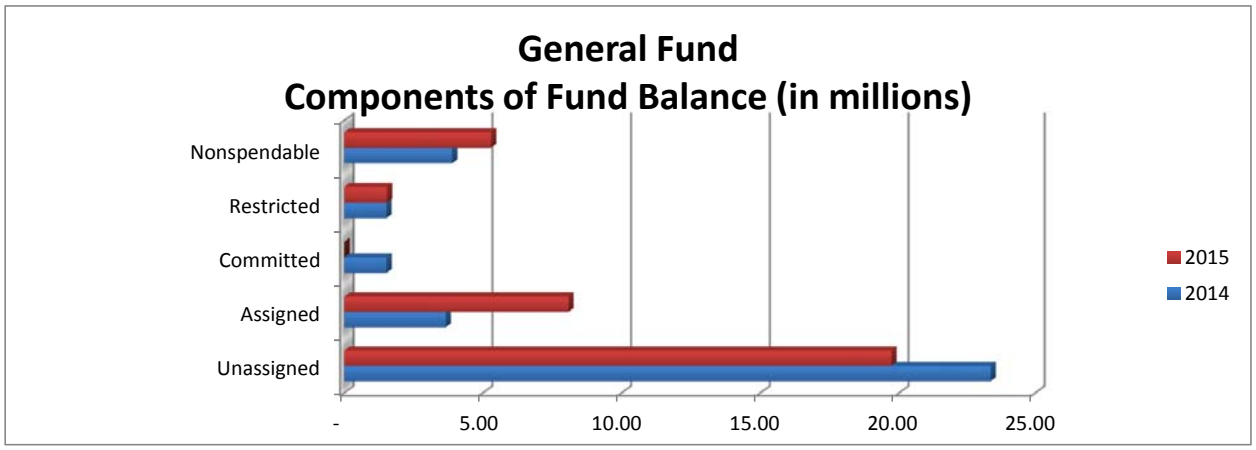
Business-type Activities

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 Sewer Department system and Water Resource Commission (Oakland County). Change in net position for business-type activities decreased by $2.1 million. The Water and Sewer Funds decreased net position by $1.1 million and $533 thousand respectively. This was primarily due to significant decreases in sale volumes of 3.0 to 4.4% coupled with purchase rate increases of 4.65% for water and 13.0% for sewer. The City's two golf courses recorded combined operating losses of $56.4 thousand and a decrease in net position of $358.4 thousand after nonoperating expenses for interest on debt.

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.

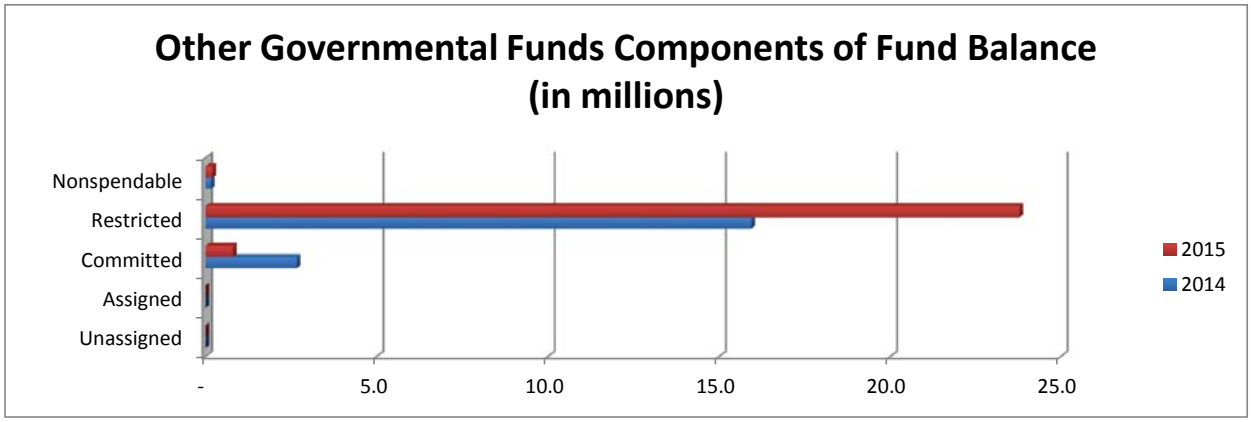
The City's governmental funds reported combined fund balances of $59.4 million, a decrease of $3.2 million compared to the prior year. Approximately 33.0% of this amount ($19.7 million) constitutes *unassigned fund balance,* which is available for spending at the City's discretion. The remainder of the 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 $19.7 million, while total general fund balance decreased $3.0 million to $34.6 million. This decrease was by design during the budget process using one-time expenditures (designated for road projects) to bring unassigned general fund balance down to the target limits of 20% to 30% of annual expenditures. 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 37.0% of total general fund expenditures, while total general fund balance represents approximately 65.0% of the same amount.

As mentioned, total general fund balance decreased by $3.0 million in the current fiscal year. Total revenues increased by $2.5 million but property taxes, the General Fund's largest source of revenue, remained relatively flat compared to the prior year at $29.8 million (a slight increase of $253 thousand or 0.8%). Residential taxable value recognized an increase of 3.2% but was offset by continued declines in commercial/industrial taxable value of 1.5%. The increase in revenues came in the form of increases in licenses and permits ($467 thousand primarily from building permits), charges for services $1.1 million (primarily from engineering fees for road construction), and other revenues of $241 thousand (primarily from administrative fees)

General fund expenditures (before transfers) increased $4.0 million or 8.2%. The increase was primarily in the area of an additional $2.0 contribution to the Volunteer Firefighter Incentive Program to offset increases to the Years of Service multiplier. Additional expenditures include $797 thousand for police operations, $378 thousand for council and executive administration, $265 thousand for engineering services related to additional street improvements and $405 thousand for parks and recreation.



The capital projects fund, a major fund, had a decrease in fund balance of $662 thousand during the current year. This resulted in a total fund balance of $13.8 million at the close of the current fiscal year. It should be noted that $15.4 million was expended on street projects supported with transfers from the General Fund, Major Streets Fund, Local Streets Fund along with grants from federal, state and county sources.

The Series 2013 debt service fund, a major fund, was issued by the City to advance refund prior debt issuance of the Troy Downtown Development Authority (TDDA), a discrete component unit of the City. The debt was issued by the City to mitigate the financial impact of debt burden on the TDDA that was facing decreased tax capture from the district due to the 2008 recession and to take advantage of the City's AAA bond rating to receive favorable rates. Restructure of the TDDA district provides funding for debt service payments that are derived through charges from the City to the TDDA for reimbursement purposes. The fund maintains a zero fund balance.

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 $15.6 million and sanitary sewer fund $33.0 million at the end of the current fiscal year. The Water and Sewer Fund net positions decreased by $1.1 million and $533 thousand respectively. This was primarily due to the decrease in sale volumes of 3.0% to 4.4% coupled with cost rate increases ranging from 4.65% for water to 13.0% for sanitary sewer compared to 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 were $684 thousand primarily in the area of building permit fees to accommodate the increased activity and related contractor expense to administer the program. Amendments to expenditures were $2.8 million primarily related to the $2 million Volunteer Firefighter Incentive Program to offset increases to the increased Years of Service multiplier and building inspection contractor fees to accommodate increased building inspection activity. Transfers out increased by $1 million to support City efforts in the street replacement projects encompassed by Troy Roads Rock I & II.

Revenues were $1.1 million or 2.3% above amended budget amounts. Contributing factors include charges for services over the amended budget by $877 thousand primarily from engineering fees and fines and forfeitures ($260 thousand) primarily from county court fines.

Expenditures were $4.8 million under amended budget amounts. Expenditures by function under the amended budget include general government by $597 thousand primarily from personal service ($153 thousand), utilities ($179 thousand) and legal consultants/lawsuit insurance deductible ($113 thousand). Public safety expenditures were under budget by $2.9 million from personal service costs. Public works expenditures under budget by $935 thousand from maintenance/snow removal for local streets ($329 thousand), county roads ($311 thousand), major streets ($142 thousand) and public drains ($101 thousand). Culture and recreation by $398 thousand for personal services ($162 thousand) and utilities ($112 thousand).

Capital Asset and Debt Administration

At the end of 2015, the City of Troy had $340.6 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 and the completion of the transit center over 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 bond indebtedness totaled $41.7 million at June 30, 2015, a decrease of $3.3 million from the prior year due to the payment of bond principal.

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 Liabilities", respectively.

Current Economic Events

The following economic factors currently affect the City and were considered in developing the 2015/2016 through 2017/2018 three year fiscal budget.

- The millage rate for the 2015/2016 fiscal year remained consistent with the 2014/2015 rates at 10.5 mills. This includes general operating millage of 6.5 mills, capital projects of 1.53 mills, refuse of 1.07 mills, debt service of 0.7 mills and library operations of 0.7 mills.

- Total General Fund revenues revenues are expected to generate approximately $52 million. This is a slight increase over 2014/2015 results of $271 thousand or 0.5%. Property tax revenues which accounts for approximately 59% of total General Fund revenues is expected to generate $30.8 million. This is an increase of $991 thousand or 3.3%.

- General fund expenditures and transfers out are budgeted to increase by $3.1 million or 5.2% from the current year actuals due primarily to increases in personal services from 5 additional positions, wage rate increases (0-5%) based on collective bargaining agreements, and increased costs of healthcare.

- The City purchases its water and sanitary sewer services from the City of Detroit and Oakland County respectively. Historically, the City has passed along the full water and sewer rate increase or decrease to our customers. The 2015/2016 budget recognizes significant increases to water and sanitary sewer costs as established by changes from a variable cost structure based on units purchased to a cost structure heavily weighted on fixed costs. Accordingly, the City adjusted the rates charged to City customers to recognize these increased costs. 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.

BASIC FINANCIAL STATEMENTS

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CITY OF TROY, MICHIGAN

Statement of Net Position

June 30, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and investments	$ 67,872,977	$ 46,107,560	$ 113,980,537	$ 487,997
Receivables (net)	21,852,814	6,837,400	28,690,214	529,117
Internal balances	3,808,394	(3,808,394)	-	-
Other assets	2,007,052	661,436	2,668,488	-
Net pension asset	13,962,832	-	13,962,832	-
Other postemployment benefits asset	2,813,891	-	2,813,891	-
Capital assets:				
Assets not being depreciated	46,007,776	19,214,209	65,221,985	-
Assets being depreciated, net	165,565,424	109,850,314	275,415,738	-
Total assets	**323,891,160**	**178,862,525**	**502,753,685**	**1,017,114**
Deferred outflows of resources				
Deferred pension expenses	5,944,892	-	5,944,892	-
Deferred loss on debt refinancing	-	853,247	853,247	-
Total deferred outflows	**5,944,892**	**853,247**	**6,798,139**	**-**
Liabilities				
Accounts payable	4,642,914	2,614,697	7,257,611	-
Accrued payroll	827,104	-	827,104	-
Accrued liabilities	861,483	1,524,297	2,385,780	117,620
Unearned revenue	474,724	-	474,724	-
Long-term debt:				
Due within one year	5,489,018	745,860	6,234,878	260,000
Due in more than one year	31,768,667	9,346,801	41,115,468	14,425,000
Total liabilities	**44,063,910**	**14,231,655**	**58,295,565**	**14,802,620**
Deferred inflows of resources				
Deferred gain on refunding	-	-	-	448,167
Net position				
Net investment in capital assets	178,865,097	119,825,109	298,690,206	-
Restricted for:				
Debt service	1,308,640	-	1,308,640	-
Capital projects	13,832,549	-	13,832,549	-
Highways and streets	6,538,400	-	6,538,400	-
Sanitation services	730,571	-	730,571	-
Library services	1,457,815	-	1,457,815	-
Other services	707,962	-	707,962	-
Perpetual care:				
Nonspendable	161,000	-	161,000	-
Spendable	48,668	-	48,668	-
Unrestricted (deficit)	82,121,440	45,659,008	127,780,448	(14,233,673)
Total net position (deficit)	**$ 285,772,142**	**$ 165,484,117**	**$ 451,256,259**	**$ (14,233,673)**

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

Statement of Activities

For the Year Ended June 30, 2015

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General government	$ 10,449,378	$ 3,783,480	$ 12,807	$ -	$ (6,653,091)
Public safety	35,744,673	4,691,450	516,221	-	(30,537,002)
Public works	17,224,145	3,364,953	154,827	9,600,654	(4,103,711)
Sanitation	4,606,627	6,590	-	-	(4,600,037)
Community and economic development	1,018,643	-	185,215	822,193	(11,235)
Recreation and culture	10,091,847	3,589,925	228,093	24,397	(6,249,432)
Interest on long-term debt	1,444,384	-	-	-	(1,444,384)
Total governmental activities	**80,579,697**	**15,436,398**	**1,097,163**	**10,447,244**	**(53,598,892)**
Business-type activities					
Water	15,767,708	14,626,110	-	35,976	(1,105,622)
Sewer	12,807,380	11,900,157	19,153	249,987	(638,083)
Aquatic center	583,709	431,141	-	-	(152,568)
Sylvan Glen golf course	1,130,082	1,128,968	-	-	(1,114)
Sanctuary Lake golf course	1,733,846	1,375,137	-	-	(358,709)
Total business-type activities	**32,022,725**	**29,461,513**	**19,153**	**285,963**	**(2,256,096)**
Total primary government	**$112,602,422**	**$ 44,897,911**	**$ 1,116,316**	**$10,733,207**	**$(55,854,988)**
Component units					
Downtown development authority	$ 810,179	$ -	$ -	$ -	$ (810,179)
Local development financing authority	244,989	-	-	-	(244,989)
Brownfield redevelopment authority	21,200	-	-	-	(21,200)
Total component units	**$ 1,076,368**	**$ -**	**$ -**	**$ -**	**$ (1,076,368)**

continued...

Statement of Activities (Continued)

For the Year Ended June 30, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position				
Net (expense) revenue	$ (53,598,892)	$ (2,256,096)	$ (55,854,988)	$ (1,076,368)
General revenues				
Property taxes	29,844,976	-	29,844,976	-
Property taxes for sanitary purposes	4,595,925	-	4,595,925	-
Property taxes for economic development	-	-	-	1,362,257
Property taxes for library	3,004,907	-	3,004,907	-
Property taxes for capital projects	6,574,245	-	6,574,245	-
Property taxes for debt service	2,973,425	-	2,973,425	-
State shared revenue, unrestricted	6,541,560	-	6,541,560	-
Grants and contributions not restricted to specific programs	22,848	-	22,848	-
Unrestricted investment earnings	258,208	131,526	389,734	3,144
Gain on sale of capital assets	523,636	-	523,636	-
Total general revenues	54,339,730	131,526	54,471,256	1,365,401
Change in net position	**740,838**	**(2,124,570)**	**(1,383,732)**	**289,033**
Net position, beginning of year (deficit)-Restated	285,031,304	167,608,687	452,639,991	(14,522,706)
Net position, end of year (deficit)	**$ 285,772,142**	**$ 165,484,117**	**$ 451,256,259**	**$ (14,233,673)**

concluded.

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

Balance Sheet

Governmental Funds
June 30, 2015

	General	Debt Service Series 2013	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 29,027,327	$ -	$ 14,162,873	$ 10,112,744	$ 53,302,944
Receivables:					
Accounts receivable (net)	977,011	-	1,298,839	227,772	2,503,622
Taxes-delinquent	126,904	-	-	-	126,904
Special assessments	-	-	89,849	-	89,849
Interest and dividends	33,868	-	-	-	33,868
Due from component units	-	14,800,127	-	-	14,800,127
Due from other governments	1,564,609	-	1,640,729	1,024,804	4,230,142
Inventory	421,112	-	-	-	421,112
Prepaid expenditures	1,115,710	-	-	39,512	1,155,222
Advances to other funds	3,750,384	-	-	-	3,750,384
Total assets	**$ 37,016,925**	**$ 14,800,127**	**$ 17,192,290**	**$ 11,404,832**	**$ 80,414,174**
Liabilities					
Accounts payable	$ 1,319,226	$ -	$ 2,423,854	$ 451,776	$ 4,194,856
Accrued payroll	827,104	-	-	-	827,104
Unearned revenue	2,500	-	472,224	-	474,724
Other liabilities	122,724	-	463,663	-	586,387
Total liabilities	**2,271,554**	**-**	**3,359,741**	**451,776**	**6,083,071**
Deferred inflows of resources					
Unavailable revenue - property tax and long-term receivables	126,904	14,800,127	-	-	14,927,031
Fund balances					
Nonspendable	5,287,206	-	-	200,512	5,487,718
Restricted	1,538,879	-	13,029,191	10,752,544	25,320,614
Committed	-	-	803,358	-	803,358
Assigned	8,075,520	-	-	-	8,075,520
Unassigned	19,716,862	-	-	-	19,716,862
Total fund balances	**34,618,467**	**-**	**13,832,549**	**10,953,056**	**59,404,072**
Total liabilities, deferred inflows of resources and fund balances	**$ 37,016,925**	**$ 14,800,127**	**$ 17,192,290**	**$ 11,404,832**	**$ 80,414,174**

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

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
June 30, 2015

Fund balances - total governmental funds	**$ 59,404,072**
Amounts reported for *governmental activities* 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	45,938,290
Add: capital assets being depreciated	407,820,185
Deduct: accumulated depreciation	(246,068,339)
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	2,813,891
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 not included in fund balance.	
Add: deferred inflows from DDA debt reimbursments and personal property tax receivables	14,927,031
The recognition of net pension assets (or liabilities) involves the use actuarial assumptions based over a long-term time period. In addition, differences in actual to assumed results can have a significant impact on financial position and/or results if recognized in a single year and not adjusted (or smoothed) over a period that recognizes normal fluctuations in conditions. Because governmental funds focus on short-term financing, the recognition of net pension assets (or liabilities) and the related deferrals in actual to assumed results are not included in governmental funds. Accordingly, they are not included in fund balance.	
Add: Net Pension assets	13,962,832
Add: deferred outflows from pension expense recognition	5,944,892
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.	14,589,249
Add: due from business-type activities for internal service fund activities	58,010
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	(275,096)
Deduct: bonds payable and related premiums	(32,708,103)
Deduct: claims incurred but not reported	(634,772)
Net position of governmental activities	**$ 285,772,142**

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

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2015

	General	Debt Service Series 2013	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 29,844,976	$ -	$ 6,574,245	$ 10,612,825	$ 47,032,046
Licenses and permits	2,896,533	-	-	-	2,896,533
Intergovernmental:					
Federal sources	58,897	-	1,654,812	196,083	1,909,792
State sources	6,645,119	-	1,898,084	5,988,998	14,532,201
Local sources	241,251	-	346,651	-	587,902
Charges for services	8,827,346	-	437,704	110,660	9,375,710
Fines and forfeitures	1,015,804	-	-	402,550	1,418,354
Investment earnings	133,614	-	56,671	34,037	224,322
Other	2,016,535	958,688	41,322	69,479	3,086,024
Total revenues	**51,680,075**	**958,688**	**11,009,489**	**17,414,632**	**81,062,884**
Expenditures					
Current:					
General government	6,917,412	-	11,616	63,966	6,992,994
Public safety	31,021,180	-	-	87,292	31,108,472
Public works	5,638,918	-	-	-	5,638,918
Sanitation	-	-	-	4,606,610	4,606,610
Community development	3,150,296	-	-	56,941	3,207,237
Recreation and culture	6,523,869	-	-	2,663,090	9,186,959
Debt service:					
Principal	-	260,000	217,182	2,355,000	2,832,182
Interest and fees	-	698,688	58,541	748,486	1,505,715
Capital outlay	-	-	19,554,175	-	19,554,175
Total expenditures	**53,251,675**	**958,688**	**19,841,514**	**10,581,385**	**84,633,262**
Revenues (under) over expenditures	**(1,571,600)**	**-**	**(8,832,025)**	**6,833,247**	**(3,570,378)**
Other financing sources (uses)					
Transfers in	3,897,293	-	7,813,004	3,537,550	15,247,847
Transfers out	(5,300,000)	-	(59,010)	(9,947,847)	(15,306,857)
Proceeds from sale of capital assets	-	-	415,717	-	415,717
Total other financing sources (uses)	**(1,402,707)**	**-**	**8,169,711**	**(6,410,297)**	**356,707**
Net change in fund balances	**(2,974,307)**	**-**	**(662,314)**	**422,950**	**(3,213,671)**
Fund balances, beginning of year	37,592,774	-	14,494,863	10,530,106	62,617,743
Fund balances, end of year	**$ 34,618,467**	**$ -**	**$ 13,832,549**	**$ 10,953,056**	**$ 59,404,072**

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

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds	**$ (3,213,671)**
Amounts reported for *governmental activities* in the statement of activities are different because:	
The Capital Projects Fund reports outlays as expenditures. However, in the statement of activities, the cost of some of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add: capitalized outlays	19,534,671
Deduct: depreciation expense	(12,641,936)
Deduct: cost basis of assets sold	(121,486)
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.	
Deduct: net difference in other postemployment benefits asset	(67,248)
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: Difference in net pension asset and related deferred outflows and deferred inflows	(5,703,127)
Deduct: net difference in deferred inflows for property taxes	(38,568)
Deduct: deferred inflow change for long-term receivable	(261,300)
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	2,832,182
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 expense attributable to those funds are reported with governmental activities.	
Deduct: net loss from governmental activities in the internal service funds	(17,513)
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 and amortization of bond premiums	61,331
Add: decrease in accrued claims payable	377,503
Change in net position of governmental activities	**$ 740,838**

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual
General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 29,840,500	$ 29,840,500	$ 29,844,976	$ 4,476
Licenses and permits	2,230,350	2,980,350	2,896,533	(83,817)
Intergovernmental				
Federal sources	4,000	4,000	58,897	54,897
State sources	6,765,000	6,765,000	6,645,119	(119,881)
Local sources	169,300	169,300	241,251	71,951
Charges for services	7,950,000	7,950,000	8,827,346	877,346
Fines and forfeitures	756,300	756,300	1,015,804	259,504
Investment earnings	110,000	110,000	133,614	23,614
Other	2,020,500	1,954,900	2,016,535	61,635
Total revenues	**49,845,950**	**50,530,350**	**51,680,075**	**1,149,725**
Expenditures				
General government				
Council and executive administration	3,863,420	3,903,420	3,696,693	(206,727)
Finance	2,506,280	2,506,280	2,323,520	(182,760)
Other	1,170,560	1,104,960	897,199	(207,761)
Total general government	7,540,260	7,514,660	6,917,412	(597,248)
Public safety				
Police	24,573,943	24,573,943	22,045,822	(2,528,121)
Fire	4,901,685	6,901,685	6,644,151	(257,534)
Building inspection	1,843,410	2,403,410	2,331,207	(72,203)
Total public safety	31,319,038	33,879,038	31,021,180	(2,857,858)
Public works				
Roads and streets	6,273,600	6,573,600	5,638,918	(934,682)
Community Development				
Engineering	2,307,060	2,307,060	2,319,945	12,885
Planning	853,970	853,970	830,351	(23,619)
Total community development	3,161,030	3,161,030	3,150,296	(10,734)
Culture and recreation				
Parks	2,588,670	2,588,670	2,372,719	(215,951)
Recreation	4,078,030	4,078,030	3,887,644	(190,386)
Historic village and nature center	255,290	255,290	263,506	8,216
Total culture and recreation	6,921,990	6,921,990	6,523,869	(398,121)
Total expenditures	**55,215,918**	**58,050,318**	**53,251,675**	**(4,798,643)**

continued...

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual
General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues over (under) expenditures	**$ (5,369,968)**	**$ (7,519,968)**	**$ (1,571,600)**	**$ 5,948,368**
Other financing sources (uses)				
Transfers in	4,057,000	4,357,000	3,897,293	(459,707)
Transfers out	(4,300,000)	(5,300,000)	(5,300,000)	-
Total other financing sources (uses)	**(243,000)**	**(943,000)**	**(1,402,707)**	**(459,707)**
Net change in fund balances	**(5,612,968)**	**(8,462,968)**	**(2,974,307)**	**5,488,661**
Fund balance, beginning of year	37,592,774	37,592,774	37,592,774	-
Fund balance, end of year	**$ 31,979,806**	**$ 29,129,806**	**$ 34,618,467**	**$ 5,488,661**

concluded.

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

Statement of Net Position

Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Cash and investments	$ 13,213,367	$ 31,795,320	$ 801,715	$ 297,158	$ 46,107,560	$ 14,570,033
Interest receivable	254	1,529	-	-	1,783	-
Accounts receivable:						
Billed	2,274,946	11,111	425	21,579	2,308,061	68,302
Unbilled	2,324,274	1,709,422	-	-	4,033,696	-
Inventories	453,926	42,877	69,506	40,678	606,987	430,718
Prepaid expenses	-	-	25,821	28,628	54,449	-
Total current assets	18,266,767	33,560,259	897,467	388,043	53,112,536	15,069,053
Noncurrent assets:						
Contracts receivable	63,570	430,290	-	-	493,860	-
Advances to other funds	-	-	-	3,243,230	3,243,230	-
Capital assets not being depreciated	11,092,962	4,013,232	2,213,463	1,894,552	19,214,209	69,486
Capital assets being depreciated net of accumulated depreciation	72,990,935	28,303,390	6,912,640	1,643,349	109,850,314	3,813,578
Total noncurrent assets	84,147,467	32,746,912	9,126,103	6,781,131	132,801,613	3,883,064
Total assets	**102,414,234**	**66,307,171**	**10,023,570**	**7,169,174**	**185,914,149**	**18,952,117**
Deferred outflow of resources						
Deferred loss on debt refinancing	-	-	853,247	-	853,247	-
Liabilities						
Current liabilities:						
Accounts payable	1,633,158	949,479	140	31,920	2,614,697	448,058
Accrued liabilities	1,142,149	-	201,307	180,841	1,524,297	-
Compensated absences	-	-	-	-	-	2,095,235
Current portion of bonds and capital lease payable	-	-	695,430	50,430	745,860	-
Total current liabilities	2,775,307	949,479	896,877	263,191	4,884,854	2,543,293
Noncurrent liabilities:						
Compensated absences	-	-	-	-	-	1,819,575
Advances from other funds	-	-	6,813,312	180,302	6,993,614	-
Bonds and capital lease payable	-	-	9,259,435	87,366	9,346,801	-
Total noncurrent liabilities	-	-	16,072,747	267,668	16,340,415	1,819,575
Total liabilities	**2,775,307**	**949,479**	**16,969,624**	**530,859**	**21,225,269**	**4,362,868**
Net position						
Net investment in capital assets	84,083,897	32,316,622	24,485	3,400,105	119,825,109	3,883,064
Unrestricted (deficit)	15,555,030	33,041,070	(6,117,292)	3,238,210	45,717,018	10,706,185
Total net position (deficit)	**$ 99,638,927**	**$ 65,357,692**	**$ (6,092,807)**	**$ 6,638,315**	165,542,127	**$ 14,589,249**
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(58,010)	
Net position of business type activities					**$165,484,117**	

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

Statement of Revenue, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2015

	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	$ 13,778,553	$ 11,900,157	$ 1,374,901	$ 1,160,076	$ 28,213,687	$ 6,660,334
Rental:						
Golf course	-	-	236	202,847	203,083	-
Restaurant	-	-	-	67,200	67,200	-
Hydrant	1,350	-	-	-	1,350	-
Building	-	-	-	-	-	170,491
Equipment	-	-	-	-	-	3,263,128
Tap and connections fees	500,670	-	-	-	500,670	-
Penalties	308,201	-	-	-	308,201	-
Other services	37,336	-	-	129,986	167,322	-
Other services to city funds	-	-	-	-	-	410,224
Total operating revenues	**14,626,110**	**11,900,157**	**1,375,137**	**1,560,109**	**29,461,513**	**10,504,177**
Operating expenses						
Cost of sales and services	9,761,439	10,262,071	-	-	20,023,510	6,953,924
General and administrative	1,091,165	609,894	-	-	1,701,059	485,412
Operations	2,648,203	786,627	1,119,467	1,422,571	5,976,868	2,631,202
Depreciation	2,259,215	1,145,173	315,690	284,190	4,004,268	787,072
Total operating expenses	**15,760,022**	**12,803,765**	**1,435,157**	**1,706,761**	**31,705,705**	**10,857,610**
Operating income	**(1,133,912)**	**(903,608)**	**(60,020)**	**(146,652)**	**(2,244,192)**	**(353,433)**
Nonoperating revenues (expenses)						
Federal grants	-	19,153	-	-	19,153	-
State grants	-	207,483	-	-	207,483	-
Investment earnings	28,602	101,532	-	1,392	131,526	33,886
Interest expense	-	-	(298,686)	(4,715)	(303,401)	-
Gain on sale of capital assets	-	-	-	-	-	229,405
Total nonoperating revenues (expenses)	**28,602**	**328,168**	**(298,686)**	**(3,323)**	**54,761**	**263,291**
Income (loss) before contributions and transfers	(1,105,310)	(575,440)	(358,706)	(149,975)	(2,189,431)	(90,142)
Developer contributions	35,976	42,504	-	-	78,480	-
Transfers in	-	-	-	-	-	59,010
Change in net position	**(1,069,334)**	**(532,936)**	**(358,706)**	**(149,975)**	**(2,110,951)**	**(31,132)**
Net position (deficit), beginning of year	100,708,261	65,890,628	(5,734,101)	6,788,290		14,620,381
Net position (deficit), end of year	**$ 99,638,927**	**$ 65,357,692**	**$ (6,092,807)**	**$ 6,638,315**		**$ 14,589,249**
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(13,619)	
Change in net position of business-type activities					**$ (2,124,570)**	

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

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	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	$ 14,758,202	$ 11,956,222	$ 1,404,120	$ 1,545,918	$ 29,664,462	$ -
Cash received from interfund services	-	-	-	-	-	10,504,177
Cash payments to employees	(2,324,446)	(753,059)	(518,542)	(795,471)	(4,391,518)	(7,063,528)
Cash payments to suppliers for goods and services	(11,565,772)	(11,223,963)	(531,496)	(606,487)	(23,927,718)	(3,210,994)
Cash payments for interfund services	(371,815)	(223,033)	(977)	(17,679)	(613,504)	-
Net cash provided by (used) operating activities	**496,169**	**(243,833)**	**353,105**	**126,281**	**731,722**	**229,655**
Cash flows from noncapital financing activities						
Subsidy from federal grant	-	19,153	-	-	19,153	-
Advances to other funds	-	-	-	(100,000)	(100,000)	-
Advances from other funds	-	-	675,800	-	675,800	-
Transfers to other funds	-	-	-	-	-	59,010
Net cash provided (used) by noncapital financing activities	**-**	**19,153**	**675,800**	**(100,000)**	**594,953**	**59,010**
Cash flows from capital and related financing activities						
Purchase of capital assets	(4,066,648)	(318,025)	-	(140,759)	(4,525,432)	(1,291,372)
Proceeds from sale of capital assets	-	-	-	-	-	229,405
Capital lease payments	-	-	(48,990)	(48,990)	(97,980)	-
State grants	-	207,483	-	-	207,483	-
Bond principal payments	-	-	(450,000)	-	(450,000)	-
Bond note interest payments	-	-	(245,518)	(4,715)	(250,233)	-
Net cash (used) by capital and related financing activities	**(4,066,648)**	**(110,542)**	**(744,508)**	**(194,464)**	**(5,116,162)**	**(1,061,967)**
Cash flows from investing activities						
Investment earnings	28,902	102,101	-	1,392	132,395	70,560
Net increase (decrease) in cash and cash equivalents	**(3,541,577)**	**(233,121)**	**284,397**	**(166,791)**	**(3,657,092)**	**(702,742)**
Cash and cash equivalents, beginning of year	16,754,944	32,028,441	517,318	463,949	49,764,652	15,272,775
Cash and cash equivalents, end of year	**$ 13,213,367**	**$ 31,795,320**	**$ 801,715**	**$ 297,158**	**$ 46,107,560**	**$ 14,570,033**

continued...

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	$ (1,133,912)	$ (903,608)	$ (60,020)	$ (146,652)	$ (2,244,192)	$ (353,433)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	2,259,215	1,145,173	315,690	284,190	4,004,268	787,072
Changes in assets and liabilities:						
Accounts receivable	121,454	65,900	28,983	(14,191)	202,146	-
Inventories	(48,209)	(20,415)	(12,559)	(482)	(81,665)	(55,457)
Prepaid items	-	-	(6,665)	(11,963)	(18,628)	-
Contracts receivable	10,638	(9,835)	-	-	803	-
Accounts payable	(1,627,442)	(521,048)	(10,103)	16,829	(2,141,764)	1,102
Accrued liabilities	914,425	-	97,779	(1,450)	1,010,754	(149,629)
Net cash provided (used) by operating activities	**$ 496,169**	**$ (243,833)**	**$ 353,105**	**$ 126,281**	**$ 731,722**	**$ 229,655**
Noncash investing, capital, and financing activities						
Contributions of capital assets	$ 35,976	$ 42,504	$ -	$ -	$ 78,480	$ -

concluded.

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, 2015

	Pension and OPEB Trusts	Agency
Assets		
Cash	$ 4,834,597	$ 4,099,475
Interest receivable	141,934	-
Taxes receivable	-	788,538
Investments:		
U.S. Government securities and agencies	7,124,060	-
Municipal securities	191,072	-
Corporate bonds	13,700,702	-
Corporate equities	110,346,947	-
Mutual funds	92,738,630	-
Exchange traded funds	34,275,218	-
Total assets	**263,353,160**	**$ 4,888,013**
Liabilities		
Accounts payable	2,980	$ 31,220
Accrued liabilities	64,899	-
Performance deposits	-	4,856,793
Total liabilities	**67,879**	**$ 4,888,013**
Net position		
Restricted for pension benefits	193,940,011	
Restricted for postemployment healthcare benefits	69,345,270	
Total net position	**$ 263,285,281**	

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, 2015

	Pension and OPEB Trusts
Additions	
Contributions	
Employer contributions	$ 9,291,704
Employee contributions	165,624
Total contributions	9,457,328
Investment earnings	
Interest	2,789,531
Dividends	7,042,553
Other income	72,165
Net adjustment in fair value of investments	(1,253,373)
Total investment earnings	8,650,876
Less investment expense	444,068
Net investment earnings	8,206,808
Total additions	**17,664,136**
Deductions	
Benefits	17,116,843
Administrative expenses	155,594
Total deductions	**17,272,437**
Net change in net position	**391,699**
Restricted net position, beginning of year for	
Pension benefits	195,180,171
Postemployment healthcare benefits	67,713,411
Total restricted net position, beginning of year	262,893,582
Restricted net position, end of year for	
Pension benefits	193,940,011
Postemployment healthcare benefits	69,345,270
Total restricted net position, end of year	**$ 263,285,281**

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

Discretely Presented Component Units

Combining Statement of Net Position

June 30, 2015

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	$ 202,537	$ 15,326	$ 270,134	$ 487,997
Receivables:				
Taxes receivable	48,998	-	-	48,998
Revolving loans receivable	-	-	480,119	480,119
Total assets	**251,535**	**15,326**	**750,253**	**1,017,114**
Liabilities				
Interest payable	115,127	-	-	115,127
Accrued liabilities	-	2,493	-	2,493
Long-term debt:				
Due within one year	260,000	-	-	260,000
Due after one year	14,425,000	-	-	14,425,000
Total liabilities	**14,800,127**	**2,493**	**-**	**14,802,620**
Deferred inflows of resources				
Deferred gain on refunding	**448,167**	**-**	**-**	**448,167**
Net position (deficit)				
Unrestricted	**$ (14,996,759)**	**$ 12,833**	**$ 750,253**	**$ (14,233,673)**

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

Discretely Presented Component Units

Combining Statement of Activities

For the Year Ended June 30, 2015

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Revenues				
General:				
Property taxes	$ 1,188,861	$ 140,456	$ 32,940	$ 1,362,257
Investment earnings	1,581	871	692	3,144
Total revenues	**1,190,442**	**141,327**	**33,632**	**1,365,401**
Expenses				
Economic development	136,379	244,989	21,200	402,568
Interest	673,800	-	-	673,800
Total expenses	**810,179**	**244,989**	**21,200**	**1,076,368**
Change in net position	**380,263**	**(103,662)**	**12,432**	**289,033**
Net position (deficit), beginning of year	(15,377,022)	116,495	737,821	(14,522,706)
Net position (deficit), end of year	**$ (14,996,759)**	**$ 12,833**	**$ 750,253**	**$ (14,233,673)**

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

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NOTES TO FINANCIAL STATEMENTS

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

Discretely presented component units. Are 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.

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.

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.

Notes to Financial Statements

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.

Debt Service - Series 2013. This fund is used to account for proceeds received by the City from the Troy Downtown Development Authority (TDDA). The proceeds are to reimburse the City for principal and interest payments on City issued debt to refinance debt originally issued by the TDDA.

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.

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.

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 collets 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 al 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.

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 1st. 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).

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 a nonspendable fund balance designation 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 $10,000 ($5,000 for federally funded projects) 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.

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 and amortized over the term of the related debt.

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 received on debt issuances are reported as other financing sources while discounts and issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

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 reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plans as well as for the deferred loss on refundings. A deferred refunding loss results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 delinquent personal property taxes and long-term receivables. These amounts are deferred and recognized as inflows of resources in the period that the amounts become 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 under the current fund balance policy adopted by resolution by City Council. 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 20% to 30% of annual expenditures. This is to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The use of fund balance is appropriate as part of a financial plan and one-time expenditures. If unassigned fund balance falls below or grows above the established policy range, the City Manager will present a financial plan, typically as part of the fiscal budgeting process, to address the deficiency or surplus of unassigned fund balance.

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.

A summary of the current year activity and the cumulative shortfall generated since July 1, 2001 is as follows:

Shortfall at July 1, 2014		$ (5,623,299)
Current year building permit revenue	$ 2,960,740	
Related expenses:		
Direct costs	2,331,207	
Estimated indirect costs (8%)	186,497	
Total construction code expenses	2,517,704	
Net surplus for the year ended June 30, 2015		443,036
Cumulative shortfall at June 30, 2015		$ (5,180,263)

Expenditures in Excess of Appropriations

As noted in the Summary of Significant Accounting Polices, the City adopts the annual three-year budget at the functional level (the legal level of budgetary control). For the year ended June 30, 2015 there have been no expenditures in excess of appropriations at the functional level.

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.

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, 2015.

Cash and Investments	Deposits	Investments	Cash on Hand	Total
Government-wide				
Cash and equivalents	$ 35,310,332	$ 1,697,232	$ 15,225	$ 37,022,789
Investments	16,545,589	60,412,159	-	76,957,748
Fiduciary funds				
Cash and equivalents	6,164,378	2,769,694	-	8,934,072
Investments	-	258,376,629	-	258,376,629
Component units				
Cash and equivalents	487,997	-	-	487,997
Total	**$ 58,508,296**	**$323,255,714**	**$ 15,225**	**$ 381,779,235**

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, $46,437,782 of the City of Troy's bank deposits (certificates of deposit, checking, and cash) of $59,012,206 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.

Notes to Financial Statements

At year end, the average maturities of fixed income security investments are as follows:

Investment	Fair Value	Average Maturity
Government-wide		
US Government or agency bond/note	$ 56,845,593	Over 10 years
Municipal bonds	1,531,031	0-5 years
Fiduciary funds		
US Government or agency bond/note	7,124,060	Over 10 years
Municipal bonds	191,072	Over 10 years
Corporate bonds	13,700,702	5-10 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	$ -	$ 607,464	$ 607,464
AA to AA-	58,376,624	8,544,977	66,921,601
A to A-	-	9,075,427	9,075,427
BBB to BBB-	-	2,787,966	2,787,966
Total	**$ 58,376,624**	**$ 21,015,834**	**$ 79,392,458**

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.

4. RECEIVABLES

Receivables, which include amounts due from other governments at June 30, 2015, are summarized as follows:

Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Delinquent personal property taxes (net)	$ 126,904	$ -	$ 126,904
Billed accounts receivable	2,571,924	2,308,061	4,879,985
Unbilled accounts receivable	-	4,033,696	4,033,696
Contracts receivable	-	493,860	493,860
Special assessments	89,849	-	89,849
Due from U.S. Government	1,697,670	-	1,697,670
Due from State of Michigan	2,406,160	-	2,406,160
Due from Oakland County	126,312	-	126,312
Due from Downtown Development Authority	14,800,127	-	14,800,127
Accrued interest	33,868	1,783	35,651
Total	**$ 21,852,814**	**$ 6,837,400**	**$ 28,690,214**
Amounts not expected to be collected within one year	**$ 14,425,000**	**$ -**	**$ 14,425,000**

Component Units	Total Component Units
Downtown Development Authority delinquent personal property taxes (net)	$ 48,998
Brownfield Redevelopment Authority revolving loan fund	480,119
Total	**$ 529,117**

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
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 33,002,825	$ 1,822,330	$ (107,830)	$ -	$ 34,717,325
Museum artifacts	2,084,666	-	-	-	2,084,666
Construction in progress	7,216,492	4,065,543	(7,853)	(2,068,397)	9,205,785
	42,303,983	5,887,873	(115,683)	(2,068,397)	46,007,776
Capital assets, being depreciated:					
Infrastructure					
Major/county/local roads	199,165,940	10,586,966	-	2,058,947	211,811,853
Local donated roads	33,551,524	-	-	-	33,551,524
Sidewalks	32,710,920	760,425	-	-	33,471,345
Drains	5,958,412	33,315	-	-	5,991,727
Land improvements	8,052,846	240,715	-	-	8,293,561
Buildings and improvements	89,710,179	816,045	(271,628)	9,450	90,264,046
Miscellaneous equipment	6,592,248	636,711	(1,502,460)	-	5,726,499
Office equipment	3,276,166	58,654	(527,646)	-	2,807,174
Vehicles	19,945,794	1,212,793	(1,704,840)	-	19,453,747
Library books/audio visual	8,891,195	592,546	-	-	9,483,741
	407,855,224	14,938,170	(4,006,574)	2,068,397	420,855,217
Less accumulated depreciation for:					
Infrastructure					
Major/county/local roads	(98,777,437)	(6,773,895)	-	-	(105,551,332)
Local donated roads	(27,996,236)	(780,534)	-	-	(28,776,770)
Sidewalks	(28,079,296)	(322,330)	-	-	(28,401,626)
Drains	(501,264)	(131,668)	-	-	(632,932)
Land improvements	(6,731,024)	(251,881)	-	-	(6,982,905)
Buildings and improvements	(53,709,973)	(3,110,692)	266,367	-	(56,554,298)
Miscellaneous equipment	(5,203,187)	(230,111)	1,502,460	-	(3,930,838)
Office equipment	(2,691,617)	(165,028)	527,102	-	(2,329,543)
Vehicles	(14,881,016)	(1,136,663)	1,704,842	-	(14,312,837)
Library books/audio visual	(7,290,506)	(526,206)	-	-	(7,816,712)
	(245,861,556)	(13,429,008)	4,000,771	-	(255,289,793)
Total capital assets being depreciated, net	161,993,668	1,509,162	(5,803)	2,068,397	165,565,424
Governmental activities capital assets, net	**$ 204,297,651**	**$ 7,397,035**	**$ (121,486)**	**$ -**	**$ 211,573,200**

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	$ 6,738,504	$ -	$ -	$ -	$ 6,738,504
Construction in progress	12,197,269	4,243,786	-	(3,965,350)	12,475,705
	18,935,773	4,243,786	-	(3,965,350)	19,214,209
Capital assets, being depreciated:					
Water and sewer transmission and distribution system	175,000,269	177,797	-	3,965,350	179,143,416
Service connections	750,121	-	-	-	750,121
Land improvements	8,898,233	-	(17,976)	-	8,880,257
Buildings and improvements	7,378,777	-	(94,915)	140,758	7,424,620
Miscellaneous equipment	3,293,313	182,329	(1,283,940)	(140,758)	2,050,944
Vehicles	1,138,748	-	(310,856)	-	827,892
Furniture, fixtures and other	261,330	-	(236,830)	-	24,500
	196,720,791	360,126	(1,944,517)	3,965,350	199,101,750
Less accumulated depreciation for:					
Water and sewer transmission and distribution system	(74,731,535)	(3,374,339)	36,309	-	(78,069,565)
Service connections	(750,121)	-	-	-	(750,121)
Land improvements	(2,981,899)	(218,914)	17,976	-	(3,182,837)
Buildings and improvements	(5,083,756)	(268,816)	94,915	(1,173)	(5,258,830)
Miscellaneous equipment	(2,731,208)	(70,659)	1,247,630	1,173	(1,553,064)
Vehicles	(651,836)	(71,540)	310,857	-	(412,519)
Furniture, fixtures and other	(261,330)	-	236,830	-	(24,500)
	(87,191,685)	(4,004,268)	1,944,517	-	(89,251,436)
Total capital assets being depreciated, net	109,529,106	(3,644,142)	-	3,965,350	109,850,314
Business-type activities capital assets, net	**$128,464,879**	**$ 599,644**	**$ -**	**$ -**	**$ 129,064,523**

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation of governmental activities by function	
General government	$ 3,990,166
Public safety	648,464
Public works	8,046,560
Community and economic development	39,616
Recreation and culture	704,202
Total depreciation expense - governmental activities	**$ 13,429,008**

Depreciation of business-type activities by function	
Water	$ 2,259,215
Sanitary Sewer	1,145,173
Aquatic Center	158,303
Sylvan Glen Golf Course	125,887
Sanctuary Lake Golf Course	315,690
Total depreciation expense - business-type activities	**$ 4,004,268**

6. INTERFUND ADVANCES AND TRANSFERS

The amounts of interfund advances transfers are as follows as of June 30, 2015:

	Advanced to Other Funds	Advanced from Other Funds
General Fund	$ 3,750,384	$ -
Enterprise Funds		
Aquatic Center Fund	-	180,302
Sanctuary Lake Golf Course Fund	-	6,813,312
Sylvan Glen Course Fund	3,243,230	-
Total	**$ 6,993,614**	**$ 6,993,614**

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, 2015:

	Transfers In				
Transfers out	General Fund	Capital Projects Fund	Nonmajor Governmental	Internal Service	Totals
General	$ -	$ 5,300,000	$ -	$ -	$ 5,300,000
Capital projects fund	-	-	-	59,010	59,010
Nonmajor governmental funds	3,897,293	2,513,004	3,537,550	-	9,947,847
Total	**$ 3,897,293**	**$ 7,813,004**	**$ 3,537,550**	**$ 59,010**	**$ 15,306,857**

General Fund

Transfers to the Capital Projects Fund are for an accelerated road improvement strategy to enhance the city's infrastructure.

Capital Projects Fund

Transfers to internal service funds are to supplement information technology capital.

Nonmajor Governmental Funds

Major streets fund transfers to the general fund are for routine road maintenance in the amount of $2,193,155. Major streets fund transfers to the capital projects fund of $1,673,000 represents funding of road improvements. Major streets fund transfer to the local streets fund of $500,000 represents allowable redirection of state funding. Local streets fund transfer to the general fund are for routine road maintenance in the amount of $1,702,573. The Cemetery Care fund transfer to the general fund of $1,565 is for routine maintenance at the cemetery. Drug forfeiture fund transfers to capital projects fund of $63,786 represents reimbursement for qualified public safety expenditures. Library fund transfers to the capital projects fund of $776,218 represent book and other capital purchases. General debt service fund transfers to Proposal A, B, and C debt service funds in the amount of $3,037,550 are for principal and interest payments on outstanding debt.

7. LEASE OBLIGATIONS

A. 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
2016	$ 50,690
2017	38,904
2018	31,512
2019	24,074

Lease costs for the year ended June 30, 2015, were $48,796.

B. Capital Lease

The City entered into a lease agreement as lessee for financing the acquisition of golf carts for both Sylvan Glenn and Sanctuary Lake Golf Courses in March 2013. The equipment was valued at $499,876 with a five (5) year useful life. This year, $49,988 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.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ended June 30,	Amount
2016	$ 107,650
2017	107,650
2018	71,766
Total minimum lease payments	287,066
Less: amount representing interest	(11,474)
Present value of minimum lease payments	**$ 275,592**

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, 2015:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities					
General obligation bonds					
Proposal A - streets	$ 5,580,000	$ -	$ (740,000)	$ 4,840,000	$ 730,000
Proposal B - public safety	7,825,000	-	(1,025,000)	6,800,000	1,130,000
Proposal C - community ctr.	4,280,000	-	(590,000)	3,690,000	580,000
City Refunding - Series 2013 DDA	14,945,000	-	(260,000)	14,685,000	260,000
Public drains	2,243,790	-	(217,182)	2,026,608	222,716
Total debt obligations	**34,873,790**	**-**	**(2,832,182)**	**32,041,608**	**2,922,716**
Unamortized premiums/(discounts)	701,574	-	(35,079)	666,495	-
Accrued compensated absences	3,862,092	3,815,985	(3,763,267)	3,914,810	2,095,235
Estimated self-insurance claims	1,012,275	8,240,546	(8,618,049)	634,772	471,067
Total governmental activities	**$ 40,449,731**	**$ 12,056,531**	**$ (15,248,577)**	**$ 37,257,685**	**$ 5,489,018**
Business-type Activities					
General obligation bonds					
Golf course series 2002	$ 450,000	$ -	$ (450,000)	$ -	$ -
Golf course series 2012	9,655,000	-	-	9,655,000	645,000
Capital lease					
Golf cart lease-Sanctuary Lake	186,786	-	(48,990)	137,796	50,430
Golf cart lease-Sylvan Glen	186,786	-	(48,990)	137,796	50,430
Unamortized premiums/(discounts)	174,536	-	(12,467)	162,069	-
Total business-type activities	**$ 10,653,108**	**$ -**	**$ (560,447)**	**$ 10,092,661**	**$ 745,860**
Total primary government	**$ 51,102,839**	**$ 12,056,531**	**$ (15,809,024)**	**$ 47,350,346**	**$ 6,234,878**

Compensated absences are liquidated through the Internal Service Fund and incurred but not reported insurance claims are generally liquidated through the General Fund.

Notes to Financial Statements

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%	$ 1,880,000
2010 Refunding of series 2001	2021	4,515,000	2.0-5.0%	2,960,000
Proposal B - public safety/city hall				
2010 Refunding of series 2001	2021	835,000	2.0-5.0%	560,000
2010 Refunding of series 2003	2021	9,110,000	2.0-5.0%	6,240,000
Proposal C - community center				
2010 Refunding of series 2001	2021	5,910,000	2.0-5.0%	3,690,000
Series 2013 - DDA Refunding	2034	14,945,000	2.0-5.25%	14,685,000
County drain bond contracts				
GWK Series 2000A	2022	457,372	2.50%	186,351
GWK Series 2001C	2024	2,102,682	2.50%	1,075,130
GWK Series 2001D	2024	81,089	2.50%	28,462
GWK Series 2005	2026	41,440	1.63%	22,975
GWK Series 2007	2024	318,728	2.55%	217,687
GWK Series 2007G	2028	46,242	1.63%	31,162
GWK Series 2008H	2029	196,953	2.50%	147,061
North Arm Series 1998	2021	926,972	2.25%	317,780
Total governmental activities		**$ 42,991,478**		**$ 32,041,608**
Business-type Activities				
General obligation bonds				
Golf course series 2002	2015	$ 12,000,000	3.25-5.0%	$ -
Gol course series 2012	2028	9,655,000	1.5-3.0%	9,655,000
Total business-type activities		**$ 21,655,000**	3.25-5.0%	**$ 9,655,000**
Total primary government		**$ 64,646,478**		**$ 41,696,608**

Notes to Financial Statements

The annual debt requirements to maturity for all long-term debts outstanding as of June 30, 2015, exclusive of earned but unpaid sick pay, insurance claims, capital leases and premiums are as follows:

Primary Government					
Year Ending	Governmental Activities		Business-type Activities		
June 30,	Principal	Interest	Principal	Interest	Total
2016	$ 2,922,716	$ 1,330,627	$ 645,000	$ 234,388	$ 5,132,731
2017	2,978,788	1,213,004	635,000	220,025	5,046,817
2018	2,909,269	1,098,929	630,000	201,050	4,839,248
2019	3,094,959	978,747	725,000	184,350	4,983,056
2020	3,136,159	846,548	715,000	169,950	4,867,657
2021	3,385,977	712,742	700,000	155,800	4,954,519
2022	641,424	633,778	685,000	140,238	2,100,440
2023	664,082	604,740	770,000	122,050	2,160,872
2024	766,837	572,865	755,000	102,988	2,197,690
2025	761,111	538,533	840,000	83,050	2,222,694
2026	916,477	500,773	820,000	62,300	2,299,550
2027	989,551	453,529	850,000	39,300	2,332,380
2028	1,264,531	403,813	885,000	13,275	2,566,619
2029	1,259,727	352,781	-	-	1,612,508
2030	1,250,000	294,188	-	-	1,544,188
2031	1,275,000	227,906	-	-	1,502,906
2032	1,275,000	160,969	-	-	1,435,969
2033	1,275,000	94,031	-	-	1,369,031
2034	1,275,000	30,273	-	-	1,305,273
Total	**$ 32,041,608**	**$ 11,048,776**	**$ 9,655,000**	**$ 1,728,764**	**$ 54,474,148**

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, 2015:

Component Units Downtown Development Auth.	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Obligated tax captures					
City G.O. bonds - Series 2013	14,945,000	-	(260,000)	14,685,000	260,000
Total component units	**$ 14,945,000**	**$ -**	**$ (260,000)**	**$ 14,685,000**	**$ 260,000**

The Troy Downtown Development Authority (TDDA) has pledged future tax captures to reimburse the city for principal and interest payments for debt issued by the city in the Series 2013 general obligation bonds to refinance TDDA general obligation debt.

Notes to Financial Statements

Component unit debt issues outstanding are as follows:

Component Units Downtown Development Authority	Maturity Date	Original Issue	Interest Rate	Amount Outstanding
Obligated tax capture:				
City issued Series 2013 DDA refinancing debt	2034	$ 14,945,000	2.0-5.25%	$ 14,685,000

The annual debt requirements to maturity for all component unit long-term obligations as of June 30, 2014 are as follows:

Component Units
Downtown Development Authority

Year Ending June 30,	Principal	Interest	Total
2016	$ 260,000	$ 690,763	$ 950,763
2017	260,000	681,663	941,663
2018	260,000	671,263	931,263
2019	260,000	663,463	923,463
2020	260,000	654,363	914,363
2021	375,000	638,488	1,013,488
2022	440,000	618,113	1,058,113
2023	500,000	594,613	1,094,613
2024	600,000	567,113	1,167,113
2025	745,000	537,213	1,282,213
2026	900,000	499,813	1,399,813
2027	975,000	452,939	1,427,939
2028	1,250,000	403,563	1,653,563
2029	1,250,000	352,781	1,602,781
2030	1,250,000	294,188	1,544,188
2031	1,275,000	227,906	1,502,906
2032	1,275,000	160,969	1,435,969
2033	1,275,000	94,031	1,369,031
2034	1,275,000	30,273	1,305,273
	$ 14,685,000	**$ 8,833,518**	**$ 23,518,518**

Advance Refunding/Defeased Debt

The City had no advance refundings during the 2015 fiscal year. Prior years refundings have exercised the callable components of the respective original issuance. Accordingly, there are no amounts defeased at the end of the 2015 fiscal year.

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.

Notes to Financial Statements

The following is a summary of these constraints on fund balances:

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
Nonspendable				
Inventory & prepaids	$ 1,536,822	$ -	$ 39,512	$ 1,576,334
Permanent fund corpus	-	-	161,000	161,000
Advance to Sanctuary Lake golf course	3,570,082	-	-	3,570,082
Advance to Aquatic Center	180,302	-	-	180,302
Total nonspendable	**5,287,206**	**-**	**200,512**	**5,487,718**
Restricted				
Special revenue funding source restrictions				
Highways and streets	-	-	6,538,400	6,538,400
Sanitation	-	-	730,571	730,571
Library	-	-	1,418,303	1,418,303
Other	-	-	756,630	756,630
Debt funding source restrictions	-	-	1,308,640	1,308,640
Budget stabilization	1,538,879	-	-	1,538,879
Capital improvements	-	10,689,959	-	10,689,959
Dog park development	-	14,475	-	14,475
Federal transportation	-	2,324,757	-	2,324,757
Total restricted	**1,538,879**	**13,029,191**	**10,752,544**	**25,320,614**
Committed				
Construction projects	-	803,358	-	803,358
Assigned				
Insurance claims	3,000,000	-	-	3,000,000
Tax appeals	141,000	-	-	141,000
Subsequent years budget	4,934,520	-	-	4,934,520
Total assigned	**8,075,520**	**-**	**-**	**8,075,520**
Unassigned	**19,716,862**	**-**	**-**	**19,716,862**
Total fund balances	**$ 34,618,467**	**$ 13,832,549**	**$ 10,953,056**	**$ 59,404,072**

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 $1,000 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, 2015.

The following are the changes in Incurred But Not Reported (IBNR) estimates:

Year Ending June 30,	Beginning Balance	Additions	Deductions	Ending Balance
2013	$ 1,223,902	$ 4,748,286	$ (4,929,897)	$ 1,042,291
2014	1,042,291	6,155,026	(6,185,042)	1,012,275
2015	1,012,275	8,240,546	(8,618,049)	634,772

The City has also entered into a public entity risk pool with other Michigan units of government for its workers compensation insurance.

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 $21,704,796 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, 2015.

12. PROPERTY TAXES

Property taxes are recorded on the modified accrual basis of accounting and are levied, and become a lien on July 1st on the taxable valuation of the property located within its boundaries as of the preceding December 31st. 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 2014-2015 levy was $4,278,572,152. The City's operating tax rate was 6.50 mills for the same year with additional mills of 1.07 for refuse removal and disposal, 0.70 for library operations, 0.7 for debt service, and 1.53 for capital preservation and improvements.

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 1st to September 1st. Any real property taxes not paid by March 1st, following the due date, are reimbursed by the County. The County Treasurer takes over collection responsibility at that date, as well as 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.

13. EMPLOYEE RETIREMENT SYSTEM AND PLAN

Summary of Significant Accounting Polices

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.

Method used to value investments. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description

Plan Administration. The City of Troy Employee Retirement System (TERS), under the authorization of the City Code chapter 10, administers the city's employee pension plan covering all full-time general and public safety employees of the city. 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.

Management of the pension plan is vested in the TERS Board, which consists of seven voting members and one non-voting ex-officio member. Two of the voting members are designated by their position which includes the City Manager and City Director of Financial Services. Three of the voting members are elected by plan members. One voting member of City Council as selected by the Council and one voting citizen, who is an elector of the city and who is not a member of the system and who is not a member of City Council as appointed by City Council. Of the five employee members, two must be members of the defined benefit plan.

Plan Membership. At December 31, 2014 pension plan membership consisted of the following:

Group	Members
Retirees and beneficiaries currently receiving benefits	326
Vested terminated employees	10
Active employees	57
Total members	**393**

The defined benefit pension plan is closed to new members.

Benefits Provided. The pension plan provides retirement, disability and death benefits.

General plan members. Retirement benefits are calculated as 2.25% of the average of the member's best 3-year eligible wages over the last ten years times the member's years, and fractions thereof, of service. Members between the ages of 50 and 62 will receive an additional benefit equal to the amount if the calculation used a multiplier .25% greater. A member who has 27 or more years of service may retire on or after attainment of age 50. A member who has 25 years of service may retire on or after attainment of age 55. Members of the Troy Fire Staff Officers Association may retire at any age with 25 years of service.

General plan members are eligible for non-duty disability benefits after 10 years of service (AFSCME and MAP members 5 years of service) and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and shall not be less than the amount it would be if they had attained 10 years of credited service.

General plan member widows and dependent children are eligible for non-duty death benefits if the member has 10 or more years of credited service. Benefits are calculated as if the member retired the preceding day of death using the pension calculation above. Duty death benefits are calculated in the same manner as non-duty death benefits with the exception that pension benefits cannot be less than 25% of the members final average compensation. Duty death benefits for members of the Troy Fire Staff Officers Association cannot be less than 50% of the members final average compensation.

Public safety members which includes Troy Police Officers Association and Troy Command Officers Association. Retirement benefits are calculated as 2.8% for the first 25 years and 1% per year thereafter of the average of the member's best 3-year eligible wages over the last ten years times the member's years, and fractions thereof, of service. The pension benefit is capped at 75% of final average compensation. A member may retire at any age with 25 or more years of service.

Public safety members are eligible for non-duty disability benefits after 5 years of service and for duty-related disability benefits upon hire. Non-duty disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and shall not be less than the amount it would be if they had attained 10 years of credited service. Duty disability benefits shall not be less than two-thirds of final average compensation during the period they are in receipt of worker's compensation.

Public safety members' widows and dependent children are eligible for non-duty death benefits if the member has 10 or more years of credited service. Benefits are calculated as if the member retired the preceding day of death using the pension calculation above. Duty death benefits are calculated in the same manner as non-duty death benefits with the exception that pension benefits cannot be less than 50% of the members final average compensation.

Contributions. Employee contributions for classified and exempt employees is 5% of eligible wages. Members of collective bargaining groups contribution are directed by contract. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2015, the average active member contribution rate was 3.5% of eligible wages, and the City's average contribution rate was 30.7% of annual eligible wages.

Investments

Investment allocation policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TERS Board by a majority vote of its members. It is the policy of the TERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Inflation Expectations	Long Term Arithmetic Average Return
Global equities	59%	8.4%	2.0%	10.4%
(Domestic 40% and International 19%)				
Fixed income	29%	3.1	2.0	5.1
Real estate	7%	8.3	2.0	10.3
Cash	5%	1.0	2.0	3.0
Total/Weighted Average	100%	6.5%	2.0%	8.5%

Rate of return. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The long-term rate of return is estimated at 6.5%

Net Pension Liability - Employee Retirement System

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	$153,182,874	$189,828,679	$ (36,645,805)
Service costs	966,066	-	966,066
Interest on total pension liability	9,626,620	-	9,626,620
Difference between expected and actual experience of total liability	1,874,178	-	1,874,178
Changes of assumptions	8,167,150	-	8,167,150
Contributions - employer	-	1,451,198	(1,451,198)
Contributions - employee	-	165,624	(165,624)
Net investment income	-	6,229,392	(6,229,392)
Benefit payments including refunds	(11,128,133)	(11,128,133)	-
Administrative expense	-	(76,000)	76,000
Other expense	-	(53,870)	53,870
Net changes	9,505,881	(3,411,789)	12,917,670
Balance at June 30, 2015	$162,688,755	$186,416,890	$ (23,728,135)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2014 with a measurement and reporting date of June 30, 2015. The following actuarial assumptions were applied to all periods included in the measurement:

Actuarial cost method	Entry-age
Inflation	3.0%
Salary increases (including inflation)	3.5% to 7.5%
Investment rate of return	6.5%
Mortality rates	RP-2014 combined health mortality tables

Single discount rate. A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on investments of 6.5%. The projection of cash flows used to determine this single discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on the Retirement System's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability, calculated using a single discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
City net pension liability (asset)	$ (5,773,882)	$ (23,728,136)	$ (38,860,581)

VOLUNTEER FIREFIGHTER INCENTIVE PLAN (VFIP)

Summary of Significant Accounting Polices

The volunteer firefighter incentive plan financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. No volunteer firefighter contributions are required. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method used to value investments. Investments are reported at fair value.

Plan Description

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, 2015 was determined using an individual entry age funding method. Management of the plan resides with the City Manager.

Plan Membership. At December 31, 2014 volunteer firefighter incentive plan membership consisted of the following:

Group	Members
Volunteers and beneficiaries currently receiving benefits	82
Inactive, nonretired members	26
Members on leave of absence	4
Active volunteers	142
Total members	**254**

Benefits provided. At July 1, 2014, the benefit payment was $642 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 volunteer service or any age with 30 years or more of volunteer service.

The City Council has established by resolution increases to the benefit payment amount per year as follows:

Fiscal Year Beginning July 1,	Benefit Amount Per Year of Service
2014	$642
2015	681
2016	724
2017	769

Contributions. The City makes contributions to the plan through actuarially determined and recommended amounts by an independent actuary. Funding is established through City Council resolution during the budget process. The City's contribution to the plan for the year ended June 30, 2015 was $3,078,500 which included a one-time contribution of $2,000,000 and the actuarially determined required contribution of $1,078,500. The volunteer firefighters are not paid any remuneration for their service.

Investments

Investment allocation policy. The VFIP plan's policy in regard to the allocation of invested assets is currently established by city management until the formal VFIP Board is established. The plan may be amended by the VFIP Board by a majority vote of its members. It is the policy of the VFIP Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Inflation Expectations	Long Term Arithmetic Average Return
Global equities	59%	8.4%	2.0%	10.4%
(Domestic 40% and International 19%)				
Fixed income	29%	3.1	2.0	5.1
Real estate	7%	8.3	2.0	10.3
Cash	5%	1.0	2.0	3.0
Total	100%	6.5%	2.0%	8.5%

Rate of return. For the year ended June 30, 2015, the annual money-weighted rate of return on volunteer firefighter incentive plan investments, net of investment expenses was 6.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The long-term estimated rate of return is 6.5%

Net Volunteer Firefighter Incentive Plan Liability

Changes in Net Plan Liability	Increase (Decrease) Total Plan Liability	Plan Net Position	Net Plan Liability
Balance at June 30, 2014	$ 16,387,367	$ 5,351,492	$ 11,035,875
Service costs	463,508	-	463,508
Interest on total pension liability	1,033,632	-	1,033,632
Difference between expected and actual experience of total liability	270,606	-	270,606
Changes of assumptions	120,951	-	120,951
Contributions - employer	-	3,078,500	(3,078,500)
Net investment income	-	100,516	(100,516)
Benefit payments including refunds	(987,639)	(987,639)	-
Other expense	-	(19,748)	19,748
Net changes	901,058	2,171,629	(1,270,571)
Balance at June 30, 2015	$ 17,288,425	$ 7,523,121	$ 9,765,304

Actuarial assumptions. The total plan liability was determined by an actuarial valuation as of December 31, 2014 with a measurement and reporting date of June 30, 2015. The following actuarial assumptions were applied to all periods included in the measurement.

Actuarial cost method	Entry age
Remaining amortization period	25 years
Inflation	N/A
Investment rate of return	6.5%
Mortality rates	RP-2000 combined health mortality tables

Single discount rate. A single discount rate of 6.36% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on investments of 6.5% and a municipal bond rate of 3.8%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2066. As a result, the long-term expected rate of return on plan investments was applied to projected benefit payments through the year 2066, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability, calculated using a single discount rate of 6.36%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease 5.36%	Current Discount Rate 6.36%	1% Increase 7.36%
City net VFIP plan liability	$ 12,495,872	$ 9,765,304	$ 7,567,026

Notes to Financial Statements

Statements of Fiduciary Net Position

	Employees' Retirement System				
	Pension	Healthcare	Total Employees' Retirement	Volunteer Firefighter Incentive Plan	Total
Assets					
Cash	$ (2,326,511)	$ -	$ (2,326,511)	$ 5,065,663	$ 2,739,152
Interest receivable	48,807	-	48,807	-	48,807
Investments, at fair value:					
U.S. Government securities	4,719,084	-	4,719,084	2,404,976	7,124,060
Municipal securities	135,610	-	135,610	55,462	191,072
Corporate bonds	3,820,625	-	3,820,625	-	3,820,625
Corporate equities	102,829,512	-	102,829,512	-	102,829,512
Mutual funds	53,816,728	16,742,803	70,559,531	-	70,559,531
Exchange traded funds	23,437,934	-	23,437,934	-	23,437,934
Total assets	**186,481,789**	**16,742,803**	**203,224,592**	**7,526,101**	**210,750,693**
Liabilities					
Accounts payable	-	-	-	2,980	2,980
Accrued liabilities	64,899	-	64,899	-	64,899
Total liabilities	**64,899**	**-**	**64,899**	**2,980**	**67,879**
Net position					
Restricted for:					
Pension benefits	186,416,890	-	186,416,890	7,523,121	193,940,011
Postemployment healthcare	-	16,742,803	16,742,803	-	16,742,803
Total net position	**$186,416,890**	**$ 16,742,803**	**$203,159,693**	**$ 7,523,121**	**$ 210,682,814**

Notes to Financial Statements

Statements of Changes in Fiduciary Net Position

	Employees' Retirement System				
	Pension	Healthcare	Total Employees' Retirement	Volunteer Firefighter Incentive Plan	Total
Additions					
Contributions:					
Employer	$ 1,451,198	$ -	$ 1,451,198	$ 3,078,500	$ 4,529,698
Plan members	165,624	-	165,624	-	165,624
Total contributions	1,616,822	-	1,616,822	3,078,500	4,695,322
Investment income:					
Interest	2,132,234	95,734	2,227,968	96,286	2,324,254
Dividends	5,663,598	-	5,663,598	1,965	5,665,563
Other income	72,165	-	72,165	-	72,165
Net adjustment in fair value	(1,323,522)	-	(1,323,522)	2,265	(1,321,257)
Total investment earnings	6,544,475	95,734	6,640,209	100,516	6,740,725
Less investment expense	315,083	-	315,083	-	315,083
Net investment earnings	6,229,392	95,734	6,325,126	100,516	6,425,642
Total additions	**7,846,214**	**95,734**	**7,941,948**	**3,179,016**	**11,120,964**
Deductions					
Benefit payments	11,128,133	4,999,403	16,127,536	989,307	17,116,843
Administrative expenses	129,870	-	129,870	18,080	147,950
Total deductions	**11,258,003**	**4,999,403**	**16,257,406**	**1,007,387**	**17,264,793**
Change in net position	**(3,411,789)**	**(4,903,669)**	**(8,315,458)**	**2,171,629**	**(6,143,829)**
Restricted net position, beginning					
Pension benefits	189,828,679	-	189,828,679	5,351,492	195,180,171
Retiree healthcare benefits	-	21,646,472	21,646,472	-	21,646,472
Total restricted, beginning	189,828,679	21,646,472	211,475,151	5,351,492	216,826,643
Restricted net position, ending					
Pension benefits	186,416,890	-	186,416,890	7,523,121	193,940,011
Retiree healthcare benefits	-	16,742,803	16,742,803	-	16,742,803
Total restricted, ending	**$186,416,890**	**$ 16,742,803**	**203,159,693**	**$ 7,523,121**	**$ 210,682,814**

COMBINED CHANGES IN NET PENSION/VFIP PLAN LIABILITY AND DEFERRED OUTFLOWS

Combined Net Liability

Changes in Net Pension/VFIP Liability	Increase (Decrease)		
	Employee Retirement System Net Pension Liability (asset)	Volunteer Firefighter Incentive Plan Net Plan Liability	Total Net Liability (asset)
Balance at June 30, 2014	$ (36,645,805)	$ 11,035,875	$ (25,609,930)
Service costs	966,066	463,508	1,429,574
Interest on total pension liability	9,626,620	1,033,632	10,660,252
Difference between expected and actual experience of total liability	1,874,178	270,606	2,144,784
Changes of assumptions	8,167,150	120,951	8,288,101
Contributions - employer	(1,451,198)	(3,078,500)	(4,529,698)
Contributions - employee	(165,624)	-	(165,624)
Net investment income	(6,229,392)	(100,516)	(6,329,908)
Benefit payments including refunds	-	-	-
Administrative expense	76,000	-	76,000
Other expense	53,870	19,748	73,618
Net changes	12,917,670	(1,270,571)	11,647,099
Balance at June 30, 2015	$ (23,728,135)	$ 9,765,304	$ (13,962,831)

Combined Deferred Outflow of Resources

For the year ended June 30, 2015, the City recognized total employee retirement system pension expense of $9,014,924 and total volunteer firefighter incentive plan expense of $1,216,974. The City deferred outflows of resources related to these systems from the following sources:

	Deferred Outflow of Resources		
	Employee Retirement System	Volunteer Firefighter Incentive Plan	Total Deferred Outflows
Difference between expected and actual experience	$ 133,832	$ 234,450	$ 368,282
Changes in assumptions	583,205	104,789	687,994
Net difference between projected and actual earnings on investments	4,636,906	251,710	4,888,616
Total deferred outflows	$ 5,353,943	$ 590,949	$ 5,944,892

Amounts reported as deferred outflows of resources related to the Employee Retirement System and the Volunteer Firefighter Incentive Plan will be recognized in expense as follows:

	Deferred Outflow Recognition		
	Employee Retirement System	Volunteer Firefighter Incentive Plan	Total Deferred Outflows
Fiscal Year Ending June 30,			
2016	$ 1,876,264	$ 115,244	$ 1,991,508
2017	1,159,227	115,244	1,274,471
2018	1,159,227	115,244	1,274,471
2019	1,159,225	115,242	1,274,467
2020	-	52,316	52,316
2021	-	77,659	77,659
	$ 5,353,943	$ 590,949	$ 5,944,892

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, 2015 was 279.

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, 2015, was $18,507,829. The required contributions, which matched those actually made, were $856,651 by employees and $1,933,871 by the City, representing 4.6 percent and 10.4 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 227 members from the ranks of the City's active full-time employees that may become eligible for those benefits and 334 retired members currently receiving benefits. The City's contribution for healthcare benefits is accounted for in the Retiree Health Care Trust Fund. The employer's contribution was $4,633,849, or 26.01% of covered payroll totaling $17,818,467. The annual required contribution was $4,425,495 based on total dollars. During the current year, healthcare benefits paid totaled $4,999,403, 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.

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. Beginning July 1, 2014 AFSCME, MAP, TFOA and TCSA members along with new members to the TCOA will accrue 3% per year of service up to a maximum of 90% of covered health insurance premiums.

Funding Progress

For the year ended June 30, 2015, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2012. 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 (based on % of payroll)	$ 4,659,529
Interest on net OPEB asset - 6.5%	(187,274)
Actuary adjust. to annual required contribution (12.8%)	228,842
Annual OPEB cost (expense)	4,701,097
Contributions made	(4,633,849)
Decrease/(Increase) in net OPEB asset	67,248
Net OPEB (asset), beginning of year	(2,881,139)
Net OPEB (asset), end of year	**$ (2,813,891)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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)
2013	$ 2,444	196%	$ (3,109)
2014	4,693	99%	(2,881)
2015	4,701	99%	(2,814)

Actuarial Methods and Assumptions

In the December 31, 2012 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 9.0% was used in fiscal year 2013 decreasing to 3.5% by 2022. 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, 2012 was 26 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, 2014, the most recent actuarial valuation date, the Plan was 59.8% funded. The actuarial accrued liability for benefits was $114,427,000, and the actuarial value of assets was $68,440,000, resulting in an unfunded actuarial accrued liability (UAAL) of $45,987,000. The covered payroll (annual payroll for active employee covered by the Plan) was $19,614,000 and the ratio for the UAAL to the covered payroll was 234.5%.

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.

Notes to Financial Statements

Statement of Net Position

	Retiree Health Care Trust Fund
Assets	
Cash	$ 2,095,445
Interest receivable	93,127
Investments, at fair value:	
Corporate bonds	9,880,077
Corporate equities	7,517,435
Mutual funds	22,179,099
Exchange traded funds	10,837,284
Total assets	**52,602,467**
Net position	
Restricted for postemployment healthcare benefits	**$ 52,602,467**

Statement of Changes in Fund Net Position

	Retiree Health Care Trust Fund
Additions	
Contributions:	
Employer	$ 4,762,006
Investment earnings:	
Interest	465,277
Dividends	1,376,990
Net adjustment in fair value of investments	67,884
Total investment earnings	1,910,151
Less investment expense	128,985
Net investment earnings	1,781,166
Total additions	**6,543,172**
Deductions	
Administrative expenses	7,644
Change in net position	**6,535,528**
Restricted net position, beginning of year for:	
Postemployment healthcare benefits	46,066,939
Restricted net position, end of year for:	
Postemployment healthcare benefits	**$ 52,602,467**

16. DEFICIT NET POSITION

The Sanctuary Lake golf course fund has a net position deficit of $6,092,807 at June 30, 2015.

The Sanctuary Lake golf course completed its tenth year of operations with an operating loss of $60,020 including depreciation expense of $315,690. Nonoperating expenses including interest expense of $298,686 resulted in a decrease change in net position of $358,706. This compares to a decrease change in net position of $396,588 last fiscal year. Cash flows from operations were positive in the amount of $353,105. As such, the deficit is a result of operating income insufficient to meet the debt funding requirements. The fund has incurred 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 $14,996,759 compared to $15,377,022 last fiscal year. This deficit is attributable to recognizing outstanding long-term debt to be financed with future tax increment revenues from the district.

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. SIGNIFICANT COMMITMENTS

As of June 30, 2015, the City had $4,254,948 in construction commitments outstanding for various projects including street improvements, water system improvements and sanitary sewer improvements. The commitments will be satisfied using grant funding, millage proceeds and fund balance.

19. SUBSEQUENT EVENTS

The City settled litigation in regards to the condemnation of Transit Center land title in September 2015. The City disbursed $3,100,000 to obtain clear title to the land. It is expected that this amount will be reimbursed to the City through the combination of federal transportation grant funding, the federal rail administration, Michigan Department of Transportation and the use of capital projects fund balance that is restricted for the explicit purpose of transportation initiatives.

20. PRIOR PERIOD ADJUSTMENT AS A RESULT OF GASB 68 ADOPTION

The City adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement number 68 "Employer Reporting for Pension Obligations"* during the fiscal year ended June 30, 2015. This statement requires employers to report the cost of pensions as they are earned in each period, rather than as they are required to be funded in each period. Unfunded net pension obligations will be reported as a liability and Over-funded net pension obligations will be reported as assets in the statement of net position.

To report the cost of pensions earned in the fiscal year in the statement of changes in net position and report the total net pension liability (or net asset in the city's case) in the statement of net position, the beginning net position amounts must be re-stated to recognize the net pension position prior to current year activity. Accordingly, the beginning balance in the statement of changes in net position have been adjusted as follows:

Ending Government Activities Net Position as Stated June 30, 2014	$ 259,420,453
Add: Employee Retirement System Net Asset	36,646,726
Less: Volunteer Firefighter Incentive Program Net Liability	(11,035,875)
Beginning Governmental Activities Net Position as Stated June 30, 2015	$ 285,031,304

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Employee Retirement System
(Schedule built prospectively upon implementation of GASB Statement No. 67)

Schedule of Change in Net Pension Liability and Related Ratios

Fiscal Year Ending June 30	2014	2015
Total Pension Liability		
Service cost	$ 985,140	$ 966,066
Interest on total pension liability	9,635,941	9,626,620
Benefit changes	-	-
Difference between expected and actual returns	286,868	1,874,178
Assumption changes	-	8,167,150
Benefit payments	(10,955,507)	(11,128,133)
Refunds	-	-
Net change in total pension liability	**(47,558)**	**9,505,881**
Beginning total pension liability	153,230,433	153,182,874
Ending total pension liability (a)	**$ 153,182,875**	**$ 162,688,755**
Plan Fiduciary Net Position		
Employer contributions	$ 1,867,473	$ 1,451,198
Employee contributions	174,214	165,624
Pension plan net investment income	35,667,991	6,229,393
Benefit payments	(10,955,507)	(11,128,133)
Administrative expense	(242,023)	(129,870)
Net change in plan fiduciary net position	**26,512,148**	**(3,411,788)**
Beginning plan fiduciary net position	163,316,531	189,828,679
Ending plan fiduciary net position (b)	**$ 189,828,679**	**$ 186,416,891**
Net pension liability (a)-(b)	**$ (36,645,804)**	**$ (23,728,136)**
Plan fiduciary net position as a percentage of total pension liability	**123.92%**	**114.58%**
Covered employee payroll	$ 4,768,908	$ 4,902,224
Net pension liability as a percentage of covered employee payroll	**-768.43%**	**-484.03%**

Schedule of the Net Pension Liability Multiyear (*Prospective Ten Years*)

Fiscal Year Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2012	$ 153,304,399	$ 146,047,162	$ 7,257,237	95.3%	$ 5,427,637	133.7%
2013	153,230,433	163,316,531	(10,086,098)	106.6%	5,069,499	-199.0%
2014	153,182,874	189,829,600	(36,646,726)	123.9%	4,768,908	-768.5%
2015	162,688,755	186,416,891	(23,728,136)	114.6%	4,902,224	-484.0%

Required Supplementary Information

Employee Retirement System

Schedule of Contributions Multiyear (*Prospective Ten Years*)

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	$ 2,157,379	$ 2,195,477	$ (38,098)	$ 5,427,637	40.4%
2013	1,883,530	1,883,530	-	5,069,499	37.2%
2014	1,845,880	1,867,473	(21,593)	4,768,908	39.2%
2015	1,451,198	1,451,198	-	4,902,224	29.6%

Notes to Schedule of Contributions

Valuation Date:	December 31, 2013
Notes	Actuarially determined contribution rates are calculated as of December 31st which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	5-year smooted market
Inflation	3.0%; No explicit price inflation assumption is used in this valuation
Salary increases	3.5% to 7.5% including inflation
Investment rate of return	6.50%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. First used for the 1973 valuation; Classified, Exempt, Command Officers first used for the 1981 valuation; Non-Classified/Exempt General members first used for the 1986 valuation.
Mortality	RP-2000 Combined Healthy Mortality Tables, for healthy males and females, and the RP-2000 Disabled Mortality Table for impaired males and females.
Benefit changes	None

Schedule of Investment Returns Multiyear (*Prospective Ten Years*)

Fiscal Year Ending June 30	Annual Return
2012	-1.1%
2013	18.2%
2014	22.2%
2015	3.3%

Required Supplementary Information

Incentive Plan for Volunteer Firefighters
(Schedule built prospectively upon implementation of GASB Statement No. 67)

Schedule of Changes in Net Plan Liability and Related Ratios Multiyear (*Prospective Ten Years*)

Fiscal Year Ending June 30	2014	2015
Total Pension Liability		
Service cost	$ 447,479	$ 463,508
Interest on total pension liability	819,211	1,033,632
Benefit changes	1,727,859	-
Difference between expected and actual returns	-	270,606
Assumption changes	1,703,002	120,951
Benefit payments	(1,379,391)	(987,639)
Refunds	-	-
Net change in total pension liability	**3,318,160**	**901,058**
Beginning total pension liability	13,069,207	16,387,367
Ending total pension liability (a)	**$ 16,387,367**	**$ 17,288,425**
Plan Fiduciary Net Position		
Employer contributions	$ 1,078,500	$ 3,078,500
Pension plan net investment income	286,663	100,516
Benefit payments	(1,379,391)	(987,639)
Administrative expense	(12,420)	-
Other	-	(19,748)
Net change in plan fiduciary net position	(26,648)	2,171,629
Beginning plan fiduciary net position	5,378,140	5,351,492
Ending plan fiduciary net position (b)	**$ 5,351,492**	**$ 7,523,121**
Net pension liability (a)-(b)	**$ 11,035,875**	**$ 9,765,304**
Plan fiduciary net position as a percentage of total pension liability	**32.66%**	**43.52%**
Covered employee payroll	N/A	N/A
Net pension liability as a percentage of covered employee payroll	N/A	N/A

Schedule of the Net Pension Liability Multiyear (*Prospective Ten Years*)

Fiscal Year Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	$ 16,387,367	$ 5,351,492	$ 11,035,875	32.7%	N/A	N/A
2015	17,288,425	7,523,121	9,765,304	43.5%	N/A	N/A

Schedule of Contributions Multiyear (*Prospective Ten Years*)

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 858,472	$ 1,078,500	$ (220,028)	N/A	N/A
2015	843,872	3,078,500	(2,234,628)	N/A	N/A

Required Supplementary Information
Incentive Plan for Volunteer Firefighters

Notes to Schedule of Contributions

Valuation Date:	December 31, 2013
Notes	Actuarially determined contribution rates are calculated as of December 31st which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	25 years
Asset valuation method	4-year smooted market
Investment rate of return	6.50%
Retirement age	Age and experienced-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Mortality Table projected to 2017 using scale BB.

Benefit changes

Effective July 1,	Amount Per Year of Service
2014	$642
2015	681
2016	724
2017	769
thereafter	1% per year

Schedule of Investment Returns Multiyear (*Prospective Ten Years*)

Fiscal Year Ending June 30	Annual Return
2014	4.8%
2015	1.0%

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	100,064	40,932	59.1%	19,194	213.2%
12/31/2014	68,440	114,427	45,987	59.8%	19,614	234.5%

* 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 December 31,	Annual Required Contributions	Percentage Contributed
2012	$ 3,773	117.4%
2013	3,855	126.9%
2014	4,465	100.0%
2015	4,425	104.7%

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.

Transit Center Fund - Accumulates resources from Amtrak and sponsorships for the operations, maintenance and capital needs of the Transit Center.

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.

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.

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CITY OF TROY, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue							
	Major Streets	Local Streets	Refuse	Transit Center	Drug Forfeiture	Library	Community Development Block Grant	Total Special Revenue
Assets								
Cash and investments	$ 2,618,440	$ 2,952,097	$ 1,087,071	$ (7,178)	$ 694,043	$ 1,303,950	$ (53,987)	$ 8,594,436
Accounts receivable	-	-	1,407	37,499	-	188,866	-	227,772
Due from other governments	727,509	240,354	-	-	-	-	56,941	1,024,804
Prepaid expenditures	-	-	-	-	-	39,512	-	39,512
Total assets	**$ 3,345,949**	**$ 3,192,451**	**$1,088,478**	**$ 30,321**	**$ 694,043**	**$1,532,328**	**$ 2,954**	**$ 9,886,524**
Liabilities								
Accounts payable	$ -	$ -	$ 357,907	$ 5,824	$ 10,578	$ 74,513	$ 2,954	$ 451,776
Fund balance								
Nonspendable	-	-	-	-	-	39,512	-	39,512
Restricted	3,345,949	3,192,451	730,571	24,497	683,465	1,418,303	-	9,395,236
Total fund balances	**3,345,949**	**3,192,451**	**730,571**	**24,497**	**683,465**	**1,457,815**	**-**	**9,434,748**
Total liabilities and fund balance	**$ 3,345,949**	**$ 3,192,451**	**$1,088,478**	**$ 30,321**	**$ 694,043**	**$1,532,328**	**$ 2,954**	**$ 9,886,524**

CITY OF TROY, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds (Concluded)
June 30, 2015

	Debt Service					Permanent Fund	
	General Debt Service	Proposal A Debt Service	Proposal B Debt Service	Proposal C Debt Service	Total Debt Service	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Assets							
Cash and investments	$ 1,308,640	$ -	$ -	$ -	$ 1,308,640	$ 209,668	$ 10,112,744
Accounts receivable	-	-	-	-	-	-	227,772
Due from other governments	-	-	-	-	-	-	1,024,804
Prepaid expenditures	-	-	-	-	-	-	39,512
Total assets	**$ 1,308,640**	**$ -**	**$ -**	**$ -**	**$ 1,308,640**	**$ 209,668**	**$ 11,404,832**
Liabilities							
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 451,776
Fund balance							
Nonspendable	-	-	-	-	-	161,000	200,512
Restricted	1,308,640	-	-	-	1,308,640	48,668	10,752,544
Total fund balances	**1,308,640**	**-**	**-**	**-**	**1,308,640**	**209,668**	**10,953,056**
Total liabilities and fund balance	**$ 1,308,640**	**$ -**	**$ -**	**$ -**	**$ 1,308,640**	**$ 209,668**	**$ 11,404,832**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2015

	Special Revenue							
	Major Streets	Local Streets	Refuse	Transit Center	Drug Forfeiture	Library	Community Development Block Grant	Total Special Revenue
Revenues								
Property taxes	$ -	$ -	$ 4,595,925	$ -	$ -	$ 3,004,907	$ -	$ 7,600,832
Federal grants	-	-	139,142	-	-	-	56,941	196,083
State grants	4,278,155	1,499,530	-	-	-	211,313	-	5,988,998
Charges for services	-	-	6,590	61,463	-	40,157	-	108,210
Fines and forfeitures	-	-	-	-	280,508	122,042	-	402,550
Investment earnings	5,906	6,597	14,940	-	-	-	-	27,443
Other	-	-	-	6,000	-	63,479	-	69,479
Total revenues	**4,284,061**	**1,506,127**	**4,756,597**	**67,463**	**280,508**	**3,441,898**	**56,941**	**14,393,595**
Expenditures								
Current:								
General government	-	-	-	63,966	-	-	-	63,966
Public safety	-	-	-	-	87,292	-	-	87,292
Sanitation	-	-	4,606,610	-	-	-	-	4,606,610
Community development	-	-	-	-	-	-	56,941	56,941
Recreation and culture	-	-	-	-	-	2,663,090	-	2,663,090
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	**-**	**-**	**4,606,610**	**63,966**	**87,292**	**2,663,090**	**56,941**	**7,477,899**
Revenues over (under) expenditures	**4,284,061**	**1,506,127**	**149,987**	**3,497**	**193,216**	**778,808**	**-**	**6,915,696**
Other financing sources (uses)								
Transfers in	-	500,000	-	-	-	-	-	500,000
Transfers out	(4,366,155)	(1,702,573)	-	-	(63,786)	(776,218)	-	(6,908,732)
Total other financing (uses) sources	**(4,366,155)**	**(1,202,573)**	**-**	**-**	**(63,786)**	**(776,218)**	**-**	**(6,408,732)**
Net change in fund balances	**(82,094)**	**303,554**	**149,987**	**3,497**	**129,430**	**2,590**	**-**	**506,964**
Fund balances, beginning of year	3,428,043	2,888,897	580,584	21,000	554,035	1,455,225	-	8,927,784
Fund balances, end of year	**$ 3,345,949**	**$ 3,192,451**	**$ 730,571**	**$ 24,497**	**$ 683,465**	**$ 1,457,815**	**$ -**	**$ 9,434,748**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds (Concluded)

For the Year Ended June 30, 2015

	Debt Service					Permanent Fund	
	General Debt Service	Proposal A Debt Service	Proposal B Debt Service	Proposal C Debt Service	Total Debt Service	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Revenues							
Property taxes	$ 3,011,993	$ -	$ -	$ -	$ 3,011,993	$ -	$ 10,612,825
Federal grants	-	-	-	-	-	-	196,083
State grants	-	-	-	-	-	-	5,988,998
Charges for services	-	-	-	-	-	2,450	110,660
Fines and forfeitures	-	-	-	-	-	-	402,550
Investment earnings	6,079	-	-	-	6,079	515	34,037
Other	-	-	-	-	-	-	69,479
Total revenues	**3,018,072**	**-**	**-**	**-**	**3,018,072**	**2,965**	**17,414,632**
Expenditures							
Current:							
General government	-	-	-	-	-	-	63,966
Public safety	-	-	-	-	-	-	87,292
Sanitation	-	-	-	-	-	-	4,606,610
Community development	-	-	-	-	-	-	56,941
Recreation and culture	-	-	-	-	-	-	2,663,090
Debt service:							
Principal	-	740,000	1,025,000	590,000	2,355,000	-	2,355,000
Interest	65,936	210,275	309,225	163,050	748,486	-	748,486
Total expenditures	**65,936**	**950,275**	**1,334,225**	**753,050**	**3,103,486**	**-**	**10,581,385**
Revenues over (under) expenditures	**2,952,136**	**(950,275)**	**(1,334,225)**	**(753,050)**	**(85,414)**	**2,965**	**6,833,247**
Other financing sources (uses)							
Transfers in	-	950,275	1,334,225	753,050	3,037,550	-	3,537,550
Transfers out	(3,037,550)	-	-	-	(3,037,550)	(1,565)	(9,947,847)
Total other financing (uses) sources	**(3,037,550)**	**950,275**	**1,334,225**	**753,050**	**-**	**(1,565)**	**(6,410,297)**
Net change in fund balances	**(85,414)**	**-**	**-**	**-**	**(85,414)**	**1,400**	**422,950**
Fund balances, beginning of year	1,394,054	-	-	-	1,394,054	208,268	10,530,106
Fund balances, end of year	**$ 1,308,640**	**$ -**	**$ -**	**$ -**	**$ 1,308,640**	**$ 209,668**	**$ 10,953,056**

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants and reimbursements	$ 3,923,000	$ 3,923,000	$ 4,278,155	$ 355,155
Investment earnings	9,000	9,000	5,906	(3,094)
Total revenues	**3,932,000**	**3,932,000**	**4,284,061**	**352,061**
Other financing (uses)				
Transfers out	(4,025,000)	(4,498,000)	(4,366,155)	(131,845)
Net change in fund balance	**(93,000)**	**(566,000)**	**(82,094)**	**483,906**
Fund balance, beginning of year	3,428,043	3,428,043	3,428,043	-
Fund balance, end of year	**$ 3,335,043**	**$ 2,862,043**	**$ 3,345,949**	**$ 483,906**

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants and reimbursements	$ 1,542,000	$ 1,542,000	$ 1,499,530	$ (42,470)
Investment earnings	8,000	8,000	6,597	(1,403)
Total revenues	**1,550,000**	**1,550,000**	**1,506,127**	**(43,873)**
Other financing sources (uses)				
Transfers in	500,000	500,000	500,000	-
Transfers out	(2,032,000)	(2,032,000)	(1,702,573)	(329,427)
Total other financing (uses)	**(1,532,000)**	**(1,532,000)**	**(1,202,573)**	**(329,427)**
Net change in fund balance	**18,000**	**18,000**	**303,554**	**285,554**
Fund balance, beginning of year	2,888,897	2,888,897	2,888,897	-
Fund balance, end of year	**$ 2,906,897**	**$ 2,906,897**	**$ 3,192,451**	**$ 285,554**

CITY OF TROY, MICHIGAN

Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Refuse Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 4,576,000	$ 4,576,000	$ 4,595,925	$ 19,925
Federal grants	-	-	139,142	139,142
Charges for services	6,000	6,000	6,590	590
Investment earnings	14,000	14,000	14,940	940
Total revenues	4,596,000	4,596,000	4,756,597	160,597
Expenditures				
Sanitation	4,446,000	4,618,000	4,606,610	(11,390)
Net change in fund balance	**150,000**	**(22,000)**	**149,987**	**171,987**
Fund balance, beginning of year	580,584	580,584	580,584	-
Fund balance, end of year	**$ 730,584**	**$ 558,584**	**$ 730,571**	**$ 171,987**

CITY OF TROY, MICHIGAN

Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Transit Center

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Sponsorships	$ -	$ -	$ 6,000	$ 6,000
Charges for services	-	65,600	61,463	(4,137)
Total revenues	-	65,600	67,463	1,863
Expenditures				
General government	-	65,600	63,966	(1,634)
Net change in fund balance	**-**	**-**	**3,497**	**3,497**
Fund balance, beginning of year	21,000	21,000	21,000	-
Fund balance, end of year	**$ 21,000**	**$ 21,000**	**$ 24,497**	**$ 3,497**

CITY OF TROY, MICHIGAN

Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Drug Forfeiture

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeitures	$ 130,000	$ 130,000	$ 280,508	$ 150,508
Expenditures				
Public safety	102,000	102,000	87,292	(14,708)
Revenues over (under) expenditures	**28,000**	**28,000**	**193,216**	**165,216**
Other financing (uses)				
Transfers out	(80,000)	(80,000)	(63,786)	16,214
Net change in fund balance	**(52,000)**	**(52,000)**	**129,430**	**181,430**
Fund balance, beginning of year	554,035	554,035	554,035	-
Fund balance, end of year	**$ 502,035**	**$ 502,035**	**$ 683,465**	**$ 181,430**

CITY OF TROY, MICHIGAN

Schedule of Revenue, Expenditures and Change in Fund Balance

Budget and Actual - Library Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 2,992,000	$ 2,992,000	$ 3,004,907	$ 12,907
State grants and reimbursements	129,000	129,000	211,313	82,313
Charges for services	22,000	22,000	40,157	18,157
Fines and forfeitures	100,000	100,000	122,042	22,042
Other	22,800	22,800	63,479	40,679
Total revenues	**3,265,800**	**3,265,800**	**3,441,898**	**176,098**
Expenditures				
Recreation and culture	2,794,200	2,794,200	2,663,090	(131,110)
Revenues over expenditures	471,600	471,600	778,808	307,208
Other financing (uses)				
Transfers out	(788,000)	(788,000)	(776,218)	(11,782)
Net change in fund balance	**(316,400)**	**(316,400)**	**2,590**	**318,990**
Fund balance, beginning of year	1,455,225	1,455,225	1,455,225	-
Fund balance, end of year	**$ 1,138,825**	**$ 1,138,825**	**$ 1,457,815**	**$ 318,990**

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants and reimbursements	$ 157,300	$ 157,300	$ 56,941	$ (100,359)
Expenditures				
Community development	157,300	157,300	56,941	(100,359)
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, 2015

	Sylvan Glen Golf Course	Aquatic Center	Total
Assets			
Current assets:			
Cash and investments	$ 200,339	$ 96,819	$ 297,158
Accounts receivable	4,638	16,941	21,579
Inventories	40,678	-	40,678
Prepaid expenses	28,628	-	28,628
Total current assets	274,283	113,760	388,043
Noncurrent assets:			
Advances to other funds	3,243,230	-	3,243,230
Capital assets not being depreciated	1,894,552	-	1,894,552
Capital assets being depreciated (net)	472,833	1,170,516	1,643,349
Total noncurrent assets	5,610,615	1,170,516	6,781,131
Total assets	**5,884,898**	**1,284,276**	**7,169,174**
Liabilities			
Current liabilities:			
Accounts payable	290	31,630	31,920
Other liabilities	180,841	-	180,841
Current portion of capital lease	50,430	-	50,430
Total current liabilities	231,561	31,630	263,191
Noncurrent liabilities:			
Advances from other funds	-	180,302	180,302
Capital lease	87,366	-	87,366
Total noncurrent liabilities	87,366	180,302	267,668
Total liabilities	**318,927**	**211,932**	**530,859**
Net position			
Investment in capital assets	2,229,589	1,170,516	3,400,105
Unrestricted (deficit)	3,336,382	(98,172)	3,238,210
Total net position	**$ 5,565,971**	**$ 1,072,344**	**$ 6,638,315**

CITY OF TROY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended June 30, 2015

	Sylvan Glen Golf Course	Aquatic Center	Total
Operating revenues			
Charges for services	$ 777,321	$ 382,755	$ 1,160,076
Rental:			
Golf course	202,847	-	202,847
Restaurant	67,200	-	67,200
Other services	81,600	48,386	129,986
Total operating revenues	**1,128,968**	**431,141**	**1,560,109**
Operating expenses			
Operations	999,474	423,097	1,422,571
Depreciation	125,887	158,303	284,190
Total operating expenses	**1,125,361**	**581,400**	**1,706,761**
Operating income	**3,607**	**(150,259)**	**(146,652)**
Nonoperating revenues (expenses)			
Investment earnings	1,392	-	1,392
Interest expense	(4,715)	-	(4,715)
Total non-operating revenues (expenses)	**(3,323)**	**-**	**(3,323)**
Change in net position	**284**	**(150,259)**	**(149,975)**
Net position, beginning of year	5,565,687	1,222,603	6,788,290
Net position, end of year	**$ 5,565,971**	**$ 1,072,344**	**$ 6,638,315**

CITY OF TROY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2015

	Sylvan Glen Golf Course	Aquatic Center	Total
Cash flows from operating activities			
Cash received from customers	$ 1,124,330	$ 421,588	$ 1,545,918
Cash payments to employees	(546,833)	(248,638)	(795,471)
Cash payments to suppliers for goods and services	(464,243)	(142,244)	(606,487)
Cash payments for interfund services	(2,003)	(15,676)	(17,679)
Net cash provided by operating activities	**111,251**	**15,030**	**126,281**
Cash flows (used) by noncapital financing activities			
Advances to other funds	(100,000)	-	(100,000)
Cash flows (used) by capital and related financing activities			
Purchase of capital assets	(1)	(140,758)	(140,759)
Principal on capital lease	(48,990)	-	(48,990)
Interest on capital lease	(4,715)	-	(4,715)
Net cash used by capital and related financing activities	(53,706)	(140,758)	(194,464)
Cash flows from investing activities			
Investment income	1,392	-	1,392
Net (decrease) in cash and investments	**(41,063)**	**(125,728)**	**(166,791)**
Cash and investments, beginning of year	241,402	222,547	463,949
Cash and investments, end of year	**$ 200,339**	**$ 96,819**	**$ 297,158**
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	$ 3,607	$ (150,259)	$ (146,652)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	125,887	158,303	284,190
Changes in assets and liabilities:			
Accounts receivable	(4,638)	(9,553)	(14,191)
Inventories	(482)	-	(482)
Prepaid expenses	(11,963)	-	(11,963)
Accounts payable	290	16,539	16,829
Other liabilities	(1,450)	-	(1,450)
Total adjustments	**107,644**	**165,289**	**272,933**
Net cash provided by operating activities	**$ 111,251**	**$ 15,030**	**$ 126,281**

Combining Statement of Net Position

Internal Service Funds

June 30, 2015

	Compensated Absences	Unemployment Compensation	Custodial Services
Assets			
Current assets:			
Cash and investments	$ 4,827,504	$ 40,506	$ 605,273
Accounts receivable	-	-	-
Inventory	-	-	-
Total current assets	4,827,504	40,506	605,273
Noncurrent assets:			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated net of accumulated depreciation	-	-	-
Total capital assets, net of accumulated depreciation	-	-	-
Total assets	**4,827,504**	**40,506**	**605,273**
Liabilities			
Current liabilities:			
Accounts payable	-	506	5,273
Compensated absences	2,095,235	-	-
Total current liabilities	2,095,235	506	5,273
Noncurrent liabilities:			
Compensated absences	1,819,575	-	-
Total liabilities	**3,914,810**	**506**	**5,273**
Net position			
Investment in capital assets	-	-	-
Unrestricted	912,694	40,000	600,000
Total net position	**$ 912,694**	**$ 40,000**	**$ 600,000**

Combining Statement of Net Position

Internal Service Funds

June 30, 2015

	Information Technology	Motor Equipment	Workers' Compensation	Total
Assets				
Current assets:				
Cash and investments	$ 840,901	$ 6,255,849	$ 2,000,000	$ 14,570,033
Accounts receivable	9,748	58,554	-	68,302
Inventories	-	430,718	-	430,718
Total current assets	850,649	6,745,121	2,000,000	15,069,053
Noncurrent assets:				
Capital assets not being depreciated	59,238	10,248	-	69,486
Capital assets being depreciated net of accumulated depreciation	399,512	3,414,066	-	3,813,578
Total capital assets, net of accumulated depreciation	458,750	3,424,314	-	3,883,064
Total assets	**1,309,399**	**10,169,435**	**2,000,000**	**18,952,117**
Liabilities				
Current liabilities:				
Accounts payable	45,798	396,481	-	448,058
Compensated absences	-	-	-	2,095,235
Total current liabilities	45,798	396,481	-	2,543,293
Noncurrent liabilities:				
Compensated absences	-	-	-	1,819,575
Total liabilities	**45,798**	**396,481**	**-**	**4,362,868**
Net position				
Investment in capital assets	458,750	3,424,314	-	3,883,064
Unrestricted	804,851	6,348,640	2,000,000	10,706,185
Total net position	**$ 1,263,601**	**$ 9,772,954**	**$ 2,000,000**	**$ 14,589,249**

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2015

	Compensated Absences	Unemployment Compensation	Custodial Services
Operating revenues			
Charges for services	$ 3,663,961	$ -	$ 928,037
Building rental	-	-	-
Equipment rental	-	-	-
Other	-	3,187	-
Total operating revenues	**3,663,961**	**3,187**	**928,037**
Operating expenses			
Cost of services	3,763,267	3,283	928,834
Motor vehicle and garage expenses			
Administration	-	-	-
Operations	-	-	-
Depreciation	-	-	-
Total operating expenses	**3,763,267**	**3,283**	**928,834**
Operating income (loss)	(99,306)	(96)	(797)
Nonoperating revenues			
Investment earnings	12,000	96	797
Gain on sale of capital assets	-	-	-
Total nonoperating revenues	**12,000**	**96**	**797**
Income (loss) before transfers	(87,306)	-	-
Transfers in	-	-	-
Change in net position	**(87,306)**	**-**	**-**
Net position, beginning of year	1,000,000	40,000	600,000
Net position, end of year	**$ 912,694**	**$ 40,000**	**$ 600,000**

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2015

	Information Technology	Motor Equipment	Workers' Compensation	Total
Operating revenues				
Charges for services	$ 1,808,874	$ 253,621	$ 5,841	$ 6,660,334
Building rental	-	170,491	-	170,491
Equipment rental	-	3,263,128	-	3,263,128
Other	530	103,728	302,779	410,224
Total operating revenues	**1,809,404**	**3,790,968**	**308,620**	**10,504,177**
Operating expenses				
Cost of services	1,945,593	-	312,947	6,953,924
Motor vehicle and garage expenses				
Administration	-	485,412	-	485,412
Operations	-	2,631,202	-	2,631,202
Depreciation	110,661	676,411	-	787,072
Total operating expenses	**2,056,254**	**3,793,025**	**312,947**	**10,857,610**
Operating income (loss)	(246,850)	(2,057)	(4,327)	(353,433)
Nonoperating revenues				
Investment earnings	1,211	15,455	4,327	33,886
Gain on sale of capital assets	-	229,405	-	229,405
Total nonoperating revenues	**1,211**	**244,860**	**4,327**	**263,291**
Income (loss) before transfers	(245,639)	242,803	-	(90,142)
Transfers in	59,010	-	-	59,010
Change in net position	**(186,629)**	**242,803**	**-**	**(31,132)**
Net position, beginning of year	1,450,230	9,530,151	2,000,000	14,620,381
Net position, end of year	**$ 1,263,601**	**$ 9,772,954**	**$ 2,000,000**	**$ 14,589,249**

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2015

	Compensated Absences	Unemployment Compensation	Custodial Services
Cash flows from operating activities			
Cash received from interfund services	$ 3,663,961	$ 3,187	$ 928,037
Cash payments to employees	(3,710,549)	-	(806,078)
Cash payments to suppliers for goods and services	-	(3,272)	(121,665)
Net cash provided (used) by operating activities	**(46,588)**	**(85)**	**294**
Cash flows from noncapital financing activities			
Transfers from other funds	-	-	-
Cash flows from capital and related financing activities			
Purchase of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
Net cash used by capital and related financing activities	**-**	**-**	**-**
Cash flows from investing activities			
Investment income	12,000	96	797
Net increase (decrease) in cash and investments	**(34,588)**	**11**	**1,091**
Cash and investments, beginning of year	4,862,092	40,495	604,182
Cash and investments, end of year	**$ 4,827,504**	**$ 40,506**	**$ 605,273**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ (99,306)	$ (96)	$ (797)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
Inventories	-	-	-
Accounts payable	-	11	1,091
Accrued liabilities	52,718	-	-
Net cash provided (used) by operating activities	**$ (46,588)**	**$ (85)**	**$ 294**

CITY OF TROY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2015

	Information Technology	Motor Equipment	Workers' Compensation	Total
Cash flows from operating activities				
Cash received from interfund services	$ 1,809,404	$ 3,790,968	$ 308,620	$ 10,504,177
Cash payments to employees	(1,105,070)	(1,441,831)	-	(7,063,528)
Cash payments to suppliers for goods and services	(831,611)	(1,941,499)	(312,947)	(3,210,994)
Net cash provided (used) by operating activities	**(127,277)**	**407,638**	**(4,327)**	**229,655**
Cash flows from noncapital financing activities				
Transfers from other funds	59,010	-	-	59,010
Cash flows from capital and related financing activities				
Purchase of capital assets	(73,768)	(1,217,604)	-	(1,291,372)
Proceeds from sale of capital assets	-	229,405	-	229,405
Net cash used by capital and related financing activities	**(73,768)**	**(988,199)**	**-**	**(1,061,967)**
Cash flows from investing activities				
Investment income	21,698	31,642	4,327	70,560
Net increase in cash and investments	**(120,337)**	**(548,919)**	**-**	**(702,742)**
Cash and investments, beginning of year	961,238	6,804,768	2,000,000	15,272,775
Cash and investments, end of year	**$ 840,901**	**$ 6,255,849**	**$ 2,000,000**	**$ 14,570,033**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ (246,850)	$ (2,057)	$ (4,327)	$ (353,433)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	110,661	676,411	-	787,072
Changes in assets and liabilities:				
Inventories	-	(55,457)	-	(55,457)
Accounts payable	-	-	-	1,102
Accrued liabilities	8,912	(211,259)	-	(149,629)
Net cash provided (used) by operating activities	**$ (127,277)**	**$ 407,638**	**$ (4,327)**	**$ 229,655**

Combining Statement of Net Position

Fiduciary Funds

June 30, 2015

	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			
Assets						
Cash	$ (2,326,511)	$ -	$ (2,326,511)	$ 5,065,663	$ 2,095,445	$ 4,834,597
Interest receivable	48,807	-	48,807	-	93,127	141,934
Investments						
U.S. government securities	4,719,084	-	4,719,084	2,404,976	-	7,124,060
Municipal securities	135,610	-	135,610	55,462	-	191,072
Corporate bonds	3,820,625	-	3,820,625	-	9,880,077	13,700,702
Corporate equities	102,829,512	-	102,829,512	-	7,517,435	110,346,947
Mutual funds	53,816,728	16,742,803	70,559,531	-	22,179,099	92,738,630
Exchange traded funds	23,437,934	-	23,437,934	-	10,837,284	34,275,218
Total assets	**186,481,789**	**16,742,803**	**203,224,592**	**7,526,101**	**52,602,467**	**263,353,160**
Liabilities						
Accounts payable	-	-	-	2,980	-	2,980
Accrued liabilities	64,899	-	64,899	-	-	64,899
Total liabilities	64,899	-	64,899	2,980	-	67,879
Net position						
Restricted for pension benefits	186,416,890	-	186,416,890	7,523,121	-	193,940,011
Restricted for postemployment healthcare benefits	-	16,742,803	16,742,803	-	52,602,467	69,345,270
Total net position	**$186,416,890**	**$16,742,803**	**$203,159,693**	**$ 7,523,121**	**$52,602,467**	**$263,285,281**

CITY OF TROY, MICHIGAN

Combining Statement of Changes in Net Position

Fiduciary Funds

For the Year Ended June 30, 2015

	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			
Additions						
Contributions						
Employer contributions	$ 1,451,198	$ -	$ 1,451,198	$ 3,078,500	$ 4,762,006	$ 9,291,704
Employee contributions	165,624	-	165,624	-	-	165,624
Total contributions	1,616,822	-	1,616,822	3,078,500	4,762,006	9,457,328
Investment earnings						
Interest	2,132,234	95,734	2,227,968	96,286	465,277	2,789,531
Dividends	5,663,598	-	5,663,598	1,965	1,376,990	7,042,553
Other income	72,165	-	72,165	-	-	72,165
Net adjustment in fair value	(1,323,522)	-	(1,323,522)	2,265	67,884	(1,253,373)
Total investment earnings	6,544,475	95,734	6,640,209	100,516	1,910,151	8,650,876
Less investment expense	315,083	-	315,083	-	128,985	444,068
Net investment earnings	6,229,392	95,734	6,325,126	100,516	1,781,166	8,206,808
Total additions	**7,846,214**	**95,734**	**7,941,948**	**3,179,016**	**6,543,172**	**17,664,136**
Deductions						
Benefits	11,128,133	4,999,403	16,127,536	989,307	-	17,116,843
Administrative expenses	129,870	-	129,870	18,080	7,644	155,594
Total deductions	**11,258,003**	**4,999,403**	**16,257,406**	**1,007,387**	**7,644**	**17,272,437**
Change in net position	**(3,411,789)**	**(4,903,669)**	**(8,315,458)**	**2,171,629**	**6,535,528**	**391,699**
Restricted net position, beg. of year for						
Pension benefits	189,828,679	-	189,828,679	5,351,492	-	195,180,171
Postemployment healthcare benefits	-	21,646,472	21,646,472	-	46,066,939	67,713,411
Total restricted net position, beginning of year	189,828,679	21,646,472	211,475,151	5,351,492	46,066,939	262,893,582
Restricted net position, end of year for						
Pension benefits	186,416,890	-	186,416,890	7,523,121	-	193,940,011
Postemployment healthcare benefits	-	16,742,803	16,742,803	-	52,602,467	69,345,270
Total restricted net position, end of year	**$186,416,890**	**$16,742,803**	**$203,159,693**	**$ 7,523,121**	**$52,602,467**	**$263,285,281**

CITY OF TROY, MICHIGAN

Statement of Changes in Fiduciary Assets and Liabilities

Agency Fund

For the Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and investments	$ 2,920,054	$ 211,630,030	$ (210,450,609)	$ 4,099,475
Taxes receivable	920,256	184,773,820	(184,905,538)	788,538
Total assets	**$ 3,840,310**	**$ 396,403,850**	**$ (395,356,147)**	**$ 4,888,013**
Liabilities				
Accounts payable	$ 60,400	$ 367,908,512	$ (367,937,692)	$ 31,220
Performance deposits	3,779,910	1,444,362	(367,479)	4,856,793
Total liabilities	**$ 3,840,310**	**$ 369,352,874**	**$ (368,305,171)**	**$ 4,888,013**

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Downtown Development Authority

June 30, 2015

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	$ 202,537	$ -	$ 202,537
Receivables			
Taxes receivable	48,998	-	48,998
Total assets	**$ 251,535**	**-**	**251,535**
Liabilities			
Interest payable	$ -	115,127	115,127
Noncurrent liabilities			
Due within one year	-	260,000	260,000
Due after one year	-	14,425,000	14,425,000
Total liabilities	**-**	**14,800,127**	**14,800,127**
Deferred inflows of resources			
Unavailable property taxes	48,998	(48,998)	-
Deferred gain on refunding	-	448,167	448,167
Total deferred inflows of resources	**48,998**	**399,169**	**448,167**
Fund balance			
Unassigned	202,537	(202,537)	-
Total liabilities, deferred inflows of resources and fund balances	**$ 251,535**		
Net position (deficit)			
Unrestricted		(14,996,759)	(14,996,759)
Total net position (deficit)		**$ (14,996,759)**	**$ (14,996,759)**

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Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
Downtown Development Authority
June 30, 2015

Fund balances - total governmental funds	**$ 202,537**
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	48,998
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	(115,127)
Deduct: deferred gain on refunding	(448,167)
Deduct: debt reimbursement payable - current portion	(260,000)
Deduct: debt reimbursement payable - long-term portion	(14,425,000)
Net position of governmental activities	**$ (14,996,759)**

Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances

Downtown Development Authority

For the Year Ended June 30, 2015

	Operating	Adjustments	Statement of Activities
Revenues			
Property taxes	$ 1,179,142	$ 9,719	$ 1,188,861
Investment earnings	1,581	-	1,581
Total revenues	**1,180,723**	**9,719**	**1,190,442**
Expenditures/expenses			
Economic development	136,379	-	136,379
Debt service:			
Principal	260,000	(260,000)	-
Interest	698,688	(24,888)	673,800
Total expenditures/expenses	**1,095,067**	**(284,888)**	**810,179**
Net change in fund balances/ net position	**85,656**	**294,607**	**380,263**
Fund balance/net position (deficit), beginning of year	116,881	(15,493,903)	(15,377,022)
Fund balance/net position (deficit), end of year	**$ 202,537**	**$ (15,199,296)**	**$ (14,996,759)**

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, 2015

Net change in fund balances - total governmental funds	**$**	**85,656**
Amounts reported for *governmental activities* in the statement of activities are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred inflows to the following fiscal year.		
Add: net difference in deferred inflows		9,719
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Add: principal payments on long-term liabilities		260,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Add: decrease in accrued interest expense		24,888
Change in net position of governmental activities	**$**	**380,263**

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Local Development Financing Authority

June 30, 2015

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	$ 15,326	$ -	$ 15,326
Liabilities			
Accrued liabilities	$ 2,493	-	2,493
Fund balance			
Unassigned	12,833	(12,833)	-
Total liabilities and fund balance	$ 15,326		
Net position			
Unrestricted		12,833	12,833
Total net position		**$ 12,833**	**$ 12,833**

Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balance

Local Development Financing Authority

For the Year Ended June 30, 2015

	Operating	Adjustments	Statement of Activities
Revenues			
Property taxes	$ 140,456	$ -	$ 140,456
Investment earnings	871	-	871
Total revenues	**141,327**	**-**	**141,327**
Expenditures/expenses			
Economic development	244,989	-	244,989
Net change in fund balance/net position	**(103,662)**	**-**	**(103,662)**
Fund balance/net position, beginning of year	116,495	-	116,495
Fund balance/net position, end of year	**$ 12,833**	**$ -**	**$ 12,833**

Statement of Net Position and Governmental Funds Balance Sheet

Brownfield Redevelopment Authority

June 30, 2015

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	$ 270,134	$ -	$ 270,134
Revolving loans receivable	480,119	-	480,119
Interest receivable	-	-	-
Total assets	$ 750,253	-	750,253
Deferred inflows of resources			
Unavailable revenue - loans receivable	$ 480,119	(480,119)	-
Fund balance			
Unassigned	270,134	(270,134)	-
Total liabilities, deferred inflows and fund balance	$ 750,253		
Net Position			
Unrestricted		750,253	750,253
Total net position		**$ 750,253**	**$ 750,253**

Reconciliation:
Fund Balance for Governmental Fund
to Net Position of Governmental Activities

Fund balance - governmental fund	**$ 270,134**
Amounts reported for governmental activities in statement of net position are different 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.	480,119
Net position of government activities	**$ 750,253**

Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balance

Brownfield Redevelopment Authority

For the Year Ended June 30, 2015

	Operating	Adjustments	Statement of Activities
Revenues			
Property taxes	$ 16,316	$ 16,624	$ 32,940
Investment earnings	692	-	692
Total revenues	**17,008**	**16,624**	**33,632**
Expenditures/expenses			
Community and economic development	21,200	-	21,200
Net change in fund balance/net position	**(4,192)**	**16,624**	**12,432**
Fund balance/net position, beginning of year	274,326	463,495	737,821
Fund balance/net position, end of year	**$ 270,134**	**$ 480,119**	**$ 750,253**

Reconciliation:
Net Changes in Fund Balance of Governmental Fund to Change in Net Position of Statement of Activities

Net change in fund balance - governmental activities	**$ (4,192)**
Amount reported for governmental activities in statement of activities are different because:	
Additional tax capture for interest and administrative fees is not recognized until available in governmental funds, but recognized when earned for the purpose of net position in the statement of activities.	16,624
Change in net position of governmental activities	**$ 12,432**

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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.	137
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	143
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.	147
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.	153
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.	155
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.	162

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	$159,749,955	$153,793,099	$157,447,608	$164,045,115	$170,829,690	$174,656,911	$175,292,324	$179,616,224	$168,722,287	$178,865,097
Restricted	33,017,038	34,119,273	34,552,624	31,704,901	26,293,289	19,293,248	16,096,939	18,414,931	25,024,969	24,785,605
Unrestricted	34,533,448	33,414,001	31,970,878	30,192,218	33,877,687	38,429,041	48,526,117	54,304,874	65,673,197	82,121,440
Total governmental activities net position	$227,300,441	$221,326,373	$223,971,110	$225,942,234	$231,000,666	$232,379,200	$239,915,380	$252,336,029	$259,420,453	$285,772,142
Business-type activities										
Net investment in capital assets	$102,621,738	$105,920,417	$107,889,998	$111,070,571	$116,929,920	$117,612,994	$118,170,260	$117,311,016	$118,730,653	$119,825,109
Unrestricted	42,421,282	43,142,406	46,259,322	44,948,474	43,046,756	45,052,579	47,550,528	51,044,950	48,878,034	45,659,008
Total business-type activities net position	$145,043,020	$149,062,823	$154,149,320	$156,019,045	$159,976,676	$162,665,573	$165,720,788	$168,355,966	$167,608,687	$165,484,117
Primary government										
Net investment in capital assets	$262,371,693	$259,713,516	$265,337,606	$275,115,686	$287,759,610	$292,269,905	$293,462,584	$296,927,240	$287,452,940	$298,690,206
Restricted	33,017,038	34,119,273	34,552,624	31,704,901	26,293,289	19,293,248	16,096,939	18,414,931	25,024,969	24,785,605
Unrestricted	76,954,730	76,556,407	78,230,200	75,140,692	76,924,443	83,481,620	96,076,645	105,349,824	114,551,231	127,780,448
Total primary government net position	$372,343,461	$370,389,196	$378,120,430	$381,961,279	$390,977,342	$395,044,773	$405,636,168	$420,691,995	$427,029,140	$451,256,259

Note: GASB Statement No. 68 was implemented for the year ended June 30, 2015; however, prior years were not restated.

CITY OF TROY, MICHIGAN

Changes in Net Position
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	$ 11,734,897	$ 12,601,536	$ 9,719,442	$ 10,093,396	$ 10,480,528	$ 10,057,545	$ 9,677,191	$ 8,459,810	$ 9,875,913	$ 10,449,378
Public safety	28,703,542	30,436,286	31,450,783	31,597,944	31,300,208	30,776,101	27,228,933	26,878,737	28,860,117	35,744,673
Public works	18,372,828	20,864,379	16,064,613	15,869,334	15,000,517	14,812,707	13,703,006	13,626,846	15,478,239	17,224,145
Sanitation	4,367,093	4,529,666	3,893,842	3,961,658	3,994,706	4,110,330	4,216,260	4,331,500	4,267,388	4,606,627
Community and economic development	2,058,782	149,357	2,013,127	1,838,697	1,460,081	1,030,929	854,593	1,366,075	16,303,702	1,018,643
Recreation and culture	15,924,318	15,189,313	14,209,839	14,872,286	12,573,922	9,865,320	8,812,144	9,145,272	9,432,683	10,091,847
Interest on long-term debt	1,686,805	1,618,860	1,572,470	1,440,456	650,484	665,356	1,101,675	1,019,021	1,065,510	1,444,384
Total governmental activities expenses	$ 82,848,265	$ 85,389,397	$ 78,924,116	$ 79,673,771	$ 75,460,446	$ 71,318,288	$ 65,593,802	$ 64,827,261	$ 85,283,552	$ 80,579,697
Business-type activities:										
Water	$ 13,839,024	$ 13,951,978	$ 13,808,288	$ 12,704,768	$ 12,474,578	$ 12,439,089	$ 13,904,820	$ 14,434,204	$ 15,479,500	$ 15,767,708
Sanitary sewer	9,682,048	9,705,247	9,576,883	9,046,402	9,145,016	10,400,332	11,767,038	12,215,434	12,864,584	12,807,380
Aquatic center	638,837	688,236	592,653	597,942	561,343	565,873	566,978	543,834	531,369	583,709
Sylvan Glen Golf course	1,109,119	1,085,421	1,110,038	1,098,361	1,087,120	1,021,420	1,061,139	1,052,043	1,096,974	1,130,082
Sanctuary Lake Golf course	1,730,874	1,683,553	1,624,625	1,634,836	1,632,244	1,523,616	1,821,384	1,676,239	1,735,921	1,733,846
Total business-type activities expenses	$ 26,999,902	$ 27,114,435	$ 26,712,487	$ 25,082,309	$ 24,900,301	$ 25,950,330	$ 29,121,359	$ 29,921,754	$ 31,708,348	$ 32,022,725
Total primary government expenses	$109,848,167	$112,503,832	$105,636,603	$104,756,080	$100,360,747	$ 97,268,618	$ 94,715,161	$ 94,749,015	$116,991,900	$112,602,422
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 2,101,074	$ 2,245,026	$ 2,391,745	$ 2,277,395	$ 2,792,387	$ 3,017,126	$ 3,039,578	$ 3,114,515	$ 3,241,183	$ 3,783,480
Public safety	2,925,740	3,059,322	3,132,235	2,579,487	2,606,050	2,912,838	3,219,618	3,545,823	4,076,054	4,691,450
Public works	1,361,164	1,927,982	1,613,717	1,579,964	1,912,056	1,696,240	2,357,325	2,223,031	2,634,542	3,364,953
Sanitation	44,765	2,275	3,510	6,993	4,796	4,860	5,700	6,012	6,358	6,590
Recreation and culture	4,338,069	4,546,308	4,617,520	4,398,056	4,484,145	3,850,470	3,444,462	3,651,142	3,536,383	3,589,925
Operating grants and contributions	1,079,243	932,693	979,113	967,159	1,057,307	1,474,950	912,173	1,196,458	835,352	1,097,163
Capital grants and contributions	6,527,476	6,552,433	6,870,969	9,963,345	8,590,800	6,895,652	6,723,177	10,435,694	23,832,070	10,447,244
Total governmental activities program revenues	$ 18,377,531	$ 19,266,039	$ 19,608,809	$ 21,772,399	$ 21,447,541	$ 19,852,136	$ 19,702,033	$ 24,172,675	$ 38,161,942	$ 26,980,805

continued...

(Continued)	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services:										
Water	$ 15,595,766	$ 14,652,417	$ 15,684,590	$ 13,227,113	$ 13,968,516	$ 14,139,274	$ 15,923,727	$ 15,965,202	$ 15,078,684	$ 14,626,110
Sanitary sewer	10,114,977	11,291,515	11,612,763	9,750,202	10,372,640	11,917,175	13,177,412	12,978,863	12,451,888	11,900,157
Aquatic center	310,428	322,111	438,432	486,671	451,670	503,685	577,757	481,424	532,293	431,141
Sylvan Glen Golf course	1,055,142	1,125,895	1,137,679	1,178,497	1,128,192	1,024,216	1,290,051	1,173,838	984,908	1,128,968
Sanctuary Lake Golf course	1,173,020	1,052,986	985,503	923,692	968,687	940,775	1,442,755	1,295,277	1,335,433	1,375,137
Operating grants and contributions	-	-	-	-	-	-	-	-	-	19,153
Capital grants and contributions	727,343	1,012,829	643,394	1,025,250	299,239	221,561	150,603	528,416	262,237	285,963
Total business-type activities program revenues	$ 28,976,676	$ 29,457,753	$ 30,502,361	$ 26,591,425	$ 27,188,944	$ 28,746,686	$ 32,562,305	$ 32,423,020	$ 30,645,443	$ 29,766,629
Total primary government program revenues	$ 47,354,207	$ 48,723,792	$ 50,111,170	$ 48,363,824	$ 48,636,485	$ 48,598,822	$ 52,264,338	$ 56,595,695	$ 68,807,385	$ 56,747,434
Net (Expense)/Revenue										
Governmental activities	$ (64,470,734)	$ (66,123,358)	$ (59,315,307)	$ (57,901,372)	$ (54,012,905)	$ (51,466,152)	$ (45,891,769)	$ (40,654,586)	$ (47,121,610)	$ (53,598,892)
Business-type activities	1,976,774	2,343,318	3,789,874	1,509,116	2,288,643	2,796,356	3,440,946	2,501,266	(1,062,905)	(2,256,096)
Total primary government net expense	$ (62,493,960)	$ (63,780,040)	$ (55,525,433)	$ (56,392,256)	$ (51,724,262)	$ (48,669,796)	$ (42,450,823)	$ (38,153,320)	$ (48,184,515)	$ (55,854,988)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 49,497,560	$ 50,488,216	$ 51,002,080	$ 51,041,101	$ 50,673,061	$ 46,067,375	$ 46,295,903	$ 46,419,615	$ 46,759,393	$ 46,993,478
State-shared revenues	6,844,167	6,635,508	6,633,938	6,313,999	5,615,666	5,615,666	6,136,066	6,279,381	6,435,145	6,541,560
Grants & contrib. not restricted	24,905	175,543	37,398	103,151	1,207,291	8,652	33,400	50,485	54,535	22,848
Interest and investment earnings	3,436,837	4,588,419	3,425,379	1,861,698	785,025	537,935	245,077	185,302	424,286	258,208
Miscellaneous	634,535	118,565	179,109	131,037	163,134	123,038	121,187	140,452	532,674	523,636
Transfers	758,500	(1,856,960)	682,140	704,200	627,160	492,020	596,316	-	-	-
Total governmental activities	$ 61,196,504	$ 60,149,291	$ 61,960,044	$ 60,155,186	$ 59,071,337	$ 52,844,686	$ 53,427,949	$ 53,075,235	$ 54,206,033	$ 54,339,730
Business-type activities:										
Grants & contrib. not restricted	$ 212,213	$ 215,292	$ 14,882	$ 616	$ 301	$ -	$ -	$ -	$ -	$ -
Interest and investment earnings	1,530,660	2,104,233	1,963,881	1,064,193	487,698	384,561	210,585	133,912	305,126	131,526
Miscellaneous	-	-	-	-	4,800	-	-	-	10,500	-
Transfers	(758,500)	(643,040)	(682,140)	(704,200)	(627,160)	(492,020)	(596,316)	-	-	-
Total business-type activities	$ 984,373	$ 1,676,485	$ 1,296,623	$ 360,609	$ (134,361)	$ (107,459)	$ (385,731)	$ 133,912	$ 315,626	$ 131,526
Total primary government	$ 62,180,877	$ 61,825,776	$ 63,256,667	$ 60,515,795	$ 58,936,976	$ 52,737,227	$ 53,042,218	$ 53,209,147	$ 54,521,659	$ 54,471,256
Change in Net Position										
Governmental activities	$ (3,274,230)	$ (5,974,067)	$ 2,644,737	$ 2,253,814	$ 5,058,432	$ 1,378,534	$ 7,536,180	$ 12,420,649	$ 7,084,423	$ 740,838
Business-type activities	2,961,147	4,019,803	5,086,497	1,869,725	2,154,282	2,688,897	3,055,215	2,635,178	(747,279)	(2,124,570)
Total primary government	$ (313,083)	$ (1,954,264)	$ 7,731,234	$ 4,123,539	$ 7,212,714	$ 4,067,431	$ 10,591,395	$ 15,055,827	$ 6,337,144	$ (1,383,732)

CITY OF TROY, MICHIGAN

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Non-spendable	$ 618,143	$ 695,992	$ 617,505	$ 623,544	$ 447,720	$ 4,034,119	$ 3,884,686	$ 4,369,038	$ 4,417,528	$ 5,287,206
Restricted	-	-	-	-	-	1,508,257	1,514,118	1,525,598	1,534,139	1,538,879
Committed	-	-	-	-	3,400,000	3,610,131	1,517,000	2,771,300	6,622,968	-
Assigned	-	-	-	-	9,171,895	5,953,000	3,655,000	3,148,000	3,162,000	8,075,520
Unassigned	26,280,666	24,169,595	23,015,257	20,690,932	10,722,271	12,359,648	23,340,380	24,946,170	21,856,139	19,716,862
Total general fund	$ 26,898,809	$ 24,865,587	$ 23,632,762	$ 21,314,476	$ 23,741,886	$ 27,465,155	$ 33,911,184	$ 36,760,106	$ 37,592,774	$ 34,618,467
All other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 158,200	$ 160,579	$ 224,977	$ 200,512
Restricted	33,017,038	34,119,273	34,552,624	31,704,901	8,294,105	12,047,688	15,938,739	18,472,876	21,023,992	23,781,735
Committed	-	-	-	-	89,400	7,245,560	2,662,187	3,099,166	3,776,000	803,358
Assigned	-	-	-	-	17,909,784	-	-	-	-	-
Total all other governmental funds	$ 33,017,038	$ 34,119,273	$ 34,552,624	$ 31,704,901	$ 26,293,289	$ 19,293,248	$ 18,759,126	$ 21,732,621	$ 25,024,969	$ 24,785,605

CITY OF TROY, MICHIGAN

Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	For Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes	$ 49,877,171	$ 50,696,911	$ 51,270,756	$ 51,092,129	$ 50,828,551	$ 46,082,673	$ 46,450,199	$ 46,470,104	$ 46,739,163	$ 47,032,046
Licenses and permits	1,662,592	1,491,958	1,393,635	1,237,191	1,113,809	1,259,748	1,686,633	2,254,775	2,429,459	2,896,533
Intergovernmental - federal	961,366	551,965	1,279,824	4,884,314	3,185,364	2,171,633	1,040,037	5,119,153	3,189,800	1,909,792
Intergovernmental - state	12,073,497	11,805,209	11,990,426	11,345,811	10,494,294	10,504,385	11,384,502	11,673,045	12,238,420	14,532,201
Intergovernmental - local	891,705	765,823	758,058	465,212	908,398	1,039,709	614,530	786,068	31,209	587,902
Charges for services	7,895,033	8,338,480	8,109,915	7,782,945	8,151,713	7,335,759	7,660,204	7,760,295	8,378,616	9,375,710
Fines and forfeits	994,373	1,243,286	1,483,784	1,054,161	1,226,729	1,277,705	1,154,999	902,183	1,396,241	1,418,354
Investment income	2,947,672	3,942,955	2,782,486	1,592,062	643,073	430,899	186,897	154,351	348,625	224,322
Other	1,601,059	2,046,840	1,924,977	1,999,943	3,347,701	1,967,075	2,330,595	2,007,022	2,042,877	3,086,024
Total revenues	78,904,468	80,883,427	80,993,861	81,453,768	79,899,632	72,069,586	72,508,596	77,126,996	76,794,410	81,062,884
Expenditures										
General government	9,002,076	9,118,399	9,181,757	9,167,749	8,562,924	8,232,791	7,499,219	7,409,887	6,621,292	6,992,994
Public safety	27,973,275	29,575,908	30,764,667	31,042,277	30,902,648	29,899,440	26,644,367	27,371,783	28,082,145	31,108,472
Roads and Streets	4,755,184	4,754,166	5,600,748	5,687,378	4,844,712	4,799,035	4,159,761	4,257,865	5,675,847	5,638,918
Other Public Works	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	4,367,093	4,528,962	3,892,487	3,961,794	3,996,065	4,109,985	4,216,324	4,331,560	4,267,898	4,606,610
Community & Economic Dev.	2,011,275	116,091	115,981	195,216	127,522	148,800	133,712	621,439	18,327,123	3,207,237
Recreation and culture	13,376,722	13,412,739	14,431,267	13,830,413	12,231,424	9,067,491	8,060,815	8,243,322	8,556,099	9,186,959
Capital outlay	18,994,837	11,856,766	12,322,730	17,176,377	17,062,105	14,244,384	11,130,331	13,670,400	13,725,931	19,554,175
Debt service										
Principal	1,736,712	1,917,957	1,968,296	2,225,309	2,304,692	2,496,586	2,536,167	2,626,776	2,691,746	2,832,182
Interest and other charges	1,702,856	1,639,410	1,471,759	1,461,569	1,375,693	1,248,479	1,119,964	1,042,839	1,126,667	1,505,715
Total expenditures	86,755,802	79,597,114	82,426,537	87,273,196	83,451,249	76,003,481	67,181,391	71,355,799	89,074,748	84,633,262
Excess of revenues over (under) expenditures	(7,851,334)	1,286,313	(1,432,676)	(5,819,428)	(3,551,617)	(3,933,895)	5,327,205	5,771,197	(12,280,338)	(3,570,378)
Other financing sources (uses)										
Issuance of debt	81,089	41,440	3,505,000	181,379	11,321,816	9,110,000	-	-	14,945,000	-
Proceeds from sale of capital assets	905,292	748,221	47,902	131,205	-	61,373	-	51,220	273,700	415,717
Payments to escrow agents	-	-	(3,601,840)	-	(11,261,350)	(9,919,004)	-	-	-	-
Premium on Debt Issuance	-	-	-	-	-	947,639	-	-	-	-
Transfers in	12,767,350	13,965,781	12,260,233	11,066,116	10,441,542	9,229,240	8,803,101	8,648,930	13,742,158	15,247,847
Transfers out	(12,008,850)	(16,972,741)	(11,578,093)	(10,442,591)	(9,934,593)	(8,772,125)	(8,218,400)	(8,648,930)	(13,292,158)	(15,306,857)
Total other financing sources (uses)	1,744,881	(2,217,299)	633,202	936,109	567,415	657,123	584,701	51,220	15,668,700	356,707
Net change in fund balances	$ (6,106,453)	$ (930,986)	$ (799,474)	$ (4,883,319)	$ (2,984,202)	$ (3,276,772)	$ 5,911,906	$ 5,822,417	$ 3,388,362	$ (3,213,671)
Debt service as a percentage of noncapital expenditures	5.1%	5.3%	4.9%	5.3%	5.5%	6.1%	6.5%	6.4%	5.1%	6.7%

CITY OF TROY, MICHIGAN

General Governmental Tax Revenue by Source

Last Ten Fiscal Years

	Governmental Activities					
Fiscal Year Ended June 30	General	Refuse	Library	Capital	General Debt Service	Total All Property Taxes
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
2014	29,591,708	4,647,626	2,982,973	6,526,304	3,010,782	46,759,393
2015	29,844,976	4,595,925	3,004,907	6,574,245	2,973,425	46,993,478

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
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%
2014	45,071,690	44,160,748	97.98%	609,614	44,770,362	99.33%	101,328	0.22%
2015	45,097,245	44,545,996	98.78%	483,614	45,029,610	99.85%	57,632	0.13%

CITY OF TROY, MICHIGAN

Property Tax Rates

Direct and Overlapping Governments
Last Ten Fiscal Years
(Per $1,000 of Assessed Valuation)

	City of Troy						Overlapping Governments								
Fiscal Year Ended June 30	General	Capital	Refuse	Debt	Library	Total	Troy School District	Oakland County	Oakland County Community College	Intermediate School District	SMART	State Education	Zoo	Art	Total
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
2014 H	6.50	1.53	1.09	0.70	0.70	10.52	10.07	4.65	1.59	3.37	0.59	6.00	0.10	0.20	37.09
2014 NH	6.50	1.53	1.09	0.70	0.70	10.52	22.95	4.65	1.59	3.37	0.59	6.00	0.10	0.20	49.97
2015 H	6.50	1.53	1.07	0.70	0.70	10.50	9.96	4.65	1.59	3.37	1.00	6.00	0.10	0.20	37.37
2015 NH	6.50	1.53	1.07	0.70	0.70	10.50	22.59	4.65	1.59	3.37	1.00	6.00	0.10	0.20	50.00

H - Homestead
NH - Non-Homestead

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 Gross Taxable Value	Michigan Tax Tribunnels, Board of Reviews and TIFS	Net Taxable Value	Total Direct Tax Rate	Assessed Value	Taxable Value as a Percentage of Assessed Value
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	$ (24,228,168)	$ 5,240,123,382	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	(31,392,191)	5,403,643,251	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	(13,406,312)	5,537,110,125	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	(32,906,185)	5,529,689,825	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	(45,949,620)	5,413,830,316	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	(187,025,599)	4,656,587,413	9.4	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	(115,608,486)	4,333,141,674	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	(93,614,668)	4,219,077,382	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	(63,630,562)	4,246,632,886	10.52	4,491,432,340	95.97%
12/31/2013	7/01/2014	6/30/2015	2,790,011,280	878,242,440	277,484,950	425,887,200	4,371,625,870	(93,053,718)	4,278,572,152	10.50	4,827,541,740	90.56%
12/31/2014	7/01/2015	6/30/2016	2,894,875,560	891,581,610	281,097,400	437,230,620	4,504,785,190	TBD	4,504,785,190	10.50	5,313,611,700	84.78%

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

	Fiscal Year Ended 6/30/2006			Fiscal Year Ended 6/30/2015			
Taxpayer	**Taxable Value**	**Rank**	**Percentage of Total City Taxable Value**	**Taxable Value**	**Rank**	**Percentage of Total City Taxable Value**	**Taxpayer**
Frankel Forbes Cohen	$ 64,659,870	1	1.23%	$ 52,400,450	1	1.20%	*Frankel Forbes Cohen*
Nykel Management	40,726,630	3	0.77%	21,086,680	5	0.48%	755-900 Tower Associates
888 W Big Beaver Associates	33,211,240	5	0.63%	23,040,370	4	0.53%	Urbanical Oakland Mall
Liberty Property L.P.	44,522,510	2	0.85%	25,436,450	3	0.58%	*Nykel Management*
Detroit Edison	33,492,740	4	0.64%	33,131,780	2	0.76%	*Detroit Edison*
Kelly Services	32,362,130	6	0.61%	20,345,530	6	0.47%	CC Troy ASSOC
Riggs & Company (Coumbia Centers)	29,623,050	7	0.56%	20,282,110	7	0.46%	Osprey-Troy Officentre LLC
Teachers Insurance	27,812,420	10	0.53%	16,811,060	9	0.38%	*Kelly Services*
Oakland Mall LLC	29,151,420	8	0.55%	15,764,770	10	0.36%	Macy's
Standard Federal Bank (Bank of Am.)	27,965,270	9	0.53%	18,046,910	8	0.41%	Bank of America
Total Top Ten	**$ 363,527,280**			**$ 246,346,110**			**Total Top Ten**
Total % of City T/V			**6.91%**			**5.64%**	**Total % of City T/V**
Total City T/V	**$ 5,264,351,550**			**$ 4,371,625,870**			**Total City T/V**

*Underlined & Italic appear in both years.

CITY OF TROY, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities	Business-Type Activities			
Fiscal Year Ended June 30,	General Obligation & County Issued Bonds	Business Type Activities Bonds	Total Outstanding Debt	Percentage of Personal Income	Debt Per Capita
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
2014	34,873,790	10,105,000	44,978,790	1.31%	540
2015	32,041,608	9,655,000	41,696,608	1.21%	500

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
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%
2014	2,480,000	1,090,225	3,570,225	75,062,875	4.76%
2015	2,615,000	1,447,174	4,062,174	64,791,748	6.27%

Includes General, Special Revenue and Debt Service Funds.

CITY OF TROY, MICHIGAN

Computation of Direct and Overlapping Debt

June 30, 2015

Jurisdiction	Net General Bonded Debt Outstanding	Percentage Applicable to Troy	Amount Applicable to Troy
City of Troy	$ 32,041,608	100.00%	$ 32,041,608
Avondale School District	108,431,600	19.94%	21,621,261
Birmingham School District	197,340,000	3.69%	7,281,846
Bloomfield Hills School District	55,195,000	2.18%	1,203,251
Lamphere School District	6,990,000	14.83%	1,036,617
Royal Oak School District	40,765,000	2.29%	933,519
Troy School District	123,585,000	100.00%	123,585,000
Warren School District	137,870,000	7.68%	10,588,416
Oakland County	426,396,226	8.68%	37,011,192
Oakland Intermediate School District	54,540,000	8.18%	4,461,372
Oakland County Community College	2,355,000	8.74%	205,827
Total overlapping debt	1,153,467,826		207,928,301
Total direct and overlapping debt	$ 1,185,509,434		$ 239,969,909

Source: Municipal Advisory Council of Michigan; Detroit, Michigan.

CITY OF TROY, MICHIGAN

Computation of Legal Debt Margin

June 30, 2015

Assessed Valuation at December 31, 2013 $ 4,827,541,740

	Annual Net Debt	Percentage of State Equalized Valuation	Legal Margin Amount	Legal Debt Margin
General obligation debt	$ 39,670,000	10.0%	$ 482,754,174	$ 443,084,174
Emergency bonds	-	37.5%	1,810,328,153	1,810,328,153
Special assessment bonds	-	12.0%	579,305,009	579,305,009
Total debt	$ 39,670,000		$ 2,872,387,335	$ 2,832,717,335

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 ($4,827,541,740), 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.

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	$ 652,607,433	$ 660,880,475	$ 642,265,981	$ 622,709,405	$ 583,886,924
Total net debt applicable to limit	(45,855,000)	(44,130,000)	(42,220,000)	(40,050,000)	(37,460,000)
Legal debt margin	$ 606,752,433	$ 616,750,475	$ 600,045,981	$ 582,659,405	$ 546,426,924
Total net debt applicable to the limit as a percentage of debt limit	7.03%	6.68%	6.57%	6.43%	6.42%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	$ 498,851,831	$ 454,041,268	$ 441,010,890	$ 449,143,234	$ 482,754,174
Total net debt applicable to limit	(34,545,000)	(32,010,000)	(30,420,000)	(42,735,000)	(39,670,000)
Legal debt margin	$ 464,306,831	$ 422,031,268	$ 410,590,890	$ 406,408,234	$ 443,084,174
Total net debt applicable to the limit as a percentage of debt limit	6.92%	7.05%	6.90%	9.51%	8.22%

CITY OF TROY, MICHIGAN

Pledged Revenue Coverage
Last Ten Fiscal Years

	Golf Course Bonds				
		Debt Service			
Fiscal Year Ended	Collections	Principal	Interest	Total	Coverage (1)
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%
2014	1,335,433	400,000	328,254	728,254	183%
2015	1,375,137	450,000	298,686	748,686	184%

	Michigan Transportation Fund Bonds				
		Debt Service			
Fiscal Year Ended	Collections (1)	Principal	Interest	Total	Coverage
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%
2014	2,759,611	250,000	13,750	263,750	1046%
2015	-	-	-	-	N/A

	Special Assessment Bonds				
		Debt Service			
Fiscal Year Ended	Collections	Principal	Interest	Total	Coverage (2)
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
2014	-	-	-	-	N/A
2015	-	-	-	-	N/A

(1) Fifty percent of state gas and weight taxes can be used for debt payments.

(2) 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 (3)	Median Age (3)	Number of Households(3)	Average Household Size (3)	Income Per Capita (3)	Income Per Household (1)	Personal Income (millions)	Unemployment Rate (%)(2)	Education Age 25 or Older: High School(3)	Education Age 25 or Older: Bachelor Degree(3)	Education Age 25 or Older: Graduate or Professional Degree (3)
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	41,200	107,532	3,381	7.7	73	57	27
2013	82,853	41.8	33,063	2.61	41,200	107,532	3,414	7.4	73	57	27
2014	83,270	41.8	33,182	2.60	41,209	108,176	3,431	5.9	95	57	27
2015	83,319	41.8	33,233	2.60	41,209	106,454	3,433	4.4	95	57	27

Source:

(1) U.S. Census - American Fact Finder - mean income
(2) Oakland County research services
(3) Southeast Michigan Council of Governments (SEMCOG)

CITY OF TROY, MICHIGAN

Principal Employers by Industry
Current and Previous Four Years

	2011			2012			2013			2014			2015		
Industry	**Number of Parcels**	**Rank**	**Percent of Total Parcels**	**Number of Parcels**	**Rank**	**Percent of Total Parcels**	**Number of Parcels**	**Rank**	**Percent of Total Parcels**	**Number of Parcels**	**Rank**	**Percent of Total Parcels**	**Number of Parcels**	**Rank**	**Percent of Total Parcels**
Industrial, Light Manufacturing	630	1	38.99%	643	1	39.62%	643	1	39.62%	638	1	39.12%	637	1	39.37%
Office	262	2	16.21%	261	2	16.08%	261	2	16.08%	262	2	16.06%	259	2	16.01%
Retail Store (Mall, Plaza, Market, Whse, Discount	149	3	9.22%	150	3	9.24%	150	3	9.24%	154	3	9.44%	155	3	9.58%
Medical Office	85	4	5.26%	85	4	5.24%	85	4	5.24%	84	5	5.15%	85	4	5.25%
Engineering	79	5	4.89%	66	7	4.07%	66	7	4.07%	66	7	4.05%	64	8	3.96%
Restaurant & Fast Food	66	6	4.08%	66	7	4.07%	66	7	4.07%	66	8	4.05%	66	7	4.08%
Apartments	66	6	4.08%	67	6	4.13%	67	6	4.13%	67	6	4.11%	68	6	4.20%
Service (Station, Garage, Booth, Convenience)	51	8	3.16%	58	8	3.57%	58	8	3.57%	58	10	3.56%	57	10	3.52%
Loft (Multi Tenant Industrial)	41	9	2.54%	41	10	2.53%	41	10	2.53%	40	11	2.45%	40	11	2.47%
Bank	29	10	1.79%	30	11	1.85%	30	11	1.85%	32	12	1.96%	32	12	1.98%
Auto Dealership	17	11	1.05%	17	12	1.05%	17	12	1.05%	17	13	1.04%	17	13	1.05%
Warehouse (Storage, Distribution, Transit)	56	7	3.47%	57	9	3.51%	57	9	3.51%	59	9	3.62%	63	9	3.89%
All other	85	4	5.26%	82	5	5.05%	82	5	5.05%	88	4	5.40%	75	5	4.64%
Total commercial/industrial parcels	1,616		100.00%	1,623		100.00%	1,623		100.00%	1,631		100.00%	1,618		100.00%

Source: City Assessor

CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Building Inspection										
Permits issued	1,927	1,696	1,588	1,251	1,185	940	1,699	2,006	2,297	2,369
Plans reviewed	1,600	1,059	920	685	719	908	1,842	2,023	2,641	3,051
Executive Administration										
City Manager's Office										
GFOA awards/submittals	3	3	3	3	3	2	2	3	3	3
City Attorney's Office										
District court appearances	6,531	6,368	6,706	6,840	6,091	6,492	6,612	7,884	7,871	8,289
Community Affairs										
New resident packets distributed	775	950	830	855	910	943	912	803	790	801
Press releases sent	440	450	465	475	482	487	474	479	482	495
City Clerk's Office										
Registered voters	53,792	54,355	56,774	55,989	56,572	55,301	57,470	58,318	56,630	57,400
Voter turnout% (November)	25%	63%	24%	79%	22%	57%	27%	74%	27%	51%
Human Resources										
Applications processed	1,500	1,117	1,762	1,015	365	110	1,566	778	1,274	1,120
Job postings	50	45	39	37	10	11	30	26	38	45
Labor contracts settled	4	0	1	1	1	6	0	0	3	2
Engineering										
Engineering										
Soil erosion inspections	4,570	4,001	1,422	1,626	979	863	772	628	812	1,089
Machine traffic counts	125	136	136	146	125	93	68	52	43	25
PASER ratings	Not Avail.	Not Avail.	Not Avail.	Not Avail.	Not Avail.	Not Avail.	5.8	5.8	5.7	5.7

CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Finance										
Accounting/Risk Management										
Payroll checks processed	23,800	24,116	27,717	27,346	23,147	22,891	23,091	24,073	24,073	26,497
Invoices issued	1,800	2,200	2,000	3,597	8,354	9,649	10,027	10,033	10,635	10,121
Liability claims processed	129	114	143	140	85	84	57	53	103	344
Insurance certificates approved	350	386	379	370	364	331	328	348	365	385
Assessing										
Residential appraisals	1,600	1,500	1,273	1,439	863	750	500	642	518	362
Reinspections	1,250	1,000	800	1,000	600	500	500	892	892	1,156
Purchasing										
Value of goods/services purchased	$29.0 mil	$30.4 mil	$29.6 mil	$33.8 mil	$31.7 mil	$33.3 mil	$34.2 mil	$34.6 mil	$34.0 mil	$34.5 mil
% of awards without dispute	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
City Treasurer's Office										
Tax bills processed	66,220	65,740	66,907	65,798	65,770	65,687	65,900	66,000	66,200	62,685
Water bills processed	106,369	102,000	104,784	104,777	104,807	99,566	101,055	102,272	102,510	102,807
Fire										
Fire Department responses	1,475	1,338	1,154	889	853	1,022	1,090	1,006	1,165	1,077
Inspections performed	2,000	2,210	2,440	2,768	2,543	2,347	2,013	3,154	2,988	2,398
Other General Government										
Building Operations										
Requests for service	16,750	18,900	19,200	18,922	17,280	16,801	12,500	18,550	18,550	16,280
Planning										
Site plan reviews	21	14	21	9	14	13	8	9	17	17
Special use requests	10	22	13	15	9	8	7	12	3	2
Parks, Recreation and Culture										
ROW trees trimmed	1,160	3,215	1,968	2,894	3,168	2,457	2,262	3,508	3,300	3,976
Recreation programs	496	561	573	587	622	471	468	466	480	485
Library cards	Not avail.	Not avail.	Not avail.	Not avail.	51,200	50,900	51,000	51,000	46,400	49,656

CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Part 1 Crimes	2,088	1,890	2,021	1,944	1,837	1,842	1,865	1,670	1,512	1,419
Operate while impaired	448	520	503	477	396	464	399	506	473	419
Hazardous traffic citations	8,903	9,765	9,127	8,178	8,214	7,526	7,385	6,811	6,704	5,283
Non-hazardous traffic citations	3,587	3,093	3,002	3,415	2,888	2,745	3,941	3,681	3,168	4,750
Traffic crashes:										
Property damage	2,648	2,585	2,670	2,336	2,167	2,427	2,434	1,958	3,342	3,163
Personal injury	571	556	614	564	374	317	386	303	532	468
Fatal crash	3	6	6	5	5	3	2	4	4	5
Public Works										
Streets & Drains Division										
Requests for service	744	860	1,602	1,258	1,004	1,188	1,149	1,370	1,774	1,747
Water & Sewer Division										
Requests for service	2,637	2,244	2,147	2,844	2,902	3,379	3,366	4,217	4,434	4,140
Sanitary sewers cleaned in feet	2,067,000	1,610,795	2,100,000	2,100,000	1,785,000	1,307,000	2,100,000	1,300,000	1,630,417	1,250,000
Fleet Maintenance										
Work orders	4,050	4,072	4,000	3,848	3,507	3,217	2,839	2,037	2,532	2,165
Vehicle tires replaced	600	648	594	604	608	520	566	464	406	487
Refuse/Resource Recovery										
Tons of refuse collected	54,500	44,637	35,313	32,951	27,412	27,230	29,816	26,655	27,210	28,462
Tons of compost collected	9,984	7,917	10,753	10,620	12,313	9,690	10,689	8,786	9,743	9,174
Information Technology										
Help desk requests	1,800	2,062	2,136	2,075	2,392	2,498	2,485	2,333	3,079	3,018
Golf Course										
Sylvan Glen rounds of golf	50,820	45,032	42,451	43,892	41,719	40,852	47,293	42,655	37,737	42,887
Sanctuary Lake rounds of golf	25,833	23,729	23,664	24,710	24,757	27,236	33,485	30,301	30,283	31,840
Aquatic Center										
Admissions	50,240	54,519	53,521	48,146	47,738	51,000	54,260	47,940	49,066	36,021

CITY OF TROY, MICHIGAN

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire										
Stations	6	6	6	6	6	6	6	6	6	6
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Streets										
Miles of improved	423	437	443	443	443	443	435	406	406	408
Miles of unimproved	5	5	4	4	4	4	4	4	4	3
Sewers										
Miles of combination storm/sanitary	10	10	10	10	10	10	10	10	10	6
Miles of sanitary	384	386	395	397	398	398	391	392	393	393
Miles of storm	510	542	543	545	545	545	589	625	631	529
Street Lights										
Detroit Edison owned poles	564	564	582	582	580	562	561	562	562	562
City owned poles	1,558	1,558	956	956	956	997	1,242	539	539	1,010
Water										
Annual distribution in million cubic feet	663	614	561	494	449	485	530	539	450	420
Miles of watermains	536	538	539	540	540	540	537	539	537	542
Number of hydrants	5,759	5,782	5,830	5,850	5,854	5,870	5,863	5,897	5,930	5,962
Parks and Recreation										
Number of developed parks	14	14	14	14	14	14	14	15	15	15
Acres of public parks	735	880	880	1,000	1,000	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

Source: City Departments

CITY OF TROY, MICHIGAN

Building Construction
Last Ten Fiscal Years

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
2013 - 2014	2,297	permits	165,364,134	estimated value
2014 - 2015	2,369	permits	212,761,431	estimated value

Source: SafeBuilt Inc.

CITY OF TROY, MICHIGAN

Full and Part-Time City Government Employees By Function/Program
Last Ten Fiscal Years

Function/Program	2006		2007		2008		2009		2010		2011		2012		2013		2014		2015	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Building Inspection																				
Building Inspection	21	2	21	2	21	2	21	2	17	2	0	0	0	0	0	0	0	0	0	0
Executive Administration																				
City Manager's Office	6	0	5	0	4.5	0	4.5	0	4.5	0	4	4	7	6	7	5	7	7	9	6
City Attorney's Office	8	1	8	1	8	1	8	1	8	1	6	1	7	1	7	1	7	0	7	0
City Clerk's Office	6	2	6	2	6	2	6	2	5	2	3	2	4	2	4	2	4	2	4	3
Human Resources	4	1	4	1	4	1	4	1	4	1	2	1	2	1	3	1	4	1	4	0
Community Affairs	3	6	3	6	3	6	3	6	1	6	0	0	0	0	0	0	0	0	0	0
Engineering																				
Engineering	23	6	23	6	22	6	21	6	16	5	12	3	10	4	11	3	11	3	11	2
Finance																				
Accounting/Risk Management	10.5	0	10.5	0	10.5	0	10.5	0	9.5	0	4	1	4	3	6	1	6	2	6	2
Assessing	8	2	8	2	8	2	8	2	8	1	6	1	6	1	6	1	7	1	6	1
Purchasing	3	1	3	1	3	1	3	1	3	1	2	0	0	1	2	1	2	1	2	1
City Treasurer's Office	4.5	0	4.5	0	4.5	0	3.5	0	3.5	0	3	0	4	0	3	1	3	1	4	0
Fire																				
Fire	14	2	14	2	14	2	13	2	13	2	10	6	11	6	11	6	11	6	12	6
Library/Museum																				
Library	20	88	17	98	16	98	16	96	15	93	5	61	6	68	5	71	9	82	9	83
Museum	2	9	2	9	2	9	2	9	2	9	0	0	0	0	0	0	0	0	0	0

Continued.....

CITY OF TROY, MICHIGAN

Full and Part-Time City Government Employees By Function/Program
Last Ten Fiscal Years

	2006		2007		2008		2009		2010		2011		2012		2013		2014		2015	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Concluded....																				
Other General Government																				
Real Estate & Development	5	1	4	1	3.5	0	3.5	0	3.5	0	0	0	0	0	0	0	0	0	0	0
Building Operations	12	2	12	2	12	2	12	2	11	2	6	0	6	3	7	3	7	4	7	3
Planning	5	0	5	0	5	0	5	0	3	0	4	2	4	2	4	2	4	2	4	2
Police																				
Sworn Police Officers	99	0	98	0	94	0	95	0	95	0	94	0	73	0	74	0	69	0	79	0
Command	36	0	34	0	36	0	29	0	27	0	24	0	23	0	22	0	21	0	23	0
Other	59	13	61	14	62	18	68	18	66	18	35	22	44	32	44	35	47	31	47	35
Parks & Recreation																				
Parks & Recreation	35	128	34	212	34	206	32	206	32	181	15	155	12	190	11	182	11	195	12	199
Public Works																				
Streets & Drains Division	32.5	18	31.5	18	31.5	18	31.5	18	28.5	18	24.5	2	20.5	11	20.5	8	22.5	9	24.5	11
Water & Sewer Division	35	6	34	7	34	7	34	7	34	7	31	0	31	6	31	6	33	6	32	6
Fleet Maintenance	18	2	18	2	18	2	18	2	18	2	11	2	11	4	14	3	12	6	14	6
Refuse/Resource Recovery	1.5	1	1.5	1	1.5	1	1.5	1	1.5	1	0.5	0	0.5	0	0.5	0	0.5	0	0.5	0
Information Technology																				
Information technology	9	0	9	0	9	0	9	2	9	2	8	1	8	1	8	1	9	0	10	0
Golf Course																				
Golf course	5	72	5	72	5	71	5	71	5	54	0	0	0	0	0	0	0	0	0	0
Aquatic Center																				
Aquatic center	0	74	0	74	0	74	0	88	0	88	0	50	0	37	0	45	0	42	0	52
Total Employees	**485**	**437**	**476**	**533**	**472**	**529**	**467**	**543**	**443**	**496**	**310**	**314**	**294**	**379**	**301**	**378**	**307**	**401**	**327**	**418**

Source: City Department of Human Resources

CITY OF TROY, MICHIGAN

State Shared Revenues
Last Ten Fiscal Years

Fiscal Year Ended June 30	State Shared Revenue
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
2014	6,435,145
2015	6,541,560

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	
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
2014	3,963,956	1,555,266	5,519,222
2015	4,278,155	1,499,530	5,777,685

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	62
Michigan Association of Police - Clerical, Police Services Aides	6/30/2018	44
Troy Command Officers Association - Command Police Officers	6/30/2019	22
Troy Police Officers Association - Police Officers	6/30/2015	79
Troy Firestaff Officers Association - Fire Career Professionals	6/30/2019	10
Troy Communication Supervisors Association - Civilian Communications Supervisors	6/30/2016	7

Source: City Department of Human Resources

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SINGLE AUDIT ACT COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

December 3, 2015

To the Honorable Mayor and City Council of the
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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December3, 2015, 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 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.

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Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

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	$ 56,941
U.S. Department of Justice				
Bulletproof Vest Grant	16.607	Direct	N/A	11,496
U.S. Department of Transportation				
Troy Multi Modal Transit Facility				
High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants				
ARRA - Contract # 2011-0231, Project # 113143, Agenda: CAB	20.319	MDOT	20110276	1,654,812
U.S. Department of Homeland Security				
2013 Homeland Security Grant Program	97.067	OAK	EMW-2013-SS-00049	22,182
2014 Homeland Security Grant Program	97.067	OAK	EMW-2014-SS-00059	927
				23,109
FEMA Disaster Recovery Public Assistance	97.036	MSP	Unassigned	173,980
Total U.S. Department of Homeland Security				197,089
Total Expenditures of Federal Awards				**$ 1,920,338**

See notes to schedule of expenditures of federal awards.

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, 2015. 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 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 County 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

Pass-through Agency Abbreviation	Pass-through Agency Name
MDOT	Michigan Department of Transportation
OAK	County of Oakland, Michigan
MSP	Michigan State Police

4. RECONCILIATION OF FEDERAL REVENUES REPORTED IN GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal sources per Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	$ 1,909,792
Federal sources per Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position	19,153
Less reimbursements for previous year expenditures subsequently determined eligible for reimbursement from federal sources	(8,607)
Total Expenditures of Federal Awards	**$ 1,920,338**

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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*

December 3, 2015

To the Honorable Mayor and City Council of the
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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2015.

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.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

December 3, 2015

To the Honorable Mayor and City Council of the
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 *2 CFR 200 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, 2015. 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, 2015.

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 that 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.

Rehmann Robson LLC

CITY OF TROY, MICHIGAN

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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:

CFDA Number	Name of Federal Program or Cluster
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:	$ 300,000			
Auditee qualified as low-risk auditee?	X	yes	_____	no

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2015

No matters were reported.

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