

TROY SCHOOL DISTRICT

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**for the fiscal year ended
June 30, 2006**

Troy School District

**4400 Livernois Road
Troy, Michigan 48098**

Troy School District

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006

**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

Contents

Introductory Section

Client Transmittal Letter	i-x
List of Officials	xi
Organization Chart	xii
Certificate of Excellence	xiii

Financial Section

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11

Basic Financial Statements

District-wide Financial Statements:

Statement of Net Assets	12
Statement of Activities	13

Fund Financial Statements:

Governmental Funds:

Balance Sheet	14
Reconciliation of Governmental Fund Balances to the Statement of Net Assets	15
Statement of Revenue, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17

Proprietary Fund - Internal Service Fund:

Statement of Net Assets	18
Statement of Revenue, Expenditures, and Changes in Net Assets	19
Statement of Cash Flows	20

Fiduciary Fund - Statement of Fiduciary Assets and Liabilities	21
--	----

Notes to Financial Statements	22-38
-------------------------------	-------

Troy School District

Contents (Continued)

Required Supplemental Information	39
Budgetary Comparison Schedule - General Fund	40
Other Supplemental Information	41
Nonmajor Governmental Funds:	
Combining Balance Sheet	42-43
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	44-45
Budgetary Comparison Schedule - Governmental Funds (Excluding General Fund) and Proprietary Fund - Internal Service Fund	46-47
Schedule of Bonded Indebtedness	48-49
Statistical Section (Unaudited)	50
Financial Trend Information:	
Net Assets by Component	51
Changes in Governmental Net Assets	52
Fund Balances - Governmental Funds	53-54
Changes in Fund Balances - Governmental Funds	55-56
Revenue Capacity Information:	
Assessed Value and Actual Value of Taxable Property	57-58
Direct and Overlapping Property Tax Rates	59-60
Principal Property Taxpayers	61-64
Property Tax Levies and Collections	65
Debt Capacity Information:	
Ratios of General Bonded Debt Outstanding	66-67
Direct and Overlapping Governmental Activities Debt	68
Legal Debt Margin	69-70
Demographic and Economic Information:	
Demographic and Economic Statistics	71
Principal Employers	72-75
Operating Information:	
Full-time Equivalent School District Employees	76-77
Operating Indicators	78
Capital Asset Information	79-80
Federal Awards Supplemental Information	Issued Under Separate Cover

4400 Livernois
Troy, Michigan 48098-4777
248.823.4003
Fax: 248.823.4013

August 18, 2006

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

The Comprehensive Annual Financial Report of the Troy School District for the fiscal year ended June 30, 2006 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, in partnership with parents and the community, to prepare students of all ages and abilities to be knowledgeable, caring, productive, and contributing members of a democratic society. The Troy School District, with a commitment to excellence, will teach the skills, content, and reasoning needed to be successful in life; promote understanding and respect in a culturally diverse society; and inspire all to become lifelong learners and meet the challenges of an ever-changing world.

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 27.4 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 19 through 26 and is in 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. The curriculum is based on the teachers' knowledge of their subject and their students, the Michigan Grade Level Content Expectations, Michigan Curriculum Framework, national education goals, and recommendations from national and state professional organizations. The curriculum meets or exceeds all standards required for school accreditation by the Michigan Department of Education.

The written curriculum functions as a guide. It identifies 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 guide 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.

The curriculum in the Troy School District continually evolves. New students, analysis of student assessments on MEAP tests, national standardized tests, and new material create opportunities for teachers to continually review the curriculum. Our continual review helps focus teaching strategies, identifies new approaches to teaching the benchmarks and standards, and allows for examination of assessment approaches. The goal is to provide a comprehensive curriculum for the students of the Troy School District so that they can continue to be successful.

The State of Michigan has published Grade Level Content Expectations for Language Arts and Math. The expectations cover grades K-8. Teachers in the Troy School District have worked hard to ensure that these key learning objectives are an integral part of our curriculum. Additionally, the State has now created new high school graduation requirements that will be in effect for the graduating class of 2011. Teachers and administrators in the Troy School District are working to make sure that our students will meet and exceed these new requirements.

During the 2005-2006 school year, several enhancements were made to the Troy School District curriculum. Extensive professional development opportunities were provided for our elementary teachers in the core subject areas. A committee of elementary teachers spent the year revising our elementary writing curriculum. In science, additional materials were provided for teachers to ensure that our curriculum continued to meet state standards and that our teachers were prepared to meet the needs of our students. Our elementary Spanish curriculum continued to be revised as we gained experience with our students and aligned it with our secondary curriculum.

Curriculum work continued at the secondary level throughout the 2005-2006 school year. New curriculum material was purchased for middle school language arts, middle school U.S. history, high school economics, and high school statistics. Curriculum studies were conducted in high school world history, high school math, high school business, high school astronomy, and middle school writing. Teachers had a variety of opportunities to engage in professional development activities throughout the year.

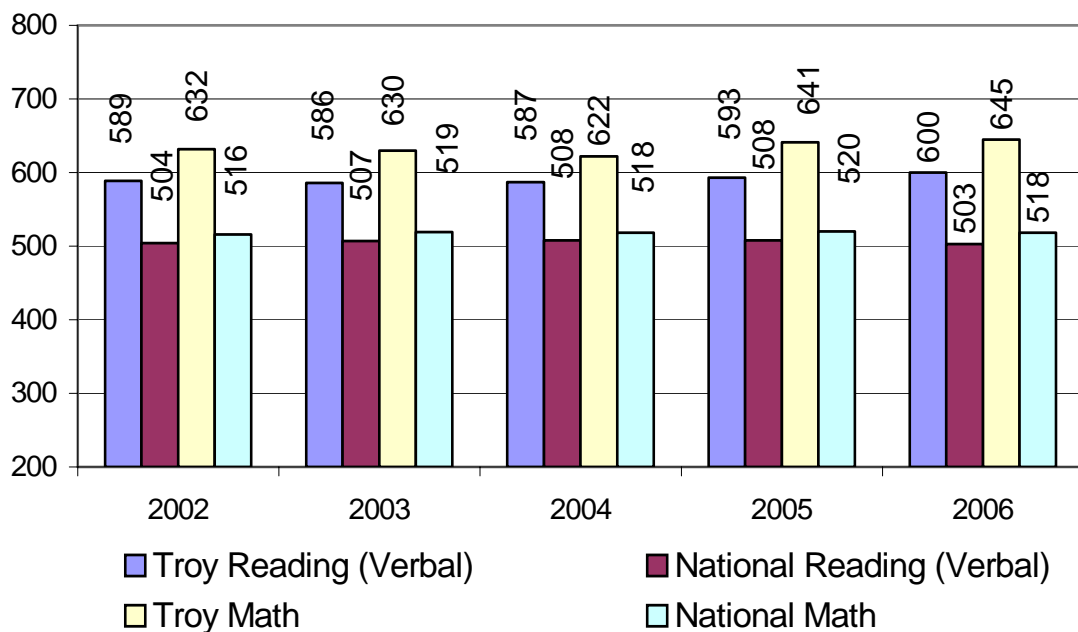
Each school in the School District participates in the school improvement process. The multiyear initiative is led by the staff at each building and focuses on the students' cognitive and affective outcomes. Each school improvement team, comprised of staff, parents, and students, was trained in the process, which includes development of the school's mission statement, identification of goals, development of strategies to achieve the goals, and monitoring progress toward meeting the goals. The School District continues to support the school improvement process through ongoing training, resources, and coordination of School District-level and building-level activities.

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.

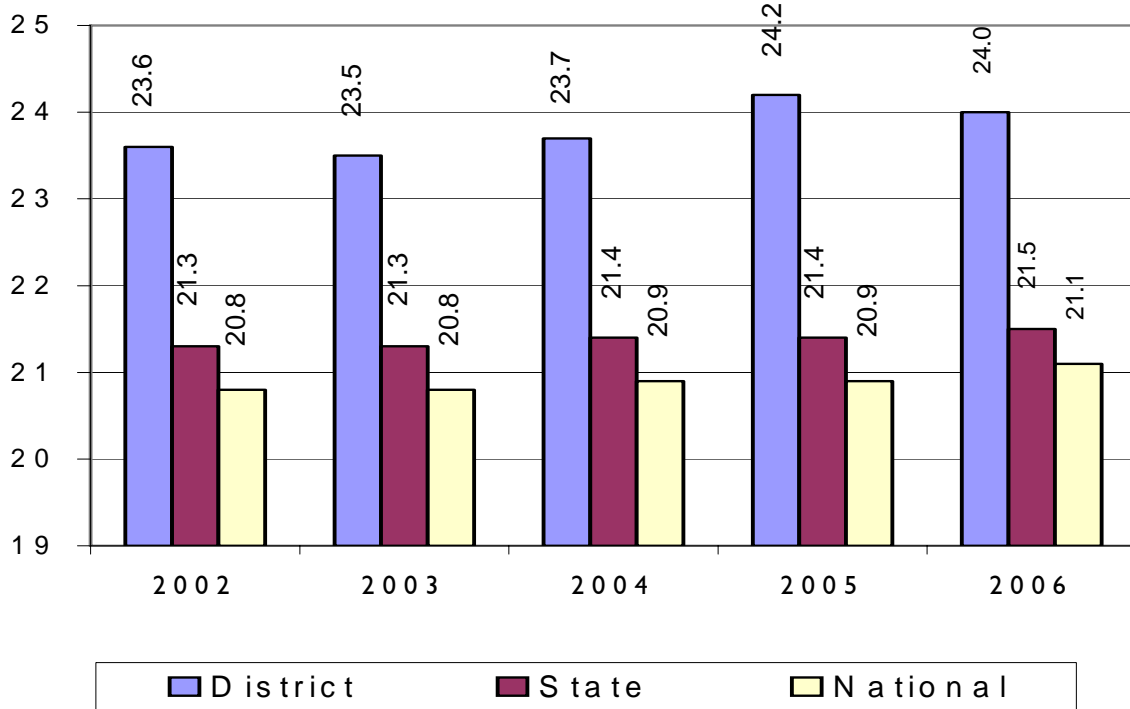
Years Ended June 30	Percent of Students Graduating	Percent of Students Attending College
2006	99	94
2005	99	94
2004	99	93
2003	99	93
2002	99	92
2001	99	92
2000	99	95
1999	98	94
1998	97	95
1997	97	95

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).

SAT I Reasoning Test District vs. National Averages



**ACT Composite
District vs. State and National Averages**



Median Percentile Rank of ITBS District Reading and Math:

	2005-2006		2004-2005		2003-2004	
	Reading	Math	Reading	Math	Reading	Math
Grade 3	78	89	72	86	73	86
Grade 5	73	79	82	91	79	89
Grade 7	70	79	76	85	76	79

Troy School District Advanced Placement Testing

<u>Years Ended June 30</u>	<u>Number Taken</u>	<u>Percent Qualifying</u>
2004-2005	1,379	83
2003-2004	1,140	82
2002-2003	1,220	77
2001-2002	1,204	77
2000-2001	1,116	77
1999-2000	937	81
1998-1999	923	79
1997-1998	663	77

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

	05-06	04-05	03-04	02-03	05-06	04-05	03-04	02-03	05-06	04-05	03-04	02-03
Reading	95	94	96	94	90	89	81	83	77	78	89	83
Writing	83	82	86	75	89	79	75	81	61	60	72	66
Math	96	95	96	93	89	83	88	83	74	69	77	75
Science	93	93	93	95	90	84	89	89	76	71	74	78
Social Studies	--	56	63	64	92	55	49	64	90	56	56	58

All schools are accredited by the North Central Association of Colleges and Schools (NCA). 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. 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:

	2005	2004	2003
K-5	99%	99%	99%
6-8	83%	83%	82%
9-12	80%	80%	81%

In addition to high student achievement, Troy Schools has one of the lowest dropout rates for districts of its size. In 2001, the official dropout rate (determined by the State) was 0.50 percent. The rate for 2005 was 0.30 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. A total of 100 Troy School District students have been selected by lottery to attend the International Academy. This is a very unique school of choice. 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 17 different programs at out-of-school district sites. A total of 43 students attended the Oakland Technical Education Center to study curriculum ranging from food service to automotive programs.

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 Funds, 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, 2006, the School District's net general obligation bonded debt of \$170,790,000 was well below the statutory bonding limit of \$623,683,364. Per capita debt totaled only \$1,960 at June 30, 2006.

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 2005-2006, the School District's General Fund earned \$1,280,868 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 2005-2006 school year was \$295,352,352. 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 36 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 2005-2006 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, 2006 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, 1989-2005. 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 Director of Finance, Steven Barr, and the District Accountant, Monica Anderson. 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

Maureen E. Kelly
Assistant Superintendent - Human Resources

Robert Stromayer
Director, Continuing Education

Tim McAvoy
Supervisor, Information Services

BOARD OF EDUCATION

Ida Edmunds
President

Mary Beth Halushka
Vice President

Carol Pochodylo
Secretary

Paula Fleming
Trustee

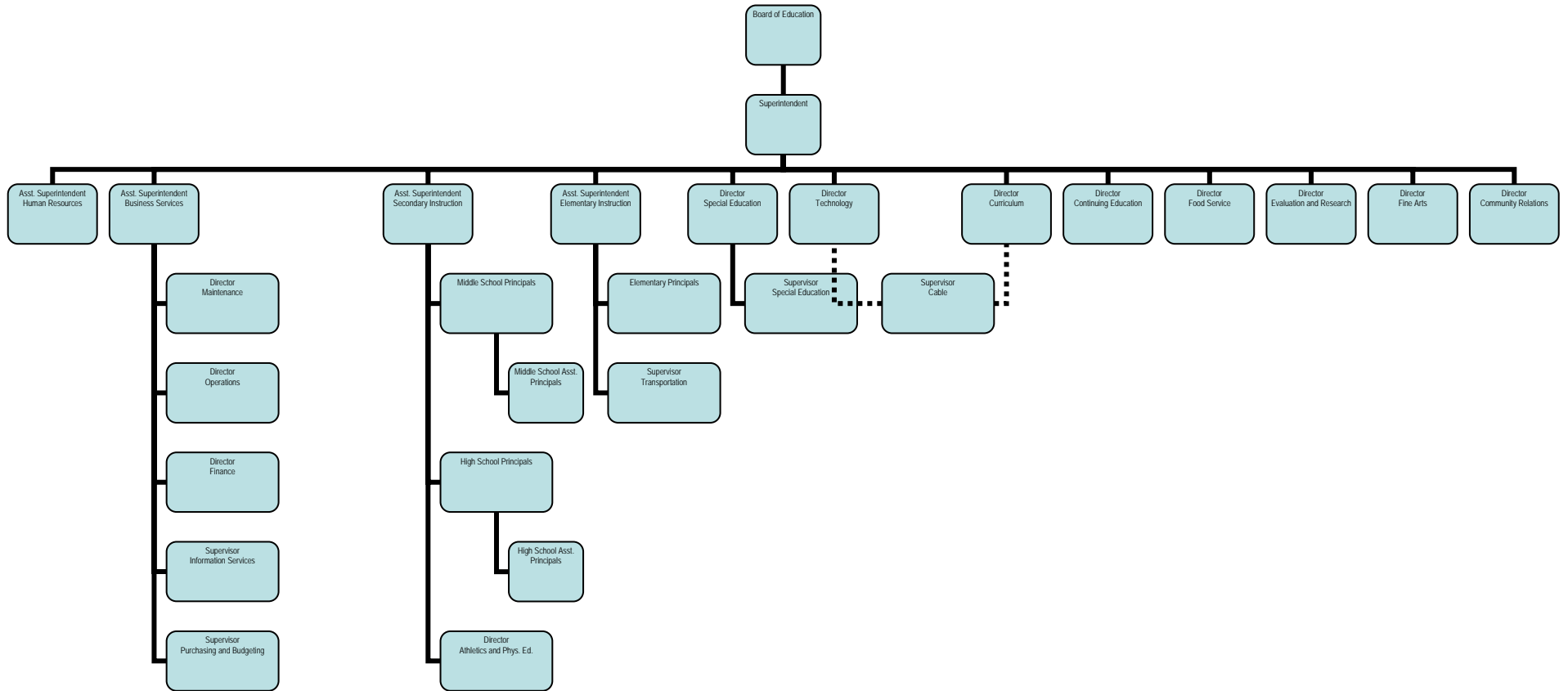
Gary Hauff
Trustee

Anthony J. Spagnola
Trustee

Wendy Underwood
Trustee

TROY SCHOOL DISTRICT ORGANIZATIONAL CHART 2005-06 SCHOOL YEAR

———— DIRECT SUPERVISION
 SHARED SUPERVISION



**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, 2005**

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

Interim 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 as of and for the year ended June 30, 2006, 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, 2006 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 and budgetary comparison schedule - General 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.

A member of



To the Board of Education
Troy School District

The accompanying introductory section and statistical tables, 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 August 18, 2006 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

August 18, 2006

Troy School District

Management's Discussion and Analysis

This section of the 2006 annual financial report presents our discussion and analysis of Troy School District's (the "School District") financial performance during the year ended June 30, 2006. 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 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 and 2004 and 2006 Capital Projects Funds, 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
 - District-wide Financial Statements
 - Fund Financial Statements
 - Proprietary Fund
 - Fiduciary Fund
 - Notes to Financial Statements
- Required Supplemental Information - Budgetary Information for General Fund
- Other Supplemental Information
 - Combining Balance Sheet Nonmajor Funds
 - Combining Revenue, Expenditures, and Changes in Fund Balances Nonmajor Funds
 - Statement of Bonded Indebtedness
 - Budgetary Comparison Schedule - Governmental Funds (excluding General Fund) and Proprietary Fund

Troy School District

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 and 2006 Bond Issues, which fund construction for voter-approved capital projects. By definition, the General Fund and 2004 and 2006 Capital Projects Funds 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, 2006 and 2005.

TABLE I	Governmental Activities	
	2006	2005
	(in millions)	
Assets		
Current and other assets	\$ 147.4	\$ 110.5
Capital assets	121.9	107.9
Total assets	269.3	218.4
Liabilities		
Current liabilities	30.6	14.7
Long-term liabilities	181.7	148.3
Total liabilities	212.3	163.0
Net Assets		
Invested in property and equipment - Net of related debt	35.7	31.2
Restricted	2.6	1.9
Unrestricted	18.7	22.3
Total net assets	<u>\$ 57.0</u>	<u>\$ 55.4</u>

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 \$57.0 million at June 30, 2006 compared to \$55.4 million at June 30, 2005. Capital assets, net of related debt, totaled \$35.7 million and \$31.2 million at June 30, 2006 and 2005, 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 \$2.6 million and \$1.9 million at June 30, 2006 and 2005, 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, \$18.7 million and \$22.3 million at June 30, 2006 and 2005, respectively, was unrestricted.

The \$18.7 million at June 30, 2006 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 \$18.7 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 2006 and 2005 (see Table 2).

TABLE 2

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 6.9	\$ 7.4
Operating grants	18.4	17.7
General revenue:		
Property taxes	66.5	66.2
State aid	60.1	58.8
Other	<u>4.5</u>	<u>2.3</u>
Total revenue	156.4	152.4

Troy School District

Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)

	Governmental Activities	
	2006	2005
	(in millions)	
Functions/Program Expenses		
Instruction	\$ 84.1	\$ 88.8
Support services	55.8	53.4
Community services	3.4	4.0
Food services	3.1	3.1
Athletics	2.1	2.1
Interest on long-term debt	6.3	5.4
Total functions/program expenses	<u>154.8</u>	<u>156.8</u>
Increase (Decrease) in Net Assets	1.6	(4.4)
Net Assets - Beginning of year	<u>55.4</u>	<u>59.8</u>
Net Assets - End of year	<u>\$ 57.0</u>	<u>\$ 55.4</u>

As reported in the statement of activities, the cost of all governmental activities this year was \$154.8 million, a decrease of \$2.0 million, or 1.3 percent, from 2004-2005. 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 (\$18.4 million). The remaining "public benefit" portion of governmental activities was funded with \$66.5 million in taxes, \$60.1 million in State aid allowance, and with other revenues, such as interest and general entitlements. Total revenues in 2005-2006 were \$156.4 million, an increase of \$4.0 million from 2004-2005.

The Troy School District experienced an increase in net assets of \$1.6 million primarily as a result of ongoing operations in the School District. In addition, long-term debt increased \$33.4 million in 2005-2006.

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 \$124.8 million, an increase of \$33.8 million from the prior year. The changes in major and nonmajor funds are as follows:

	General Funds	Capital Projects 2004	Capital Projects 2006	Other Nonmajor Funds	Governmental Funds 2006 Total	Proprietary Funds
Fund Balances - Beginning of year	\$ 25,899,947	\$ 57,385,341	\$ -	\$ 7,703,924	\$ 90,989,212	\$ 5,157
Increase (decrease)	<u>(2,613,918)</u>	<u>(20,217,713)</u>	<u>56,385,538</u>	<u>280,639</u>	<u>33,834,546</u>	<u>211,767</u>
Fund Balances - End of year	<u>\$ 23,286,029</u>	<u>\$ 37,167,628</u>	<u>\$ 56,385,538</u>	<u>\$ 7,984,563</u>	<u>\$ 124,823,758</u>	<u>\$ 216,924</u>

In the General Fund, our principal operating fund, the fund balance decreased by \$2.6 million compared to a \$9.7 million decrease in the prior year. Revenues and other financing sources increased \$2.1 million from the prior year and expenditures and other financing uses decreased approximately \$5.0 million for a net increase of \$7.1 million from the prior year. There was a \$175 increase in the State foundation allowance and an enrollment decrease of 28 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 Capital Projects 2004 Fund decreased by \$20.2 million in 2005-2006. This is due to earnings on investments of \$1.8 million, and expenditures of \$22.0 million.

The Capital Projects 2006 Fund increased by \$56.4 million in 2005-2006. This is due to revenue from the sale of bonds of \$56.6 million, earnings on investments of \$.3 million, and expenditures of \$.5 million.

The other nonmajor funds increased by \$281,000. The Adult and Community Education Fund decreased by approximately \$187,000 due primarily to a \$123,000 operating transfer to the General Fund and decreased child care revenue. The Food Service Fund increased by approximately \$191,000 due to increased participation. Combined, the Debt Service Funds showed a fund balance decrease of approximately \$190,000. Millage rates are reviewed annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service.

The Durant Fund increased by approximately \$467,000. The fund had earnings on investments of \$209,000. Expenditures were for the maintenance cost of automated external defibrillators for the entire School District.

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 expenditures of approximately \$114,000 and earnings on investments of approximately \$212,000.

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 2006. 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 2005-2006 General Fund budget. Revenues increased by \$1.2 million to account for additional earnings on investments and federal grant award settlements. Expenditures increased by \$2.5 million to account for 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, 2006, the School District had \$121.9 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This represents a net increase (including additions, deductions, and depreciation) of approximately \$14.0 million, or 13.0 percent, from last year.

Land	\$ 2,592,570
Buildings and construction in progress	96,902,603
Furniture and equipment	<u>22,413,143</u>
Total capital assets	<u>\$ 121,908,316</u>

This year's change in fixed assets included \$23.0 million of additions for building renovations, technology, school buses and other vehicles, and food services equipment. Depreciation expense accounts for the main decrease in net capital assets. There are continued major capital projects planned for the 2006-2007 fiscal year as a result of the 2006 and 2004 \$119,500,000 bond issues.

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 \$177.2 million in bonds outstanding versus \$132.6 million in the previous year - an increase of \$44.5 million. Those bonds consisted of the following:

General obligation bonds	\$ 170,790,000
Plus deferred issuance premiums	8,490,420
Less deferred interest	<u>(2,117,716)</u>
Total	<u><u>\$ 177,162,704</u></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 \$623.7 million statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, early retirement incentive payable, and incurred but not yet reported health care 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 2007 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 2007 fiscal year is 25 percent of the February 2006 and 75 percent of the September 2006 student counts. The 2006-2007 budget was adopted in June 2006 based on a blended student membership count of 11,989.90. Approximately 87 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 is 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

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 State has passed a State Aid bill for 2006-2007 that provides for an increase in the foundation allowance of \$210 per pupil. The School District projected a \$200 increase in the foundation allowance when the budget was created. The School District's General Fund balance of \$23,286,029 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, 2006

	Governmental Activities
Assets	
Cash and investments (Note 3)	\$ 38,114,807
Receivables (Note 4):	
Accounts receivable	45,157
Taxes receivable	137,180
Due from other governmental units	13,782,448
Accrued interest	62,688
Inventories	266,580
Prepaid expenses	502,995
Other assets	38,020
Restricted cash and investments (Notes 3 and 10)	94,488,044
Nondepreciable capital assets (Note 5)	23,188,875
Depreciable capital assets (Note 5)	<u>98,719,441</u>
Total assets	269,346,235
Liabilities	
Accounts payable	5,042,810
Accrued payroll and other liabilities	13,173,277
Deferred revenue (Note 4)	674,093
Long-term liabilities (Note 7):	
Compensated absences and other liabilities, due within one year	1,645,223
Bonds and contracts payable, due within one year	10,066,870
Bonds and contracts payable, due in more than one year	167,095,834
Compensated absences and other liabilities, due in more than one year	<u>14,652,696</u>
Total liabilities	<u>212,350,803</u>
Net Assets	
Invested in capital assets - Net of related debt	35,678,044
Restricted for:	
Debt service	949,988
Capital projects	1,642,222
Unrestricted	<u>18,725,178</u>
Total net assets	<u><u>\$ 56,995,432</u></u>

Troy School District

Statement of Activities Year Ended June 30, 2006

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants/Contributions	Activities
				Net (Expense) Revenue and Changes in Net Assets
Primary government - Governmental activities:				
Instruction	\$ 84,096,275	\$ 1,270,908	\$ 15,174,335	\$ (67,651,032)
Support services	55,765,484	124,525	2,749,222	(52,891,737)
Food services	3,085,138	2,767,975	494,303	177,140
Athletics	2,058,617	156,670	-	(1,901,947)
Community services	3,414,463	2,594,135	-	(820,328)
Interest and other bond expenditures on long-term debt	<u>6,318,539</u>	<u>-</u>	<u>-</u>	<u>(6,318,539)</u>
Total primary government - Governmental activities	<u>\$ 154,738,516</u>	<u>\$ 6,914,213</u>	<u>\$ 18,417,860</u>	(129,406,443)
General revenue (expenditures):				
Taxes:				
Property taxes, levied for general purposes				49,141,607
Property taxes, levied for debt services				17,321,347
State aid not restricted to specific purposes				60,069,254
Interest and investment earnings				4,422,790
Other				181,128
Special item - Loss on sale of capital assets				<u>(86,436)</u>
Total general revenue and special item				<u>131,049,690</u>
Change in Net Assets				1,643,247
Net Assets - Beginning of year				<u>55,352,185</u>
Net Assets - End of year				<u>\$ 56,995,432</u>

Troy School District

Governmental Funds Balance Sheet June 30, 2006

	General Fund	Capital Projects 2004	Capital Projects 2006	Other Nonmajor Governmental Funds	Total
Assets					
Cash and investments (Note 3)	\$ 21,961,534	\$ 41,224,451	\$ 56,387,788	\$ 8,447,480	\$ 128,021,253
Receivables:					
Accounts receivable	143,199	-	-	2,307	145,506
Taxes receivable	127,214	-	-	9,966	137,180
Due from other funds (Note 6)	131,013	-	-	2,507	133,520
Due from other governmental units (Note 4)	13,736,645	-	-	45,803	13,782,448
Accrued interest	44,801	-	-	11,208	56,009
Inventories	176,560	-	-	90,020	266,580
Prepays and other assets	523,910	-	-	17,105	541,015
Total assets	\$ 36,844,876	\$ 41,224,451	\$ 56,387,788	\$ 8,626,396	\$ 143,083,511
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 947,637	\$ 4,053,967	\$ 2,250	\$ 38,956	\$ 5,042,810
Accrued payroll and other liabilities	12,163,350	-	-	31,417	12,194,767
Due to other funds (Note 6)	-	2,856	-	345,227	348,083
Deferred revenue (Note 4)	447,860	-	-	226,233	674,093
Total liabilities	13,558,847	4,056,823	2,250	641,833	18,259,753
Fund Balances					
Reserved:					
Inventory and prepaid items	700,470	-	-	107,125	807,595
Debt service	-	-	-	949,988	949,988
Capital Projects Fund	-	37,167,628	56,385,538	-	93,553,166
Unreserved:					
Designated for Durant projects	-	-	-	5,593,336	5,593,336
Undesignated - Reported in Special Revenue Funds	-	-	-	1,334,114	1,334,114
Undesignated	22,585,559	-	-	-	22,585,559
Total fund balances	23,286,029	37,167,628	56,385,538	7,984,563	124,823,758
Total liabilities and fund balances	\$ 36,844,876	\$ 41,224,451	\$ 56,387,788	\$ 8,626,396	\$ 143,083,511

Troy School District

Reconciliation of Governmental Fund Balances to the Statement of Net Assets June 30, 2006

Fund Balances - Total Governmental Funds	\$ 124,823,758
Amounts reported for governmental activities in the statement of net assets are different because capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Capitalized cost of the capital assets	216,223,261
Accumulated depreciation	<u>(94,314,945)</u>
Total	121,908,316
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(177,162,704)
Compensated absences	(9,448,798)
Other long-term liabilities	(2,363,554)
Internal Service Fund assets and liabilities are included in governmental activities in the statement of net assets	216,924
Accrued interest payable is not included as a liability in governmental activities	<u>(978,510)</u>
Net Assets of Governmental Activities	<u>\$ 56,995,432</u>

Troy School District

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2006

	General Fund	Capital Projects 2004	Capital Projects 2006	Other Nonmajor Governmental Funds	Total
Revenue					
Local sources	\$ 52,252,347	\$ 1,846,386	\$ 300,694	\$ 23,193,312	\$ 77,592,739
State sources	64,898,896	-	-	107,465	65,006,361
Federal sources	4,783,800	-	-	386,838	5,170,638
Interdistrict and other sources	8,290,309	-	-	-	8,290,309
Total revenue	130,225,352	1,846,386	300,694	23,687,615	156,060,047
Expenditures					
Current:					
Instruction	79,528,485	-	-	-	79,528,485
Support services	47,581,295	-	-	18,510	47,599,805
Community services	357,852	-	-	2,458,603	2,816,455
Food services	-	-	-	3,019,126	3,019,126
Athletics	-	-	-	1,779,548	1,779,548
Debt service principal	-	-	-	11,885,000	11,885,000
Debt service interest and other	-	-	-	5,943,398	5,943,398
Other bond expenditures	-	-	-	725	725
Capital outlay	769,385	22,064,099	525,308	1,670	23,360,462
Intergovernmental transfers	2,932,826	-	-	-	2,932,826
Total expenditures	131,169,843	22,064,099	525,308	25,106,580	178,865,830
Excess of Expenditures Over Revenue	(944,491)	(20,217,713)	(224,614)	(1,418,965)	(22,805,783)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	7,225	-	-	22,952	30,177
Proceeds from sale of bonds	-	-	53,545,000	-	53,545,000
Bond premium	-	-	3,065,152	-	3,065,152
Transfers in (Note 6)	222,930	-	-	1,899,582	2,122,512
Transfers out (Note 6)	(1,899,582)	-	-	(222,930)	(2,122,512)
Total other financing sources (uses)	(1,669,427)	-	56,610,152	1,699,604	56,640,329
Net Change in Fund Balances	(2,613,918)	(20,217,713)	56,385,538	280,639	33,834,546
Fund Balances - Beginning of year	25,899,947	57,385,341	-	7,703,924	90,989,212
Fund Balances - End of year	<u>\$ 23,286,029</u>	<u>\$ 37,167,628</u>	<u>\$ 56,385,538</u>	<u>\$ 7,984,563</u>	<u>\$ 124,823,758</u>

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, 2006

Net Change in Fund Balances - Total Governmental Funds \$ 33,834,546

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	(8,550,633)
Capital outlay	<u>22,740,352</u>

Total 14,189,719

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

Proceeds from the sale of fixed assets	(30,177)
Loss on sale of fixed assets	(86,436)

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid (374,414)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 11,885,000

Governmental funds report bond proceeds and refundings as other financing sources and uses - Bond proceeds (56,610,152)

Amortization of deferred interest (117,109)

Amortization of bond premium 313,493

Internal Service Fund activity 211,767

Increases in compensated absences, arbitrage payable, and self-insurance are reported as expenditures when financial resources are used in the governmental funds, excluding Internal Service Fund early retirement incentive (1,572,990)

Change in Net Assets of Governmental Activities **\$ 1,643,247**

Troy School District

Proprietary Fund - Internal Service Fund Statement of Net Assets June 30, 2006

Assets - Current assets	
Investments (Note 3)	\$ 4,581,598
Accrued interest receivable	6,679
Due from other funds (Note 6)	<u>114,214</u>
Total assets	4,702,491
Liabilities	
Current liabilities - Early retirement incentive (Note 7)	1,216,740
Long-term liabilities - Early retirement incentive (Note 7)	<u>3,268,827</u>
Total liabilities	<u>4,485,567</u>
Net Assets - Unrestricted	<u><u>\$ 216,924</u></u>

Troy School District

Proprietary Fund - Internal Service Fund Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2006

Operating Revenues - Charges for services	\$ 114,166
Operating Expenses - Early retirement incentive	<u>114,166</u>
Operating Income	-
Nonoperating Revenues - Interest income	<u>211,767</u>
Change in Net Assets	211,767
Net Assets - Beginning of year	<u>5,157</u>
Net Assets - End of year	<u><u>\$ 216,924</u></u>

Troy School District

Proprietary Fund - Internal Service Fund Statement of Cash Flows Year Ended June 30, 2006

Cash Flows from Operating Activities - Payments for services	\$ (1,170,152)
Cash Flows from Investing Activities - Interest	<u>210,245</u>
Net Decrease in Cash and Cash Equivalent Investments	(959,907)
Cash and Cash Equivalent Investments - July 1, 2005	<u>5,541,505</u>
Cash and Cash Equivalent Investments - June 30, 2006	<u><u>\$ 4,581,598</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ -
Adjustments to reconcile operating income to net cash from operating activities:	
Increase in due from other funds	(168,976)
Decrease in accrued liabilities	<u>(1,001,176)</u>
Net cash used in operating activities	<u><u>\$ (1,170,152)</u></u>

Troy School District

Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2006

	Student Activities <u>Agency Fund</u>
Assets	
Cash and investments (Note 3)	\$ 1,655,176
Accrued interest receivable	4,929
Due from other funds (Note 6)	<u>100,349</u>
Total assets	<u>\$ 1,760,454</u>
Liabilities	
Accounts payable	\$ 45,110
Due to student groups	<u>1,715,344</u>
Total liabilities	<u>\$ 1,760,454</u>

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.

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.

2006 Capital Projects Fund - The 2006 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 transfers 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 three 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 four nonmajor governmental Special Revenue Funds, which account for the School District's food services, athletics, adult and community education activities, and Durant funds.

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 nine 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 requires amounts to be set aside for construction and fixed 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 \$1,000 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 unpaid salaries, accumulated annual sick leave balances, and early retirement obligations. The liability has been calculated using the vesting method, in which sick 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.

Capital Projects Fund Compliance - The 2004 Capital Projects Fund and 2006 Capital Projects Fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code. Beginning with the year of bond issuance, the School District has reported the annual construction activity in the respective Capital Projects Fund.

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 eight 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.

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

Note 3 - Deposits and Investments (Continued)

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 \$78,270,179 had \$77,658,179 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, 2006, 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, 2006

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 Home Loan Bank	\$ 4,050,813	11/15/2006	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal Home Loan Bank	1,784,744	2/15/2007	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal Home Loan Mortgage Corp.	4,194,609	12/15/2006	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal Home Loan Mortgage Corp.	2,160,857	3/15/2007	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal Home Loan Mortgage Corp.	992,309	9/15/2007	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal National Mortgage Association	3,782,866	10/15/2006	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal National Mortgage Association	3,264,518	1/15/2007	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal National Mortgage Association	1,238,436	7/15/2007	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal National Mortgage Association	988,408	11/15/2007	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal National Mortgage Association	1,681,915	1/15/2008	Standard & Poor's	AAA
U.S. gov or agency bond or note	Federal National Mortgage Association	7,790,216	8/11/2006	Standard & Poor's	AAA
Mutual fund	Fidelity Government Fund	9,294,759	N/A	Standard & Poor's	AA
Interlocal agreement fund	MILAF	42,252	N/A	Standard & Poor's	AAA
Commercial Paper	General Electric	4,581,598	8/21/2006	Standard & Poor's	A-1+
Commercial Paper	Kimberly Clark	992,403	7/24/2006	Standard & Poor's	A-1+
Commercial Paper	Kimberly Clark	502,180	7/24/2006	Standard & Poor's	A-1+
Commercial Paper	MetLife	228,168	8/2/2006	Standard & Poor's	A-1+
Commercial Paper	MetLife	565,460	8/2/2006	Standard & Poor's	A-1+
Commercial Paper	MetLife	1,488,053	8/2/2006	Standard & Poor's	A-1+
Commercial Paper	MetLife	1,488,267	8/2/2006	Standard & Poor's	A-1+
Commercial Paper	Citigroup Funding	5,683,442	8/21/2006	Standard & Poor's	A-1+
	Total	<u>\$ 56,796,273</u>			

Note 3 - Deposits and Investments (Continued)

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.
- **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.

Troy School District

Notes to Financial Statements June 30, 2006

Note 3 - Deposits and Investments (Continued)

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 Total Investments</u>
General Electric	8.07
MetLife	6.64
Citigroup Funding	10.01
Fidelity Government Fund	16.37
Federal Home Loan Bank	10.27
Federal Home Loan Mortgage Corp	12.94
Federal National Mortgage Association	33.01

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 Deferred Revenue

The majority of the amount due from other governmental units, reflected on the General Fund balance sheet, is due from the State of Michigan for state aid membership which totals \$11,800,094 at June 30, 2006.

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, 2006

Note 5 - Capital Assets

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

	Balance July 1, 2005	Additions	Transfers and Disposals	Balance June 30, 2006
Assets not being depreciated:				
Land	\$ 2,592,570	\$ -	\$ -	\$ 2,592,570
Construction in progress	5,766,032	15,094,108	(263,835)	20,596,305
Subtotal	8,358,602	15,094,108	(263,835)	23,188,875
Capital assets being depreciated:				
Buildings and building improvements	131,370,975	236,905	(8,123)	131,599,757
Furniture and equipment	57,923,410	7,673,174	(4,161,955)	61,434,629
Subtotal	189,294,385	7,910,079	(4,170,078)	193,034,386
Total capital assets	197,652,987	23,004,187	(4,433,913)	216,223,261
Accumulated depreciation:				
Buildings and building improvements	51,998,759	3,299,244	(4,544)	55,293,459
Furniture and equipment	37,819,018	5,251,389	(4,048,921)	39,021,486
Subtotal	89,817,777	8,550,633	(4,053,465)	94,314,945
Net capital assets being depreciated	99,476,608	(640,554)	(116,613)	98,719,441
Net capital assets	<u>\$ 107,835,210</u>	<u>\$ 14,453,554</u>	<u>\$ (380,448)</u>	<u>\$ 121,908,316</u>

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

Governmental activities:

Instruction	\$ 1,533,987
Support services	6,669,700
Food services	66,012
Athletics	279,069
Community services	1,865
Total governmental activities	<u>\$ 8,550,633</u>

Construction Commitments - The School District has active construction projects at year end. The projects include the 2004 and 2006 Bond issues and various projects. At year end, the School District's commitments with contractors totaled approximately \$22,700,010.

Troy School District

Notes to Financial Statements June 30, 2006

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	Capital Projects 2004	Nonmajor Governmental Funds	
General Fund	\$ (217,070)	\$ 2,856	\$ 345,227	\$ 131,013
Nonmajor governmental funds	2,507	-	-	2,507
Internal Service Fund	114,214	-	-	114,214
Student Activities Agency Fund	100,349	-	-	100,349
Total	<u>\$ -</u>	<u>\$ 2,856</u>	<u>\$ 345,227</u>	<u>\$ 348,083</u>

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	Out - Nonmajor Governmental Funds	
Transfers in:			
General Fund	\$ -	\$ 222,930	\$ 222,930
Nonmajor governmental funds	<u>1,899,582</u>	<u>-</u>	<u>1,899,582</u>
Total	<u>\$ 1,899,582</u>	<u>\$ 222,930</u>	<u>\$ 2,122,512</u>

Transfers subsidized operations in the Athletic Fund and certain activities in the Durant Fund.

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.

Troy School District

Notes to Financial Statements June 30, 2006

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$ 129,130,000	\$ 53,545,000	\$ 11,885,000	\$ 170,790,000	\$ 9,730,000
Plus deferred amounts:					
Issuance premiums	5,738,761	3,065,152	313,493	8,490,420	453,979
Deferred interest	(2,234,825)	-	117,109	(2,117,716)	(117,109)
Employee compensated absences	9,058,042	390,756	-	9,448,798	428,483
Early retirement incentive and severance obligation	6,543,063	-	833,386	5,709,677	1,216,740
Litigation settlements	-	1,014,444	-	1,014,444	-
Self-insured liabilities	125,000	-	-	125,000	-
Total governmental activities	<u>\$ 148,360,041</u>	<u>\$ 58,015,352</u>	<u>\$ 13,148,988</u>	<u>\$ 193,460,623</u>	<u>\$ 11,712,093</u>

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

	Governmental Activities		
	Principal	Interest	Total
2007	\$ 9,730,000	\$ 8,011,896	\$ 17,741,896
2008	10,235,000	7,784,493	18,019,493
2009	11,095,000	7,397,468	18,492,468
2010	11,570,000	6,929,210	18,499,210
2011	12,015,000	6,383,000	18,398,000
2012-2016	48,345,000	23,428,750	71,773,750
2017-2021	37,900,000	13,162,500	51,062,500
2022-2025	29,900,000	3,877,499	33,777,499
Total	<u>\$ 170,790,000</u>	<u>\$ 76,974,816</u>	<u>\$ 247,764,816</u>

Troy School District

Notes to Financial Statements June 30, 2006

Note 7 - Long-term Debt (Continued)

Governmental Activities

General obligation bonds consist of the following at June 30, 2006:

\$86,405,000 General Obligation Bonds due in annual installments of \$7,550,000 to \$1,240,000 through May 1, 2012; interest at 4.70% to 5.00%	\$ 13,935,000
\$13,375,000 Refunding Bonds due in annual installments of \$2,110,000 to \$2,295,000 through May 1, 2010; interest at 2.00% to 3.50%	8,775,000
\$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 2.50% to 5.00%	94,535,000
\$53,545,000 General Obligation Bonds due in annual installments of \$630,000 to \$3,550,000 through May 1, 2026; interest at 5.00%	<u>53,545,000</u>
Total bonded debt	<u>\$ 170,790,000</u>

Other governmental activities long-term obligations include the following:

Employee compensated absences	\$ 9,448,798
Early retirement incentive and severance obligation	5,709,677
Litigation settlements	1,014,444
Self-insured liabilities	<u>125,000</u>
Total	<u>\$ 16,297,919</u>

Early Retirement Incentive - The School District has a long-term early retirement incentive program in place that calls for monthly payments of \$101,395 through August 2010. The obligation is presented at net present value using a discount rate of 5.0 percent.

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, 2006, \$64,005,000 of bonds outstanding are considered defeased.

Troy School District

Notes to Financial Statements June 30, 2006

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 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. At June 30, 2006, the School District has recorded a liability of \$285,000 in the General Fund for claims filed but not yet paid. An estimate of \$125,000 for claims incurred but not yet reported based on occurrence date has been recorded in the government-wide statements.

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 (\$5,774,532 for calendar year 2006). All claims filed on a calendar year basis in excess of the loss fund are paid by an excess insurer. At June 30, 2006, the School District has recorded a liability of \$1,325,656 in the General Fund for claims filed but not paid. From January 1 to June 30, 2006, claims of \$2,025,088 have been paid under the plan.

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>2006</u>	<u>2005</u>
Estimated liability - Beginning of year	\$ 1,677,587	\$ 1,637,878
Estimated claims incurred, including changes in estimates	4,157,673	4,211,009
Claim payments	<u>(4,099,604)</u>	<u>(4,171,300)</u>
Estimated liability - End of year	<u>\$ 1,735,656</u>	<u>\$ 1,677,587</u>

Troy School District

Notes to Financial Statements June 30, 2006

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), 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 MPSERS provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at P.O. Box 30171, Lansing, MI 48909-7671.

Funding Policy - Employer contributions to the MPSERS 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, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totaled 14.87 percent and 16.34 percent of the covered payroll to the plan for the periods from July 1, 2005 through September 30, 2005 and October 1, 2005 through June 30, 2006, respectively. 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. The School District's contributions to the MPSERS plan for the years ended June 30, 2006, 2005, and 2004 were \$13,212,795, \$12,264,276, and \$10,620,850, respectively.

Postemployment Benefits - Under the MPSERS Act, all eligible retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverages. Retirees having these coverages 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 coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS plan discussed above.

Note 10 - Restricted Assets

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

Unspent bond proceeds and related interest	\$ 93,553,166
Property tax collections for repayment of bonded indebtedness	<u>934,878</u>
Total restricted assets	<u>\$ 94,488,044</u>

Note 11 - Contingent Liabilities

During the year ended June 30, 2006, the School District received an adverse verdict in a lawsuit filed against the School District by a former employee. The amount of the total award stated in this suit was \$2,889,395, of which \$1,014,444 is not covered by the School District's liability insurance. A provision for the liability has been recorded on the School District's government-wide statements. The School District is appealing the verdict and intends to vigorously defend its position. No payments are due pending the outcome of the appeals process.

Required Supplemental Information

Troy School District

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 51,475,867	\$ 52,034,837	\$ 52,252,347	\$ 217,510
State sources	64,682,340	64,768,189	64,898,896	130,707
Federal sources	4,697,901	5,073,367	4,783,800	(289,567)
Interdistrict and other sources	8,112,330	8,287,033	8,290,309	3,276
Total revenue	128,968,438	130,163,426	130,225,352	61,926
Expenditures - Current				
Instruction:				
Basic programs	65,322,830	65,282,181	64,984,807	(297,374)
Added needs	10,340,549	12,542,287	12,391,219	(151,068)
Adult and continuing education	1,779,348	2,189,498	2,152,459	(37,039)
Support services:				
Pupil	10,758,138	10,308,151	10,000,403	(307,748)
Instructional staff	7,037,913	7,080,831	6,801,137	(279,694)
General administration	1,909,910	1,913,517	1,784,749	(128,768)
School administration	7,669,142	7,679,294	7,599,113	(80,181)
Business services	1,501,298	1,488,672	1,503,334	14,662
Operations and maintenance	13,466,733	13,609,345	13,213,040	(396,305)
Transportation	4,406,651	4,786,587	4,823,750	37,163
Central support services	2,042,500	1,912,268	1,855,769	(56,499)
Community services	1,167,335	1,144,945	953,995	(190,950)
Total expenditures	127,402,347	129,937,576	128,063,775	(1,873,801)
Other Financing Sources (Uses)				
Transfers in	139,611	125,353	222,930	97,577
Transfers out	(2,087,082)	(1,910,289)	(1,899,582)	10,707
Interdistrict transfers and other	(2,890,111)	(3,165,361)	(3,106,068)	59,293
Proceeds from sale of fixed assets	68,000	21,000	7,225	(13,775)
Total other financing sources (uses)	(4,769,582)	(4,929,297)	(4,775,495)	153,802
Net Change in Fund Balance	(3,203,491)	(4,703,447)	(2,613,918)	2,089,529
Fund Balance - July 1, 2005	23,237,842	25,899,947	25,899,947	-
Fund Balance - June 30, 2006	<u>\$ 20,034,351</u>	<u>\$ 21,196,500</u>	<u>\$ 23,286,029</u>	<u>\$ 2,089,529</u>

Other Supplemental Information

Troy School District

	Special Revenue Funds			
	Food Services	Athletics	Adult and Community Education	Durant
Assets				
Cash and investments	\$ 997,846	\$ 30,344	\$ 800,970	\$ 5,683,442
Taxes receivable	-	-	-	-
Accounts receivable	-	-	2,307	-
Accrued interest receivable	144	-	111	8,316
Due from other governmental units	45,803	-	-	-
Due from other funds	-	-	-	-
Inventories	90,020	-	-	-
Prepays	135	-	140	16,830
Total assets	\$ 1,133,948	\$ 30,344	\$ 803,528	\$ 5,708,588
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,828	\$ 27,458	\$ 8,670	\$ -
Accrued payroll and other liabilities	1,612	-	29,805	-
Due to other funds	103,166	2,886	140,753	98,422
Deferred revenue	69,322	-	156,911	-
Total liabilities	176,928	30,344	336,139	98,422
Fund Balances				
Reserved:				
Inventory and prepaid items	90,155	-	140	16,830
Debt service				
Unreserved:				
Designated for Durant projects	-	-	-	5,593,336
Undesignated	866,865	-	467,249	-
Total fund balances	957,020	-	467,389	5,610,166
Total liabilities and fund balances	\$ 1,133,948	\$ 30,344	\$ 803,528	\$ 5,708,588

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006**

Debt Service Funds

1997	2004A	2004	Total
\$ 564,583	\$ 10,816	\$ 359,479	\$ 8,447,480
4,585	1,350	4,031	9,966
-	-	-	2,307
1,865	-	772	11,208
-	-	-	45,803
2,507	-	-	2,507
-	-	-	90,020
-	-	-	17,105
<u>\$ 573,540</u>	<u>\$ 12,166</u>	<u>\$ 364,282</u>	<u>\$ 8,626,396</u>
-	-	-	38,956
-	-	-	31,417
-	-	-	345,227
-	-	-	226,233
-	-	-	641,833
-	-	-	107,125
573,540	12,166	364,282	949,988
-	-	-	5,593,336
-	-	-	1,334,114
<u>573,540</u>	<u>12,166</u>	<u>364,282</u>	<u>7,984,563</u>
<u>\$ 573,540</u>	<u>\$ 12,166</u>	<u>\$ 364,282</u>	<u>\$ 8,626,396</u>

Troy School District

	Special Revenue Funds			
	Food Services	Athletics	Adult and Community Education	Durant
Revenue				
Local sources	\$ 2,816,183	\$ 157,994	\$ 2,394,200	\$ 209,134
State sources	107,465	-	-	-
Federal sources	386,838	-	-	-
Total revenue	3,310,486	157,994	2,394,200	209,134
Expenditures				
Current:				
Support services	-	-	-	18,510
Community services	-	-	2,458,603	-
Food services	3,019,126	-	-	-
Athletics	-	1,779,548	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Other bond expenditures	-	-	-	-
Capital outlay	-	1,670	-	-
Total expenditures	3,019,126	1,781,218	2,458,603	18,510
Excess of Revenue Over (Under) Expenditures	291,360	(1,623,224)	(64,403)	190,624
Other Financing Sources (Uses)				
Transfers in (out)	(100,000)	1,623,224	(122,930)	276,358
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(100,000)	1,623,224	(122,930)	276,358
Net Change in Fund Balances	191,360	-	(187,333)	466,982
Fund Balances - Beginning of year	765,660	-	654,722	5,143,184
Fund Balances - End of year	\$ 957,020	\$ -	\$ 467,389	\$ 5,610,166

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2006

Debt Service Fund

1997	2004A	2004	Total
\$ 8,108,971	\$ 2,411,431	\$ 7,095,399	\$ 23,193,312
-	-	-	107,465
-	-	-	386,838
8,108,971	2,411,431	7,095,399	23,687,615
-	-	-	18,510
-	-	-	2,458,603
-	-	-	3,019,126
-	-	-	1,779,548
7,070,000	2,285,000	2,530,000	11,885,000
996,998	263,800	4,682,600	5,943,398
300	425	-	725
-	-	-	1,670
8,067,298	2,549,225	7,212,600	25,106,580
41,673	(137,794)	(117,201)	(1,418,965)
-	-	-	1,676,652
22,952	-	-	22,952
22,952	-	-	1,699,604
64,625	(137,794)	(117,201)	280,639
508,915	149,960	481,483	7,703,924
\$ 573,540	\$ 12,166	\$ 364,282	\$ 7,984,563

Troy School District

	Special Revenue Funds		Debt Service Funds	
	Budget	Actual	Budget	Actual
Revenue				
Local sources	\$ 5,621,847	\$ 5,577,511	\$ 17,618,998	\$ 17,615,801
State sources	107,465	107,465	-	-
Federal sources	375,096	386,838	-	-
Total revenue	6,104,408	6,071,814	17,618,998	17,615,801
Expenditures				
Special Revenue Funds:				
Salaries	3,548,695	3,470,382	-	-
Employee benefits	1,359,056	1,342,728	-	-
Purchased services	483,637	477,372	-	-
Supplies/Materials	2,064,401	1,937,094	-	-
Capital outlay	1,700	1,670	-	-
Other expenditures	60,136	48,211	-	-
Debt service:				
Principal	-	-	11,885,000	11,885,000
Interest and other	-	-	5,943,398	5,943,398
Other bond expenditures	-	-	1,225	725
Capital outlay	-	-	-	-
Total expenditures	7,517,625	7,277,457	17,829,623	17,829,123
Excess of Revenue Over (Under) Expenditures	(1,413,217)	(1,205,643)	(210,625)	(213,322)
Other Financing Sources				
Transfers in	1,876,553	1,676,652	-	-
Proceeds from sale of bonds	-	-	-	-
Bond proceeds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	22,952
Total other financing sources	1,876,553	1,676,652	-	22,952
Net Change in Fund Balances	463,336	471,009	(210,625)	(190,370)
Fund Balances - Beginning of year	6,563,566	6,563,566	1,140,358	1,140,358
Fund Balances - End of year	<u>\$ 7,026,902</u>	<u>\$ 7,034,575</u>	<u>\$ 929,733</u>	<u>\$ 949,988</u>

Other Supplemental Information

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

Year Ended June 30, 2006

Capital Projects Funds		Internal Service Fund	
Budget	Actual	Budget	Actual
\$ 1,872,056	\$ 2,147,080	\$ 345,800	\$ 325,933
-	-	-	-
-	-	-	-
1,872,056	2,147,080	345,800	325,933
-	-	-	-
-	-	145,800	114,166
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
27,683,698	22,589,407	-	-
27,683,698	22,589,407	145,800	114,166
(25,811,642)	(20,442,327)	200,000	211,767
-	-	-	-
53,545,000	53,545,000	-	-
3,065,152	3,065,152	-	-
-	-	-	-
56,610,152	56,610,152	-	-
30,798,510	36,167,825	200,000	211,767
57,385,341	57,385,341	5,157	5,157
\$ 88,183,851	\$ 93,553,166	\$ 205,157	\$ 216,924

Troy School District

June 30	2006 Debt			2004 Debt		
	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate
2007	\$ -	\$ 2,506,203	5.000	\$ -	\$ 4,619,359	3.000, 5.000
2008	-	2,677,250	5.000	6,630,000	4,619,359	3.000, 5.000
2009	630,000	2,677,250	5.000	6,980,000	4,340,432	4.000, 5.000
2010	800,000	2,645,750	5.000	7,380,000	4,021,250	5.000
2011	1,775,000	2,605,750	5.000	8,980,000	3,652,250	3.750, 5.000
2012	2,075,000	2,517,000	5.000	9,250,000	3,228,250	5.000
2013	2,290,000	2,413,250	5.000	10,765,000	2,765,750	5.000
2014	3,525,000	2,298,750	5.000	4,050,000	2,227,500	5.000
2015	3,525,000	2,122,500	5.000	4,050,000	2,025,000	5.000
2016	3,525,000	1,946,250	5.000	4,050,000	1,822,500	5.000
2017	3,525,000	1,770,000	5.000	4,050,000	1,620,000	5.000
2018	3,525,000	1,593,750	5.000	4,050,000	1,417,500	5.000
2019	3,525,000	1,417,500	5.000	4,050,000	1,215,000	5.000
2020	3,525,000	1,241,250	5.000	4,050,000	1,012,500	5.000
2021	3,550,000	1,065,000	5.000	4,050,000	810,000	5.000
2022	3,550,000	887,500	5.000	4,050,000	607,500	5.000
2023	3,550,000	710,000	5.000	4,050,000	405,000	5.000
2024	3,550,000	532,500	5.000	4,050,000	202,500	5.000
2025	3,550,000	355,000	5.000	-	-	-
2026	3,550,000	177,500	5.000	-	-	-
	\$ 53,545,000	\$ 34,159,953		\$ 94,535,000	\$ 40,611,650	
Principal payments due	May I			May I		
Interest payments due	May I and November I			May I and November I		
Interest rate	5.00%			2.50% to 5.00%		
Original issue	\$ 53,545,000			\$ 98,870,000		

**Statistical and Other Information
(Unaudited)**

Troy School District

Net Assets by Component

	June 30				
	2002	2003	2004	2005	2006
Governmental Activities					
Invested in capital assets - Net of related debt	\$ 22,371,818	\$ 27,171,994	\$ 25,827,547	\$ 28,949,595	\$ 35,678,044
Restricted	5,159,619	2,460,986	767,907	1,938,459	2,592,210
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>
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>

Note: This schedule includes all periods subsequent to the adoption of GASB 34.

Source: Data included in this schedule from 2002-2005 has been excerpted from prior audited financial statements.

Troy School District

Changes in Governmental Net Assets

	June 30				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
Instruction	\$ 77,948,704	\$ 82,042,521	\$ 80,785,619	\$ 88,747,576	\$ 84,096,275
Support services	45,276,940	49,607,745	52,928,974	53,433,135	55,765,484
Food services	2,756,344	2,946,119	3,017,616	3,121,786	3,085,138
Athletics	1,787,558	1,946,018	1,942,654	2,096,801	2,058,617
Community services	2,287,575	2,420,695	3,920,749	4,028,914	3,414,463
Interest on long-term debt	4,975,874	4,609,160	4,335,127	5,412,602	6,318,539
Total governmental activities	135,032,995	143,572,258	146,930,739	156,840,814	154,738,516
Program revenues:					
Charges for services	6,299,916	6,789,416	7,386,672	7,436,496	6,914,213
Operating grants and contributions	9,498,076	9,202,867	9,440,829	17,750,348	18,417,860
Total program revenue	15,797,992	15,992,283	16,827,501	25,186,844	25,332,073
Net (expense) revenue	<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>
General revenues:					
Property taxes	58,278,890	59,969,080	60,404,226	66,168,277	66,462,954
State aid not restricted to specific purposes	64,340,336	63,725,350	65,502,382	58,779,988	60,069,254
Investment earnings	1,180,674	641,109	522,790	2,299,143	4,422,790
Other	128,690	217,698	130,153	73,778	181,128
Total general revenues	123,928,590	124,553,237	126,559,551	127,321,186	131,136,126
Special item	325,100	259,309	8,322,874	(90,636)	(86,436)
Changes in Net Assets	<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>

Note: This schedule includes all periods subsequent to the adoption of GASB 34.

Source: Data included in this schedule from 2002-2005 has been excerpted from prior audited financial statements.

Troy School District

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$ 1,280,772	\$ 2,538,753	\$ 2,023,140	\$ 1,801,274
Unreserved	<u>13,952,774</u>	<u>26,378,984</u>	<u>31,151,425</u>	<u>25,202,198</u>
Total General Fund	15,233,546	28,917,737	33,174,565	27,003,472
All Other Government Funds				
Reserved	4,100,042	69,353,286	34,878,153	20,442,543
Unreserved - Reported in Special Revenue Funds	<u>1,016,602</u>	<u>1,886,706</u>	<u>2,666,958</u>	<u>8,120,379</u>
Total all other governmental funds	<u>\$ 5,116,644</u>	<u>\$ 71,239,992</u>	<u>\$ 37,545,111</u>	<u>\$ 28,562,922</u>

Source: Data included in this schedule from 1997-2005 has been excerpted from prior audited financial statements.

**Fund Balances - Governmental Funds
Last Ten Fiscal Years**

2001	2002	2003	2004	2005	2006
\$ 2,180,575	\$ 4,741,345	\$ 6,900,445	\$ 355,563	\$ 249,718	\$ 700,470
<u>26,692,960</u>	<u>28,882,512</u>	<u>24,493,723</u>	<u>35,263,833</u>	<u>25,650,229</u>	<u>22,585,559</u>
28,873,535	33,623,857	31,394,168	35,619,396	25,899,947	23,286,029
13,794,972	10,555,442	3,073,100	872,954	58,666,195	94,610,279
<u>8,112,185</u>	<u>3,448,744</u>	<u>5,013,417</u>	<u>6,450,254</u>	<u>6,423,070</u>	<u>6,927,450</u>
<u>\$ 21,907,157</u>	<u>\$ 14,004,186</u>	<u>\$ 8,086,517</u>	<u>\$ 7,323,208</u>	<u>\$ 65,089,265</u>	<u>\$ 101,537,729</u>

Troy School District

	1997	1998	1999	2000
Revenue				
Local revenue	\$ 54,613,960	\$ 61,154,660	\$ 64,576,518	\$ 65,472,282
State revenue	57,543,233	64,003,935	57,811,837	57,842,775
Federal revenue	2,822,630	2,949,001	3,150,566	2,609,815
Interdistrict revenue	-	-	-	1,545,865
Total revenue	114,979,823	128,107,596	125,538,921	127,470,737
Expenditures				
Current:				
Instruction	61,671,249	61,830,286	64,918,652	68,057,547
Support services	34,906,203	33,301,126	36,371,404	37,042,664
Community services	2,489,948	2,336,232	2,456,678	2,625,103
Athletics	1,336,454	1,350,085	1,371,499	1,490,883
Food services	1,937,913	1,895,968	2,081,635	2,256,290
Debt service:				
Principal	5,390,000	6,110,000	6,905,000	7,260,000
Interest	3,537,591	5,234,247	6,138,702	5,761,526
Other	5,772	5,609	5,992	5,244
Capital outlay	9,888	8,656,782	36,950,842	16,921,595
Intergovernmental transfers	-	-	-	1,614,616
Total expenditures	111,285,018	120,720,335	157,200,404	143,035,468
Excess of Revenue Over (Under) Expenditures	3,694,805	7,387,261	(31,661,483)	(15,564,731)
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-	85,240,960	-	-
Debt premium or discount	-	-	-	-
Sale of fixed assets	370,861	361,380	365,507	415,129
Transfers in	1,483,606	2,083,500	1,495,926	7,333,234
Transfers out	(1,483,606)	(2,083,500)	(1,497,366)	(7,333,234)
Debt defeasance	-	(13,875,000)	-	-
Other	507,677	692,938	1,859,363	(3,680)
Total other financing sources (uses)	878,538	72,420,278	2,223,430	411,449
Net Change in Fund Balances	4,573,343	79,807,539	(29,438,053)	(15,153,282)
Fund Balances - Beginning of year	15,776,847	20,350,190	100,157,729	70,719,676
Fund Balances - End of year	\$ 20,350,190	\$ 100,157,729	\$ 70,719,676	\$ 55,566,394
Debt service as a percentage of noncapital expenditures	8.73%	11.27%	12.17%	11.69%

Source: Data included in this schedule from 1997-2005 has been excerpted from prior audited financial statements.

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

2001	2002	2003	2004	2005	2006
\$ 67,042,510	\$ 65,956,043	\$ 67,660,373	\$ 68,338,207	\$ 75,829,231	\$ 77,592,739
61,070,886	63,633,937	63,223,896	62,804,461	63,708,384	65,006,361
3,252,415	3,451,666	3,510,203	3,997,606	4,567,236	5,170,638
<u>3,098,539</u>	<u>6,684,936</u>	<u>6,151,048</u>	<u>8,246,778</u>	<u>8,229,714</u>	<u>8,290,309</u>
134,464,350	139,726,582	140,545,520	143,387,052	152,334,565	156,060,047
69,549,262	72,622,801	76,748,293	76,540,528	84,591,594	79,528,485
38,329,587	42,664,745	43,793,380	45,770,832	47,986,601	47,599,805
3,880,970	2,778,534	2,592,545	3,922,118	3,431,473	2,816,455
1,611,032	1,655,818	1,682,553	1,661,096	1,814,997	1,779,548
2,539,691	2,750,326	2,901,153	2,960,514	3,057,353	3,019,126
7,065,000	7,765,000	8,110,000	8,475,000	10,740,000	11,885,000
5,356,946	5,014,248	5,611,200	4,304,848	5,087,496	5,943,398
40,723	31,254	1,988	128,185	280,182	725
7,603,397	6,989,544	4,690,229	2,380,305	7,719,792	23,360,462
<u>1,540,438</u>	<u>2,478,909</u>	<u>2,847,316</u>	<u>2,916,037</u>	<u>2,847,952</u>	<u>2,932,826</u>
<u>137,517,046</u>	<u>144,751,179</u>	<u>148,978,657</u>	<u>149,059,463</u>	<u>167,557,440</u>	<u>178,865,830</u>
(3,052,696)	(5,024,597)	(8,433,137)	(5,672,411)	(15,222,875)	(22,805,783)
-	-	-	13,375,000	98,870,000	56,610,152
-	-	-	-	6,014,422	-
195,841	619,774	285,779	8,699,330	222,236	-
1,704,077	1,852,509	1,787,946	3,223,646	1,586,914	2,122,512
(1,704,077)	(1,852,509)	(1,787,946)	(3,223,646)	(1,586,914)	(2,122,512)
-	-	-	(12,940,000)	(39,495,000)	-
<u>(1,928,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,342,175)</u>	<u>30,177</u>
<u>(1,733,006)</u>	<u>619,774</u>	<u>285,779</u>	<u>9,134,330</u>	<u>63,269,483</u>	<u>56,640,329</u>
(4,785,702)	(4,404,823)	(8,147,358)	3,461,919	48,046,608	33,834,546
55,566,394	52,032,866	47,628,043	39,480,685	42,942,604	90,989,212
<u>\$ 50,780,692</u>	<u>\$ 47,628,043</u>	<u>\$ 39,480,685</u>	<u>\$ 42,942,604</u>	<u>\$ 90,989,212</u>	<u>\$ 124,823,758</u>
10.75%	10.46%	10.74%	9.86%	11.43%	13.23%

Troy School District

Taxable Value by Property Type						
Tax Year	Real Property			Agricultural and Other	Personal Property	Total Value
	Residential	Commercial	Industrial			
1996	\$ 1,437,442,843	\$ 733,811,770	\$ 270,205,480	\$ -	\$ 414,727,820	\$ 2,856,187,913
1997	1,514,279,348	774,094,190	273,582,060	-	461,931,290	3,023,886,888
1998	1,600,337,199	838,249,690	276,902,320	-	504,755,690	3,220,244,899
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

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

Assessed Value and Actual Value of Taxable Property

Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percentage of Actual
21.2445	\$ 5,712,375,826	50.00
21.6400	6,047,773,776	50.00
21.6200	6,440,489,798	50.00
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

Troy School District

		Millage Rates - Direct School District Taxes					
		Operating			Total Direct Taxes		
Tax Year	Year Ended June 30	Homestead	Non-homestead	Debt*	Sinking Fund*	Homestead	Non- homestead
1996	1997	8.8611	18.0000	3.2445	-	12.1056	21.2445
1997	1998	8.7664	18.0000	3.6400	-	12.4064	21.6400
1998	1999	8.0895	18.0000	3.6200	-	11.7095	21.6200
1999	2000	7.7517	18.0000	3.6101	-	11.3618	21.6101
2000	2001	7.3876	18.0000	3.3155	-	10.7031	21.3155
2001	2002	6.9237	18.0000	3.1400	-	10.0637	21.1400
2002	2003	6.5969	18.0000	3.1400	-	9.7369	21.1400
2003	2004	6.2943	18.0000	3.1400	-	9.4343	21.1400
2004	2005	6.0265	18.0000	4.1300	-	10.1565	22.1300
2005	2006	5.7387	18.0000	4.1300	-	9.8687	22.1300

* Debt fund millages apply to homestead and nonhomestead property

** Suburban Mobility Authority Regional Transportation

Source: Municipal Advisory Council of Michigan and City of Troy

**Direct and Overlapping Property Tax Rates
Years Ending June 30**

Overlapping Taxes

County	Community College	Intermediate School District	State Education	City of Troy	SMART**
4.9480	1.6522	2.1294	6.0000	9.1800	-
4.8480	1.6522	2.1294	6.0000	9.8100	-
4.8180	1.6522	2.1294	6.0000	9.8100	-
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

Troy School District

Taxpayer	2005 Taxable Value	Percentage of Total	2004 Taxable Value	Percentage of Total
1 Frankel Forbes Cohen Associates	\$ 62,372,530	1.48	\$ 61,057,410	1.50
2 Nykel Management Co.	56,361,080	1.34	55,107,070	1.35
3 Liberty Property LTD PTN	43,507,780	1.03	42,599,790	1.04
4 Kmart Corporation	39,103,450	0.93	30,223,150	0.74
5 Detroit Edison	33,882,660	0.80	39,840,040	0.98
6 Kelly Services & Properties	33,786,950	0.80	34,097,390	0.84
7 Oakland Mall LLC	28,047,750	0.67	*	-
8 LaSalle Bank	27,759,750	0.66	27,138,580	0.66
9 Teacher's Insurance & Annuity	27,234,240	0.65	26,112,390	0.64
10 Nemer Troy Place Realty LLC	25,205,320	0.60	25,106,540	0.62
All others	<u>3,832,680,890</u>	91.04	<u>3,739,958,126</u>	91.64
Total	<u>\$4,209,942,400</u>		<u>\$ 4,081,240,486</u>	

Source: Oakland County

* Data not available

Principal Property Taxpayers Last Ten Years

2003 Taxable Value	Percentage of Total	2002 Taxable Value	Percentage of Total	2001 Taxable Value	Percentage of Total	2000 Taxable Value	Percentage of Total
\$ 59,713,100	1.49	\$ 58,814,340	1.50	\$ 18,596,530	0.49	\$ 58,776,560	1.66
54,827,230	1.37	53,855,480	1.38	52,240,590	1.38	53,855,480	1.52
43,191,650	1.08	46,208,450	1.18	39,720,320	1.05	46,100,650	1.30
40,747,280	1.02	48,847,480	1.25	49,508,100	1.31	46,290,090	1.31
41,450,850	1.04	41,429,220	1.06	35,917,830	0.95	35,920,150	1.01
21,853,030	0.55	*	-	*	-	*	-
26,258,340	0.66	25,879,330	0.66	*	-	*	-
25,550,320	0.64	25,550,320	0.65	26,460,230	0.70	26,501,380	0.75
25,386,190	0.64	25,872,200	0.66	*	-	*	-
24,542,100	0.61	24,179,430	0.62	23,644,150	0.62	24,400,740	0.69
<u>3,634,076,861</u>	90.91	<u>3,565,666,748</u>	91.05	<u>3,544,507,470</u>	93.51	<u>3,247,239,990</u>	91.75
<u>\$ 3,997,596,951</u>		<u>\$ 3,916,302,998</u>		<u>\$ 3,790,595,220</u>		<u>\$ 3,539,085,040</u>	

Troy School District

Taxpayer	1999 Taxable Value	Percentage of Total	1998 Taxable Value	Percentage of Total
1 Frankel Forbes Cohen Associates	\$ 55,436,550	1.64	\$ 86,410,690	2.68
2 Nykel Management Co.	50,675,750	1.50	48,265,323	1.50
3 Liberty Property LTD PTN	43,114,960	1.28	27,827,470	0.86
4 Kmart Corporation	59,365,250	1.76	46,867,020	1.46
5 Detroit Edison	43,333,620	1.28	36,220,070	1.12
6 Kelly Services & Properties	*	-	22,648,290	0.70
7 Oakland Mall LLC	*	-	*	-
8 LaSalle Bank	26,406,860	0.78	25,500,390	0.79
9 Teacher's Insurance & Annuity	*	-	*	-
10 Nemer Troy Place Realty LLC	*	-	*	-
All others	<u>3,095,314,503</u>	91.75	<u>2,926,505,646</u>	90.88
Total	<u>\$ 3,373,647,493</u>		<u>\$ 3,220,244,899</u>	

Source: Oakland County

* Data not available

**Principal Property Taxpayers (Continued)
Last Ten Years**

1997 Taxable Value	Percentage of Total	1996 Taxable Value	Percentage of Total
\$ 66,247,310	2.19	\$ 52,129,180	1.83
42,978,780	1.42	41,651,130	1.46
32,354,360	1.07	-	-
33,817,330	1.12	45,176,570	1.58
38,999,450	1.29	33,944,270	1.19
22,159,950	0.73	18,534,700	0.65
*	-	*	-
30,071,490	0.99	29,906,460	1.05
*	-	*	-
*	-	*	-
2,757,258,218	91.18	2,634,845,603	92.25
\$ 3,023,886,888		\$ 2,856,187,913	

Troy School District

Property Tax Levies and Collections Last 10 Years

Tax Year	Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Levy Collected
1996	1997	\$ 47,938,773	\$ 47,654,776	99.41	\$ 326,993	\$ 47,981,769	100.09
1997	1998	52,487,897	52,075,338	99.21	208,445	52,283,783	99.61
1998	1999	54,134,990	53,890,396	99.55	164,404	54,054,800	99.85
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

Source: Troy School District

Troy School District

Fiscal Year	General Obligation Bonds	Less Pledged Debt Service Funds	Net General Bonded Debt	Other General Obligation Debt	Total General Obligation Debt
1997	\$ 59,220,000	\$ -	\$ 59,220,000	\$ -	\$ 59,220,000
1998	125,640,000	-	125,640,000	-	125,640,000
1999	118,735,000	-	118,735,000	-	118,735,000
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

Population information obtained from City of Troy, Department of Planning

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

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

	Net General Bonded Debt as a Percentage of	Total Debt as a Percentage of		Net General Bonded Debt per Capita	Total Debt per Capita
Taxable Value	Taxable Value	Taxable Value	Population		
\$ 2,856,187,913	2	2	82,000	\$ 722	\$ 722
3,023,886,888	4	4	83,390	1,507	1,507
3,220,244,899	4	4	84,105	1,412	1,412
3,373,647,783	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
4,081,284,316	3	3	86,408	1,494	1,494
4,209,942,400	4	4	87,159	1,960	1,960

Troy School District

Direct and Overlapping Governmental Activities Debt June 30, 2006

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
City of Troy	\$ 49,121,641	79.97	\$ 3,928,257,631
Oakland County at Large	113,000,096	7.15	807,950,686
Oakland Intermediate School District	9,215,000	7.17	66,071,550
Oakland Community College	10,050,000	7.20	72,360,000
Total overlapping debt			4,874,639,867
Direct district debt			169,840,012
Total direct and overlapping debt			<u>\$ 5,044,479,879</u>

Source: Municipal Advisory Council of Michigan

Troy School District

	1997	1998	1999	2000
Calculation of debt limit:				
Taxable value	\$ 2,830,943,833	\$ 2,997,276,908	\$ 3,190,628,369	\$ 3,342,102,803
15% of taxable value	424,641,575	449,591,536	478,594,255	501,315,420
Calculation of debt subject to limit:				
Total debt	59,220,000	125,640,000	118,735,000	111,475,000
Less debt not subject to limit - State qualified debt issuance	-	-	-	-
Net debt subject to limit	59,220,000	125,640,000	118,735,000	111,475,000
Legal debt margin	<u>\$ 365,421,575</u>	<u>\$ 323,951,536</u>	<u>\$ 359,859,255</u>	<u>\$ 389,840,420</u>
Net debt subject to limit as % of debt limit	13.95%	27.95%	24.81%	22.24%

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

**Legal Debt Margin
Last Ten Years**

2001	2002	2003	2004	2005	2006
\$ 3,506,037,730	\$ 3,750,278,520	\$ 3,870,991,178	\$ 3,950,543,221	\$ 4,032,417,766	\$ 4,157,889,090
525,905,660	562,541,778	580,648,677	592,581,483	604,862,665	623,683,364
104,410,000	96,645,000	88,535,000	80,495,000	129,130,000	170,790,000
-	-	-	-	-	-
104,410,000	96,645,000	88,535,000	80,495,000	129,130,000	170,790,000
<u>\$ 421,495,660</u>	<u>\$ 465,896,778</u>	<u>\$ 492,113,677</u>	<u>\$ 512,086,483</u>	<u>\$ 475,732,665</u>	<u>\$ 452,893,364</u>
19.85%	17.18%	15.25%	13.58%	21.35%	27.38%

Troy School District

Demographic and Economic Statistics Years Ended June 30

Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
1997	82,000	\$ 2,061,869	\$ 25,145	2.20
1998	93,390	1,742,308	18,656	1.90
1999	84,102	1,865,405	22,180	1.80
2000	84,825	2,157,845	25,439	1.70
2001	85,821	2,463,093	28,700	2.50
2002	84,345	2,427,175	28,777	3.80
2003	84,841	2,302,880	27,143	4.50
2004	85,556	2,378,525	27,801	4.80
2005	86,408	2,434,002	28,169	4.90
2006	87,159	Not Available	-	4.90

Source: State of Michigan

Troy School District

Taxpayer	2005 Employees	Percentage of Total Employment	2004 Employees	Percentage of Total Employment	2003 Employees	Percentage of Total Employment
1 Beaumont Hospital	3,982	9.61	*	*	*	*
2 Delphi	2,000	4.83	*	*	*	*
3 EDS	1,800	4.35	*	*	*	*
4 LaSalle Bank	1,643	3.97	*	*	*	*
5 Troy School District	1,600	3.86	*	*	*	*
6 BBDO Detroit	1,600	3.86	*	*	*	*
7 US Post Office	1,526	3.68	*	*	*	*
8 City of Troy	1,349	3.26	*	*	*	*
9 Kelly Services	1,300	3.14	*	*	*	*
10 Entech Personnel	1,233	2.98	*	*	*	*
11 Kmart Corp.	-	-	*	*	*	*
12 Meritor Automotive	-	-	*	*	*	*
13 Ameritech Publishing	-	-	*	*	*	*
14 Advanced Technology	-	-	*	*	*	*
15 Corporate Systems Development	-	-	*	*	*	*
16 Dayton Hudson Corp	-	-	*	*	*	*
17 Textron Automotive	-	-	*	*	*	*
18 GMC - Delco	-	-	*	*	*	*
19 Saturn Corp.	-	-	*	*	*	*
20 Rockwell International	-	-	*	*	*	*
21 Dupont Automotive	-	-	*	*	*	*
Total principal employers	18,033		*		*	
Total employment	41,415		41,476		41,933	

Source: Oakland County

* Information not available for year

Source: Oakland County

* Information not available for year

**Principal Employers
Last Ten Years
Years Ended June 30**

2002 Employees	Percentage of Total Employment	2001 Employees	Percentage of Total Employment	2000 Employees	Percentage of Total Employment	1999 Employees	Percentage of Total Employment
*	*	2,413	5.83	*	5.53	2,400	5.33
*	*	-	-	*	-	6,188	13.74
*	*	4,939	11.93	*	11.32	-	-
*	*	-	-	*	-	1,260	2.80
*	*	-	-	*	-	1,175	2.61
*	*	-	-	*	-	-	-
*	*	-	-	*	-	-	-
*	*	-	-	*	-	-	-
*	*	-	-	*	-	1,470	3.27
*	*	-	-	*	-	1,450	3.22
*	*	3,351	8.09	*	7.68	1,060	2.35
*	*	2,900	7.00	*	6.64	850	1.89
*	*	2,500	6.04	*	5.73	-	-
*	*	2,000	4.83	*	4.58	-	-
*	*	1,500	3.62	*	3.44	-	-
*	*	1,423	3.44	*	3.26	-	-
*	*	1,270	3.07	*	2.91	-	-
*	*	1,206	2.91	*	2.76	990	0.02
*	*	-	-	*	-	770	0.02
*	*	-	-	*	-	-	-
*	*	-	-	*	-	-	-
<hr/>		<hr/>		<hr/>		<hr/>	
*		23,502		*		17,613	
<hr/>		<hr/>		<hr/>		<hr/>	
42,495		43,650		*		45,022	
<hr/>		<hr/>		<hr/>		<hr/>	

Troy School District

Taxpayer	1998	Percentage of	1997	Percentage of
	Employees	Total Employment	Employees	Total Employment
1 Beaumont Hospital	*	*	*	*
2 Delphi	*	*	*	*
3 EDS	*	*	*	*
4 LaSalle Bank	*	*	*	*
5 Troy School District	*	*	*	*
6 BBDO Detroit	*	*	*	*
7 US Post Office	*	*	*	*
8 City of Troy	*	*	*	*
9 Kelly Services	*	*	*	*
10 Entech Personnel	*	*	*	*
11 Kmart Corp.	*	*	*	*
12 Meritor Automotive	*	*	*	*
13 Ameritech Publishing	*	*	*	*
14 Advanced Technology	*	*	*	*
15 Corporate Systems Development	*	*	*	*
16 Dayton Hudson Corp	*	*	*	*
17 Textron Automotive	*	*	*	*
18 GMC - Delco	*	*	*	*
19 Saturn Corp.	*	*	*	*
20 Rockwell International	*	*	*	*
21 Dupont Automotive	*	*	*	*
Total principal employers	*		*	
Total employment	46,603		45,770	

Source: Oakland County

* Information not available for year

Principal Employers (Continued)
Last Ten Years
Years Ended June 30

<u>1996</u> <u>Employees</u>	<u>Percentage of</u> <u>Total</u> <u>Employment</u>
1,600	3.55
-	-
6,188	13.72
700	1.55
1,176	2.61
-	-
-	-
-	-
-	-
-	-
4,000	8.87
-	-
-	-
-	-
-	-
800	1.77
-	-
990	2.19
1,035	2.29
950	2.11
724	1.61
<u>18,163</u>	
<u>45,105</u>	

Troy School District

Function/Program	1997	1998	1999	2000
General government:				
Instruction	*	*	*	*
Support services	*	*	*	*
Community service	*	*	*	*
Food service	*	*	*	*
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>

* Data not available

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

**Full-time Equivalent School District Employees
Last Ten Years
Years Ended June 30**

2001	2002	2003	2004	2005	2006
*	754	838	828	843	779
*	*	*	485	546	500
*	*	*	90	116	91
*	*	*	43	52	45
<u>*</u>	<u>*</u>	<u>*</u>	<u>1,446</u>	<u>1,557</u>	<u>1,415</u>

Troy School District

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
1997	12,019	\$ 97,025,275	\$ 8,072.66	\$ 101,122,150	\$ 8,413.52	724	*	\$ 64,898
1998	12,050	95,509,751	7,926.12	110,581,445	9,176.88	725	*	64,433
1999	12,066	101,672,674	8,426.38	105,563,318	8,748.82	730	3.05	66,991
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	128,063,775	10,652.45	130,225,352	10,832.25	761	4.34	73,499

* Data not available

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

Troy School District

Function/Program	1997	1998	1999	2000
Instructional buildings:				
Elementary:				
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	5,395	5,301	5,251	5,249
Middle:				
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	2,960	2,950	2,910	2,877
High:				
Number of buildings	3	3	3	3
Square footage	621,625	621,625	621,625	655,247
Capacity	3,896	3,896	3,896	3,896
Enrollment	3,730	3,807	3,962	4,023
Administrative:				
Number of buildings	2	2	2	2
Square footage	44,500	44,500	44,500	44,500
Transportation:				
Number of garages	2	2	2	2
Buses	64	63	67	66

Source: Troy School District

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

2001	2002	2003	2004	2005	2006
12	12	12	12	12	12
653,967	653,967	653,967	653,967	653,967	653,967
6,400	6,400	6,400	6,400	6,400	6,400
5,196	5,103	5,077	5,048	5,133	5,062
4	4	4	4	4	4
397,579	653,967	653,967	397,579	397,579	397,579
3,000	3,000	3,000	3,000	3,000	3,000
2,894	2,974	3,017	2,995	2,862	2,785
3	3	3	3	3	3
655,247	655,247	655,247	655,247	655,247	655,247
3,896	3,896	3,896	3,896	3,896	3,896
4,011	4,072	4,006	4,009	4,092	4,158
2	2	2	2	2	2
46,000	46,000	46,000	46,000	46,000	46,000
2	2	2	2	2	2
73	76	75	78	80	86