

**TROY SCHOOL DISTRICT**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

**for the fiscal year ended  
June 30, 2009**

**Troy School District**

**4400 Livernois Road  
Troy, Michigan 48098**

# **Troy School District**

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## **Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009**

**TROY SCHOOL DISTRICT  
4400 LIVERNOIS ROAD  
TROY, MICHIGAN 48098**

**PREPARED BY:  
DIVISION OF BUSINESS SERVICES  
MICHAEL M. ADAMCZYK  
ASSISTANT SUPERINTENDENT - BUSINESS SERVICES**

# Troy School District

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Issued Under  
Separate  
Cover

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September 30, 2009

To the Citizens of Troy and the  
Board Members of Troy Schools:

The Comprehensive Annual Financial Report of the Troy School District (the "School District") for the fiscal year ended June 30, 2009 is submitted herewith. The report was prepared by the School District's Department of Business Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe the data, as presented, is accurate in all material respects. The information is presented in a manner designed to fairly set forth the financial position and the results of operations of the School District as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the organizational chart, a listing of the elected and top administrative officials of the School District, and the Certificate of Excellence. The financial section includes the management's discussion and analysis, financial statements, the fund financial statements, notes to the financial statements, required and other supplemental information, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiple-year basis.

The School District's financial statements include all funds, account groups, and departments over which the Board of Education is financially accountable. The Board of Education is responsible for the selection and appointment of the superintendent of schools, as well as setting policy, developing long-range educational goals, adopting and amending operating budgets, and evaluating school programs.

It is the mission of the Troy School District to ensure learning for all members of the school community. The Troy School District will become an exemplary learning community that supports innovation and is committed to continuous improvement. The Troy School District will be a place where a collaborative community develops curriculum, instructional strategies, and assessment to ensure all students learn.

# Overview

The Troy School District is a fiscally independent school district established under the laws of the State of Michigan and governed by an elected, seven-member Board of Education. It is somewhat unique in the Detroit metropolitan area in that its 26.61 square miles are totally within the City of Troy. It is a suburban district located in Oakland County, Michigan with continuing growth and development provided by upscale office and research facilities, light industry, and housing expansion.

The School District has 12 elementary schools, grades K-5; four middle schools, grades 6-8; two traditional high schools, grades 9-12; one alternative high school; a “GROW” program serving Special Education students ages 19 through 26; and is part of a consortium in a grades 9-12 international academy, which offers an international baccalaureate diploma. The School District also has a Board of Education office; a transportation facility; an adult/alternative/continuing education building; a central stores/maintenance facility; and a building housing special education services, as well as offices for media, technology, food service, athletics, research and evaluation, fine arts, reading and writing, science, social studies, and math.

## Major Initiatives and Achievements

The Troy School District offers a comprehensive curriculum for all students. Goals and objectives define the skills, knowledge, and understanding expected of all learners for each subject at each grade level. School District staff, incorporating elements of the State’s model core curriculum, has developed the curriculum. It meets or exceeds all standards required for school accreditation by the Michigan Department of Education.

## Curriculum Development

### Core Curriculum

Teachers and administrators in the Troy School District continue to implement a comprehensive curriculum for all students in kindergarten through twelfth grade. Our curriculum is based on the Grade Level Content Expectations for grades Kindergarten through eight and the High School Course Expectations for grades nine through twelve that have been approved by the State of Michigan Board of Education. These state guidelines have been reviewed by teachers and administrators in the Troy School District and have been integrated into our curriculum. The curriculum of the Troy School District meets or exceeds all standards required for school accreditation by the Michigan Department of Education.

The written curriculum and pacing guides function as outlines for instruction. These documents identify what our teachers teach and what students should learn. For each subject at each grade level, goals and objectives define the skills, knowledge, and understandings expected of the students. These steer teachers as they prepare lessons. These goals and objectives have been matched with state and national standards to ensure that we are preparing our students for today, as well as tomorrow. Throughout the district, high standards infuse the curriculum.

During the 2008-2009 school year, several enhancements were made to the Troy School District curriculum. At the elementary level, we continued an extensive review of our reading/language arts instructional program that will result in the adoption of new instructional practices and the use of new materials to improve student achievement. As a part of this adoption, we implemented a new program to teach comprehension strategies and piloted a K-5 literacy assessment system. In addition, review of our other core curriculum areas - math, writing, science, and social studies - continued throughout the year. Opportunities were also provided for teachers in the arts, physical education, and foreign language to meet and review their curriculum areas.

The secondary curriculum continued its development throughout the 2008-2009 school year. New courses were added including Advanced Placement Human Geography. New materials were purchased for several classes, including high school physics, astronomy, world history, and several world language courses. A new program to assist struggling readers in middle school was adopted as well. Finally, a research based math intervention program that utilizes math manipulatives for middle school was purchased to help students conceptualize math concepts. Teachers had a variety of opportunities to engage in professional development activities throughout the year.

Baker Middle School and Morse Elementary School received full authorization from the International Baccalaureate Organization as IB World Schools following three day visits from authorizing teams to each building. Staff members continued their collaboration and development of teaching units and assessment policies. The Troy School District is one of only two school districts in Michigan to have an IBO-authorized Primary Years Programme, Middle Years Programme, and Diploma Programme.

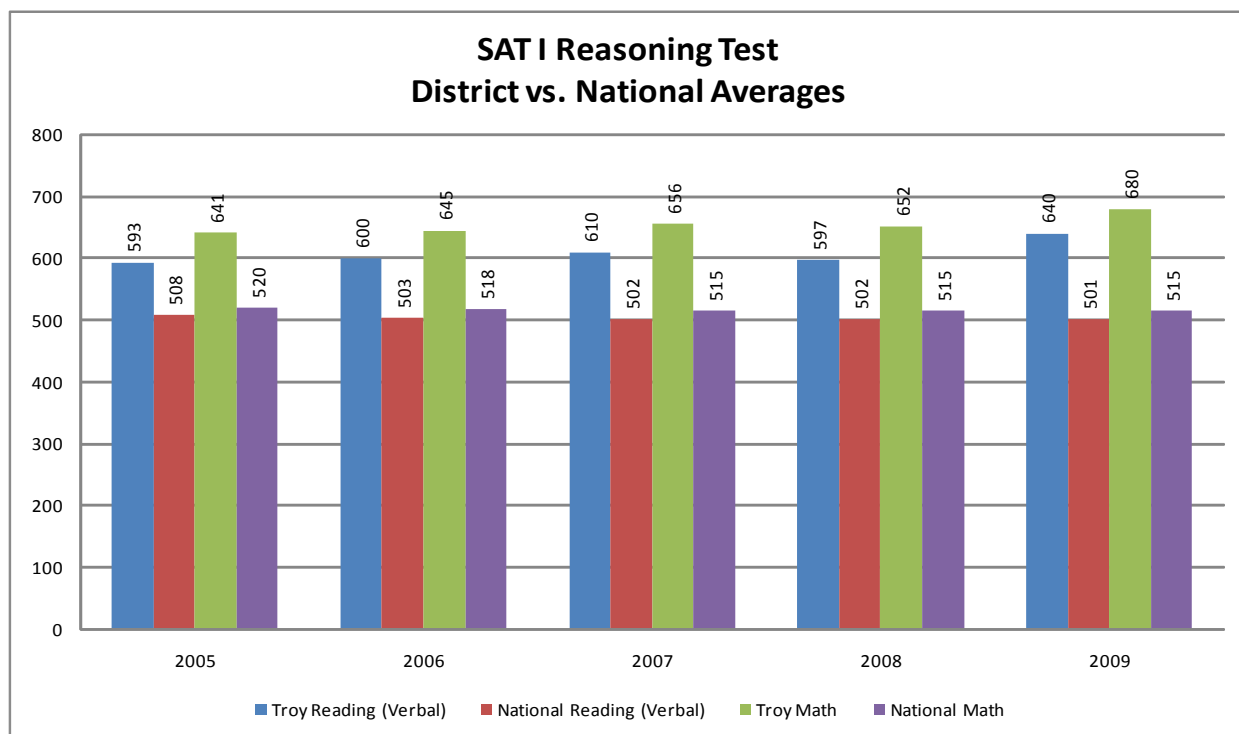
All buildings in the Troy School District have earned accreditation from the North Central Association Commission on Accreditation and School Improvement. Following the most recent cycle of accreditation, we determined that we would follow a District Accreditation model rather than continue to pursue individual building accreditation. District Accreditation is an approach that builds the capacity of all schools and departments within the system to increase and sustain student learning. We are one of eight districts in the State of Michigan to have received such accreditation. Our system goals are as follows:

- All Troy School District students will create and pursue personal growth plans.
- All Troy School District students will perceive they are accepted at school regardless of cultural, ethnic, gender, academic or other individual differences as measured by a validated survey.
- The Troy School District will score in the top 5 percent of all districts in the state on all subtests of the Michigan Department of Education assessment programs (MEAP).
- All Troy School District “No Child Left Behind” (NCLB) subgroups will make Adequate Yearly Progress on all subtests of the Michigan Department of Education assessment programs.

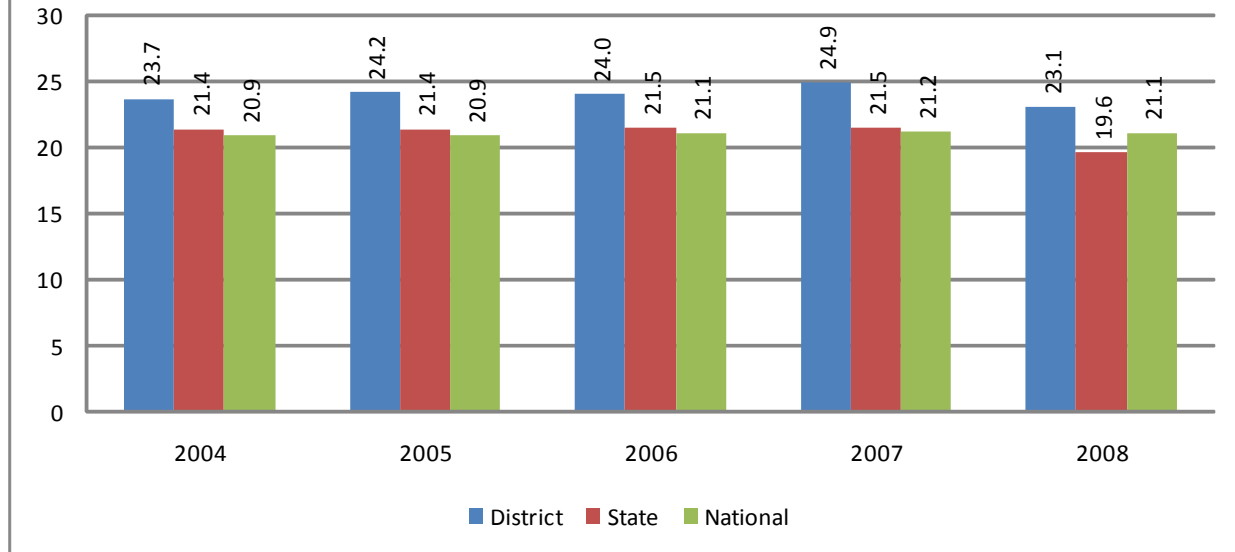
An exceptional number of Troy School District students attend institutions of higher learning upon graduation. The University of Michigan grants additional points for admission consideration to students who have graduated from Troy School District.

| Years Ended<br>June 30 | Percent of Students<br>Graduating | Percent of Students<br>Attending College |
|------------------------|-----------------------------------|--|
| 2009                   | 99                                | 95                                       |
| 2008                   | 99                                | 95                                       |
| 2007                   | 98                                | 95                                       |
| 2006                   | 99                                | 94                                       |
| 2005                   | 99                                | 94                                       |
| 2004                   | 99                                | 93                                       |
| 2003                   | 99                                | 93                                       |
| 2002                   | 99                                | 92                                       |
| 2001                   | 99                                | 92                                       |
| 2000                   | 99                                | 95                                       |
| 1999                   | 98                                | 94                                       |
| 1998                   | 97                                | 95                                       |

Students' results on standardized achievement measures such as the SAT, the ACT, the Iowa Test of Basic Skills, Form A (ITBS), and the tests of the Michigan Educational Assessment Program (MEAP) are among the highest in the tri-county area (see graphs and charts following).



## ACT Composite District vs. State and National Averages



### Median Percentile Rank of ITBS District Reading and Math:

|         | 2008-2009      |             | 2007-2008      |             | 2006-2007      |             |
|---------|----------------|-------------|----------------|-------------|----------------|-------------|
|         | <u>Reading</u> | <u>Math</u> | <u>Reading</u> | <u>Math</u> | <u>Reading</u> | <u>Math</u> |
| Grade 3 | -              | -           | 70             | 89          | 76             | 87          |
| Grade 5 | 75             | 85          | 74             | 84          | 76             | 86          |
| Grade 7 | -              | -           | 72             | 79          | 71             | 77          |

### Troy School District Advanced Placement Testing

| <u>Years Ended<br/>June 30</u> | <u>Number<br/>Taken</u> | <u>Percent<br/>Qualifying</u> |
|--------------------------------|-------------------------|-------------------------------|
| 2008-2009                      | 1,888                   | 85                            |
| 2007-2008                      | 1,708                   | 83                            |
| 2006-2007                      | 1,662                   | 86                            |
| 2005-2006                      | 1,468                   | 85                            |
| 2004-2005                      | 1,379                   | 83                            |
| 2003-2004                      | 1,140                   | 82                            |
| 2002-2003                      | 1,220                   | 77                            |
| 2001-2002                      | 1,204                   | 77                            |

**MEAP/MME Percentile Test Results for Elementary School (grades 3 - 5)  
Middle School (grades 6-8) and High School (grade 11)**

|                       | Elementary |       |       |       |  | Middle Schools |       |       |       |  | High Schools |       |       |       |
|-----------------------|------------|-------|-------|-------|--|----------------|-------|-------|-------|--|--------------|-------|-------|-------|
|                       | 08-09      | 07-08 | 06-07 | 05-06 |  | 08-09          | 07-08 | 06-07 | 05-06 |  | 08-09        | 07-08 | 06-07 | 05-06 |
| <b>Reading</b>        | 94         | 94    | 96    | 95    |  | 91             | 91    | 92    | 90    |  | 81           | 81    | 77    | 77    |
| <b>Writing</b>        | 77         | 77    | 76    | 83    |  | 90             | 89    | 88    | 89    |  | 69           | 68    | 68    | 61    |
| <b>Math</b>           | 97         | 97    | 96    | 96    |  | 93             | 90    | 88    | 89    |  | 75           | 74    | 74    | 74    |
| <b>Science</b>        | 96         | 96    | 96    | 93    |  | 90             | 90    | 86    | 90    |  | 79           | 79    | 78    | 76    |
| <b>Social Studies</b> | --         | --    | --    | --    |  | 88             | 89    | 88    | 92    |  | 91           | 91    | 91    | 90    |

Troy Schools has 18 buildings that have achieved State recognition as exemplary schools: Athens High School, Troy High School, Baker Middle School, Boulan Park Middle School, Larson Middle School, Smith Middle School, Barnard Elementary School, Bemis Elementary School, Costello Elementary School, Hamilton Elementary School, Hill Elementary School, Leonard Elementary School, Martell Elementary School, Morse Elementary School, Schroeder Elementary School, Troy Union Elementary School, Wass Elementary School, and Wattles Elementary School. All Troy District K-12 schools have earned the prestigious Blue Ribbon award from the Michigan Department of Education.

Troy parents value and support education. The Troy School District enjoys the active support and participation of parents in PTO/PTA groups, booster clubs, and building and district-level committees. In addition, the Troy African-American Parent Support Group completed a successful first year in support of the district's goals. Parent attendance at parent/teacher conferences is high as is the level of parent volunteerism for activities and programs. The high level and quality of parent involvement contribute greatly to the overall quality of the schools' programs. The percentage of parents attending fall conferences for the past three years is as follows:

| Level       | 2009 | 2008 | 2007 |
|-------------|------|------|------|
| <b>K-5</b>  | 99%  | 99%  | 99%  |
| <b>6-8</b>  | 85%  | 84%  | 83%  |
| <b>9-12</b> | 82%  | 82%  | 81%  |

In addition to high student achievement, Troy Schools has one of the lowest dropout rates for districts of its size, consistently under one half of 1 percent. The low dropout rate is a reflection of family and community values, as well as the clear expectations of Troy educators that students will successfully complete their education.

In consortia with eight other Oakland County school districts, Troy School District participates in an international academy, which is based on an international baccalaureate program. For close to ten years, a total of 25 Troy School District students were selected by lottery to attend the International Academy. Beginning with the 2008-2009 school year, Troy became a third campus of the International Academy. Old Baker Middle School was transformed into the International Academy East. IA East opened in August with 125 9<sup>th</sup> graders that included 37 schools of choice students from around metropolitan Detroit. In August 2009, the second class will be added and the school will have 240 students. In four years, the building will have a maximum capacity of nearly 500 students. Troy School District also has students participating in the General Motors Technical Academy where the curriculum focuses on drafting. There are options to meet the needs of special education students at 24 different programs at out-of-school district sites. A total of over 125 students attended the Oakland Technical Education Center to study curriculum ranging from food service to automotive programs.

### **Economic Condition and Outlook**

As the School District completes its fifteenth year under Proposal A, approved by Michigan voters in 1994, revenues have not kept pace with inflation. Proposal A substantially shifted funding responsibility from the local level to the state level and from property tax as the major revenue source. Now, the School District is dependent upon the state legislature for not only the majority of its funds, but also its funding level.

Although the School District is financially stable at the present time with a solid fund balance, the future requires that the School District continue to develop a long term set of strategies to ensure it is able to maintain a balanced budget in the future.

Over the last 10 years, Troy has seen a residential population decrease of 1.12 percent. In November of 2007, Morgan Quinto Press rated Troy as the safest city in Michigan and among the top 10 safest cities in the nation. In 2008, CNN Money ranked Troy #22 of its Top 100 Best Places to Live in the U.S. Although the city has seen a decrease in workforce population, the business environment remains strong as home to the world headquarters of three of Michigan's 21 Fortune 500 companies.

### **Internal Controls**

This report consists of management's representations concerning the finances of the School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the School District has established a comprehensive internal control framework that is designed both to protect the School District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the School District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

All expenditure requests require proper administrative approval before any transactions and orders for goods can be processed. Individual budget managers are responsible for complying with the School District's purchasing policy and are prohibited from over-expending their legally adopted budget allocations.

### **Budgetary Controls**

The School District maintains budgetary controls to ensure that budgets are in compliance with legal provisions in the annual appropriation budget adopted by the Board of Education.

Formal budgetary integration is employed as a management controls device throughout the year for the General Fund, Special Revenue Funds, Capital Projects Fund, Internal Service Fund, and Debt Service Funds. Under the guidelines of Bulletin 1022 (Revised), the State of Michigan's *School Accounting Manual*, detailed budget information is provided, and appropriate administrators are delegated the responsibility for monitoring and controlling their respective budget allocations. Controls are in place that will not allow individuals to spend more than the amount appropriated to them. The controls are integrated into the School District's computerized accounting system. Expenditures are prohibited from exceeding appropriations at the area level. An encumbrance system is utilized to measure the uncommitted budget amount available at any given point in time during the year. The budget is amended during the year to appropriately address variances that occur as a result of enrollment changes and revenue and expenditure allocations.

The administration believes that the existing system of budgetary and accounting controls provides a reasonable level of assurance that errors or irregularities that could be material to the financial statements are prevented or that they would be detected within a timely manner.

As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management.

### **Debt Administration**

On June 14, 2004, the Troy School District voters passed a \$119,500,000 bond issue. The bond issue is primarily devoted to technology enhancements, building additions and improvements, and school bus purchases. The 2004 bond issue has been developed not to impact the operational budget of the Troy School District but to work in harmony with the budget. This issue will continue the excellent maintenance program of the Troy School District, as well as enhance instruction to prepare its students to become lifelong learners and meet the challenges of an ever-changing world. Under current State statutes, the School District's general obligation bonded debt issuances are subject to a legal limitation based on 15 percent of total assessed value of real and personal property. As of June 30, 2009, the School District's net general obligation bonded debt of \$139,460,000 was well below the statutory bonding limit of \$666,502,455. Per capita debt totaled only \$1,663 at June 30, 2009.

## **Cash Management**

In accordance with Michigan statutes, the School District's cash management guidelines are established to maximize its interest earnings while attempting to minimize the risk of loss of invested principal. Interest-bearing checking accounts, cash management accounts, certificates of deposit in state or national banks, approved savings and loan associations, and commercial paper are all instruments used to achieve this goal.

In 2008-2009, the School District's General Fund earned \$307,791 in investment income. Funds are invested in accordance with Sections 380.1221 and 380.1223 of the Michigan School Code, Act 451 of 1976, as amended, and are approved by the Board of Education annually. An aggressive but prudent review and analysis of the investment portfolio and cash flow needs provide additional revenues not only to the General Fund but all other funds of the School District that have cash resources available.

## **Risk Management**

The School District carries a comprehensive insurance package to protect the School District and its employees. Coverage includes commercial general liability, property damage, garage liability, automobile coverage, school leaders errors and omissions, and various crime and liability coverage. The School District also carries a \$10,000,000 commercial umbrella policy.

The blanket building limit coverage for the 2008-2009 school year was \$405,073,130. Insurance coverage is reviewed annually to assure that the School District is properly protected. The School District participates in the MAISL Joint Risk Management Trust, a consortium of 35 school districts.

## **Independent Audit**

State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran, PLLC was appointed by the Troy Board of Education to perform this service for the 2008-2009 fiscal year. In addition, the OMB Circular A-133 requires governmental recipients of federal assistance to have organization-wide financial and compliance audits on an annual basis.

## **Single Audit**

As a recipient of federal, state, and county financial assistance, the School District is responsible for ensuring that an adequate internal administrative control structure is in place to document compliance with applicable laws and regulations related to those programs. Tests are made by the School District's auditors to determine the adequacy of the internal and administrative control structure. This control structure is also subject to periodic evaluation by management.

The results of the School District's single audit for the fiscal year ended June 30, 2009 indicated no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Both of these requirements have been met, and the auditor's report on the basic financial statements is included herein.

## **Other Information**

### **Enrollment**

Enrollment projections are performed annually, and, if necessary, adjustments are made. A five-year projection of enrollment is done utilizing data from the county, city, and school district. Information such as live births, cohort survival ratios, residential building permits, and work force/economic statistics is used in the enrollment projections. Historically, this method has proven to be accurate, within a reasonable variance, for planning future facility needs.

### **Awards**

This report has been prepared following the guidelines recommended by the Association of School Business Officials (ASBO). The ASBO awarded a Certificate of Excellence in Financial Reporting to the Troy School District for its Comprehensive Annual Financial Report for the fiscal years ended June 30, 1989-2008. In order to be awarded a Certificate of Excellence, the School District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Excellence is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Excellence Program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

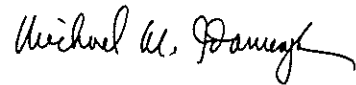
### **Acknowledgments**

The preparation of this report was accomplished through the commitment and dedication of the business office, especially the District Accountant, Renelle Tolan and the Director of Finance, Monica Papasian. The Comprehensive Annual Financial Report was prepared by the Troy School District's business services department.

Continued diligence in fiscal management and timely communication between the administration and Board of Education will facilitate efforts to exceed the present high level of excellence expected by the School District's constituents.

In order for the community to know the content of this report, copies will be made available in each school building, at the City of Troy library, and at the offices of the city manager and Chamber of Commerce.

Respectfully submitted,



Michael M. Adamczyk  
Treasurer/Assistant Superintendent,  
Business Services



Barbara A. Fowler, Ph.D.  
Superintendent of Schools

# TROY SCHOOL DISTRICT

## DISTRICT OFFICIALS

### ADMINISTRATION

Barbara A. Fowler, Ph.D.  
Superintendent

Michael M. Adamczyk  
Assistant Superintendent, Business Services

Jasen Witt, J.D.  
Assistant Superintendent, Human Resources

Richard Machesky, Ed.D  
Assistant Superintendent, Secondary Instruction

Kathleen Davisson  
Assistant Superintendent, Elementary Instruction

Robert Stromayer  
Director, Continuing Education

Tim McAvoy  
Director, Community Relations

### BOARD OF EDUCATION

Carol Pochodylo  
President

Wendy Underwood  
Vice President

Todd Milette  
Secretary

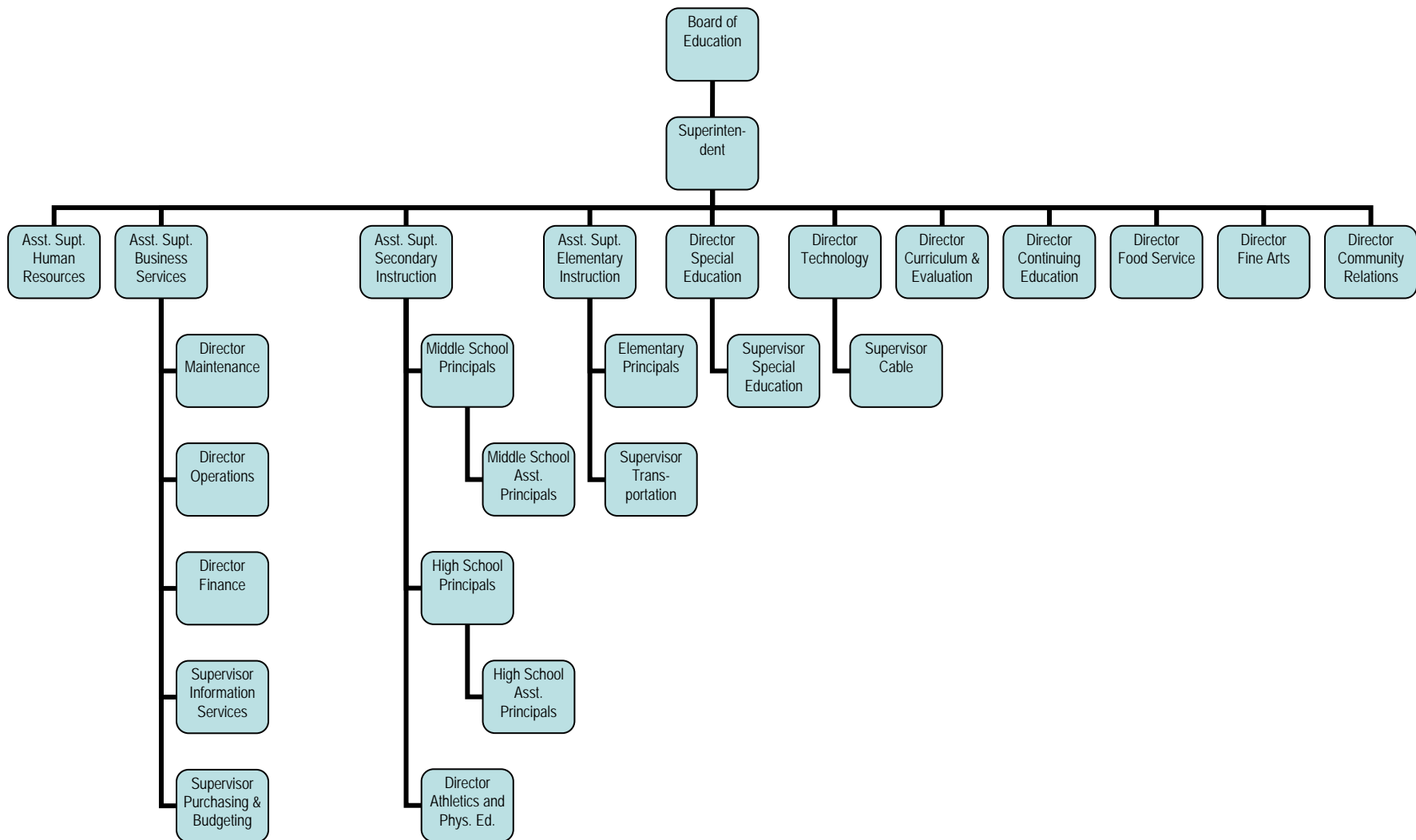
Ida Edmunds  
Trustee

Paula Fleming  
Trustee

Gary Hauff  
Trustee

Nancy Philippart  
Trustee

# TROY SCHOOL DISTRICT ORGANIZATIONAL CHART 2008-2009 SCHOOL YEAR



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**TROY SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2008**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

## Independent Auditor's Report

To the Board of Education  
Troy School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Troy School District (the "School District") as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Troy School District's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Troy School District as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison schedule - General Fund, and budgetary comparison schedule - Durant Fund, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Troy School District's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is not a required part of the basic financial statements. The other supplemental information is presented for the purpose of additional analysis. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Education  
Troy School District

The accompanying introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009 on our consideration of the Troy School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 opinions 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* and should be considered in assessing the results of our audit.

*Plante & Moran, PLLC*

September 30, 2009

# Troy School District

## Management's Discussion and Analysis

This section of the 2009 annual financial report presents our discussion and analysis of the Troy School District's (the "School District") financial performance during the year ended June 30, 2009. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Troy School District financially as a whole. The financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the financial statements by providing information about the School District's most significant funds, the General Fund, the Durant Fund, and 2004 Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The School District's Proprietary Internal Service Fund is reported separately from the governmental funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

### Management's Discussion and Analysis - MD&A (Required Supplemental Information)

- Basic Financial Statements
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# **Troy School District**

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## **Management's Discussion and Analysis (Continued)**

### ***Reporting the School District as a Whole - Financial Statements***

One of the most important questions asked about the School District is, "What is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Troy School District's net assets, which are the difference between assets and liabilities, as reported in the statement of net assets, as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets, as reported in the statement of activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. Many other nonfinancial factors, such as the scope and quality of the education provided, as well as the safety of the students and schools, must be considered to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

### ***Reporting the School District's Most Significant Funds - Fund Financial Statements***

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes, such as the Food Services and Athletics Funds. Funds are also established to show that it is meeting legal responsibilities for using certain taxes, grants, and other money, including the 2004 Bond Issue, which funds construction for voter-approved capital projects. By definition, the General Fund, the Durant Fund, and 2004 Capital Projects Fund are the only funds that qualify to be classified as major funds. The governmental funds of the School District use the following accounting approach:

# Troy School District

## Management's Discussion and Analysis (Continued)

Governmental and proprietary funds: All of the School District's services are reported in governmental and proprietary funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship between governmental activities and governmental funds in a reconciliation format in the financial section on pages 15 and 17. The School District's Proprietary Internal Service Fund reports on the full accrual basis and presents the School District's obligations for early retirement incentive payments due in future years.

### ***The School District as Trustee - Reporting the School District's Fiduciary Responsibilities***

The School District acts as the trustee for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. These activities are excluded from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **The School District as a Whole**

The statement of net assets provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2009 and 2008:

TABLE I

|  | Governmental Activities |                |
|--|-------------------------|----------------|
|  | 2009                    | 2008           |
|  | (in millions)           |                |
| <b>Assets</b>  |                         |                |
| Current and other assets                                 | \$ 56.1                 | \$ 72.5        |
| Capital assets   | 176.9                   | 178.9          |
| Total assets   | 233.0                   | 251.4          |
| <b>Liabilities</b>                                       |                         |                |
| Current liabilities                                      | 30.8                    | 29.1           |
| Long-term liabilities                                    | 144.3                   | 155.7          |
| Total liabilities  | 175.1                   | 184.8          |
| <b>Net Assets</b>  |                         |                |
| Invested in property and equipment - Net of related debt | 42.3                    | 40.7           |
| Restricted   | 1.8                     | 4.0            |
| Unrestricted   | 13.8                    | 21.9           |
| Total net assets   | <b>\$ 57.9</b>          | <b>\$ 66.6</b> |

# Troy School District

## Management's Discussion and Analysis (Continued)

The above analysis focuses on the net assets. The change in net assets of the School District's governmental activities is discussed below (see Table 2). The School District's net assets were \$57.9 million at June 30, 2009 compared to \$66.6 million at June 30, 2008. Capital assets, net of related debt, totaled \$42.3 million and \$40.7 million at June 30, 2009 and 2008, respectively. This compares the original cost less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets of \$1.8 million and \$4.0 million at June 30, 2009 and 2008, respectively, are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, \$13.8 million and \$21.9 million at June 30, 2009 and 2008, respectively, was unrestricted.

The \$13.8 million at June 30, 2009 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. It means that if all bills had to be paid today, including all noncapital liabilities, there would be \$13.8 million left. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Troy School District as a whole are reported in the statement of activities, which shows the changes in net assets for fiscal years 2009 and 2008 (see Table 2).

TABLE 2

|                      | <u>Governmental Activities</u> |             |
|----------------------|--------------------------------|-------------|
|                      | <u>2009</u>                    | <u>2008</u> |
|                      | (in millions)                  |             |
| <b>Revenue</b>       |                                |             |
| Program revenue:     |                                |             |
| Charges for services | \$ 6.9                         | \$ 6.7      |
| Operating grants     | 26.0                           | 20.3        |
| General revenue:     |                                |             |
| Property taxes       | 63.1                           | 68.2        |
| State aid            | 63.8                           | 63.3        |
| Other                | 1.6                            | 4.5         |
| Total revenue        | 161.4                          | 163.0       |

# Troy School District

## Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)

|  | Governmental Activities |                       |
|--|-------------------------|-----------------------|
|  | 2009                    | 2008                  |
|  | (in millions)           |                       |
| <b>Functions/Program Expenses</b>        |                         |                       |
| Instruction                              | \$ 95.6                 | \$ 87.1               |
| Support services                         | 58.8                    | 56.5                  |
| Community services                       | 2.9                     | 2.7                   |
| Food services                            | 3.3                     | 3.3                   |
| Athletics                                | 2.1                     | 2.2                   |
| Interest on long-term debt               | 7.4                     | 7.7                   |
| Total functions/program expenses         | <u>170.1</u>            | <u>159.5</u>          |
| <b>(Decrease) Increase in Net Assets</b> | (8.7)                   | 3.5                   |
| <b>Net Assets - Beginning of year</b>    | <u>66.6</u>             | <u>63.1</u>           |
| <b>Net Assets - End of year</b>          | <u><u>\$ 57.9</u></u>   | <u><u>\$ 66.6</u></u> |

As reported in the statement of activities, the cost of all governmental activities this year was \$170.1 million, an increase of \$10.6 million, or 6.6 percent, from 2007-2008. Certain activities were partially funded from those who benefited from the programs (\$6.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$26.0 million). The remaining "public benefit" portion of governmental activities was funded with \$63.1 million in taxes, \$63.8 million in state aid allowance, and with other revenues, such as interest and general entitlements. Total revenues in 2008-2009 were \$161.4 million, a decrease of approximately \$1.6 million from 2007-2008.

The Troy School District experienced a decrease in net assets of \$8.7 million primarily as a result of ongoing operations in the School District. In addition, long-term debt decreased \$8.6 million in 2008-2009.

As discussed above, the net cost shows the financial burden that was placed on the State and the Troy School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted revenues.

### The School District's Funds

As noted earlier, the Troy School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Troy School District is being held accountable for the resources taxpayers and others provide to it and may give more insight into the School District's overall financial health.

# Troy School District

## Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$35.8 million, a decrease of \$19.0 million from the prior year. The changes in major and nonmajor funds are as follows:

|                                   | General Fund         | Durant Fund         | 2004 Capital Projects Fund | Other Nonmajor Funds | Governmental Funds 2009 Total | Proprietary Funds |
|-----------------------------------|----------------------|---------------------|----------------------------|----------------------|-------------------------------|-------------------|
| Fund balances - Beginning of year | \$ 24,196,986        | \$ 5,610,166        | \$ 21,435,016              | \$ 3,546,525         | \$ 54,788,693                 | \$ 596,914        |
| Increase (decrease)               | (9,212,437)          | -                   | (9,773,942)                | (30,145)             | (19,016,524)                  | 36,617            |
| Fund balances - End of year       | <u>\$ 14,984,549</u> | <u>\$ 5,610,166</u> | <u>\$ 11,661,074</u>       | <u>\$ 3,516,380</u>  | <u>\$ 35,772,169</u>          | <u>\$ 633,531</u> |

In the General Fund, our principal operating fund, the fund balance decreased by \$9.2 million compared to a \$220 thousand decrease in the prior year. Revenues and other financing sources increased \$707 thousand from the prior year and expenditures and other financing uses increased approximately \$9.7 million for a net decrease of \$8.99 million from the prior year. There was a \$56 increase in the state foundation allowance and an enrollment increase of 2.34 students. Increased expenditures are a normal part of operations as a result of salary and benefit increases, increased costs for utilities, and other operating expenses. The fund balance of the General Fund is available to fund costs related to allowable school operating purposes.

The fund balance in the Durant Fund did not change from the prior year. The fund had earnings on investments of \$103,038. Expenditures were primarily for the maintenance cost of automated external defibrillators for the entire School District. The Durant Fund made an operating transfer of \$96,807 to the General Fund.

The 2004 Capital Projects Fund decreased by approximately \$9.77 million in 2008-2009. This is due to earnings on investments of \$406,889, and expenditures of \$10.2 million.

The other non-major funds decreased by \$30,000. The Adult and Community Education Fund increased by \$343,913 due primarily to increased child care revenue. The Food Service Fund decreased by \$122,626 due to increased food and labor costs and decreased revenue. Combined, the Debt Service Funds showed a fund balance decrease of \$251,432. Millage rates are reviewed annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service.

# Troy School District

## Management's Discussion and Analysis (Continued)

The Internal Service Fund is used to account for the activity related to the voluntary resignation incentive program. This fund was created in 2004-2005 and had current year expenditures of \$4,862,685 and earnings on investments of \$36,642.

### General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2009. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information in these financial statements.

Several changes were made to the originally adopted 2008-2009 General Fund budget. Revenues increased by \$1.3 million to account for revised state aid and categorical grants, and federal grant award settlements. Expenditures increased by \$8.6 million to account for early retirement incentives, changes in estimates for salaries and benefits, costs of supplies and purchased services, and other expenses in the operating plan of the School District.

### Capital Assets and Debt Administration

#### *Capital Assets*

At June 30, 2009, the School District had \$176.8 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This represents a net decrease (including additions, deductions, and depreciation) of approximately \$2.04 million, or 1.14 percent, from last year.

|  |                                  |
|--|----------------------------------|
| Land                                   | \$ 2,592,570                     |
| Buildings and construction in progress | 156,100,576                      |
| Furniture and equipment                | <u>18,137,457</u>                |
| <br>Total capital assets               | <br><u><u>\$ 176,830,603</u></u> |

This year's change in capital assets included \$9.4 million of additions for building renovations and technology. Depreciation expense accounts for the main decrease in net capital assets.

We present more detailed information about our capital assets in the notes to the financial statements.

# Troy School District

## Management's Discussion and Analysis (Continued)

### Debt

At the end of this year, the School District had \$144.8 million in bonds outstanding versus \$156.1 million in the previous year - a decrease of \$11.3 million. Those bonds consisted of the following:

|                                 |                       |
|---------------------------------|-----------------------|
| General obligation bonds        | \$ 139,460,000        |
| Plus deferred issuance premiums | 7,161,587             |
| Less deferred interest          | <u>(1,835,859)</u>    |
| Total                           | <u>\$ 144,785,728</u> |

The School District's underlying general obligation bond rating from Moody's remained at Aa2 while the bond rating from Standard and Poor's remained at AA-. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding unqualified general obligation debt is significantly below this \$666.5 million statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, early retirement incentive payable, reserve for known workers' compensation claims, and incurred but not yet reported healthcare claims. We present more detailed information about our long-term liabilities in the notes to the financial statements.

### Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2010 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation allowance revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2010 fiscal year is 25 percent of the February 2009 and 75 percent of the September 2009 student counts. The 2009-2010 budget was adopted in June 2009 based on a blended student membership count of 12,160.55. Approximately 84 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

# **Troy School District**

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## **Management's Discussion and Analysis (Continued)**

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. If actual state revenues are less than their estimates, reduction to the per-pupil funding allowance may be necessary. The School District budgeted a \$0 per pupil increase in the foundation allowance when the budget was created. The actual increase/decrease has not yet been approved by legislature. The School District's General Fund balance of \$14,984,549 is sufficient to meet any unanticipated shortfalls the State may experience in the School Aid Fund.

# Troy School District

## Statement of Net Assets June 30, 2009

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>  |                            |
| Cash and investments (Note 3)  | \$ 25,215,178              |
| Receivables (Note 4):  |                            |
| Accounts receivable  | 212,846                    |
| Taxes receivable   | 23,987                     |
| Due from other governmental units  | 16,796,871                 |
| Accrued interest   | 33,250                     |
| Inventories  | 202,324                    |
| Prepaid expenses   | 199,888                    |
| Restricted cash and investments (Notes 3 and 10)                         | 13,458,498                 |
| Nondepreciable capital assets (Note 5)                                   | 2,656,663                  |
| Depreciable capital assets (Note 5)                                      | <u>174,173,940</u>         |
| Total assets   | 232,973,445                |
| <b>Liabilities</b>   |                            |
| Accounts payable   | 3,395,787                  |
| Accrued payroll and other liabilities                                    | 10,785,463                 |
| Unearned revenue (Note 4)  | 595,637                    |
| Long-term liabilities (Note 7):  |                            |
| Compensated absences and other liabilities, due<br>within one year       | 4,173,217                  |
| Bonds and contracts payable, due within one year                         | 11,818,646                 |
| Bonds and contracts payable, due in more than one year                   | 132,967,082                |
| Compensated absences and other liabilities, due<br>in more than one year | <u>11,364,583</u>          |
| Total liabilities  | <u>175,100,415</u>         |
| <b>Net Assets</b>  |                            |
| Invested in capital assets - Net of related debt                         | 42,248,195                 |
| Restricted for:  |                            |
| Debt service   | 1,483,525                  |
| Capital projects   | 318,321                    |
| Unrestricted   | <u>13,822,989</u>          |
| Total net assets   | <u>\$ 57,873,030</u>       |

# Troy School District

## Statement of Activities Year Ended June 30, 2009

| Functions/Programs  | Program Revenue       |                         |                                    | Governmental<br>Activities                            |
|---|-----------------------|-------------------------|------------------------------------|---|
|   | Expenses              | Charges for<br>Services | Operating Grants/<br>Contributions | Net (Expense)<br>Revenue and Changes<br>in Net Assets |
| Primary government - Governmental activities:             |                       |                         |                                    |   |
| Instruction   | \$ 95,610,720         | \$ 1,501,740            | \$ 18,574,706                      | \$ (75,534,274)                                       |
| Support services  | 58,769,127            | 158,880                 | 6,874,007                          | (51,736,240)  |
| Food services   | 3,289,411             | 2,736,249               | 575,160                            | 21,998  |
| Athletics   | 2,135,773             | 201,157                 | -                                  | (1,934,616)   |
| Community services  | 2,877,199             | 2,304,595               | -                                  | (572,604)   |
| Facilities acquisition                                    | 15,487                | -                       | -                                  | (15,487)  |
| Interest and other bond expenditures<br>on long-term debt | 7,421,573             | -                       | -                                  | (7,421,573)   |
| Total primary government -<br>Governmental activities     | <u>\$ 170,119,290</u> | <u>\$ 6,902,621</u>     | <u>\$ 26,023,873</u>               | (137,192,796)   |
| General revenue:  |                       |                         |                                    |   |
| Taxes:  |                       |                         |                                    |   |
| Property taxes, levied for general purposes               |                       |                         |                                    | 44,976,937  |
| Property taxes, levied for debt services                  |                       |                         |                                    | 18,161,570  |
| State aid not restricted to specific purposes             |                       |                         |                                    | 63,783,531  |
| Interest and investment earnings                          |                       |                         |                                    | 1,330,114   |
| Other   |                       |                         |                                    | 382,797   |
| Special item - Loss on sale of capital assets             |                       |                         |                                    | (123,141)   |
| Total general revenue and special item                    |                       |                         |                                    | <u>128,511,808</u>                                    |
| <b>Change in Net Assets</b>                               |                       |                         |                                    | (8,680,988)   |
| <b>Net Assets - Beginning of year</b>                     |                       |                         |                                    | <u>66,554,018</u>                                     |
| <b>Net Assets - End of year</b>                           |                       |                         |                                    | <u>\$ 57,873,030</u>                                  |

# Troy School District

## Governmental Funds Balance Sheet June 30, 2009

|  | General Fund         | Durant Fund         | 2004 Capital<br>Projects Fund | Other Nonmajor<br>Governmental<br>Funds | Total                |
|--|----------------------|---------------------|-------------------------------|---|----------------------|
| <b>Assets</b>                                    |                      |                     |                               |   |                      |
| Cash and investments (Note 3)                    | \$ 14,747,365        | \$ 5,669,000        | \$ -                          | \$ 2,998,813                            | \$ 23,415,178        |
| Receivables:                                     |                      |                     |                               |   |                      |
| Accounts receivable                              | 211,873              | -                   | 44                            | 929                                     | 212,846              |
| Taxes receivable                                 | 19,535               | -                   | -                             | 4,452                                   | 23,987               |
| Due from other funds (Note 6)                    | -                    | -                   | 3,196                         | 1,180                                   | 4,376                |
| Due from other governmental units (Note 4)       | 16,750,331           | -                   | -                             | 46,540                                  | 16,796,871           |
| Accrued interest                                 | -                    | 23,785              | -                             | 1,913                                   | 25,698               |
| Inventories                                      | 133,648              | -                   | -                             | 68,676                                  | 202,324              |
| Prepays and other assets                         | 199,788              | -                   | -                             | 100                                     | 199,888              |
| Restricted cash and investments (Notes 3 and 10) | -                    | -                   | 11,981,634                    | 1,476,864                               | 13,458,498           |
| <b>Total assets</b>                              | <b>\$ 32,062,540</b> | <b>\$ 5,692,785</b> | <b>\$ 11,984,874</b>          | <b>\$ 4,599,467</b>                     | <b>\$ 54,339,666</b> |
| <b>Liabilities and Fund Balances</b>             |                      |                     |                               |   |                      |
| <b>Liabilities</b>                               |                      |                     |                               |   |                      |
| Accounts payable                                 | \$ 3,091,739         | \$ 1,980            | \$ 323,800                    | \$ 35,590                               | \$ 3,453,109         |
| Accrued payroll and other liabilities            | 9,609,446            | -                   | -                             | 36,584                                  | 9,646,030            |
| Due to other funds (Note 6)                      | 4,079,789            | 80,639              | -                             | 712,293                                 | 4,872,721            |
| Deferred revenue (Note 4)                        | 297,017              | -                   | -                             | 298,620                                 | 595,637              |
| <b>Total liabilities</b>                         | <b>17,077,991</b>    | <b>82,619</b>       | <b>323,800</b>                | <b>1,083,087</b>                        | <b>18,567,497</b>    |
| <b>Fund Balances</b>                             |                      |                     |                               |   |                      |
| Reserved:  |                      |                     |                               |   |                      |
| Inventory and prepaid items                      | 333,436              | -                   | -                             | 68,776                                  | 402,212              |
| Debt service                                     | -                    | -                   | -                             | 1,483,525                               | 1,483,525            |
| Capital Projects Fund                            | -                    | -                   | 11,661,074                    | -                                       | 11,661,074           |
| Unreserved:                                      |                      |                     |                               |   |                      |
| Designated for Durant projects                   | -                    | 5,610,166           | -                             | -                                       | 5,610,166            |
| Designated for subsequent years' expenditures    | 485,369              | -                   | -                             | -                                       | 485,369              |
| Undesignated - Reported in Special Revenue Funds | -                    | -                   | -                             | 1,964,079                               | 1,964,079            |
| Undesignated                                     | 14,165,744           | -                   | -                             | -                                       | 14,165,744           |
| <b>Total fund balances</b>                       | <b>14,984,549</b>    | <b>5,610,166</b>    | <b>11,661,074</b>             | <b>3,516,380</b>                        | <b>35,772,169</b>    |
| <b>Total liabilities and fund<br/>balances</b>   | <b>\$ 32,062,540</b> | <b>\$ 5,692,785</b> | <b>\$ 11,984,874</b>          | <b>\$ 4,599,467</b>                     | <b>\$ 54,339,666</b> |

# Troy School District

## Reconciliation of Governmental Fund Balances to the Statement of Net Assets June 30, 2009

|   |                             |
|---|-----------------------------|
| <b>Fund Balances - Total Governmental Funds</b>   | \$ 35,772,169               |
| Amounts reported for governmental activities in the statement of net assets<br>are different because capital assets used in governmental activities<br>are not financial resources and are not reported in the funds: |                             |
| Capitalized cost of the capital assets  | 296,391,023                 |
| Accumulated depreciation  | <u>(119,560,420)</u>        |
| Total   | 176,830,603                 |
| Long-term liabilities are not due and payable in the current period and<br>are not reported in the funds:   |                             |
| Bonds payable, including issuance premiums and deferred interest  | (144,785,728)               |
| Compensated absences  | (7,331,056)                 |
| Other long-term liabilities   | (2,107,056)                 |
| Internal Service Fund assets and liabilities are included in governmental<br>activities in the statement of net assets  | 633,531                     |
| Accrued interest payable is not included as a liability in governmental<br>activities   | <u>(1,139,433)</u>          |
| <b>Net Assets of Governmental Activities</b>  | <b><u>\$ 57,873,030</u></b> |

# Troy School District

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2009

|  | General Fund         | Durant Fund         | 2004 Capital<br>Projects Fund | Other Nonmajor<br>Governmental<br>Funds | Total                |
|--|----------------------|---------------------|-------------------------------|---|----------------------|
| <b>Revenue</b>   |                      |                     |                               |   |                      |
| Local sources  | \$ 47,263,197        | \$ 103,038          | \$ 406,889                    | \$ 23,440,641                           | \$ 71,213,765        |
| State sources  | 69,442,124           | -                   | -                             | 115,041                                 | 69,557,165           |
| Federal sources  | 11,327,318           | -                   | -                             | 575,160                                 | 11,902,478           |
| Interdistrict and other sources                        | 8,527,747            | -                   | -                             | -                                       | 8,527,747            |
| <b>Total revenue</b>                                   | <b>136,560,386</b>   | <b>103,038</b>      | <b>406,889</b>                | <b>24,130,842</b>                       | <b>161,201,155</b>   |
| <b>Expenditures</b>                                    |                      |                     |                               |   |                      |
| Current:   |                      |                     |                               |   |                      |
| Instruction  | 93,983,695           | -                   | -                             | -                                       | 93,983,695           |
| Support services                                       | 49,093,334           | 6,231               | -                             | -                                       | 49,099,565           |
| Community services                                     | 989,559              | -                   | -                             | 1,885,296                               | 2,874,855            |
| Facilities acquisition                                 | 15,487               | -                   | -                             | -                                       | 15,487               |
| Food services  | -                    | -                   | -                             | 3,231,473                               | 3,231,473            |
| Athletics  | -                    | -                   | -                             | 1,851,868                               | 1,851,868            |
| Debt service principal                                 | -                    | -                   | -                             | 11,035,000                              | 11,035,000           |
| Debt service interest and other                        | -                    | -                   | -                             | 7,336,100                               | 7,336,100            |
| Other bond expenditures                                | -                    | -                   | -                             | 165,549                                 | 165,549              |
| Capital outlay   | 471,672              | -                   | 10,180,831                    | -                                       | 10,652,503           |
| <b>Total expenditures</b>                              | <b>144,553,747</b>   | <b>6,231</b>        | <b>10,180,831</b>             | <b>25,505,286</b>                       | <b>180,246,095</b>   |
| <b>Excess of Revenue Over (Under)<br/>Expenditures</b> | <b>(7,993,361)</b>   | <b>96,807</b>       | <b>(9,773,942)</b>            | <b>(1,374,444)</b>                      | <b>(19,044,940)</b>  |
| <b>Other Financing Sources (Uses)</b>                  |                      |                     |                               |   |                      |
| Transfers in (Note 6)                                  | 407,783              | -                   | -                             | 2,022,283                               | 2,430,066            |
| Transfers out (Note 6)                                 | (1,650,641)          | (96,807)            | -                             | (682,618)                               | (2,430,066)          |
| Proceeds from sale of capital assets                   | 23,782               | -                   | -                             | 4,634                                   | 28,416               |
| <b>Total other financing<br/>sources (uses)</b>        | <b>(1,219,076)</b>   | <b>(96,807)</b>     | <b>-</b>                      | <b>1,344,299</b>                        | <b>28,416</b>        |
| <b>Net Change in Fund Balances</b>                     | <b>(9,212,437)</b>   | <b>-</b>            | <b>(9,773,942)</b>            | <b>(30,145)</b>                         | <b>(19,016,524)</b>  |
| <b>Fund Balances - Beginning of year</b>               | <b>24,196,986</b>    | <b>5,610,166</b>    | <b>21,435,016</b>             | <b>3,546,525</b>                        | <b>54,788,693</b>    |
| <b>Fund Balances - End of year</b>                     | <b>\$ 14,984,549</b> | <b>\$ 5,610,166</b> | <b>\$ 11,661,074</b>          | <b>\$ 3,516,380</b>                     | <b>\$ 35,772,169</b> |

# Troy School District

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2009

**Net Change in Fund Balances - Total Governmental Funds** \$ (19,016,524)

Amounts reported for governmental activities in the statement of activities are different because governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

|                      |                  |
|----------------------|------------------|
| Depreciation expense | (11,296,910)     |
| Capital outlay       | <u>9,406,212</u> |

Total (1,890,698)

The net effect of other transactions involving capital assets that decreased net assets:

|  |           |
|--|-----------|
| Proceeds from the sale of capital assets | (28,416)  |
| Loss on sale of fixed assets             | (123,141) |

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 80,076

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 11,035,000

Amortization of deferred interest (142,371)

Amortization of bond premium 466,017

Internal Service Fund activity 36,617

Decreases in compensated absences and self-insurance are reported as expenditures when financial resources are used in the governmental funds, excluding Internal Service Fund early retirement incentive 902,452

**Change in Net Assets of Governmental Activities** **\$ (8,680,988)**

# Troy School District

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## Proprietary Fund - Internal Service Fund Statement of Net Assets June 30, 2009

|   |                          |
|---|--------------------------|
| <b>Assets - Current assets</b>                              |                          |
| Cash and investments (Note 3)                               | \$ 1,800,000             |
| Accrued interest receivable                                 | 7,552                    |
| Due from other funds (Note 6)                               | <u>4,925,667</u>         |
| Total assets  | 6,733,219                |
| <b>Liabilities</b>  |                          |
| Current liabilities - Early retirement incentive (Note 7)   | 2,023,641                |
| Long-term liabilities - Early retirement incentive (Note 7) | <u>4,076,047</u>         |
| Total liabilities   | <u>6,099,688</u>         |
| <b>Net Assets - Unrestricted</b>                            | <b><u>\$ 633,531</u></b> |

# Troy School District

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## Proprietary Fund - Internal Service Fund Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2009

|   |                          |
|---|--------------------------|
| Operating Revenues - Charges for services       | \$ 4,862,660             |
| Operating Expenses - Early retirement incentive | <u>4,862,685</u>         |
| Operating Loss                                  | (25)                     |
| Nonoperating Revenues - Interest income         | <u>36,642</u>            |
| Change in Net Assets                            | 36,617                   |
| Net Assets - Beginning of year                  | <u>596,914</u>           |
| Net Assets - End of year                        | <u><u>\$ 633,531</u></u> |

# Troy School District

## Proprietary Fund - Internal Service Fund Statement of Cash Flows Year Ended June 30, 2009

|  |                              |
|--|------------------------------|
| <b>Cash Flows from Operating Activities</b> - Payments for services            | \$ (1,383,822)               |
| <b>Cash Flows from Investing Activities</b> - Interest                         | <u>36,028</u>                |
| <b>Net Decrease in Cash and Cash Equivalent Investments</b>                    | (1,347,794)                  |
| <b>Cash and Cash Equivalent Investments</b> - July 1, 2008                     | <u>3,147,794</u>             |
| <b>Cash and Cash Equivalent Investments</b> - June 30, 2009                    | <u><b>\$ 1,800,000</b></u>   |
| Reconciliation of operating loss to net cash from operating activities:        |                              |
| Operating loss   | \$ (25)                      |
| Adjustments to reconcile operating loss to net cash from operating activities: |                              |
| Increase in due from other funds   | (5,015,999)                  |
| Increase in accrued liabilities  | <u>3,632,202</u>             |
| Net cash used in operating activities  | <u><b>\$ (1,383,822)</b></u> |

# Troy School District

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## Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2009

|   | Student<br>Activities<br><u>Agency Fund</u> |
|---|---|
| <b>Assets - Cash and investments (Note 3)</b> | <b><u>\$ 1,959,086</u></b>                  |
| <b>Liabilities</b>                            |   |
| Accounts payable                              | \$ 219,553                                  |
| Due to other funds (Note 6)                   | 57,322                                      |
| Due to student groups                         | <u>1,682,211</u>                            |
| <br>Total liabilities                         | <br><b><u>\$ 1,959,086</u></b>              |

## **Note I - Summary of Significant Accounting Policies**

The accounting policies of the Troy School District (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

### **Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on application of the criteria, the entity does not contain any component units.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

## **Note I - Summary of Significant Accounting Policies (Continued)**

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The effect of interfund activity has been substantially eliminated from the government-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

**Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The only proprietary fund maintained is an Internal Service Fund that is used to account for the financing of an early retirement incentive payment provided to other funds on a cost-reimbursement basis. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Fiduciary Fund and Internal Service Fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

**General Fund** - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

**Durant Fund** - The Durant Fund contains the proceeds from a litigation settlement with the State of Michigan. This fund records the financial transactions of special projects deemed by the Board of Education to benefit the school community which would not be accounted for in another fund.

**2004 Capital Projects Fund** - The 2004 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring sites, buildings, and equipment and for major remodeling projects.

Additionally, the School District reports the following fund types:

The School District's proprietary fund is the Internal Service Fund. The purpose of the Internal Service Fund is to finance services provided to other funds on a cost-reimbursement basis. The Internal Service Fund is for the Voluntary Resignation Incentive Plan and is funded through payments from the General Fund.

The School District's only fiduciary fund is the Student Activities Agency Fund, which accounts for assets held by the School District in a trustee capacity or as an agent.

Additionally, the School District reports the following nonmajor governmental fund types:

The School District maintains five governmental Debt Service Funds, which are used to account for property tax and other revenue legally restricted for payment of long-term debt.

## **Note I - Summary of Significant Accounting Policies (Continued)**

The School District maintains three nonmajor governmental Special Revenue Funds, which account for the School District's food services, athletics, and adult and community education activities.

### **Assets, Liabilities, and Net Assets or Equity**

**Cash and Investments** - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the General Fund and various Debt Service Funds is allocated to each fund using a weighted average of balance for the principal invested.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are considered fully collectible and no allowance for uncollectible amounts is recorded.

**Property Taxes** - The property tax revenue of the School District is collected and distributed by the City of Troy as an agent for the School District. The State of Michigan establishes the process by which taxes are levied and collected. The city assessor is required to assess real property as of December 31 and complete the tax rolls by May 1. Taxes are levied on July 1 for approximately 50 percent of the school taxes due September 1 and December 1 for the remainder of the school property taxes that are due on February 15. A taxpayer may petition the City Board of Review during the first weeks of March for a revision of the assessed value. The city assessor makes approved changes in assessed and taxable values by May 1 and on this date the city treasurer is to deliver the completed assessment rolls to the county treasurer.

Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

### Note I - Summary of Significant Accounting Policies (Continued)

**Restricted Assets** - The unspent bond proceeds and related interest of the Capital Projects Fund require amounts to be set aside for construction and capital asset acquisition. The property taxes levied in the Debt Service Funds are required to be set aside for future principal and interest payments on bonded debt. These amounts have been classified as restricted assets on the government-wide statements.

**Capital Assets** - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. 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. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

|                               |             |
|-------------------------------|-------------|
| Buildings and additions       | 20-50 years |
| Buses and other vehicles      | 5-10 years  |
| Furniture and other equipment | 5-20 years  |

**Compensated Absences** - The liability for compensated absences reported in the government-wide statements consists of accumulated annual leave balances for sick and vacation, and early retirement obligations. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Long-term Obligations** - In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, governmental fund types recognize bond proceeds, premiums and discounts, as well as bond issuance costs, during the current period.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data** - Comparative data is not included in the School District's financial statements.

## **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General, Special Revenue, Debt Service, Internal Service, and Capital Projects Funds. All annual appropriations lapse at fiscal year end. The budget document presents major General Fund information by function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year.

The School District amended budgeted amounts during the year in response to changes in anticipated spending for salaries, benefits, and other expenditures.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The School District did not have significant General Fund expenditure budget variances except for community services, which had expenditures in excess of budget of 13 percent.

**Capital Projects Fund Compliance** - The 2004 Capital Projects Fund includes capital project activities funded with bonds issued after June 14, 2004. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

## **Note 3 - Deposits and Investments**

State statutes (and the School District's investment policy) authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated six banks for the deposit of its funds.

The investment policy adopted by the board in accordance with state statutes has authorized investment in all the allowable investment vehicles noted above.

### **Note 3 - Deposits and Investments (Continued)**

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$19,922,966 had \$941,407 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The School District 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 School District 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.

#### **Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states the School District will minimize this risk by limiting investments to the types of investments listed above and prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business. At June 30, 2009, the School District does not have investments with custodial credit risk.

#### **Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy restricts investment maturities to three years or less from the date of purchase and commercial paper which can only be purchased with a 270-day maturity. The overall weighted average duration of the entire portfolio shall be less than two years. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

# Troy School District

## Notes to Financial Statements June 30, 2009

### Note 3 - Deposits and Investments (Continued)

#### Credit Risk

State law limits investments in commercial paper to the top three ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

| Type                            | Name of Investment/Description | Fair Value           | Maturity Date | Rating Agency Used | Rating Given |
|---------------------------------|--------------------------------|----------------------|---------------|--------------------|--------------|
| U.S. gov or agency bond or note | Federal Farm Credit Bank       | \$ 1,996,390         | 4/21/2011     | Standard & Poor's  | AAA          |
| Interlocal agreement fund       | MILAF                          | 19,260,077           | N/A           | Standard & Poor's  | AAA          |
|                                 | Total                          | <u>\$ 21,256,467</u> |               |                    |              |

#### Concentration of Credit Risk

The School District places limits on the amount the School District may invest in any one issuer. The following requirements do not apply to the funds derived from the sale of debt. The School District's policy is as follows:

- **U.S. Government Securities** - A maximum of 100 percent of available funds may be invested in United States government securities.
- **U.S. Government Agencies** - A maximum of 50 percent of available funds may be invested in United States government agencies. A maximum of 10 percent of available funds may be invested in any individual United States government agency.
- **Federal Instrumentalities** - A maximum of 80 percent of available funds may be invested in federal instrumentalities. A maximum of 30 percent of available funds may be invested in any one issuer and a maximum of 25 percent of available funds may be invested in callable securities.
- **Certificates of Deposit** - A maximum of 75 percent of available funds may be invested in non-negotiable interest-bearing time certificates of deposit. A maximum of 37.5 percent of available funds may be deposited with any one institution.
- **Repurchase Agreements** - A maximum of 20 percent of available funds may be invested in repurchase agreements excluding one business day agreements and overnight sweep agreements.
- **Commercial Paper** - A maximum of 60 percent of available funds may be directly invested in prime commercial paper. A maximum of 30 percent of available funds may be invested with any one issuer.

# Troy School District

## Notes to Financial Statements June 30, 2009

### Note 3 - Deposits and Investments (Continued)

- **Bankers' Acceptances** - A maximum of 20 percent of available funds may be directly invested in bankers' acceptances. A maximum of 5 percent of available funds may be invested with any one issuer.
- **Registered Investment Companies (Money Market Mutual Funds)** - A maximum of 100 percent of available funds may be invested in money market funds.

The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the School District's investments are in the following commercial paper or government agency obligation:

| <u>Issuer</u>                   | <u>Percent of<br/>Total Investments</u> |
|---------------------------------|---|
| Federal Farm Credit Bank        | 9.39                                    |
| Michigan Liquid Asset Fund Plus | 90.61                                   |

### Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

### Note 4 - Receivables and Unearned/Deferred Revenue

The majority of the amount due from other governmental units, reflected on the General Fund balance sheet, is comprised of \$8,843,603 due from the State of Michigan for state aid membership and \$4,527,804 due from the federal government for ARRA stabilization funding, which totals \$13,371,407 at June 30, 2009.

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, deferred revenue consists of fees for services received prior to providing the related services.

# Troy School District

## Notes to Financial Statements June 30, 2009

### Note 5 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

|                                      | Balance<br>July 1, 2008 | Additions      | Transfers and<br>Disposals | Balance<br>June 30, 2009 |
|--------------------------------------|-------------------------|----------------|----------------------------|--------------------------|
| Assets not being depreciated:        |                         |                |                            |                          |
| Land                                 | \$ 2,592,570            | \$ -           | \$ -                       | \$ 2,592,570             |
| Construction in progress             | 802,887                 | 64,093         | (802,887)                  | 64,093                   |
| Subtotal                             | 3,395,457               | 64,093         | (802,887)                  | 2,656,663                |
| Capital assets being depreciated:    |                         |                |                            |                          |
| Buildings and building improvements  | 220,263,812             | 6,940,918      | (138,189)                  | 227,066,541              |
| Furniture and equipment              | 64,588,779              | 3,204,088      | (1,125,048)                | 66,667,819               |
| Subtotal                             | 284,852,591             | 10,145,006     | (1,263,237)                | 293,734,360              |
| Total capital assets                 | 288,248,048             | 10,209,099     | (2,066,124)                | 296,391,023              |
| Accumulated depreciation:            |                         |                |                            |                          |
| Buildings and building improvements  | 64,633,686              | 6,533,493      | (137,121)                  | 71,030,058               |
| Furniture and equipment              | 44,741,504              | 4,763,417      | (974,559)                  | 48,530,362               |
| Subtotal                             | 109,375,190             | 11,296,910     | (1,111,680)                | 119,560,420              |
| Net capital assets being depreciated | 175,477,401             | (1,151,904)    | (151,557)                  | 174,173,940              |
| Net capital assets                   | \$ 178,872,858          | \$ (1,087,811) | \$ (954,444)               | \$ 176,830,603           |

Depreciation expense was charged to specific activities of the School District as follows:

#### Governmental activities:

|                               |               |
|-------------------------------|---------------|
| Instruction                   | \$ 2,160,525  |
| Support services              | 8,792,198     |
| Food services                 | 57,938        |
| Athletics                     | 283,905       |
| Community services            | 2,344         |
| Total governmental activities | \$ 11,296,910 |

**Construction Commitments** - The School District has active construction projects at year end. The projects include the 2004 Bond issue and various projects. At year end, the School District's commitments with contractors totaled \$893,059.

# Troy School District

## Notes to Financial Statements June 30, 2009

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

| Fund Due To                 | Fund Due From       |                  |                             |                                | Total               |
|-----------------------------|---------------------|------------------|-----------------------------|--------------------------------|---------------------|
|                             | General Fund        | Durant Fund      | Nonmajor Governmental Funds | Student Activities Agency Fund |                     |
| General Fund                | \$ (850,254)        | \$ 80,639        | \$ 712,293                  | \$ 57,322                      | \$ -                |
| 2004 Capital Projects Fund  | 3,196               | -                | -                           | -                              | 3,196               |
| Internal Service Fund       | 4,925,667           | -                | -                           | -                              | 4,925,667           |
| Nonmajor governmental funds | 1,180               | -                | -                           | -                              | 1,180               |
| <b>Total</b>                | <b>\$ 4,079,789</b> | <b>\$ 80,639</b> | <b>\$ 712,293</b>           | <b>\$ 57,322</b>               | <b>\$ 4,930,043</b> |

Interfund balances represent routine and temporary cash flow assistance from the General Fund until amounts are transferred from fund investment accounts.

The composition of interfund transfers is as follows:

|                             | Transfers                    |                             |   | Total               |
|-----------------------------|------------------------------|-----------------------------|---|---------------------|
|                             | Transfers Out - General Fund | Transfers Out - Durant Fund | Transfers Out - Nonmajor Governmental Funds |                     |
| Transfers in:               |                              |                             |   |                     |
| General Fund                | \$ -                         | \$ 96,807                   | \$ 310,976                                  | \$ 407,783          |
| Nonmajor governmental funds | 1,650,641                    | -                           | 371,642                                     | 2,022,283           |
| <b>Total</b>                | <b>\$ 1,650,641</b>          | <b>\$ 96,807</b>            | <b>\$ 682,618</b>                           | <b>\$ 2,430,066</b> |

Transfers from the General Fund subsidized operations in the Athletic Fund. Transfers from other governmental funds transferred excess funds to the General Fund as cost reimbursement or for operating purposes. Transfers from the 1997 Debt fund transferred excess funds to the remaining Debt funds for bond obligation purposes.

# Troy School District

## Notes to Financial Statements June 30, 2009

### Note 7 - Long-term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, termination benefits, early retirement incentives, and certain risk liabilities.

The School District's bonds payable are liquidated by the various Debt Service Funds. The other long-term obligations are liquidated primarily by the General Fund.

Long-term obligation activity can be summarized as follows:

|   | Beginning Balance     | Increases           | Decreases            | Ending Balance        | Due Within One Year  |
|---|-----------------------|---------------------|----------------------|-----------------------|----------------------|
| Governmental activities:                            |                       |                     |                      |                       |                      |
| Bonds   | \$ 150,495,000        | \$ -                | \$ 11,035,000        | \$ 139,460,000        | \$ 11,495,000        |
| Plus deferred amounts:                              |                       |                     |                      |                       |                      |
| Issuance premiums                                   | 7,627,604             | -                   | 466,017              | 7,161,587             | 466,017              |
| Deferred interest                                   | (1,978,230)           | -                   | (142,371)            | (1,835,859)           | (142,371)            |
| Employee compensated absences                       | 8,306,243             | 23,026              | 998,213              | 7,331,056             | 915,920              |
| Early retirement incentive and severance obligation | 2,834,086             | 4,961,453           | 1,230,458            | 6,565,081             | 2,023,641            |
| Self-insured liabilities                            | 1,667,721             | 93,768              | 119,826              | 1,641,663             | 1,233,656            |
| Total governmental activities                       | <u>\$ 168,952,424</u> | <u>\$ 5,078,247</u> | <u>\$ 13,707,143</u> | <u>\$ 160,323,528</u> | <u>\$ 15,991,863</u> |

Annual debt service requirements to maturity for the above governmental bond obligations are as follows:

|           | Governmental Activities |                      |                       |
|-----------|-------------------------|----------------------|-----------------------|
|           | Principal               | Interest             | Total                 |
| 2010      | \$ 11,495,000           | \$ 6,881,250         | \$ 18,376,250         |
| 2011      | 11,925,000              | 6,350,200            | 18,275,200            |
| 2012      | 12,460,000              | 5,790,650            | 18,250,650            |
| 2013      | 13,055,000              | 5,179,000            | 18,234,000            |
| 2014      | 7,575,000               | 4,526,250            | 12,101,250            |
| 2015-2019 | 37,875,000              | 16,950,000           | 54,825,000            |
| 2020-2024 | 37,975,000              | 7,473,750            | 45,448,750            |
| 2025-2026 | 7,100,000               | 937,500              | 8,037,500             |
| Total     | <u>\$ 139,460,000</u>   | <u>\$ 54,088,600</u> | <u>\$ 193,548,600</u> |

# Troy School District

## Notes to Financial Statements June 30, 2009

### Note 7 - Long-term Debt (Continued)

#### Governmental Activities

General obligation bonds consist of the following at June 30, 2009:

|   |                       |
|---|-----------------------|
| \$53,545,000 General Obligation Bonds due in annual installments of \$800,000 to \$3,550,000 through May 1, 2026; interest at 5.00%                           | \$ 52,915,000         |
| \$13,375,000 Refunding Bonds due in annual installments of \$2,110,000 through May 1, 2010; interest at 3.50%   | 2,110,000             |
| \$98,870,000 General Obligation and Refunding Bonds due in annual installments of \$4,050,000 to \$10,765,000 through May 1, 2024; interest at 3.75% to 5.00% | 80,925,000            |
| \$5,985,000 Refunding Bonds due in annual installments of \$1,135,000 to \$1,205,000 through May 1, 2012; interest at 4.00%                                   | <u>3,510,000</u>      |
| Total bonded debt   | <u>\$ 139,460,000</u> |

Other governmental activities long-term obligations include the following:

|   |                      |
|---|----------------------|
| Employee compensated absences                       | \$ 7,331,056         |
| Early retirement incentive and severance obligation | 6,565,081            |
| Self-insured liabilities                            | <u>1,641,663</u>     |
| Total   | <u>\$ 15,537,800</u> |

**Early Retirement Incentive** - The School District has a long-term early retirement incentive program in place that calls for monthly payments of \$100,339 through July 2009, \$185,770 from August 2009 through July 2010, and \$85,438 from August 2010 through July 2014.

**Defeased Debt** - In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2009, \$38,600,000 of bonds outstanding are considered defeased.

# Troy School District

## Notes to Financial Statements June 30, 2009

### Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property loss claims and health insurance for certain employee groups and participates in the Metropolitan Association for Improved School Legislation (MAISL) risk pool for claims relating to property and general liability. The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The School District is only partially insured for medical claims for certain other employee groups and for all workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Workers' Compensation** - The School District is partially uninsured for workers' compensation claims. Under the plan, the School District's maximum loss is limited to an amount equal to a percentage of the normal workers' compensation premiums. Losses in excess of this limitation are insured up to an aggregate limit of \$5,000,000.

**Health Insurance** - The School District is partially uninsured for health claims for certain employee groups. The School District's maximum loss is limited to an aggregate loss fund amount (\$4,905,078 for calendar year 2009). All claims filed on a calendar year basis in excess of the loss fund are paid by an excess insurer.

Changes in the estimated liability for uninsured health and workers' compensation claims (both current and long-term) for the past two fiscal years are as follows:

|   | <u>2009</u>         | <u>2008</u>         |
|---|---------------------|---------------------|
| Estimated liability - Beginning of year                   | \$ 1,667,721        | \$ 1,805,442        |
| Estimated claims incurred, including changes in estimates | 4,098,446           | 3,910,501           |
| Claim payments  | <u>(4,124,504)</u>  | <u>(4,048,222)</u>  |
| Estimated liability - End of year                         | <u>\$ 1,641,663</u> | <u>\$ 1,667,721</u> |

## **Note 9 - Defined Benefit Pension Plan and Postemployment Benefits**

**Plan Description** - The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The system operates under the provisions of Michigan Public Act 300 of 1980 and provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System at P.O. Box 30171, Lansing, MI 48909-7671.

**Pension Benefits** - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate was 10.17 percent of covered payroll for the period from July 1, 2008 through September 30, 2008 and 9.73 percent for the period from October 1, 2008 through June 30, 2009. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages or up to 6.4 percent of gross wages for members entering the MIP Plus plan on or after July 1, 2008. The School District's required and actual contributions to the plan for the years ended June 30, 2009, 2008, and 2007 were \$8,143,675, \$8,433,579, and \$9,170,420, respectively.

**Postemployment Benefits** - Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental, and vision coverage through MPERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 6.55 percent of covered payroll for the period from July 1, 2008 through September 30, 2008 and 6.81 percent for the period from October 1, 2008 through June 30, 2009. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2009, 2008, and 2007 were \$5,701,403, \$5,431,656, and \$5,367,851, respectively.

# Troy School District

## Notes to Financial Statements June 30, 2009

### Note 10 - Restricted Assets

The balances of governmental activities restricted asset accounts are as follows:

|   |                      |
|---|----------------------|
| Unspent bond proceeds and related interest                    | \$ 11,981,634        |
| Property tax collections for repayment of bonded indebtedness | <u>1,476,864</u>     |
| Total restricted assets                                       | <u>\$ 13,458,498</u> |

### Note 11 - Subsequent Events

Subsequent to year end, the School District began outsourcing the services of food service, transportation, and custodial services. The School District has entered into a one-year contract for food services, and three-year contracts for transportation and custodial services. These changes resulted in a severance payout in July 2009 of approximately \$703,000 and a reduction of approximately 218 employees.

## **Required Supplemental Information**

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# Troy School District

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2009

|   | Original<br>Budget   | Final<br>Budget      | Actual               | Over (Under)<br>Final Budget |
|---|----------------------|----------------------|----------------------|------------------------------|
| <b>Revenue</b>                          |                      |                      |                      |                              |
| Local sources                           | \$ 48,152,457        | \$ 47,624,621        | \$ 47,263,197        | \$ (361,424)                 |
| State sources                           | 74,044,739           | 70,989,447           | 69,442,124           | (1,547,323)                  |
| Federal sources                         | 5,636,576            | 10,287,143           | 11,327,318           | 1,040,175                    |
| Interdistrict and other sources         | 8,204,858            | 8,433,916            | 8,527,747            | 93,831                       |
| Total revenue                           | 136,038,630          | 137,335,127          | 136,560,386          | (774,741)                    |
| <b>Expenditures - Current</b>           |                      |                      |                      |                              |
| Instruction:                            |                      |                      |                      |                              |
| Basic programs                          | 69,207,765           | 74,583,738           | 73,344,586           | (1,239,152)                  |
| Added needs                             | 15,994,242           | 17,131,456           | 17,127,571           | (3,885)                      |
| Adult and continuing education          | 2,451,635            | 3,836,996            | 3,618,834            | (218,162)                    |
| Support services:                       |                      |                      |                      |                              |
| Pupil                                   | 10,632,170           | 10,958,248           | 10,984,872           | 26,624                       |
| Instructional staff                     | 8,269,603            | 8,428,929            | 8,010,084            | (418,845)                    |
| General administration                  | 2,036,995            | 2,030,212            | 1,875,275            | (154,937)                    |
| School administration                   | 7,527,869            | 7,644,908            | 7,663,942            | 19,034                       |
| Business services                       | 1,492,647            | 1,903,026            | 1,680,015            | (223,011)                    |
| Operations and maintenance              | 13,483,024           | 13,445,567           | 13,210,955           | (234,612)                    |
| Transportation                          | 4,790,785            | 4,702,770            | 4,394,886            | (307,884)                    |
| Central support services                | 2,016,096            | 1,830,051            | 1,637,681            | (192,370)                    |
| Community services                      | 893,987              | 876,563              | 989,559              | 112,996                      |
| Facilities acquisition                  | 28,000               | 39,726               | 15,487               | (24,239)                     |
| Total expenditures                      | 138,824,818          | 147,412,190          | 144,553,747          | (2,858,443)                  |
| <b>Other Financing Sources (Uses)</b>   |                      |                      |                      |                              |
| Transfers in                            | 455,434              | 423,849              | 407,783              | (16,066)                     |
| Transfers out                           | (1,630,229)          | (1,678,921)          | (1,650,641)          | 28,280                       |
| Proceeds from sale of capital assets    | 3,028,000            | 28,000               | 23,782               | (4,218)                      |
| Total other financing<br>sources (uses) | 1,853,205            | (1,227,072)          | (1,219,076)          | 7,996                        |
| <b>Net Change in Fund Balance</b>       | (932,983)            | (11,304,135)         | (9,212,437)          | 2,091,698                    |
| <b>Fund Balance - July 1, 2008</b>      | 24,196,986           | 24,196,986           | 24,196,986           | -                            |
| <b>Fund Balance - June 30, 2009</b>     | <u>\$ 23,264,003</u> | <u>\$ 12,892,851</u> | <u>\$ 14,984,549</u> | <u>\$ 2,091,698</u>          |

# Troy School District

## Required Supplemental Information Budgetary Comparison Schedule - Durant Fund Year Ended June 30, 2009

|                                     | Original<br>Budget  | Final<br>Budget     | Actual              | Over (Under)<br>Final Budget |
|-------------------------------------|---------------------|---------------------|---------------------|------------------------------|
| <b>Revenue</b> - Local sources      | \$ 175,000          | \$ 100,000          | \$ 103,038          | \$ 3,038                     |
| <b>Expenditures</b> - Current -     |                     |                     |                     |                              |
| Support services                    |                     |                     |                     |                              |
| Pupil                               | 20,000              | 6,258               | 6,206               | (52)                         |
| Business services                   | -                   | -                   | 25                  | 25                           |
| Total expenditures                  | 20,000              | 6,258               | 6,231               | (27)                         |
| <b>Other Financing Uses</b> -       |                     |                     |                     |                              |
| Transfers out                       | (155,000)           | (93,742)            | (96,807)            | (3,065)                      |
| <b>Net Change in Fund Balance</b>   | -                   | -                   | -                   | -                            |
| <b>Fund Balance</b> - July 1, 2008  | 5,610,166           | 5,610,166           | 5,610,166           | -                            |
| <b>Fund Balance</b> - June 30, 2009 | <u>\$ 5,610,166</u> | <u>\$ 5,610,166</u> | <u>\$ 5,610,166</u> | <u>\$ -</u>                  |

## **Other Supplemental Information**

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# Troy School District

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## Other Supplemental Information Fund Descriptions

Other supplemental information includes detail on the following nonmajor fund types:

### Special Revenue Funds

- **Food Service Fund** - This fund is used to account for the financial transactions of the cafeteria operations in the School District's elementary, middle, and high schools along with catering operations.
- **Athletic Fund** - This fund is used to account for the financial transactions of the School District's athletic programs.
- **Adult and Community Education Fund** - This fund is used for Adult and Youth Enrichment classes and child care programs of the School District.

**Debt Services Funds** - A Debt Service Fund is a governmental fund type used to account for the accumulation of resources for, and the payment of, long-term debt.

In addition to the nonmajor funds listed above, the following major funds are included in the budgetary comparison schedule:

**2004 Capital Projects Fund** - A Capital Projects Fund is used to record bond proceeds or other revenue and the expenditures for acquiring sites, buildings, and equipment and for major remodeling projects.

**Internal Service Fund** - This fund is a proprietary fund that is used to finance services provided to other funds on a cost-reimbursement basis. The Internal Service Fund is for the Voluntary Resignation Incentive Plan and is funded through payments from the General Fund.

# Troy School District

|  | Special Revenue Funds      |                        |                                     |
|--|----------------------------|------------------------|-------------------------------------|
|  | Food<br>Services           | Athletics              | Adult and<br>Community<br>Education |
| <b>Assets</b>                                  |                            |                        |                                     |
| Cash and investments                           | \$ 1,336,422               | \$ 4,881               | \$ 1,657,510                        |
| Accounts receivable                            | 617                        | -                      | 312                                 |
| Taxes receivable                               | -                          | -                      | -                                   |
| Due from other funds                           | -                          | 884                    | -                                   |
| Due from other governmental units              | 46,540                     | -                      | -                                   |
| Accrued interest receivable                    | -                          | -                      | -                                   |
| Inventories                                    | 68,676                     | -                      | -                                   |
| Prepays and other assets                       | -                          | -                      | 100                                 |
| Restricted cash and investments                | -                          | -                      | -                                   |
| <b>Total assets</b>                            | <b><u>\$ 1,452,255</u></b> | <b><u>\$ 5,765</u></b> | <b><u>\$ 1,657,922</u></b>          |
| <b>Liabilities and Fund Balances</b>           |                            |                        |                                     |
| <b>Liabilities</b>                             |                            |                        |                                     |
| Accounts payable                               | \$ 969                     | \$ 5,577               | \$ 29,044                           |
| Accrued payroll and other liabilities          | 7,592                      | 188                    | 28,804                              |
| Due to other funds                             | 511,422                    | -                      | 200,871                             |
| Deferred revenue                               | 89,860                     | -                      | 208,760                             |
| <b>Total liabilities</b>                       | <b>609,843</b>             | <b>5,765</b>           | <b>467,479</b>                      |
| <b>Fund Balances</b>                           |                            |                        |                                     |
| Reserved:                                      |                            |                        |                                     |
| Inventory and prepaid items                    | 68,676                     | -                      | 100                                 |
| Debt service                                   | -                          | -                      | -                                   |
| Unreserved - Undesignated                      | 773,736                    | -                      | 1,190,343                           |
| <b>Total fund balances</b>                     | <b><u>842,412</u></b>      | <b><u>-</u></b>        | <b><u>1,190,443</u></b>             |
| <b>Total liabilities and<br/>fund balances</b> | <b><u>\$ 1,452,255</u></b> | <b><u>\$ 5,765</u></b> | <b><u>\$ 1,657,922</u></b>          |

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009**

Debt Service Funds

| 2004A             | 2004              | 2006              | 2007              | Total               |
|-------------------|-------------------|-------------------|-------------------|---------------------|
| \$ -              | \$ -              | \$ -              | \$ -              | \$ 2,998,813        |
| -                 | -                 | -                 | -                 | 929                 |
| 554               | 2,742             | 794               | 362               | 4,452               |
| -                 | 87                | -                 | 209               | 1,180               |
| -                 | -                 | -                 | -                 | 46,540              |
| 193               | 1,177             | 402               | 141               | 1,913               |
| -                 | -                 | -                 | -                 | 68,676              |
| -                 | -                 | -                 | -                 | 100                 |
| 162,217           | 910,003           | 292,900           | 111,744           | 1,476,864           |
| <b>\$ 162,964</b> | <b>\$ 914,009</b> | <b>\$ 294,096</b> | <b>\$ 112,456</b> | <b>\$ 4,599,467</b> |
| \$ -              | \$ -              | \$ -              | \$ -              | \$ 35,590           |
| -                 | -                 | -                 | -                 | 36,584              |
| -                 | -                 | -                 | -                 | 712,293             |
| -                 | -                 | -                 | -                 | 298,620             |
| -                 | -                 | -                 | -                 | 1,083,087           |
| -                 | -                 | -                 | -                 | 68,776              |
| 162,964           | 914,009           | 294,096           | 112,456           | 1,483,525           |
| -                 | -                 | -                 | -                 | 1,964,079           |
| 162,964           | 914,009           | 294,096           | 112,456           | 3,516,380           |
| <b>\$ 162,964</b> | <b>\$ 914,009</b> | <b>\$ 294,096</b> | <b>\$ 112,456</b> | <b>\$ 4,599,467</b> |

# Troy School District

|  | Special Revenue Funds |             |                               |
|--|-----------------------|-------------|-------------------------------|
|  | Food Services         | Athletics   | Adult and Community Education |
| <b>Revenue</b>                                     |                       |             |                               |
| Local sources                                      | \$ 2,635,075          | \$ 201,225  | \$ 2,319,421                  |
| State sources                                      | 115,041               | -           | -                             |
| Federal sources                                    | 575,160               | -           | -                             |
| Total revenue                                      | 3,325,276             | 201,225     | 2,319,421                     |
| <b>Expenditures</b>                                |                       |             |                               |
| Current:   |                       |             |                               |
| Community services                                 | -                     | -           | 1,885,296                     |
| Food services                                      | 3,231,473             | -           | -                             |
| Athletics  | -                     | 1,851,868   | -                             |
| Debt service:                                      |                       |             |                               |
| Principal  | -                     | -           | -                             |
| Interest and other                                 | -                     | -           | -                             |
| Other bond expenditures                            | -                     | -           | -                             |
| Total expenditures                                 | 3,231,473             | 1,851,868   | 1,885,296                     |
| <b>Excess of Revenue Over (Under) Expenditures</b> | 93,803                | (1,650,643) | 434,125                       |
| <b>Other Financing Sources (Uses)</b>              |                       |             |                               |
| Transfers (out) in                                 | (220,723)             | 1,650,641   | (90,253)                      |
| Proceeds from sale of capital assets               | 4,294                 | 2           | 41                            |
| Total other financing (uses) sources               | (216,429)             | 1,650,643   | (90,212)                      |
| <b>Net Change in Fund Balances</b>                 | (122,626)             | -           | 343,913                       |
| <b>Fund Balances - Beginning of year</b>           | 965,038               | -           | 846,530                       |
| <b>Fund Balances - End of year</b>                 | <b>\$ 842,412</b>     | <b>\$ -</b> | <b>\$ 1,190,443</b>           |

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2009**

Debt Service Fund

| 1997        | 2004A             | 2004              | 2006              | 2007              | Total               |
|-------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| \$ 1,300    | \$ 2,259,457      | \$ 11,306,348     | \$ 3,304,761      | \$ 1,413,054      | \$ 23,440,641       |
| -           | -                 | -                 | -                 | -                 | 115,041             |
| -           | -                 | -                 | -                 | -                 | 575,160             |
| 1,300       | 2,259,457         | 11,306,348        | 3,304,761         | 1,413,054         | 24,130,842          |
| -           | -                 | -                 | -                 | -                 | 1,885,296           |
| -           | -                 | -                 | -                 | -                 | 3,231,473           |
| -           | -                 | -                 | -                 | -                 | 1,851,868           |
| -           | 2,190,000         | 6,980,000         | 630,000           | 1,235,000         | 11,035,000          |
| -           | 128,600           | 4,340,450         | 2,677,250         | 189,800           | 7,336,100           |
| -           | 21,757            | 102,020           | 26,265            | 15,507            | 165,549             |
| -           | 2,340,357         | 11,422,470        | 3,333,515         | 1,440,307         | 25,505,286          |
| 1,300       | (80,900)          | (116,122)         | (28,754)          | (27,253)          | (1,374,444)         |
| (371,642)   | 31,423            | 272,297           | 25,815            | 42,107            | 1,339,665           |
| 210         | -                 | 87                | -                 | -                 | 4,634               |
| (371,432)   | 31,423            | 272,384           | 25,815            | 42,107            | 1,344,299           |
| (370,132)   | (49,477)          | 156,262           | (2,939)           | 14,854            | (30,145)            |
| 370,132     | 212,441           | 757,747           | 297,035           | 97,602            | 3,546,525           |
| <b>\$ -</b> | <b>\$ 162,964</b> | <b>\$ 914,009</b> | <b>\$ 294,096</b> | <b>\$ 112,456</b> | <b>\$ 3,516,380</b> |

# Troy School District

|  | Special Revenue Funds |                     | Debt Service Funds  |                     |
|--|-----------------------|---------------------|---------------------|---------------------|
|  | Budget                | Actual              | Budget              | Actual              |
| <b>Revenue</b>                                     |                       |                     |                     |                     |
| Local sources                                      | \$ 4,997,035          | \$ 5,155,721        | \$ 18,658,667       | \$ 18,284,920       |
| State sources                                      | 115,041               | 115,041             | -                   | -                   |
| Federal sources                                    | 559,663               | 575,160             | -                   | -                   |
| Total revenue                                      | 5,671,739             | 5,845,922           | 18,658,667          | 18,284,920          |
| <b>Expenditures</b>                                |                       |                     |                     |                     |
| Special Revenue Funds:                             |                       |                     |                     |                     |
| Salaries   | 2,968,894             | 2,802,404           | -                   | -                   |
| Employee benefits                                  | 1,054,252             | 972,998             | -                   | -                   |
| Purchased services                                 | 1,041,178             | 1,066,748           | -                   | -                   |
| Supplies/Materials                                 | 2,133,258             | 2,050,950           | -                   | -                   |
| Capital outlay                                     | 21,174                | 20,587              | -                   | -                   |
| Other expenditures                                 | 56,821                | 54,950              | -                   | -                   |
| Debt service:                                      | -                     | -                   | -                   | -                   |
| Principal  | -                     | -                   | 11,035,000          | 11,035,000          |
| Interest and other                                 | -                     | -                   | 7,336,100           | 7,336,100           |
| Other bond expenditures                            | -                     | -                   | 550,432             | 165,549             |
| Capital outlay                                     | -                     | -                   | -                   | -                   |
| Total expenditures                                 | 7,275,577             | 6,968,637           | 18,921,532          | 18,536,649          |
| <b>Excess of Revenue Over (Under) Expenditures</b> | (1,603,838)           | (1,122,715)         | (262,865)           | (251,729)           |
| <b>Other Financing Sources</b>                     |                       |                     |                     |                     |
| Transfers in                                       | 1,325,814             | 1,339,665           | -                   | -                   |
| Proceeds from sale of capital assets               | -                     | 4,337               | -                   | 297                 |
| Total other financing sources                      | 1,325,814             | 1,344,002           | -                   | 297                 |
| <b>Net Change in Fund Balances</b>                 | (278,024)             | 221,287             | (262,865)           | (251,432)           |
| <b>Fund Balances - Beginning of year</b>           | 1,811,568             | 1,811,568           | 1,734,957           | 1,734,957           |
| <b>Fund Balances - End of year</b>                 | <u>\$ 1,533,544</u>   | <u>\$ 2,032,855</u> | <u>\$ 1,472,092</u> | <u>\$ 1,483,525</u> |

**Other Supplemental Information**

**Budgetary Comparison Schedule - Governmental Funds (Excluding General Fund and Durant Fund) and Proprietary Fund - Internal Service Fund**

**Year Ended June 30, 2009**

| Capital Projects Fund       |                             | Internal Service Fund    |                          |
|-----------------------------|-----------------------------|--------------------------|--------------------------|
| Budget                      | Actual                      | Budget                   | Actual                   |
| \$ 389,597                  | \$ 406,889                  | \$ 5,326,000             | \$ 4,899,302             |
| -                           | -                           | -                        | -                        |
| -                           | -                           | -                        | -                        |
| 389,597                     | 406,889                     | 5,326,000                | 4,899,302                |
| -                           | -                           | -                        | -                        |
| -                           | -                           | -                        | -                        |
| -                           | -                           | -                        | -                        |
| -                           | -                           | -                        | -                        |
| -                           | -                           | 5,296,000                | 4,862,685                |
| -                           | -                           | -                        | -                        |
| -                           | -                           | -                        | -                        |
| -                           | -                           | -                        | -                        |
| 11,815,225                  | 10,180,831                  | -                        | -                        |
| 11,815,225                  | 10,180,831                  | 5,296,000                | 4,862,685                |
| (11,425,628)                | (9,773,942)                 | 30,000                   | 36,617                   |
| -                           | -                           | -                        | -                        |
| -                           | -                           | -                        | -                        |
| -                           | -                           | -                        | -                        |
| (11,425,628)                | (9,773,942)                 | 30,000                   | 36,617                   |
| 21,435,016                  | 21,435,016                  | 596,914                  | 596,914                  |
| <b><u>\$ 10,009,388</u></b> | <b><u>\$ 11,661,074</u></b> | <b><u>\$ 626,914</u></b> | <b><u>\$ 633,531</u></b> |

# Troy School District

| June 30                | 2007 Debt                  |                          |               | 2006 Debt                   |                             |               |
|------------------------|----------------------------|--------------------------|---------------|-----------------------------|-----------------------------|---------------|
|                        | Principal                  | Interest                 | Interest Rate | Principal                   | Interest                    | Interest Rate |
| 2010                   | \$ 1,205,000               | \$ 140,400               | 4.000         | \$ 800,000                  | \$ 2,645,750                | 5.000         |
| 2011                   | 1,170,000                  | 92,200                   | 4.000         | 1,775,000                   | 2,605,750                   | 5.000         |
| 2012                   | 1,135,000                  | 45,400                   | 4.000         | 2,075,000                   | 2,517,000                   | 5.000         |
| 2013                   | -                          | -                        | -             | 2,290,000                   | 2,413,250                   | 5.000         |
| 2014                   | -                          | -                        | -             | 3,525,000                   | 2,298,750                   | 5.000         |
| 2015                   | -                          | -                        | -             | 3,525,000                   | 2,122,500                   | 5.000         |
| 2016                   | -                          | -                        | -             | 3,525,000                   | 1,946,250                   | 5.000         |
| 2017                   | -                          | -                        | -             | 3,525,000                   | 1,770,000                   | 5.000         |
| 2018                   | -                          | -                        | -             | 3,525,000                   | 1,593,750                   | 5.000         |
| 2019                   | -                          | -                        | -             | 3,525,000                   | 1,417,500                   | 5.000         |
| 2020                   | -                          | -                        | -             | 3,525,000                   | 1,241,250                   | 5.000         |
| 2021                   | -                          | -                        | -             | 3,550,000                   | 1,065,000                   | 5.000         |
| 2022                   | -                          | -                        | -             | 3,550,000                   | 887,500                     | 5.000         |
| 2023                   | -                          | -                        | -             | 3,550,000                   | 710,000                     | 5.000         |
| 2024                   | -                          | -                        | -             | 3,550,000                   | 532,500                     | 5.000         |
| 2025                   | -                          | -                        | -             | 3,550,000                   | 355,000                     | 5.000         |
| 2026                   | -                          | -                        | -             | 3,550,000                   | 177,500                     | 5.000         |
|                        | <b><u>\$ 3,510,000</u></b> | <b><u>\$ 278,000</u></b> |               | <b><u>\$ 52,915,000</u></b> | <b><u>\$ 26,299,250</u></b> |               |
| Principal payments due | May 1                      |                          |               | May 1                       |                             |               |
| Interest payments due  | May 1 and November 1       |                          |               | May 1 and November 1        |                             |               |
| Interest rate          | 4.00%                      |                          |               | 5.00%                       |                             |               |
| Original issue         | <b><u>\$ 5,985,000</u></b> |                          |               | <b><u>\$ 53,545,000</u></b> |                             |               |

**Other Supplemental Information  
Schedule of Bonded Indebtedness  
Year Ended June 30, 2009**

| 2004 Debt               |                      |               | 2004A Debt              |                  |               |
|-------------------------|----------------------|---------------|-------------------------|------------------|---------------|
| Principal               | Interest             | Interest Rate | Principal               | Interest         | Interest Rate |
| \$ 7,380,000            | \$ 4,021,250         | 5.000         | \$ 2,110,000            | \$ 73,850        | 3.500         |
| 8,980,000               | 3,652,250            | 3.750, 5.000  | -                       | -                | -             |
| 9,250,000               | 3,228,250            | 5.000         | -                       | -                | -             |
| 10,765,000              | 2,765,750            | 5.000         | -                       | -                | -             |
| 4,050,000               | 2,227,500            | 5.000         | -                       | -                | -             |
| 4,050,000               | 2,025,000            | 5.000         | -                       | -                | -             |
| 4,050,000               | 1,822,500            | 5.000         | -                       | -                | -             |
| 4,050,000               | 1,620,000            | 5.000         | -                       | -                | -             |
| 4,050,000               | 1,417,500            | 5.000         | -                       | -                | -             |
| 4,050,000               | 1,215,000            | 5.000         | -                       | -                | -             |
| 4,050,000               | 1,012,500            | 5.000         | -                       | -                | -             |
| 4,050,000               | 810,000              | 5.000         | -                       | -                | -             |
| 4,050,000               | 607,500              | 5.000         | -                       | -                | -             |
| 4,050,000               | 405,000              | 5.000         | -                       | -                | -             |
| 4,050,000               | 202,500              | 5.000         | -                       | -                | -             |
| -                       | 202,500              | 5.000         | -                       | -                | -             |
| -                       | 202,500              | 5.000         | -                       | -                | -             |
| <b>\$ 80,925,000</b>    | <b>\$ 27,437,500</b> |               | <b>\$ 2,110,000</b>     | <b>\$ 73,850</b> |               |
| May 1                   |                      |               | May 1                   |                  |               |
| May 1 and<br>November 1 |                      |               | May 1 and<br>November 1 |                  |               |
| 3.75% to 5.00%          |                      |               | 3.5%                    |                  |               |
| <b>\$ 98,870,000</b>    |                      |               | <b>\$ 13,375,000</b>    |                  |               |

**Statistical and Other Information  
(Unaudited)**

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# **Troy School District**

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## **Statistical and Other Information (Unaudited)**

### **Financial Trend Information**

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

### **Revenue Capacity Information**

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

### **Debt Capacity Information**

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

# Troy School District

## Financial Trend Information Net Assets by Component

|                                     | June 30              |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | 2002                 | 2003                 | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 |
| <b>Governmental Activities</b>      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets - Net    |                      |                      |                      |                      |                      |                      |                      |                      |
| of related debt                     | \$ 22,371,818        | \$ 27,171,994        | \$ 25,827,547        | \$ 28,949,595        | \$ 35,678,044        | \$ 39,520,249        | \$ 40,667,213        | \$ 42,248,195        |
| Restricted                          | 5,159,619            | 2,460,986            | 767,907              | 1,938,459            | 2,592,210            | 3,371,854            | 4,011,735            | 1,801,846            |
| Unrestricted                        | <u>30,232,410</u>    | <u>25,363,438</u>    | <u>33,180,151</u>    | <u>24,464,131</u>    | <u>18,725,178</u>    | <u>20,176,692</u>    | <u>21,875,070</u>    | <u>13,822,989</u>    |
| Total primary government net assets | <u>\$ 57,763,847</u> | <u>\$ 54,996,418</u> | <u>\$ 59,775,605</u> | <u>\$ 55,352,185</u> | <u>\$ 56,995,432</u> | <u>\$ 63,068,795</u> | <u>\$ 66,554,018</u> | <u>\$ 57,873,030</u> |

Note: This schedule includes all periods subsequent to the adoption of GASB No. 34.

Source: Data included in this schedule from 2002-2008 has been excerpted from prior audited financial statements.

# Troy School District

## Financial Trend Information Changes in Governmental Net Assets

|   | 2002                    | 2003                    | 2004                    | 2005                    | 2006                    | 2007                    | 2008                    | 2009                    |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Expenses</b>                               |                         |                         |                         |                         |                         |                         |                         |                         |
| Governmental activities:                      |                         |                         |                         |                         |                         |                         |                         |                         |
| Instruction                                   | \$ 77,948,704           | \$ 82,042,521           | \$ 80,785,619           | \$ 88,747,576           | \$ 84,096,275           | \$ 87,171,212           | \$ 87,130,404           | \$ 95,610,720           |
| Support services                              | 45,276,940              | 49,607,745              | 52,928,974              | 53,433,135              | 55,765,484              | 53,189,328              | 56,490,210              | 58,769,127              |
| Food services                                 | 2,756,344               | 2,946,119               | 3,017,616               | 3,121,786               | 3,085,138               | 3,161,951               | 3,325,579               | 3,289,411               |
| Athletics                                     | 1,787,558               | 1,946,018               | 1,942,654               | 2,096,801               | 2,058,617               | 2,197,785               | 2,173,322               | 2,135,773               |
| Community services                            | 2,287,575               | 2,420,695               | 3,920,749               | 4,028,914               | 3,414,463               | 3,098,075               | 2,720,825               | 2,877,199               |
| Facilities acquisition                        | -                       | -                       | -                       | -                       | -                       | -                       | 12,472                  | 15,487                  |
| Interest on long-term debt                    | 4,975,874               | 4,609,160               | 4,335,127               | 5,412,602               | 6,318,539               | 8,306,480               | 7,673,678               | 7,421,573               |
| Total governmental activities                 | 135,032,995             | 143,572,258             | 146,930,739             | 156,840,814             | 154,738,516             | 157,124,831             | 159,526,490             | 170,119,290             |
| Program revenues:                             |                         |                         |                         |                         |                         |                         |                         |                         |
| Charges for services:                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Instruction                                   | 1,068,854               | 1,310,605               | 1,449,996               | 1,312,859               | 1,270,908               | 1,066,034               | 985,219                 | 1,501,740               |
| Support services                              | 211,659                 | 137,229                 | 186,554                 | 173,825                 | 124,525                 | 129,012                 | 159,308                 | 158,880                 |
| Food services                                 | 2,354,748               | 2,583,391               | 2,765,415               | 2,801,977               | 2,767,975               | 2,798,955               | 2,760,105               | 2,736,249               |
| Athletics                                     | 117,806                 | 118,543                 | 132,537                 | 255,076                 | 156,670                 | 243,103                 | 241,758                 | 201,157                 |
| Community services                            | 2,546,849               | 2,639,648               | 2,852,170               | 2,892,759               | 2,594,135               | 2,448,923               | 2,515,851               | 2,304,595               |
| Operating grants and contributions            | 9,498,076               | 9,202,867               | 9,440,829               | 17,750,348              | 18,417,860              | 19,580,075              | 20,284,814              | 26,023,873              |
| Total program revenues                        | 15,797,992              | 15,992,283              | 16,827,501              | 25,186,844              | 25,332,073              | 26,266,102              | 26,947,055              | 32,926,494              |
| Net expenses                                  | <u>\$ (119,235,003)</u> | <u>\$ (127,579,975)</u> | <u>\$ (130,103,238)</u> | <u>\$ (131,653,970)</u> | <u>\$ (129,406,443)</u> | <u>\$ (130,858,729)</u> | <u>\$ (132,579,435)</u> | <u>\$ (137,192,796)</u> |
| <b>General Revenues</b>                       |                         |                         |                         |                         |                         |                         |                         |                         |
| Property taxes                                | \$ 58,278,890           | \$ 59,969,080           | \$ 60,404,226           | \$ 66,168,277           | \$ 66,462,954           | \$ 66,766,960           | \$ 68,235,762           | \$ 63,138,507           |
| State aid not restricted to specific purposes | 64,340,336              | 63,725,350              | 65,502,382              | 58,779,988              | 60,069,254              | 62,843,834              | 63,276,294              | 63,783,531              |
| Investment earnings                           | 1,180,674               | 641,109                 | 522,790                 | 2,299,143               | 4,422,790               | 5,541,036               | 4,554,422               | 1,330,114               |
| Other   | 128,690                 | 217,698                 | 130,153                 | 73,778                  | 181,128                 | 1,766,150               | 320,599                 | 382,797                 |
| Total general revenues                        | 123,928,590             | 124,553,237             | 126,559,551             | 127,321,186             | 131,136,126             | 136,917,980             | 136,387,077             | 128,634,949             |
| <b>Special Item</b>                           | 325,100                 | 259,309                 | 8,322,874               | (90,636)                | (86,436)                | 14,112                  | (322,419)               | (123,141)               |
| <b>Changes in Net Assets</b>                  | <u>\$ 5,018,687</u>     | <u>\$ (2,767,429)</u>   | <u>\$ 4,779,187</u>     | <u>\$ (4,423,420)</u>   | <u>\$ 1,643,247</u>     | <u>\$ 6,073,363</u>     | <u>\$ 3,485,223</u>     | <u>\$ (8,680,988)</u>   |

Note: This schedule includes all periods subsequent to the adoption of GASB No. 34.

Source: Data included in this schedule from 2002-2008 has been excerpted from prior audited financial statements.

# Troy School District

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|   | <u>2000</u>                 | <u>2001</u>                 | <u>2002</u>                 | <u>2003</u>                 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>General Fund</b>                               |                             |                             |                             |                             |
| Reserved  | \$ 1,801,274                | \$ 2,180,575                | \$ 4,741,345                | \$ 6,900,445                |
| Unreserved  | <u>25,202,198</u>           | <u>26,692,960</u>           | <u>28,882,512</u>           | <u>24,493,723</u>           |
| Total General Fund                                | <b><u>\$ 27,003,472</u></b> | <b><u>\$ 28,873,535</u></b> | <b><u>\$ 33,623,857</u></b> | <b><u>\$ 31,394,168</u></b> |
| <b>All Other Government Funds</b>                 |                             |                             |                             |                             |
| Reserved  | \$ 20,442,543               | \$ 13,794,972               | \$ 10,555,442               | \$ 3,073,100                |
| Unreserved - Reported in Special<br>Revenue Funds | <u>8,120,379</u>            | <u>8,112,185</u>            | <u>3,448,744</u>            | <u>5,013,417</u>            |
| Total all other governmental funds                | <b><u>\$ 28,562,922</u></b> | <b><u>\$ 21,907,157</u></b> | <b><u>\$ 14,004,186</u></b> | <b><u>\$ 8,086,517</u></b>  |

Source: Data included in this schedule from 2000-2008 has been excerpted from prior audited financial statements.

**Financial Trend Information  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years**

| 2004                        | 2005                        | 2006                         | 2007                        | 2008                        | 2009                        |
|-----------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 355,563                  | \$ 249,718                  | \$ 700,470                   | \$ 663,296                  | \$ 612,778                  | \$ 333,435                  |
| <u>35,263,833</u>           | <u>25,650,229</u>           | <u>22,585,559</u>            | <u>23,754,117</u>           | <u>23,584,208</u>           | <u>14,651,114</u>           |
| <b><u>\$ 35,619,396</u></b> | <b><u>\$ 25,899,947</u></b> | <b><u>\$ 23,286,029</u></b>  | <b><u>\$ 24,417,413</u></b> | <b><u>\$ 24,196,986</u></b> | <b><u>\$ 14,984,549</u></b> |
| \$ 872,954                  | \$ 58,666,195               | \$ 94,610,279                | \$ 49,857,477               | \$ 23,241,680               | \$ 13,213,375               |
| <u>6,450,254</u>            | <u>6,423,070</u>            | <u>6,927,450</u>             | <u>7,032,567</u>            | <u>7,350,027</u>            | <u>7,574,245</u>            |
| <b><u>\$ 7,323,208</u></b>  | <b><u>\$ 65,089,265</u></b> | <b><u>\$ 101,537,729</u></b> | <b><u>\$ 56,890,044</u></b> | <b><u>\$ 30,591,707</u></b> | <b><u>\$ 20,787,620</u></b> |

# Troy School District

|   | 2000                 | 2001                 | 2002                 | 2003                 |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |                      |                      |                      |                      |
| Local revenue   | \$ 65,472,282        | \$ 67,042,510        | \$ 65,956,043        | \$ 67,660,373        |
| State revenue   | 57,842,775           | 61,070,886           | 63,633,937           | 63,223,896           |
| Federal revenue   | 2,609,815            | 3,252,415            | 3,451,666            | 3,510,203            |
| Interdistrict revenue                                   | 1,545,865            | 3,098,539            | 6,684,936            | 6,151,048            |
| <b>Total revenue</b>                                    | <b>127,470,737</b>   | <b>134,464,350</b>   | <b>139,726,582</b>   | <b>140,545,520</b>   |
| <b>Expenditures</b>                                     |                      |                      |                      |                      |
| Current:  |                      |                      |                      |                      |
| Instruction   | 68,057,547           | 69,549,262           | 72,622,801           | 76,748,293           |
| Support services  | 37,042,664           | 38,329,587           | 42,664,745           | 43,793,380           |
| Community services                                      | 2,625,103            | 3,880,970            | 2,778,534            | 2,592,545            |
| Facilities acquisition                                  | -                    | -                    | -                    | -                    |
| Athletics   | 1,490,883            | 1,611,032            | 1,655,818            | 1,682,553            |
| Food services   | 2,256,290            | 2,539,691            | 2,750,326            | 2,901,153            |
| Debt service:   |                      |                      |                      |                      |
| Principal   | 7,260,000            | 7,065,000            | 7,765,000            | 8,110,000            |
| Interest  | 5,761,526            | 5,356,946            | 5,014,248            | 5,611,200            |
| Other   | 5,244                | 40,723               | 31,254               | 1,988                |
| Capital outlay  | 16,921,595           | 7,603,397            | 6,989,544            | 4,690,229            |
| Intergovernmental transfers                             | 1,614,616            | 1,540,438            | 2,478,909            | 2,847,316            |
| <b>Total expenditures</b>                               | <b>143,035,468</b>   | <b>137,517,046</b>   | <b>144,751,179</b>   | <b>148,978,657</b>   |
| <b>Excess of Expenditures Over Revenue</b>              | <b>(15,564,731)</b>  | <b>(3,052,696)</b>   | <b>(5,024,597)</b>   | <b>(8,433,137)</b>   |
| <b>Other Financing Sources (Uses)</b>                   |                      |                      |                      |                      |
| Proceeds from sale of bonds                             | -                    | -                    | -                    | -                    |
| Debt premium or discount                                | -                    | -                    | -                    | -                    |
| Sale of capital assets                                  | 415,129              | 195,841              | 619,774              | 285,779              |
| Transfers in  | 7,333,234            | 1,704,077            | 1,852,509            | 1,787,946            |
| Transfers out   | (7,333,234)          | (1,704,077)          | (1,852,509)          | (1,787,946)          |
| Debt defeasance   | -                    | -                    | -                    | -                    |
| Other   | (3,680)              | (1,928,847)          | -                    | -                    |
| <b>Total other financing sources (uses)</b>             | <b>411,449</b>       | <b>(1,733,006)</b>   | <b>619,774</b>       | <b>285,779</b>       |
| <b>Net Change in Fund Balances</b>                      | <b>(15,153,282)</b>  | <b>(4,785,702)</b>   | <b>(4,404,823)</b>   | <b>(8,147,358)</b>   |
| <b>Fund Balances - Beginning of year</b>                | <b>70,719,676</b>    | <b>55,566,394</b>    | <b>52,032,866</b>    | <b>47,628,043</b>    |
| <b>Fund Balances - End of year</b>                      | <b>\$ 55,566,394</b> | <b>\$ 50,780,692</b> | <b>\$ 47,628,043</b> | <b>\$ 39,480,685</b> |
| Debt service as a percentage of noncapital expenditures | 11.69%               | 10.75%               | 10.46%               | 10.74%               |

Source: Data included in this schedule from 2000-2008 has been excerpted from prior audited financial statements.

Note: The difference in fund balance between 2001 and 2002 is the result of the implementation of GASB #34.

**Financial Trend Information**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**

| 2004                        | 2005                        | 2006                         | 2007                        | 2008                        | 2009                        |
|-----------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 68,338,207               | \$ 75,829,231               | \$ 77,592,739                | \$ 80,506,231               | \$ 79,584,801               | \$ 71,213,765               |
| 62,804,461                  | 63,708,384                  | 65,006,361                   | 68,528,147                  | 68,920,464                  | 69,557,165                  |
| 3,997,606                   | 4,567,236                   | 5,170,638                    | 5,475,769                   | 5,733,719                   | 11,902,478                  |
| 8,246,778                   | 8,229,714                   | 8,290,309                    | 8,082,588                   | 8,622,042                   | 8,527,747                   |
| <u>143,387,052</u>          | <u>152,334,565</u>          | <u>156,060,047</u>           | <u>162,592,735</u>          | <u>162,861,026</u>          | <u>161,201,155</u>          |
| 76,540,528                  | 84,591,594                  | 79,528,485                   | 84,217,350                  | 85,842,791                  | 93,983,695                  |
| 45,770,832                  | 47,986,601                  | 47,599,805                   | 47,813,441                  | 48,117,608                  | 49,099,565                  |
| 3,922,118                   | 3,431,473                   | 2,816,455                    | 3,071,772                   | 2,718,349                   | 2,874,855                   |
| -                           | -                           | -                            | -                           | 12,472                      | 15,487                      |
| 1,661,096                   | 1,814,997                   | 1,779,548                    | 1,923,116                   | 1,890,367                   | 1,851,868                   |
| 2,960,514                   | 3,057,353                   | 3,019,126                    | 3,096,403                   | 3,258,613                   | 3,231,473                   |
| 8,475,000                   | 10,740,000                  | 11,885,000                   | 9,730,000                   | 10,165,000                  | 11,035,000                  |
| 4,304,848                   | 5,087,496                   | 5,943,398                    | 7,855,105                   | 7,728,238                   | 7,336,100                   |
| 128,185                     | 280,182                     | 725                          | 134,002                     | 21,814                      | 165,549                     |
| 2,380,305                   | 7,719,792                   | 23,360,462                   | 47,863,395                  | 29,751,899                  | 10,652,503                  |
| 2,916,037                   | 2,847,952                   | 2,932,826                    | -                           | -                           | -                           |
| <u>149,059,463</u>          | <u>167,557,440</u>          | <u>178,865,830</u>           | <u>205,704,584</u>          | <u>189,507,151</u>          | <u>180,246,095</u>          |
| (5,672,411)                 | (15,222,875)                | (22,805,783)                 | (43,111,849)                | (26,646,125)                | (19,044,940)                |
| 13,375,000                  | 98,870,000                  | 56,610,152                   | 6,045,190                   | -                           | -                           |
| -                           | 6,014,422                   | -                            | -                           | -                           | -                           |
| 8,699,330                   | 222,236                     | -                            | 61,668                      | 127,361                     | 28,416                      |
| 3,223,646                   | 1,586,914                   | 2,122,512                    | 2,252,322                   | 2,176,754                   | 2,430,066                   |
| (3,223,646)                 | (1,586,914)                 | (2,122,512)                  | (2,252,322)                 | (2,176,754)                 | (2,430,066)                 |
| (12,940,000)                | (39,495,000)                | -                            | (6,511,310)                 | -                           | -                           |
| -                           | (2,342,175)                 | 30,177                       | -                           | -                           | -                           |
| <u>9,134,330</u>            | <u>63,269,483</u>           | <u>56,640,329</u>            | <u>(404,452)</u>            | <u>127,361</u>              | <u>28,416</u>               |
| 3,461,919                   | 48,046,608                  | 33,834,546                   | (43,516,301)                | (26,518,764)                | (19,016,524)                |
| <u>39,480,685</u>           | <u>42,942,604</u>           | <u>90,989,212</u>            | <u>124,823,758</u>          | <u>81,307,457</u>           | <u>54,788,693</u>           |
| <b><u>\$ 42,942,604</u></b> | <b><u>\$ 90,989,212</u></b> | <b><u>\$ 124,823,758</u></b> | <b><u>\$ 81,307,457</u></b> | <b><u>\$ 54,788,693</u></b> | <b><u>\$ 35,772,169</u></b> |
| 9.86%                       | 11.43%                      | 13.23%                       | 12.65%                      | 12.63%                      | 12.27%                      |

# Troy School District

| Taxable Value by Property Type |                  |                |                |         |                           |                      |                |
|--------------------------------|------------------|----------------|----------------|---------|---------------------------|----------------------|----------------|
| Tax Year                       | Real Property    |                |                |         | Agricultural<br>and Other | Personal<br>Property | Total<br>Value |
|                                | Residential      | Commercial     | Industrial     |         |                           |                      |                |
| 1999                           | \$ 1,672,168,533 | \$ 880,688,353 | \$ 278,326,244 | \$ -    | \$ 542,464,363            | \$ 3,373,647,493     |                |
| 2000                           | 1,756,307,450    | 974,731,550    | 287,395,150    | -       | 520,650,890               | 3,539,085,040        |                |
| 2001                           | 1,862,572,590    | 1,091,856,660  | 310,710,930    | -       | 525,455,040               | 3,790,595,220        |                |
| 2002                           | 1,972,340,290    | 1,112,229,080  | 332,879,420    | -       | 498,854,208               | 3,916,302,998        |                |
| 2003                           | 2,049,453,131    | 1,152,900,440  | 327,066,420    | -       | 468,176,960               | 3,997,596,951        |                |
| 2004                           | 2,158,772,810    | 1,147,811,590  | 347,707,990    | -       | 426,948,096               | 4,081,240,486        |                |
| 2005                           | 2,277,076,230    | 1,178,957,390  | 350,683,300    | -       | 403,225,480               | 4,209,942,400        |                |
| 2006                           | 2,427,726,198    | 1,187,083,160  | 351,979,910    | -       | 384,167,410               | 4,350,956,678        |                |
| 2007                           | 2,519,246,587    | 1,195,877,610  | 357,618,240    | 451,030 | 375,547,560               | 4,448,741,027        |                |
| 2008                           | 2,531,030,310    | 1,191,128,660  | 358,797,580    | -       | 362,393,150               | 4,443,349,700        |                |

Note: Under Michigan law, the revenue base is taxable value.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Source: City of Troy, Assessing Department

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**Revenue Capacity Information**  
**Assessed Value and Actual Value of Taxable Property**

| Tax Rate<br>(Mills) | Estimated<br>Actual Value | Taxable<br>Value as a<br>Percentage<br>of Actual |
|---------------------|---------------------------|--|
| 21.6101             | \$ 6,747,294,986          | 50.00  |
| 21.3155             | 7,078,170,080             | 50.00  |
| 21.1400             | 7,581,190,440             | 50.00  |
| 21.1400             | 7,832,605,996             | 50.00  |
| 21.1400             | 7,995,193,902             | 50.00  |
| 22.1300             | 8,162,568,632             | 50.00  |
| 22.1300             | 8,419,884,800             | 50.00  |
| 22.1300             | 8,701,913,356             | 50.00  |
| 22.1300             | 8,897,482,054             | 50.00  |
| 22.1000             | 8,886,699,400             | 50.00  |

# Troy School District

| Millage Rates - Direct School District Taxes |                       |           |                   |        |                  |                    |                   |
|--|-----------------------|-----------|-------------------|--------|------------------|--------------------|-------------------|
| Tax Year                                     | Year Ended<br>June 30 | Operating |                   |        |                  | Total Direct Taxes |                   |
|  |                       | Homestead | Non-<br>homestead | Debt*  | Sinking<br>Fund* | Homestead          | Non-<br>homestead |
| 1999   | 2000                  | 7.7517    | 18.0000           | 3.6101 | 0                | 11.3618            | 21.6101           |
| 2000   | 2001                  | 7.3876    | 18.0000           | 3.3155 | 0                | 10.7031            | 21.3155           |
| 2001   | 2002                  | 6.9237    | 18.0000           | 3.1400 | 0                | 10.0637            | 21.1400           |
| 2002   | 2003                  | 6.5969    | 18.0000           | 3.1400 | 0                | 9.7369             | 21.1400           |
| 2003   | 2004                  | 6.2943    | 18.0000           | 3.1400 | 0                | 9.4343             | 21.1400           |
| 2004   | 2005                  | 6.0265    | 18.0000           | 4.1300 | 0                | 10.1565            | 22.1300           |
| 2005   | 2006                  | 5.7387    | 18.0000           | 4.1300 | 0                | 9.8687             | 22.1300           |
| 2006   | 2007                  | 5.3740    | 18.0000           | 4.1300 | 0                | 9.5040             | 22.1300           |
| 2007   | 2008                  | 5.2856    | 18.0000           | 4.1300 | 0                | 9.4156             | 22.1300           |
| 2008   | 2009                  | 4.6229    | 18.0000           | 4.1000 | 0                | 8.7229             | 22.1000           |

\* Debt fund millages apply to homestead and nonhomestead property

\*\* Suburban Mobility Authority Regional Transportation

Source: Municipal Advisory Council of Michigan and City of Troy

**Revenue Capacity Information  
Direct and Overlapping Property Tax Rates  
Years Ending June 30**

Overlapping Taxes

| County | Community<br>College | Intermediate<br>School District | State Education | City of Troy | SMART** |
|--------|----------------------|---------------------------------|-----------------|--------------|---------|
| 4.6564 | 1.6456               | 2.1208                          | 6.0000          | 9.8100       | -       |
| 4.6522 | 1.6295               | 2.0998                          | 6.0000          | 9.4800       | 0.3270  |
| 4.6478 | 1.6109               | 2.0752                          | 6.0000          | 9.4800       | 0.3236  |
| 4.6523 | 1.6090               | 3.4224                          | 6.0000          | 9.4500       | 0.6000  |
| 4.6497 | 1.5983               | 3.3991                          | 5.0000          | 9.4500       | 0.5974  |
| 4.4322 | 1.5889               | 3.3789                          | 6.0000          | 9.4500       | 0.5962  |
| 4.6461 | 1.5844               | 3.3690                          | 6.0000          | 9.4500       | 0.5950  |
| 4.6461 | 1.5844               | 3.3690                          | 6.0000          | 9.4300       | 0.5900  |
| 4.6461 | 1.5844               | 3.3690                          | 6.0000          | 9.2800       | 0.5900  |
| 4.1900 | 1.5844               | 3.3690                          | 6.0000          | 9.2800       | -       |

# Troy School District

| Taxpayer                          | 2008 Taxable Value             | Percentage of Total | 2007 Taxable Value             | Percentage of Total |
|-----------------------------------|--------------------------------|---------------------|--------------------------------|---------------------|
| 1 Frankel Forbes Cohen Associates | \$ 68,422,560                  | 1.54                | \$ 66,908,700                  | 1.50                |
| 2 Emmes Asset Management Co LLC   | 51,894,070                     | 1.17                | *                              | -                   |
| 3 Nykel Management Co.            | 32,933,920                     | 0.74                | 40,726,630                     | 0.92                |
| 4 Osprey-Troy OfficeCentre, LLC   | 31,785,350                     | 0.72                | 32,578,810                     | 0.73                |
| 5 Kelly Services & Properties     | 31,322,780                     | 0.70                | 31,360,640                     | 0.70                |
| 6 888 W Big Beaver Assoc LLC      | 30,741,160                     | 0.69                | 33,826,600                     | 0.76                |
| 7 Bank of America Corporation     | 27,010,240                     | 0.61                | 25,355,170                     | 0.57                |
| 8 Nemer Troy Place Realty LLC     | 26,820,840                     | 0.60                | 26,513,910                     | 0.60                |
| 9 Sheffield Office II LLC         | 24,000,620                     | 0.54                | 24,011,340                     | 0.54                |
| 10 Signature Associates           | 23,365,380                     | 0.53                | *                              | -                   |
| All others                        | <u>4,095,052,780</u>           | 92.16               | <u>4,167,459,227</u>           | 93.68               |
| Total                             | <b><u>\$ 4,443,349,700</u></b> |                     | <b><u>\$ 4,448,741,027</u></b> |                     |

Source: Oakland County

Note: Taxable values do not reflect adjustments from Board of Review appeals and Michigan Tax Tribunal decisions. Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

\* Data not available

**Revenue Capacity Information  
Principal Property Taxpayers  
Last Ten Years**

| 2006 Taxable Value            | Percentage of Total | 2005 Taxable Value             | Percentage of Total | 2004 Taxable Value             | Percentage of Total | 2003 Taxable Value             | Percentage of Total |
|-------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|
| \$ 64,549,870                 | 1.48                | \$ 62,372,530                  | 1.49                | \$ 61,057,410                  | 1.50                | \$ 59,713,100                  | 1.50                |
| *                             | -                   | *                              | -                   | *                              | -                   | *                              | -                   |
| 40,726,630                    | 0.94                | 56,361,080                     | 1.35                | 55,107,070                     | 1.35                | 54,827,230                     | 1.38                |
| *                             | -                   | *                              | -                   | *                              | -                   | *                              | -                   |
| 32,632,130                    | 0.75                | 33,786,950                     | 0.81                | 34,097,390                     | 0.84                | 21,853,030                     | 0.55                |
| *                             | -                   | *                              | -                   | *                              | -                   | *                              | -                   |
| 27,965,270                    | 0.64                | 27,759,750                     | 0.66                | 27,138,580                     | 0.66                | 25,550,320                     | 0.64                |
| 25,719,770                    | 0.59                | 25,205,320                     | 0.60                | 25,106,540                     | 0.62                | 24,542,100                     | 0.62                |
| 24,014,210                    | 0.55                | *                              | -                   | *                              | -                   | *                              | -                   |
| *                             | -                   | *                              | -                   | *                              | -                   | *                              | -                   |
| <u>4,135,348,798</u>          | <u>95.05</u>        | <u>4,004,456,770</u>           | <u>95.09</u>        | <u>3,878,733,496</u>           | <u>95.03</u>        | <u>3,811,111,171</u>           | <u>95.31</u>        |
| <b><u>\$4,350,956,678</u></b> |                     | <b><u>\$ 4,209,942,400</u></b> |                     | <b><u>\$ 4,081,240,486</u></b> |                     | <b><u>\$ 3,997,596,951</u></b> |                     |

# Troy School District

| Taxpayer                          | 2002 Taxable Value             | Percentage of Total | 2001 Taxable Value             | Percentage of Total |
|-----------------------------------|--------------------------------|---------------------|--------------------------------|---------------------|
| 1 Frankel Forbes Cohen Associates | \$ 58,814,340                  | 1.51                | \$ 18,596,530                  | 0.49                |
| 2 Emmes Asset Management Co LLC   | *                              | -                   | *                              | -                   |
| 3 Nykel Management Co.            | 53,855,480                     | 1.38                | 52,240,590                     | 1.38                |
| 4 Osprey-Troy OfficeCentre, LLC   | *                              | -                   | *                              | -                   |
| 5 Kelly Services & Properties     | *                              | -                   | *                              | -                   |
| 6 888 W Big Beaver Assoc LLC      | *                              | -                   | *                              | -                   |
| 7 Bank of America Corporation     | 25,550,320                     | 0.66                | 26,460,230                     | 0.70                |
| 8 Nemer Troy Place Realty LLC     | 24,179,430                     | 0.62                | 23,644,150                     | 0.62                |
| 9 Sheffield Office II LLC         | *                              | -                   | *                              | -                   |
| 10 Signature Associates           | *                              | -                   | *                              | -                   |
| All others                        | <u>3,753,903,428</u>           | 95.83               | <u>3,669,653,720</u>           | 96.81               |
| Total                             | <u><b>\$ 3,916,302,998</b></u> |                     | <u><b>\$ 3,790,595,220</b></u> |                     |

Source: Oakland County

\* Data not available

**Revenue Capacity Information  
Principal Property Taxpayers (Continued)  
Last Ten Years**

| 2000 Taxable<br>Value          | Percentage<br>of Total | 1999 Taxable<br>Value          | Percentage<br>of Total |
|--------------------------------|------------------------|--------------------------------|------------------------|
| \$ 58,776,560                  | 1.66                   | \$ 55,436,550                  | 1.64                   |
| *                              | -                      | *                              | -                      |
| 53,855,480                     | 1.52                   | 50,675,750                     | 1.50                   |
| *                              | -                      | *                              | -                      |
| *                              | -                      | *                              | -                      |
| *                              | -                      | *                              | -                      |
| 26,501,380                     | 0.75                   | 26,406,860                     | 0.78                   |
| 24,400,740                     | 0.69                   | *                              | -                      |
| *                              | -                      | *                              | -                      |
| *                              | -                      | *                              | -                      |
| 3,375,550,880                  | 95.38                  | 3,241,128,333                  | 96.08                  |
| <b><u>\$ 3,539,085,040</u></b> |                        | <b><u>\$ 3,373,647,493</u></b> |                        |

# Troy School District

## Revenue Capacity Information Property Tax Levies and Collections Last 10 Years

| Tax Year | Year Ended<br>June 30 | Total Levy    | Current<br>Collections | Percent<br>Collected | Delinquent<br>Collections | Total Tax<br>Collections | Levy<br>Collected |
|----------|-----------------------|---------------|------------------------|----------------------|---------------------------|--------------------------|-------------------|
| 1999     | 2000                  | \$ 56,333,764 | \$ 55,804,070          | 99.06                | \$ 137,735                | \$ 55,941,805            | 99.30             |
| 2000     | 2001                  | 57,178,094    | 56,494,058             | 98.80                | 212,605                   | 56,706,663               | 99.18             |
| 2001     | 2002                  | 59,193,467    | 58,328,985             | 98.54                | 123,866                   | 58,452,851               | 98.75             |
| 2002     | 2003                  | 61,002,834    | 59,833,312             | 98.08                | 173,244                   | 60,006,556               | 98.37             |
| 2003     | 2004                  | 60,793,929    | 60,254,035             | 99.11                | 150,190                   | 60,404,225               | 99.36             |
| 2004     | 2005                  | 65,590,790    | 65,087,435             | 99.23                | 1,080,842                 | 66,168,277               | 100.88            |
| 2005     | 2006                  | 66,108,260    | 65,974,622             | 99.80                | 488,332                   | 66,462,954               | 100.54            |
| 2006     | 2007                  | 66,689,831    | 66,485,173             | 99.69                | 281,787                   | 66,766,960               | 100.12            |
| 2007     | 2008                  | 68,065,212    | 67,883,013             | 99.73                | 182,199                   | 68,065,212               | 100.00            |
| 2008     | 2009                  | 62,952,681    | 60,295,359             | 95.78                | 126,837                   | 60,422,196               | 95.98             |

Source: Troy School District

# Troy School District

## Revenue Capacity Information

### Ten-year Summary of Taxable Assessed Value, State and Local Share of Revenue Sources, Foundation Allowance, and Retirement Rate History

|           | Taxable Assessed Value* | Share of Revenue |                 |             | Foundation Allowance | Executive Order Reduction per Pupil | Retirement Rate (Percent) |
|-----------|-------------------------|------------------|-----------------|-------------|----------------------|-------------------------------------|---------------------------|
|           |                         | State (Percent)  | Local (Percent) |             |                      |                                     |                           |
| 1999-2000 | \$ 3,373,647,493        | 51.96            | 41.42           | \$ 8,234.00 | \$ -                 | 11.66                               |                           |
| 2000-2001 | 3,539,085,040           | 50.08            | 39.45           | 8,535.00    | -                    | 12.16                               |                           |
| 2001-2002 | 3,790,595,220           | 48.34            | 38.82           | 8,835.00    | -                    | 12.17                               |                           |
| 2002-2003 | 3,916,302,998           | 49.08            | 39.68           | 9,035.00    | (50.00)              | 12.99                               |                           |
| 2003-2004 | 3,997,596,951           | 45.25            | 36.18           | 9,035.00    | (74.00)              | 12.99                               |                           |
| 2004-2005 | 4,081,240,486           | 46.94            | 38.14           | 9,035.00    | -                    | 14.87                               |                           |
| 2005-2006 | 4,209,942,400           | 46.48            | 37.42           | 9,209.18    | -                    | 16.34                               |                           |
| 2006-2007 | 4,350,956,678           | 47.71            | 36.06           | 9,419.18    | -                    | 17.74                               |                           |
| 2007-2008 | 4,448,741,027           | 49.78            | 34.79           | 9,467.18    | -                    | 16.72                               |                           |
| 2008-2009 | 4,443,349,700           | 53.59            | 31.49           | 9,523.18    | -                    | 16.54                               |                           |

\* City of Troy, Assessing Department

# Troy School District

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| Fiscal Year | General Obligation Bonds | Less Pledged Debt Service Funds | Net General Bonded Debt | Other General Obligation Debt | Total General Obligation Debt |
|-------------|--------------------------|---------------------------------|-------------------------|-------------------------------|-------------------------------|
| 2000        | \$ 111,475,000           | \$ -                            | \$ 111,475,000          | \$ -                          | \$ 111,475,000                |
| 2001        | 104,410,000              | -                               | 104,410,000             | -                             | 104,410,000                   |
| 2002        | 96,645,000               | -                               | 96,645,000              | -                             | 96,645,000                    |
| 2003        | 88,535,000               | -                               | 88,535,000              | -                             | 88,535,000                    |
| 2004        | 80,495,000               | -                               | 80,495,000              | -                             | 80,495,000                    |
| 2005        | 129,130,000              | -                               | 129,130,000             | -                             | 129,130,000                   |
| 2006        | 170,790,000              | -                               | 170,790,000             | -                             | 170,790,000                   |
| 2007        | 160,660,000              | -                               | 160,660,000             | -                             | 160,660,000                   |
| 2008        | 150,495,000              | -                               | 150,495,000             | -                             | 150,495,000                   |
| 2009        | 139,460,000              | -                               | 139,460,000             | -                             | 139,460,000                   |

Population information obtained from City of Troy, Department of Planning

Source: Troy School District and City of Troy, Department of Planning

**Debt Capacity Information**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**

| Taxable Value    | Net General<br>Bonded Debt as<br>a Percentage of<br>Taxable Value | Total Debt as a<br>Percentage of<br>Taxable Value | Population | Net General<br>Bonded Debt<br>per Capita | Total Debt<br>per Capita |
|------------------|---|---|------------|--|--------------------------|
| \$ 3,373,647,493 | 3   | 3   | 84,825     | \$ 1,314                                 | \$ 1,314                 |
| 3,539,085,040    | 3   | 3   | 85,821     | 1,217                                    | 1,217                    |
| 3,790,595,220    | 3   | 3   | 84,345     | 1,146                                    | 1,146                    |
| 3,916,302,998    | 2   | 2   | 84,841     | 1,044                                    | 1,044                    |
| 3,997,596,951    | 2   | 2   | 85,556     | 941                                      | 941                      |
| 4,081,240,486    | 3   | 3   | 86,408     | 1,494                                    | 1,494                    |
| 4,209,942,400    | 4   | 4   | 87,159     | 1,960                                    | 1,960                    |
| 4,350,956,678    | 4   | 4   | 87,594     | 1,834                                    | 1,834                    |
| 4,448,741,027    | 3   | 3   | 87,954     | 1,711                                    | 1,711                    |
| 4,443,349,700    | 3   | 3   | 83,874     | 1,663                                    | 1,663                    |

# Troy School District

## Debt Capacity Information Direct and Overlapping Governmental Activities Debt June 30, 2009

| Governmental Unit                    | Debt<br>Outstanding | Estimated<br>Percent<br>Applicable | Estimated Share<br>of Overlapping<br>Debt |
|--------------------------------------|---------------------|------------------------------------|---|
| City of Troy                         | \$ 42,715,215       | 79.88%                             | \$ 34,120,914                             |
| Oakland County at Large              | 103,299,926         | 6.86%                              | 7,086,375                                 |
| Oakland Intermediate School District | 51,860,000          | 6.89%                              | 3,573,154                                 |
| Oakland Community College            | 6,965,000           | 6.91%                              | 481,282                                   |
| Total overlapping debt               |                     |                                    | 45,261,725                                |
| Direct district debt                 |                     |                                    | <u>139,460,000</u>                        |
| Total direct and overlapping debt    |                     |                                    | <u><b>\$ 184,721,725</b></u>              |

Source: Municipal Advisory Council of Michigan

# Troy School District

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|   | 2000                         | 2001                         | 2002                         | 2003                         |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Calculation of debt limit:  |                              |                              |                              |                              |
| Taxable value   | \$ 3,373,647,493             | \$ 3,539,085,040             | \$ 3,790,595,220             | \$ 3,916,302,998             |
| 15% of taxable value  | 506,047,124                  | 530,862,756                  | 568,589,283                  | 587,445,450                  |
| Calculation of debt subject to limit:                             |                              |                              |                              |                              |
| Total debt  | 111,475,000                  | 104,410,000                  | 96,645,000                   | 88,535,000                   |
| Less debt not subject to limit - State<br>qualified debt issuance | -                            | -                            | -                            | -                            |
| Net debt subject to limit   | <u>111,475,000</u>           | <u>104,410,000</u>           | <u>96,645,000</u>            | <u>88,535,000</u>            |
| Legal debt margin   | <u><b>\$ 394,572,124</b></u> | <u><b>\$ 426,452,756</b></u> | <u><b>\$ 471,944,283</b></u> | <u><b>\$ 498,910,450</b></u> |
| Net debt subject to limit as % of debt limit                      | 22.03%                       | 19.67%                       | 17.00%                       | 15.07%                       |

Source: Troy School District and City of Troy, Department of Planning

**Debt Capacity Information  
Legal Debt Margin  
Last Ten Years**

| 2004                         | 2005                         | 2006                         | 2007                         | 2008                         | 2009                         |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| \$3,997,596,951              | \$4,081,240,486              | \$4,209,942,400              | \$4,350,956,678              | \$4,448,741,027              | \$4,443,349,700              |
| 599,639,543                  | 612,186,073                  | 631,491,360                  | 652,643,502                  | 667,311,154                  | 666,502,455                  |
| 80,495,000                   | 129,130,000                  | 170,790,000                  | 160,660,000                  | 150,495,000                  | 139,460,000                  |
| -                            | -                            | -                            | -                            | -                            | -                            |
| <u>80,495,000</u>            | <u>129,130,000</u>           | <u>170,790,000</u>           | <u>160,660,000</u>           | <u>150,495,000</u>           | <u>139,460,000</u>           |
| <b><u>\$ 519,144,543</u></b> | <b><u>\$ 483,056,073</u></b> | <b><u>\$ 460,701,360</u></b> | <b><u>\$ 491,983,502</u></b> | <b><u>\$ 516,816,154</u></b> | <b><u>\$ 527,042,455</u></b> |
| 13.42%                       | 21.09%                       | 27.05%                       | 24.62%                       | 22.55%                       | 20.92%                       |

# Troy School District

## Demographic and Economic Information Demographic and Economic Statistics Years Ended June 30

| Fiscal Year | Population | Total Personal<br>Income<br>(in thousands) | Ratio of Total<br>Debt to Personal<br>Income | Per Capita<br>Personal<br>Income | Unemployment<br>Rate |
|-------------|------------|--|--|----------------------------------|----------------------|
| 2000        | 84,825     | \$ 2,157,845                               | 5.166%                                       | \$ 25,439                        | 1.70                 |
| 2001        | 85,821     | 2,463,093                                  | 4.239%                                       | 28,700                           | 2.50                 |
| 2002        | 84,345     | 2,427,175                                  | 3.982%                                       | 28,777                           | 3.80                 |
| 2003        | 84,841     | 2,302,880                                  | 3.845%                                       | 27,143                           | 4.50                 |
| 2004        | 85,556     | 2,378,525                                  | 3.384%                                       | 27,801                           | 4.80                 |
| 2005        | 86,408     | 2,434,002                                  | 5.305%                                       | 28,169                           | 4.90                 |
| 2006        | 87,159     | 2,572,590                                  | 6.639%                                       | 29,516                           | 4.90                 |
| 2007        | 87,594     | 2,728,126                                  | 5.889%                                       | 31,145                           | 5.00                 |
| 2008        | 87,954     | 2,822,492                                  | 5.332%                                       | 32,091                           | 5.40                 |
| 2009        | 83,874     | Not Available                              |  |                                  | 10.04                |

Source: State of Michigan

# Troy School District

## Demographic and Economic Information Principal Employers Last Ten Years Years Ended June 30

| Taxpayer                         | 2008<br>Employees | Percentage of<br>Total<br>Employment | 1999<br>Employees | Percentage<br>of Total<br>Employment |
|----------------------------------|-------------------|--------------------------------------|-------------------|--------------------------------------|
| Delphi                           | 9,300             | 25.04%                               | 6,188             | 13.74%                               |
| HOV Services, Inc.               | 2,636             | 7.10%                                | -                 | -                                    |
| Troy School District             | 1,700             | 4.58%                                | 1,175             | 2.61%                                |
| Flagstar Bank FSB                | 1,600             | 4.31%                                | -                 | -                                    |
| EDS                              | 1,500             | 4.04%                                | -                 | -                                    |
| Hutchinson Fts., Inc.            | 1,300             | 3.50%                                | -                 | -                                    |
| Kelly Services                   | 1,218             | 3.28%                                | 1,470             | 3.27%                                |
| Beaumont Hospital                | 1,000             | 2.69%                                | 2,400             | 5.33%                                |
| Arvin Meritor Automotive         | 1,000             | 2.69%                                | 850               | 1.89%                                |
| NBD Service Corp.                | 1,000             | 2.69%                                | -                 | -                                    |
| Entech Personnel                 | -                 | -                                    | 1,450             | 3.22%                                |
| Bank of America                  | -                 | -                                    | 1,260             | 2.80%                                |
| Kmart Corp.                      | -                 | -                                    | 1,060             | 2.35%                                |
| GMC - Delco                      | -                 | -                                    | 990               | 2.20%                                |
| Saturn Corp.                     | -                 | -                                    | 770               | 1.71%                                |
| <b>Total principal employers</b> | <b>22,254</b>     |                                      | <b>17,613</b>     |                                      |
| <b>Total employment</b>          | <b>37,137</b>     |                                      | <b>45,022</b>     |                                      |

Source: Oakland County

# Troy School District

## Operating Information Full-time Equivalent School District Employees Last Ten Years Years Ended June 30

| Function/Program    | 2006                | 2007                | 2008                | 2009                |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| General government: |                     |                     |                     |                     |
| Instruction         | 779                 | 794                 | 790                 | 856                 |
| Support services    | 500                 | 471                 | 467                 | 418                 |
| Community service   | 60                  | 52                  | 47                  | 49                  |
| Food service        | 45                  | 44                  | 50                  | 48                  |
|                     | <u>          </u>   | <u>          </u>   | <u>          </u>   | <u>          </u>   |
| Total               | <u><u>1,384</u></u> | <u><u>1,361</u></u> | <u><u>1,354</u></u> | <u><u>1,371</u></u> |

Source: Troy School District, as reported to the State of Michigan Registry of Educational Personnel.

Note: Prior to 2006 data not collected in this format.

# Troy School District

## Operating Information Operating Indicators Last Ten Years Years Ended June 30

| Year | Enrollment | Operating Expenditures | Cost per Pupil | Operating Revenues | Revenue per Pupil | Total Teaching Staff | Percentage of Students Qualifying for Free/Reduced Meals | Average Teacher Salary |
|------|------------|------------------------|----------------|--------------------|-------------------|----------------------|--|------------------------|
| 2000 | 12,087     | \$ 107,036,910         | \$ 8,855.54    | \$ 106,588,576     | \$ 8,818.45       | 755                  | 3.25   | \$ 68,482              |
| 2001 | 12,076     | 109,798,915            | 9,092.32       | 115,109,451        | 9,532.08          | 765                  | 2.63   | 66,803                 |
| 2002 | 12,083     | 114,607,235            | 9,485.00       | 122,473,180        | 10,135.99         | 765                  | 2.58   | 69,594                 |
| 2003 | 12,049     | 120,236,424            | 9,978.95       | 122,641,994        | 10,178.60         | 773                  | 2.99   | 69,721                 |
| 2004 | 12,059     | 123,375,990            | 10,231.03      | 124,788,691        | 10,348.18         | 768                  | 3.58   | 70,249                 |
| 2005 | 12,050     | 133,879,704            | 11,110.35      | 127,954,231        | 10,618.61         | 767                  | 3.89   | 75,092                 |
| 2006 | 12,022     | 131,169,844            | 10,910.82      | 130,225,352        | 10,832.25         | 761                  | 4.34   | 73,499                 |
| 2007 | 12,096     | 133,270,824            | 11,017.76      | 135,447,996        | 11,197.75         | 763                  | 5.42   | 75,417                 |
| 2008 | 12,174     | 136,505,061            | 11,212.84      | 136,284,634        | 11,194.73         | 774                  | 5.22   | 76,302                 |
| 2009 | 12,177     | 144,553,747            | 11,871.05      | 136,560,386        | 11,214.62         | 790                  | 8.40   | 76,497                 |

Source: Troy School District and Michigan Department of Education Bulletin 1014

# Troy School District

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| Function/Program                   | 2000    | 2001    | 2002    | 2003    |
|------------------------------------|---------|---------|---------|---------|
| <b>Instructional buildings:</b>    |         |         |         |         |
| <b>Elementary:</b>                 |         |         |         |         |
| Number of buildings                | 12      | 12      | 12      | 12      |
| Square footage                     | 653,967 | 653,967 | 653,967 | 653,967 |
| Capacity                           | 6,400   | 6,400   | 6,400   | 6,400   |
| Enrollment                         | 5,249   | 5,196   | 5,103   | 5,077   |
| <b>Middle:</b>                     |         |         |         |         |
| Number of buildings                | 4       | 4       | 4       | 4       |
| Square footage                     | 397,579 | 397,579 | 397,579 | 397,579 |
| Capacity                           | 3,000   | 3,000   | 3,000   | 3,000   |
| Enrollment                         | 2,877   | 2,894   | 2,974   | 3,017   |
| <b>High:</b>                       |         |         |         |         |
| Number of buildings                | 3       | 3       | 3       | 3       |
| Square footage                     | 655,247 | 655,247 | 655,247 | 655,247 |
| Capacity                           | 3,896   | 3,896   | 3,896   | 3,896   |
| Enrollment                         | 4,023   | 4,011   | 4,072   | 4,006   |
| <b>Administrative:</b>             |         |         |         |         |
| Number of buildings                | 2       | 2       | 2       | 2       |
| Square footage                     | 44,500  | 46,000  | 46,000  | 46,000  |
| <b>Transportation/Maintenance:</b> |         |         |         |         |
| Number of buildings                | 2       | 2       | 2       | 2       |
| Buses                              | 66      | 73      | 76      | 75      |

Source: Troy School District

**Operating Information**  
**Capital Asset Information**  
**Last Ten Years**  
**Years Ended June 30**

| 2004    | 2005    | 2006    | 2007    | 2008    | 2009    |
|---------|---------|---------|---------|---------|---------|
| 12      | 12      | 12      | 12      | 12      | 12      |
| 653,967 | 653,967 | 653,967 | 688,967 | 717,462 | 717,462 |
| 6,400   | 6,400   | 6,400   | 6,400   | 6,400   | 6,400   |
| 5,048   | 5,133   | 5,062   | 5,105   | 5,191   | 5,220   |
| 4       | 4       | 4       | 4       | 4       | 4       |
| 397,579 | 397,579 | 397,579 | 397,579 | 450,492 | 450,492 |
| 3,000   | 3,000   | 3,000   | 3,000   | 2,885   | 2,885   |
| 2,995   | 2,862   | 2,785   | 2,739   | 2,804   | 2,776   |
| 3       | 3       | 3       | 3       | 4       | 4       |
| 655,247 | 655,247 | 655,247 | 660,252 | 851,426 | 851,426 |
| 3,896   | 3,896   | 3,896   | 3,896   | 4,596   | 4,596   |
| 4,009   | 4,092   | 4,158   | 4,285   | 4,128   | 4,138   |
| 2       | 2       | 2       | 2       | 2       | 2       |
| 46,000  | 46,000  | 46,000  | 46,000  | 41,143  | 41,143  |
| 2       | 2       | 2       | 2       | 2       | 2       |
| 78      | 80      | 86      | 86      | 88      | 88      |