

TROY SCHOOL DISTRICT

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**for the fiscal year ended
June 30, 2011**

Troy School District

**4400 Livernois Road
Troy, Michigan 48098**

Troy School District

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011

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

**PREPARED BY:
DIVISION OF BUSINESS SERVICES
MARK S. RAJTER
ASSISTANT SUPERINTENDENT – BUSINESS SERVICES**

Troy School District

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Issued Under
Separate
Cover

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October 10, 2011

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

The Comprehensive Annual Financial Report of Troy School District (the "School District") for the fiscal year ended June 30, 2011 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 Troy School District to ensure learning for all members of the school community. Troy School District will become an exemplary learning community that supports innovation and is committed to continuous improvement. Troy School District will be a place where a collaborative community develops curriculum, instructional strategies, and assessment to ensure all students learn.

Overview

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

The School District has 12 elementary schools, grades K-5; four middle schools, grades 6-8; two traditional high schools, grades 9-12; one alternative high school; a “GROW” program serving Special Education students ages 19 through 26; and hosts the east campus of the International Academy that currently enrolls grades 9-11 and will be fully enrolled during the 2011-2012 school year, and 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 services, athletics, research and evaluation, fine arts, curriculum, instruction and assessment.

Major Initiatives and Achievements

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 as well as nationally adopted common core standards in English and Math. It meets or exceeds all standards required for school accreditation by the Michigan Department of Education.

Curriculum Development

Core Curriculum

Teachers and administrators in Troy School District continue to implement a comprehensive curriculum for all students in kindergarten through twelfth grade. Our curriculum is based on the Grade Level Content Expectations for grades kindergarten through eight. High School Course Expectations for grades nine through twelve have been approved by the State of Michigan Board of Education and the nationally adopted common core standards in English and Mathematics. These state guidelines have been reviewed by teachers and administrators in Troy School District and have been integrated into our curriculum. Troy School District is currently transitioning and realigning our curriculum to reflect the newly adopted Common Core State Standards for English Language Arts and Mathematics that were approved by the State of Michigan Board of Education. The curriculum of Troy School District meets or exceeds all standards required for school accreditation by the Michigan Department of Education.

The written curriculum and pacing guides function as outlines for instruction. These documents identify what our teachers teach and what students should learn, and have been uploaded to Atlas Rubicon, providing teachers access to this information from any computer. For each subject at each grade level, goals and objectives define the skills, knowledge, and understandings expected of the students. These steer teachers as they prepare lessons. These goals and objectives have been matched with state, national and college readiness standards to ensure that we are preparing our students for today, as well as tomorrow. Throughout the School District, high standards infuse the curriculum. Additionally, these documents can be found in Atlas Rubicon, our School District's accepted repository of curriculum maps.

During the 2010-2011 school year, several enhancements were made to Troy School District curriculum. At the elementary level, grade level units of study for reading instruction were written and presented to classroom teachers at professional development sessions held throughout the year. These in-services included the modeling of effective teaching strategies and opportunities for dialogue. A literacy benchmark assessment system was used consistently in kindergarten through fifth grade, and students' reading achievement was tracked in our data warehousing system. The elementary writing common assessment for kindergarten through fifth grade was strengthened by the inclusion of a concise, easy to understand scoring rubric. In addition, review of our other core curriculum areas - math, science and social studies - continued throughout the year. Opportunities were also provided for teachers in the arts, physical education, and foreign language to meet and review their curriculum areas.

The secondary curriculum continued its development throughout the 2010-2011 school year. New course materials in high school English were implemented and carefully monitored. Secondly, a research-based math intervention program that utilizes math manipulatives for middle school was further developed into the third year and a complete analysis was done to determine effectiveness. Teachers continued to have a variety of opportunities to engage in professional development activities throughout the year.

Baker Middle School and Morse Elementary School, as fully authorized International Baccalaureate World Schools, continued to work on matters to be addressed as identified by the International Baccalaureate Organization. Baker completed their third annual student showcase and Morse Elementary 5th graders demonstrated their knowledge of the IB learner profile by publicly presenting action research during their second annual 5th grade exhibition held in early June. Staff members continued their collaboration and development of teaching units and assessment policies. Troy School District is one of only two school districts in Michigan to have an IBO-authorized Primary Years Programme, Middle Years Programme, and Diploma Programme. Both Morse and Baker will be visited by representatives of IBO for review during the spring 2012 and fall 2012, respectively.

Troy School District has completed the third year of maintaining a District Accreditation model rather than continue to pursue individual building accreditation from the North Central Association Commission on Accreditation and School Improvement. District Accreditation is an approach that builds the capacity of all schools and departments within the system to increase and sustain student learning. We are one of a limited number of districts in the State of Michigan to have received such accreditation. Our system goals are as follows:

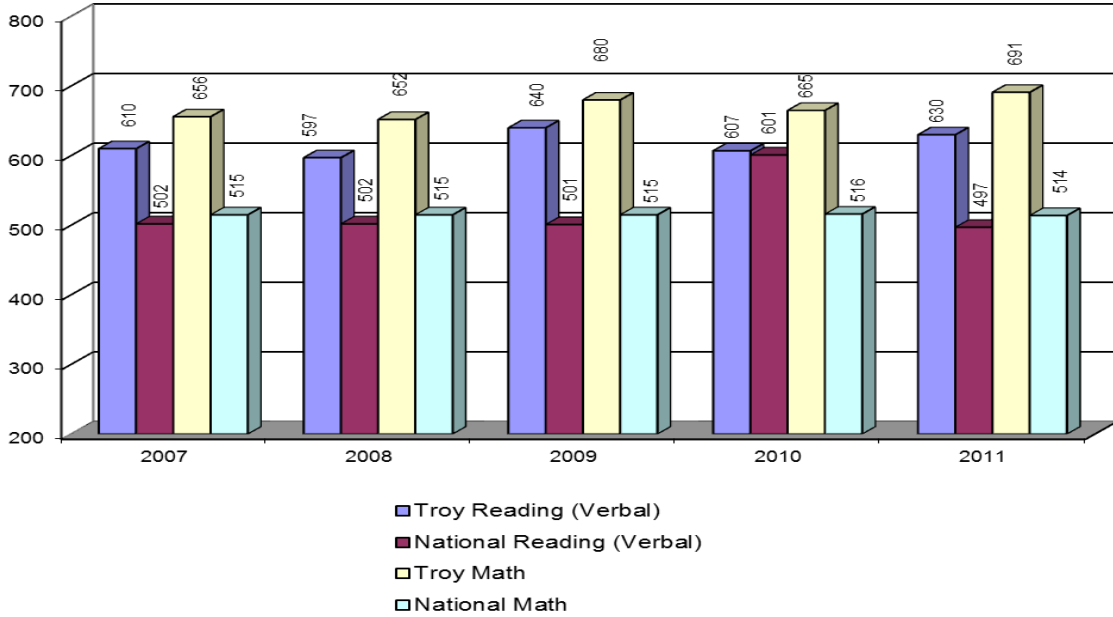
- All Troy School District students will be on track to be college/career ready in literacy.
- All Troy School District students will be college/career ready in mathematics.
- All Troy School District Students will be college/career ready in science.
- All Troy School District Students will be college/career ready in social studies.

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

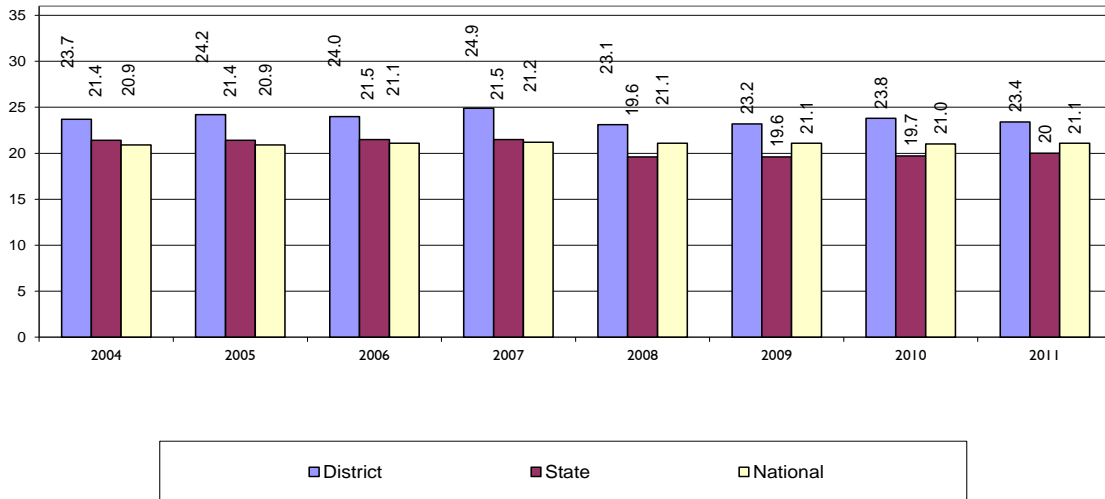
Years Ended June 30	Percent of Students Graduating	Percent of Students Attending College
2011	98	95
2010	99	96
2009	99	96
2008	99	95
2007	98	95
2006	99	94
2005	99	94
2004	99	93
2003	99	93
2002	99	92
2001	99	92
2000	99	95
1999	98	94
1998	97	95

Students' results on standardized achievement measures such as the SAT, Explore, Plan, 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:

	2010-2011		2009-2010		2008-2009	
	<u>Reading</u>	<u>Math</u>	<u>Reading</u>	<u>Math</u>	<u>Reading</u>	<u>Math</u>
Grade 5	71	85	74	84	75	85

Troy School District Advanced Placement Testing

<u>Years Ended June 30</u>	<u>Number Taken</u>	<u>Percent Qualifying</u>
2010-2011	2,052	85
2009-2010	2,029	87
2008-2009	1,888	85
2007-2008	1,708	83
2006-2007	1,662	86
2005-2006	1,468	85
2004-2005	1,379	83
2003-2004	1,140	82
2002-2003	1,220	77
2001-2002	1,204	77
2000-2001	1,116	77
1999-2000	937	81
1998-1999	923	79
1997-1998	663	77

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

	Elementary					Middle Schools					High Schools			
	10-11	09-10	08-09	07-08		10-11	09-10	08-09	07-08		10-11	09-10	08-09	07-08
Reading	96	95	94	94		93	93	91	91		79	81	81	81
Writing	78	--	77	77		71	--	90	89		73	70	69	68
Math	98	98	97	97		93	93	93	90		78	76	75	74
Science	90	92	96	96		89	89	90	90		79	74	79	79
Social Studies	--	--	--	--		88	89	88	89		88	89	91	91

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 School District K-12 schools have earned the prestigious Blue Ribbon award from the Michigan Department of Education.

Troy parents value and support education. Troy School District enjoys the active support and participation of parents in PTO/PTA groups, booster clubs, and building and district-level committees. In addition, the Troy African-American Parent Support Network has grown in membership and set goals to support the School District's academic initiatives. Additionally in 2010-2011, the School District initiated the Troy Diversity Committee comprised of School District and building administration, teachers, parents, students and community members whose mission is to create an inclusive environment for all members of the school community. Parent attendance at parent/teacher conferences is high as is the level of parent volunteerism for activities and programs. The high level and quality of parent involvement contribute greatly to the overall quality of the schools' programs. The percentage of parents attending fall conferences for the past three years is as follows:

Level	2011	2010	2009
K-5	99%	99%	99%
6-8	78%	86%	85%
9-12	86%	83%	82%

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

In consortia with eight other Oakland County school districts, Troy School District participates in an international academy, which is based on an international baccalaureate program. For close to 10 years, a total of 25 Troy School District students were selected by lottery to attend the International Academy. Beginning with the 2008-2009 school year, Troy became a third campus of the International Academy. Baker Middle School was transformed into the International Academy East. IA East opened in August 2008 with 125 9th graders that included 37 schools of choice students from around metropolitan Detroit. In August 2009, the second class was added and at year's end 235 students were enrolled. In August 2010, the third class was added and at year end, 332 students were enrolled. During the 2011-2012 school year, the building will have a maximum capacity of nearly 500 students. Troy School District also has students participating in the General Motors Technical Academy where the curriculum focuses on drafting. There are options to meet the needs of special education students at 24 different programs at out-of-school district sites. A total of 75 students attended the Oakland Technical Education Center to study curriculum ranging from food service and cosmetology to automotive programs.

Economic Condition and Outlook

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

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

Over the last 10 years, Troy has seen a residential population decrease of 4.155 percent. In November 2007, Morgan Quinto Press rated Troy as the safest city in Michigan and among the top 10 safest cities in the nation. In 2008, CNN Money ranked Troy #22 of its Top 100 Best Places to Live in the U.S. Although the city has seen a decrease in workforce population, the business environment remains strong as home to the world headquarters of two of Michigan's 22 Fortune 500 companies.

Internal Controls

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

As Management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

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

Budgetary Controls

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

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

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

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

Debt Administration

On June 14, 2004, the Troy School District voters passed a \$119,500,000 bond issue. The bond issue is primarily devoted to technology enhancements, building additions and improvements, and school bus purchases. The 2004 bond issue has been developed not to impact the operational budget of the Troy School District, but to work in harmony with the budget. This issue will continue the excellent maintenance program of the Troy School District, as well as enhance instruction to prepare its students to become lifelong learners and meet the challenges of an ever-changing world. Under current state statutes, the School District's general obligation bonded debt issuances are subject to a legal limitation based on 15 percent of total assessed value of real and personal property. As of June 30, 2011, the School District's net general obligation bonded debt of \$116,040,000 was well below the statutory bonding limit of \$582,959,193. Per capita debt totaled only \$1,433 at June 30, 2011.

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 2010-2011, the School District's General Fund earned \$18,033 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 revenue 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 2010-2011 school year was \$358,780,615. 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 34 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 2010-2011 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, 2011 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, 1989-2010. 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 Finance Director, Monica Papasian, and District Accountant, Renelle Tolan. 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 on the School District's website, at the City of Troy Library, and at the offices of the city manager and city clerk.

Respectfully submitted,

A handwritten signature in black ink that reads "Mark S. Rajter". The signature is written in a cursive style with a large, prominent initial "M".

Mark S. Rajter
Treasurer/Assistant Superintendent,
Business Services

A handwritten signature in black ink that reads "Barbara A. Fowler". The signature is written in a cursive style with a large, prominent initial "B".

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

TROY SCHOOL DISTRICT

DISTRICT OFFICIALS

ADMINISTRATION

Barbara A. Fowler, Ph.D.
Superintendent

Mark S. Rajter
Assistant Superintendent, Business Services

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

Richard Machesky, Ed. D.
Assistant Superintendent, Secondary Instruction

Janet Keeling
Assistant Superintendent, Elementary Instruction

Robert Stromayer
Director, Continuing Education

Kerry Birmingham
Director, Community Relations

BOARD OF EDUCATION

Nancy Philippart
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Ida Edmunds
Vice President

Paula Fleming
Secretary

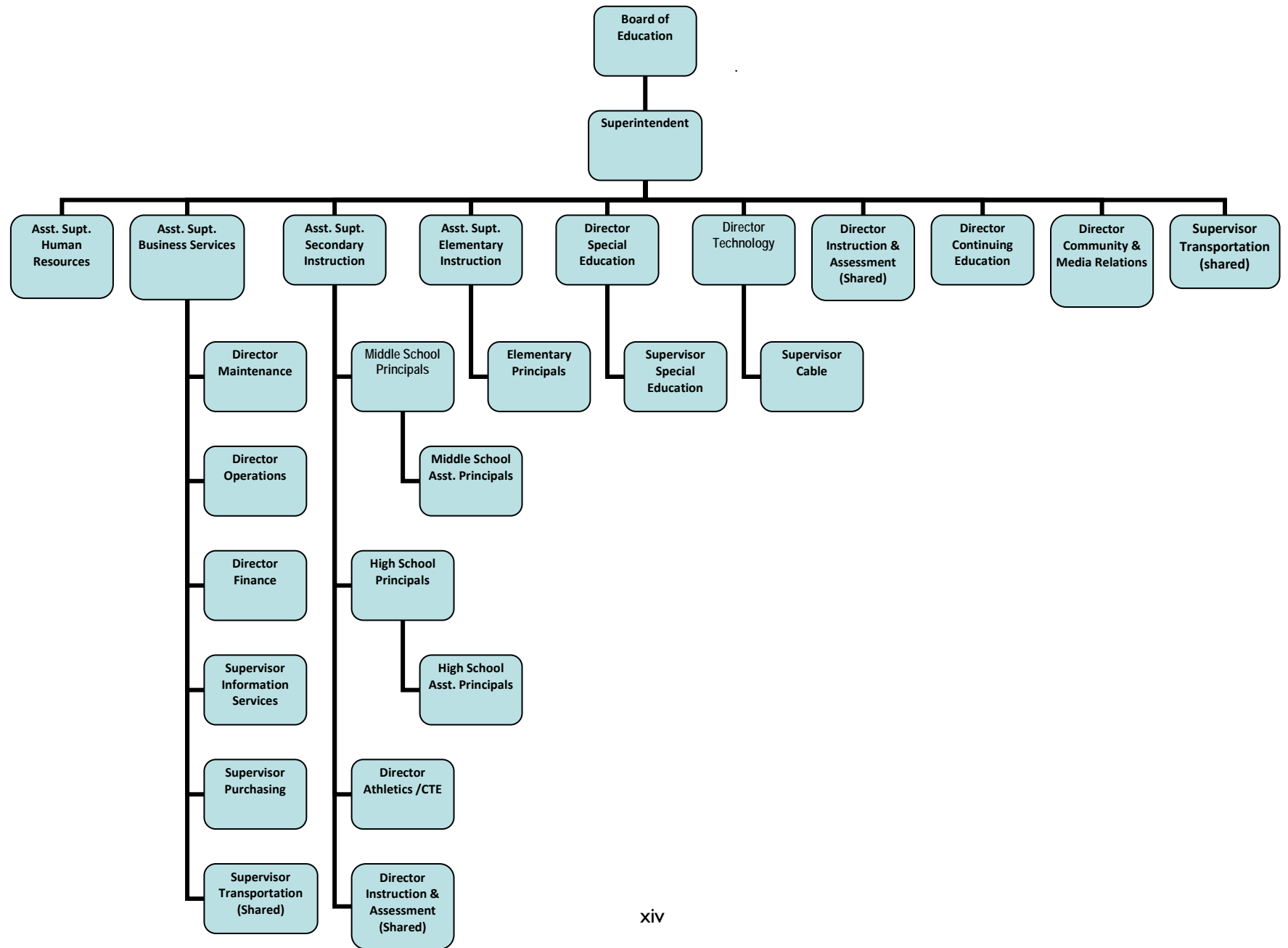
Gary Hauff
Trustee

M'Liz Malven
Trustee

Todd Milette
Trustee

Wendy Underwood
Trustee

TROY SCHOOL DISTRICT
 ORGANIZATIONAL CHART
 2010-2011 SCHOOL YEAR



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

TROY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

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

President

Executive Director

Independent Auditor's Report

To the Board of Education
Troy School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Troy School District (the "School District") as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Troy School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Troy School District as of June 30, 2011 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.

During the year, the School District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, as discussed in Note 1. As a result of this implementation, the Athletic Fund and the Durant Fund, previously classified as special revenue funds, are now reported as part of the General Fund. In addition, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB No. 54.

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.

To the Board of Education
Troy School District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2011 on our consideration of 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

October 10, 2011

Troy School District

Management's Discussion and Analysis

This section of the 2011 annual financial report presents our discussion and analysis of Troy School District's (the "School District") financial performance during the year ended June 30, 2011. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

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

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

- Basic Financial Statements
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Proprietary Fund - Internal Service Fund
 - Fiduciary Fund
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- Required Supplemental Information
 - Budgetary Comparison Schedule - General Fund
- Other Supplemental Information
 - Combining Balance Sheet - Nonmajor Funds
 - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Funds
 - Budgetary Comparison Schedule - Governmental Funds (excluding General Fund) and Proprietary Fund - Internal Service Fund
 - Schedule of Bonded Indebtedness

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 revenue 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 revenue 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 Fund. Funds are also established to show that it is meeting legal responsibilities for using certain taxes, grants, and other money, including the 2004 Bond Issue, which funds construction for voter-approved capital projects. By definition, the General Fund and the 2004 Capital Projects Fund are the only funds that qualify to be classified as major funds. The governmental funds of the School District use the following accounting approach:

Troy School District

Management's Discussion and Analysis (Continued)

Governmental and Proprietary Funds - All of the School District's services are reported in governmental and proprietary funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps to determine whether there are more or fewer 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 14 and 16. 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, 2011 and 2010:

	Governmental Activities	
	2011	2010
	(in millions)	
Assets		
Current and other assets	\$ 43.1	\$ 49.3
Capital assets	158.4	168.4
Total assets	201.5	217.7
Liabilities		
Current liabilities	29.1	30.4
Long-term liabilities	117.1	131.1
Total liabilities	146.2	161.5
Net Assets		
Invested in property and equipment - Net of related debt	42.3	42.5
Restricted	0.2	0.9
Unrestricted	12.8	12.8
Total net assets	<u>\$ 55.3</u>	<u>\$ 56.2</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 \$55.3 million at June 30, 2011 compared to \$56.2 million at June 30, 2010. Capital assets, net of related debt, totaled \$42.3 million and \$42.5 million at June 30, 2011 and 2010, 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 million and \$.9 million at June 30, 2011 and 2010, 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, \$12.8 million at June 30, 2011 and 2010, was unrestricted.

The \$12.8 million at June 30, 2011 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. 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 Troy School District as a whole are reported in the statement of activities, which shows the changes in net assets for fiscal years 2011 and 2010 (see Table 2).

Table 2

	Governmental Activities	
	2011	2010
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 7.4	\$ 6.5
Operating grants	23.9	24.6
General revenue:		
Property taxes	58.2	62.0
State aid	68.2	61.2
Other	(1.3)	4.4
Total revenue	156.4	158.7

Troy School District

Management's Discussion and Analysis (Continued)

Table 2 (Continued)

	Governmental Activities	
	2011	2010
	(in millions)	
Functions/Program Expenses		
Instruction	\$ 91.9	\$ 91.3
Support services	50.6	53.8
Community services	3.0	2.8
Food services	3.2	3.2
Athletics	1.9	2.2
Facilities acquisition	-	0.2
Interest on long-term debt	6.7	6.9
Total functions/program expenses	<u>157.3</u>	<u>160.4</u>
Decrease in Net Assets	(0.9)	(1.7)
Net Assets - Beginning of year	<u>56.2</u>	<u>57.9</u>
Net Assets - End of year	<u>\$ 55.3</u>	<u>\$ 56.2</u>

As reported in the statement of activities, the cost of all governmental activities this year was \$157.3 million, a decrease of \$3.1 million, or 2.0 percent, from 2009-2010. Certain activities were partially funded from those who benefited from the programs (\$7.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$23.9 million). The remaining "public benefit" portion of governmental activities was funded with \$58.2 million in taxes, \$68.2 million in state aid allowance, and with other revenue, such as interest and general entitlements. Total revenue in 2010-2011 was \$156.4 million, a decrease of approximately \$2.3 million from 2009-2010.

Troy School District experienced a decrease in net assets of \$0.9 million primarily as a result of ongoing operations in the School District. In addition, long-term debt decreased \$13.6 million in 2010-2011.

As discussed above, the net cost shows the financial burden that was placed on the State and 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 revenue.

Troy School District

Management's Discussion and Analysis (Continued)

The School District's Funds

As noted earlier, Troy School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether 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.

As the School District completed this year, the governmental funds reported a combined fund balance of \$26.4 million, a decrease of \$3.5 million from the prior year. The changes in major and nonmajor funds are as follows:

	General Fund	2004 Capital Projects Fund	Other Nonmajor Funds	Governmental Funds 2010 Total	Proprietary Funds
Fund balances - Beginning of year	\$ 18,861,061	\$ 8,229,662	\$ 2,819,952	\$ 29,910,675	\$ -
Increase (decrease)	895,776	(3,690,322)	(708,156)	(3,502,702)	25,000
Fund balances - End of year	<u>\$ 19,756,837</u>	<u>\$ 4,539,340</u>	<u>\$ 2,111,796</u>	<u>\$ 26,407,973</u>	<u>\$ 25,000</u>

In the General Fund, our principal operating fund, the fund balance increased by \$0.9 million compared to a \$1.7 million decrease in the prior year. Revenue and other financing sources increased \$2.2 million from the prior year and expenditures and other financing uses decreased approximately \$0.5 million for a net increase of \$2.6 million from the prior year. The fund balance of the General Fund is available to fund costs related to allowable school operating purposes.

The 2004 Capital Projects Fund decreased by approximately \$3.7 million in 2010-2011. This is due to earnings on investments of \$20,783 and expenditures of approximately \$3.7 million.

The other nonmajor funds decreased by \$708,156. The Adult and Community Education Fund decreased by \$32,465 due primarily to a transfer of fund balance to the General Fund. The Food Services Fund decreased by \$128,488 due to increased food and labor costs and decreased revenue. Combined, the Debt Service Funds showed a fund balance decrease of \$547,203. Millage rates are reviewed annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service.

The Internal Service Fund is used to account for the activity related to the voluntary resignation incentive program. This fund was created in 2004-2005 and had current year expenses of \$18,452 and earnings on investments of \$4,110.

Troy School District

Management's Discussion and Analysis (Continued)

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 revenue 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 2011. 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 2010-2011 General Fund budget. Revenue increased by \$4 million to account for revised property tax payments, state aid and categorical grants, and federal grant award settlements. Expenditures increased by \$2.5 million to account for changes in grant awards as well as estimates for salaries and purchased services and other expenditures in the operating plan of the School District.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2011, the School District had \$158.5 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This represents a net decrease (including additions, deductions, and depreciation) of approximately \$9.9 million, or 6.26 percent, from last year.

Land	\$ 2,592,570
Buildings and building improvements	147,938,322
Furniture and equipment	<u>7,931,725</u>
 Total capital assets	 <u><u>\$ 158,462,617</u></u>

This year's change in capital assets included \$3.8 million of additions for building renovations and technology. Depreciation expense and disposals account for the main decrease in net capital assets. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$120.7 million in bonds outstanding versus \$133 million in the previous year - a decrease of \$12.3 million. Those bonds consisted of the following:

Troy School District

Management's Discussion and Analysis (Continued)

General obligation bonds	\$ 116,040,000
Plus deferred issuance premiums	6,229,553
Less deferred interest	<u>(1,551,117)</u>
Total	<u>\$ 120,718,436</u>

The School District's underlying general obligation bond rating from Moody's remained at Aa2 while the bond rating from Standard & 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 \$583 million statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, early retirement incentive payable, reserve for known workers' compensation claims, incurred but not yet reported healthcare claims, and a student software loan. 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 2012 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 2012 fiscal year is 10 percent of the February 2011 and 90 percent of the September 2011 student counts. The 2011-2012 budget was adopted in June 2011 based on a blended student membership count of 12,106. Approximately 83 percent of total General Fund revenue is from the foundation allowance (received through state aid payments and local property taxes). Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

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 revenue to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenue. If actual state revenue is less than their estimates, reduction to the per-pupil funding allowance may be necessary. The School District budgeted a \$0 per pupil increase in the foundation allowance when the budget was created. The actual decrease enacted by the legislature is a \$470 reduction in the foundation allowance. In response to the funding reduction, the board has adopted a budget for 2011/2012 that includes over \$4.1 million in new budget reductions and revenue enhancements, as well as a plan to use over \$1.1 million of the School District's fund balance.

Troy School District

Statement of Net Assets June 30, 2011

	Governmental Activities
Assets	
Cash and investments (Note 3)	\$ 20,158,184
Receivables (Note 4):	
Accounts receivable	25,942
Taxes receivable	13,595
Due from other governmental units	17,366,007
Inventories	231,356
Prepaid expenses	468,204
Restricted cash and investments (Notes 3 and 10)	4,820,611
Nondepreciable capital assets (Note 5)	2,592,570
Depreciable capital assets (Note 5)	<u>155,870,047</u>
Total assets	201,546,516
Liabilities	
Accounts payable	2,932,229
Accrued payroll and other liabilities	10,931,545
Unearned revenue (Note 4)	609,504
Long-term liabilities (Note 7):	
Compensated absences and other liabilities, due within one year	1,868,905
Bonds and contracts payable, due within one year	12,783,646
Bonds and contracts payable, due in more than one year	107,934,790
Compensated absences and other liabilities, due in more than one year	<u>9,160,129</u>
Total liabilities	<u>146,220,748</u>
Net Assets	
Invested in capital assets - Net of related debt	42,262,738
Restricted for:	
Debt service	233,719
Capital projects	20,783
Unrestricted	<u>12,808,528</u>
Total net assets	<u><u>\$ 55,325,768</u></u>

Troy School District

Statement of Activities Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants/Contributions	Activities
				Net (Expense) Revenue and Changes in Net Assets
Primary government - Governmental activities:				
Instruction	\$ 91,898,069	\$ 2,106,145	\$ 15,253,499	\$ (74,538,425)
Support services	50,536,487	177,094	7,805,127	(42,554,266)
Food services	3,188,874	2,428,530	830,082	69,738
Athletics	1,940,250	576,170	-	(1,364,080)
Community services	3,009,115	2,100,225	-	(908,890)
Interest and other bond expenses on long-term debt	6,647,705	-	-	(6,647,705)
Total primary government - Governmental activities	<u>\$ 157,220,500</u>	<u>\$ 7,388,164</u>	<u>\$ 23,888,708</u>	(125,943,628)
General revenue:				
Taxes:				
Property taxes - Levied for general purposes				40,094,865
Property taxes - Levied for debt services				18,116,271
State aid not restricted to specific purposes				68,168,710
Federal sources - Unrestricted				2,748,170
Interest and investment earnings				375,274
Other				403,786
Loss on disposal of capital assets				(4,791,748)
Total general revenue				<u>125,115,328</u>
Change in Net Assets				(828,300)
Net Assets - Beginning of year				<u>56,154,068</u>
Net Assets - End of year				<u>\$ 55,325,768</u>

Troy School District

Governmental Funds Balance Sheet June 30, 2011

	General Fund	2004 Capital Projects Fund	Other Nonmajor Governmental Funds	Total
Assets				
Cash and investments (Note 3)	\$ 14,409,509	\$ -	\$ 2,626,717	\$ 17,036,226
Receivables:				
Accounts receivable	24,008	-	1,934	25,942
Taxes receivable	10,854	-	2,741	13,595
Due from other funds (Note 6)	499,922	-	5,000	504,922
Due from other governmental units (Note 4)	17,301,074	-	64,933	17,366,007
Inventories	169,254	-	62,102	231,356
Prepays and other assets	462,246	-	5,958	468,204
Restricted cash and investments (Notes 3 and 10)	-	4,539,340	281,271	4,820,611
Total assets	\$ 32,876,867	\$ 4,539,340	\$ 3,050,656	\$ 40,466,863
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,840,636	\$ -	\$ 303,874	\$ 3,144,510
Accrued payroll and other liabilities	9,955,714	-	17,179	9,972,893
Due to other funds (Note 6)	-	-	331,983	331,983
Deferred revenue (Note 4)	323,680	-	285,824	609,504
Total liabilities	13,120,030	-	938,860	14,058,890
Fund Balances				
Nonspendable - Inventory and prepaid items	631,500	-	68,060	699,560
Restricted:				
Capital Projects	-	4,539,340	-	4,539,340
Debt Service	-	-	233,719	233,719
Food Service Fund	-	-	469,589	469,589
Committed - Adult and Community Education	-	-	1,340,428	1,340,428
Assigned - Budgeted use of fund balance in subsequent year	1,106,970	-	-	1,106,970
Unassigned	18,018,367	-	-	18,018,367
Total fund balances	19,756,837	4,539,340	2,111,796	26,407,973
Total liabilities and fund balances	\$ 32,876,867	\$ 4,539,340	\$ 3,050,656	\$ 40,466,863

Troy School District

Reconciliation of Governmental Fund Balances to the Statement of Net Assets June 30, 2011

Fund Balances - Total Governmental Funds	\$ 26,407,973
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	278,818,218
Accumulated depreciation	<u>(120,355,601)</u>
Total	158,462,617
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable, including issuance premiums and deferred interest	(120,718,436)
Compensated absences	(6,419,253)
Other long-term liabilities	(1,473,481)
Internal Service Fund assets and liabilities are included in governmental activities in the statement of net assets	25,000
Accrued interest payable is not included as a liability in governmental activities	<u>(958,652)</u>
Net Assets of Governmental Activities	<u>\$ 55,325,768</u>

Troy School District

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2011

	General Fund	2004 Capital Projects Fund	Other Nonmajor Governmental Funds	Total
Revenue				
Local sources	\$ 43,169,049	\$ 20,783	\$ 22,550,411	\$ 65,740,243
State sources	73,988,119	-	103,318	74,091,437
Federal sources	11,947,217	-	830,082	12,777,299
Interdistrict and other sources	8,247,213	-	-	8,247,213
Total revenue	137,351,598	20,783	23,483,811	160,856,192
Expenditures				
Current:				
Instruction	91,406,553	-	-	91,406,553
Support services	42,611,688	-	-	42,611,688
Community services	1,274,665	-	1,733,117	3,007,782
Food services	-	-	3,162,503	3,162,503
Athletics	1,651,659	-	-	1,651,659
Debt service principal	-	-	11,925,000	11,925,000
Debt service interest and other	-	-	6,350,200	6,350,200
Other bond expenditures	-	-	394,033	394,033
Capital outlay	129,301	3,711,105	9,070	3,849,476
Total expenditures	137,073,866	3,711,105	23,573,923	164,358,894
Excess of Revenue Over (Under)				
Expenditures	277,732	(3,690,322)	(90,112)	(3,502,702)
Other Financing Sources (Uses)				
Transfers in (Note 6)	618,044	-	134,014	752,058
Transfers out (Note 6)	-	-	(752,058)	(752,058)
Total other financing sources (uses)	618,044	-	(618,044)	-
Net Change in Fund Balances				
	895,776	(3,690,322)	(708,156)	(3,502,702)
Fund Balances - Beginning of year - As restated	18,861,061	8,229,662	2,819,952	29,910,675
Fund Balances - End of year	\$ 19,756,837	\$ 4,539,340	\$ 2,111,796	\$ 26,407,973

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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (3,502,702)

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	(7,819,571)
Capital outlay	<u>2,697,901</u>

Total (5,121,670)

The net effect of other transactions involving capital assets that decreased net assets (4,791,748)

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 96,528

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 11,925,000

Amortization of deferred interest (142,371)

Amortization of bond premium 466,017

Internal Service Fund activity 25,000

Decreases in compensated absences and self-insurance are reported as expenditures when financial resources are used in the governmental funds, excluding Internal Service Fund early retirement incentive 217,646

Change in Net Assets of Governmental Activities **\$ (828,300)**

Troy School District

Proprietary Fund - Internal Service Fund Statement of Net Assets June 30, 2011

Assets - Current assets	
Cash and investments (Note 3)	\$ 3,121,958
Due from other funds (Note 6)	<u>39,342</u>
Total assets	3,161,300
Liabilities	
Current liabilities - Early retirement incentive (Note 7)	1,011,886
Long-term liabilities - Early retirement incentive (Note 7)	<u>2,124,414</u>
Total liabilities	<u>3,136,300</u>
Net Assets - Unrestricted	<u><u>\$ 25,000</u></u>

Troy School District

Proprietary Fund - Internal Service Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2011

Operating Revenue - Charges for services	\$ 39,342
Operating Expenses - Early retirement incentive	<u>18,452</u>
Operating Gain	20,890
Nonoperating Revenue - Interest income	<u>4,110</u>
Change in Net Assets	25,000
Net Assets - Beginning of year	<u>-</u>
Net Assets - End of year	<u><u>\$ 25,000</u></u>

Troy School District

Proprietary Fund - Internal Service Fund Statement of Cash Flows Year Ended June 30, 2011

Cash Flows from Operating Activities	
Payments for services	\$ (1,125,591)
Receipts from other funds	<u>53,337</u>
Net cash used in operating activities	(1,072,254)
Cash Flows from Investing Activities - Interest	<u>4,110</u>
Net Decrease in Cash and Investments	(1,068,144)
Cash and Investments - July 1, 2010	<u>4,190,102</u>
Cash and Investments - June 30, 2011	<u><u>\$ 3,121,958</u></u>
Reconciliation of Operating Gain to Net Cash from Operating Activities	
Operating gain	\$ 20,890
Adjustments to reconcile operating loss to net cash from operating activities:	
Decrease in due from other funds	13,995
Decrease in accrued liabilities	<u>(1,107,139)</u>
Net cash used in operating activities	<u><u>\$ (1,072,254)</u></u>

Troy School District

Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2011

	Student Activities Agency Fund
	<u> </u>
Assets	
Cash and investments (Note 3)	\$ 2,126,723
Accounts receivable	<u>11,276</u>
Total assets	<u><u>\$ 2,137,999</u></u>
Liabilities	
Accounts payable	\$ 116,065
Due to other funds (Note 6)	212,281
Due to student groups	<u>1,809,653</u>
Total liabilities	<u><u>\$ 2,137,999</u></u>

Troy School District

Fiduciary Fund Statement of Changes in Fiduciary Assets and Liabilities June 30, 2011

	Balance <u>June 30, 2010</u>	Additions	Deletions	Balance <u>June 30, 2011</u>
Assets	<u>\$ 1,996,417</u>	<u>\$ 2,334,873</u>	<u>\$ 2,193,291</u>	<u>\$ 2,137,999</u>
Liabilities	<u>\$ 1,996,417</u>	<u>\$ 2,334,873</u>	<u>\$ 2,193,291</u>	<u>\$ 2,137,999</u>

Note I - Summary of Significant Accounting Policies

The accounting policies of 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.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

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 1 - 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 program 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.

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 accounts for the Voluntary Resignation Incentive Plan and is funded through payments from the General Fund.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's Special Revenue Funds are the Food Services and the Adult and Community Education Funds. Revenue sources for the Food Services Fund include sales to customers and dedicated grants from state and federal sources. Revenue of the Adult and Community Education Fund consists primarily of fees charged to users. Any operating deficit generated by these activities is the responsibility of the General Fund.

Assets, Liabilities, and Net Assets or Equity

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

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

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

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

Restricted Assets - The unspent bond proceeds and related interest of the Capital Projects Fund require amounts to be set aside for construction and capital asset acquisition. The property taxes levied in the Debt Service Funds are required to be set aside for future principal and interest payments on bonded debt. These amounts have been classified as restricted assets in the applicable fund financial statements and 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 School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance - In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned. The School District implemented Statement No. 54 during the year.

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Education
- **Unassigned:** Includes the residual classification for the School District's General Fund and includes all spendable amounts not contained in the other classifications

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounting Change - Effective July 1, 2010, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 54. In addition to the changes to fund balance discussed above, the School District changed its presentation of the athletics activity in the governmental funds. Previously, the athletics function was reported as a special revenue fund. With the adoption of GASB No. 54, the activity no longer met the criteria to be classified as a special revenue fund and the activity is now reported in the General Fund. The Athletics Fund did not have a fund balance as of June 30, 2010.

Additionally, the Durant Fund, previously reported as a major fund, no longer met the criteria to be classified as a special revenue fund and is now reported in the General Fund. The Durant Fund had a fund balance of \$5,610,166 at June 30, 2010. The General Fund beginning fund balance has been restated at \$18,861,061 to include the Durant Fund balance.

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, except that proceeds from issuance of debt are budgeted as interdistrict revenue and other sources and capital outlay is presented within the functional categories. All annual appropriations lapse at fiscal year end. The budget document presents major General Fund information by function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year.

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

Excess of Expenditures Over Appropriations in Budgeted Funds - The School District did not have significant General Fund expenditure budget variances except for business services, which had expenditures 39.5 percent in excess of budget due to unanticipated tax tribunal decisions. This increased expenditure was offset by a State Aid revenue adjustment in the August payment.

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

Note 3 - Deposits and Investments

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

The School District has designated nine 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:

Custodial Credit Risk of Bank Deposits

Custodial credit risk of bank deposits 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. At year end, the School District's deposit balance of \$4,368,049 included \$3,846,635 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 of investments 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, 2011, the School District does not have investments with custodial credit risk.

Troy School District

Notes to Financial Statements June 30, 2011

Note 3 - Deposits and Investments (Continued)

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 maximum 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.

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
Interlocal agreement fund	Ambassador Capital	\$ 250,327	N/A	Standard & Poor's	AAA
Interlocal agreement fund	PFM-MILAF	<u>24,800,981</u>	N/A	Standard & Poor's	AAA
	Total	<u>\$ 25,051,308</u>			

Concentration of Credit Risk

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

- **U.S. Government Securities** - A maximum of 100 percent of available funds may be invested in United States government securities.

Note 3 - Deposits and Investments (Continued)

- **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.

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:

Issuer	Percent of Total Investments
Michigan Liquid Asset Fund Plus	99.00

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.

Troy School District

Notes to Financial Statements June 30, 2011

Note 4 - Receivables and Unearned/Deferred Revenue

The majority of the amount due from other governmental units, recorded on the General Fund balance sheet, is comprised of \$13,912,003 due from the State of Michigan for state membership aid and \$2,946,275 due from the federal government for grants.

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.

Note 5 - Capital Assets

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

	Balance June 30, 2010	Additions	Transfers and Disposals	Balance June 30, 2011
Assets not being depreciated:				
Land	\$ 2,592,570	\$ -	\$ -	\$ 2,592,570
Construction in progress	1,094,276	1,109,184	(2,203,460)	-
Subtotal	3,686,846	1,109,184	(2,203,460)	2,592,570
Capital assets being depreciated:				
Buildings and building improvements	228,277,460	1,510,968	1,205,489	230,993,917
Furniture and equipment	66,650,210	77,749	(21,496,228)	45,231,731
Subtotal	294,927,670	1,588,717	(20,290,739)	276,225,648
Total capital assets	298,614,516	2,697,901	(22,494,199)	278,818,218
Accumulated depreciation:				
Buildings and building improvements	77,721,419	5,860,724	(526,548)	83,055,595
Furniture and equipment	52,517,062	1,958,847	(17,175,903)	37,300,006
Subtotal	130,238,481	7,819,571	(17,702,451)	120,355,601
Net capital assets being depreciated	164,689,189	(6,230,854)	(2,588,288)	155,870,047
Net capital assets	\$ 168,376,035	\$ (5,121,670)	\$ (4,791,748)	\$ 158,462,617

Troy School District

Notes to Financial Statements June 30, 2011

Note 5 - Capital Assets (Continued)

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

Governmental activities:	
Instruction	\$ 504,245
Support services	6,999,031
Food services	26,371
Athletics	288,591
Community services	<u>1,333</u>
Total governmental activities	<u>\$ 7,819,571</u>

Construction Commitments - The School District has active construction projects at year end. The projects include the 2004 Bond issue and various projects. At year end, the School District's commitments with contractors totaled \$25,861.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	Nonmajor Governmental Funds	Student Activities Agency Fund	
General Fund	\$ (39,342)	\$ 326,983	\$ 212,281	\$ 499,922
Internal Service Fund	39,342	-	-	39,342
Nonmajor governmental funds	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total	<u>\$ -</u>	<u>\$ 331,983</u>	<u>\$ 212,281</u>	<u>\$ 544,264</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
	Out - Nonmajor
	Governmental
	Funds
Transfers in:	
General Fund	\$ 618,044
Nonmajor governmental funds	<u>134,014</u>
Total	<u>\$ 752,058</u>

Troy School District

Notes to Financial Statements June 30, 2011

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Transfers from other governmental funds to the General Fund were made as cost reimbursement, for operating purposes, or to transfer excess funds. Transfers between other nonmajor governmental funds were made in order to close out the 2004A debt 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, a student software loan, and certain risk liabilities.

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

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$ 127,965,000	\$ -	\$ 11,925,000	\$ 116,040,000	\$ 12,460,000
Plus deferred amounts:					
Issuance premiums	6,695,570	-	466,017	6,229,553	466,017
Deferred interest	(1,693,488)	-	(142,371)	(1,551,117)	(142,371)
Employee compensated absences	6,404,391	33,851	18,989	6,419,253	253,365
Early retirement incentive	4,243,439	18,452	1,125,591	3,136,300	1,011,886
Administrative severance obligation	559,780	-	166,857	392,923	95,252
Student software loan	154,498	-	30,900	123,598	30,900
Self-insured liabilities	991,711	1,339,454	1,374,205	956,960	477,502
	<u>991,711</u>	<u>1,339,454</u>	<u>1,374,205</u>	<u>956,960</u>	<u>477,502</u>
Total governmental activities	<u>\$ 145,320,901</u>	<u>\$ 1,391,757</u>	<u>\$ 14,965,188</u>	<u>\$ 131,747,470</u>	<u>\$ 14,652,551</u>

Troy School District

Notes to Financial Statements June 30, 2011

Note 7 - Long-term Debt (Continued)

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2012	\$ 12,460,000	\$ 5,790,650	\$ 18,250,650
2013	13,055,000	5,179,000	18,234,000
2014	7,575,000	4,526,250	12,101,250
2015	7,575,000	4,147,500	11,722,500
2016	7,575,000	3,768,750	11,343,750
2017-2021	37,900,000	13,162,500	51,062,500
2022-2026	29,900,000	3,877,500	33,777,500
Total	<u>\$ 116,040,000</u>	<u>\$ 40,452,150</u>	<u>\$ 156,492,150</u>

Governmental Activities

General obligation bonds consist of the following at June 30, 2011:

\$53,545,000 General Obligation Bonds due in annual installments of \$2,075,000 to \$3,550,000 through May 1, 2026; interest at 5.00%	\$ 50,340,000
\$98,870,000 General Obligation and Refunding Bonds due in annual installments of \$4,050,000 to \$10,765,000 through May 1, 2024; interest at 3.75% to 5.00%	64,565,000
\$5,985,000 Refunding Bonds due in annual installments of \$1,135,000 through May 1, 2012; interest at 4.00%	<u>1,135,000</u>
Total bonded debt	<u>\$ 116,040,000</u>

Note 7 - Long-term Debt (Continued)

Student Software Loan - The School District has entered into an installment purchase agreement in the original amount of \$154,498 to finance the purchase of student software. The installment agreement bears interest at 4.24 percent and will be paid in annual installments of principal and interest ranging from \$32,208 to \$34,830 through September 2014.

Early Retirement Incentive - The School District has a long-term early retirement incentive program in place that calls for monthly payments of \$85,438 through July 2014.

Defeased Debt - In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2011, \$16,575,000 of bonds outstanding are considered defeased.

Note 8 - Risk Management

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

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

Health Insurance - The School District is partially uninsured for health claims for certain employee groups. The School District's maximum loss is limited to an aggregate loss fund amount (\$1,550,285 for calendar year 2011). All claims filed on a calendar year basis in excess of the loss fund are paid by an excess insurer.

Troy School District

Notes to Financial Statements June 30, 2011

Note 8 - Risk Management (Continued)

The School District estimates the liability for health and workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the government-wide statements. 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>2011</u>	<u>2010</u>
Estimated liability - Beginning of year	\$ 991,711	\$ 1,641,663
Estimated claims incurred - Including changes in estimates	1,339,454	1,467,798
Claim payments	<u>(1,374,205)</u>	<u>(2,117,750)</u>
Estimated liability - End of year	<u>\$ 956,960</u>	<u>\$ 991,711</u>

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

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

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System at 7150 Harris Drive, P.O. Box 30171, Lansing MI 48909.

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)

Pension Benefits - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate for basic plan members was 10.13 percent of covered payroll for the period from July 1, 2010 through September 30, 2010 and 12.16 percent for the period from October 1, 2010 through June 30, 2011. The employer contribution rate for pension plus plan members was 10.66 for the period from October 1, 2010 through June 30, 2011. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages, or up to 6.4 percent of gross wages for members entering the MIP Plus plan on or after July 1, 2008. The School District's required and actual contributions to the plan for the years ended June 30, 2011, 2010, and 2009 were \$8,329,545, \$7,502,758, and \$8,143,675, respectively.

Postemployment Benefits - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 6.81 percent of covered payroll for the period from July 1, 2010 through September 30, 2010, 7.25 percent for the period from October 1, 2010 through October 31, 2010, and 8.50 percent for the period from November 1, 2010 through June 30, 2011. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended July 30, 2011, 2010, and 2009 were \$5,680,050, \$5,043,809, and \$5,701,403, respectively.

Note 10 - Restricted Assets

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

Unspent bond proceeds and related interest	\$ 4,539,340
Property tax collections for repayment of bonded indebtedness	<u>281,271</u>
Total restricted assets	<u>\$ 4,820,611</u>

Note 11 - Upcoming Accounting Pronouncements

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*. This pronouncement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also amends the net asset reporting in Statement No. 34, and incorporates deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure by renaming that measure as net position, rather than net assets. The School District is currently evaluating the impact this standard will have on the financial statements when adopted, which is expected to occur during the School District's 2012-2013 fiscal year.

Required Supplemental Information

Troy School District

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 44,378,692	\$ 43,333,461	\$ 43,169,049	\$ (164,412)
State sources	70,443,859	72,966,234	73,988,119	1,021,885
Federal sources	10,371,927	13,007,711	11,947,217	(1,060,494)
Interdistrict and other sources	<u>8,348,203</u>	<u>8,222,832</u>	<u>8,247,213</u>	<u>24,381</u>
Total revenue	133,542,681	137,530,238	137,351,598	(178,640)
Expenditures - Current				
Instruction:				
Basic programs	70,225,942	70,844,703	70,239,458	(605,245)
Added needs	16,255,289	16,027,244	15,850,993	(176,251)
Adult and continuing education	4,558,579	5,994,691	5,378,003	(616,688)
Support services:				
Pupil	9,669,499	9,878,949	9,861,716	(17,233)
Instructional staff	6,560,245	6,658,604	6,412,223	(246,381)
General administration	1,923,680	1,976,501	1,785,243	(191,258)
School administration	7,446,158	7,618,032	7,370,512	(247,520)
Business services	1,363,084	1,564,163	2,586,618	1,022,455
Operations and maintenance	9,525,826	9,426,683	9,163,622	(263,061)
Transportation	3,859,731	3,750,660	4,089,150	338,490
Central support services	1,522,717	1,485,424	1,394,113	(91,311)
Support services (athletics and other)	1,719,729	1,642,927	1,651,659	8,732
Community services	990,196	1,234,955	1,274,665	39,710
Payments to other governmentals and site acquisitions	<u>25,000</u>	<u>25,000</u>	<u>15,891</u>	<u>(9,109)</u>
Total expenditures	135,645,675	138,128,536	137,073,866	(1,054,670)
Other Financing Sources (Uses)				
Transfers in	750,927	681,090	618,044	(63,046)
Transfers out	(147,830)	(139,983)	-	139,983
Proceeds from sale of capital assets	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>618,097</u>	<u>541,107</u>	<u>618,044</u>	<u>76,937</u>
Net Change in Fund Balance	(1,484,897)	(57,191)	895,776	952,967
Fund Balance - July 1, 2010 - As restated	<u>18,861,061</u>	<u>18,861,061</u>	<u>18,861,061</u>	<u>-</u>
Fund Balance - June 30, 2011	<u><u>\$ 17,376,164</u></u>	<u><u>\$ 18,803,870</u></u>	<u><u>\$ 19,756,837</u></u>	<u><u>\$ 952,967</u></u>

Other Supplemental Information

Troy School District

Other Supplemental Information Fund Descriptions

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

Special Revenue Funds

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

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

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

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

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

Troy School District

	Special Revenue Funds	
	Food Services	Adult and Community Education
Assets		
Cash and investments	\$ 936,704	\$ 1,690,013
Accounts receivable	-	1,934
Taxes receivable	-	-
Due from other funds	-	-
Due from other governmental units	64,933	-
Inventories	62,102	-
Prepays and other assets	5,833	125
Restricted cash and investments	-	-
Total assets	\$ 1,069,572	\$ 1,692,072
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 248,124	\$ 5,457
Accrued payroll and other liabilities	-	17,179
Due to other funds	175,501	151,482
Deferred revenue	108,423	177,401
Total liabilities	532,048	351,519
Fund Balances		
Nonspendable - Inventory and prepaid items	67,935	125
Restricted:		
Debt service	-	-
Food services	469,589	-
Committed - Adult and Community Education	-	1,340,428
Total fund balances	537,524	1,340,553
Total liabilities and fund balances	\$ 1,069,572	\$ 1,692,072

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

Debt Service Funds

2004	2006	2007	Total
\$ -	\$ -	\$ -	\$ 2,626,717
-	-	-	1,934
1,896	664	181	2,741
-	-	5,000	5,000
-	-	-	64,933
-	-	-	62,102
-	-	-	5,958
<u>227,720</u>	<u>51,921</u>	<u>1,630</u>	<u>281,271</u>
<u>\$ 229,616</u>	<u>\$ 52,585</u>	<u>\$ 6,811</u>	<u>\$ 3,050,656</u>
\$ 35,842	\$ 12,126	\$ 2,325	\$ 303,874
-	-	-	17,179
5,000	-	-	331,983
<u>-</u>	<u>-</u>	<u>-</u>	<u>285,824</u>
40,842	12,126	2,325	938,860
-	-	-	68,060
188,774	40,459	4,486	233,719
-	-	-	469,589
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,340,428</u>
<u>188,774</u>	<u>40,459</u>	<u>4,486</u>	<u>2,111,796</u>
<u>\$ 229,616</u>	<u>\$ 52,585</u>	<u>\$ 6,811</u>	<u>\$ 3,050,656</u>

Troy School District

	Special Revenue Funds	
	Food Services	Adult and Community Education
Revenue		
Local sources	\$ 2,326,036	\$ 2,102,345
State sources	103,318	-
Federal sources	830,082	-
Total revenue	3,259,436	2,102,345
Expenditures		
Current:		
Community services	-	1,733,117
Food services	3,162,503	-
Debt service:		
Principal	-	-
Interest and other	-	-
Other bond expenditures	-	-
Capital outlay	9,070	-
Total expenditures	3,171,573	1,733,117
Excess of Revenue Over (Under) Expenditures	87,863	369,228
Other Financing (Uses) Sources - Transfers (out) in	(216,351)	(401,693)
Net Change in Fund Balances	(128,488)	(32,465)
Fund Balances - Beginning of year	666,012	1,373,018
Fund Balances - End of year	\$ 537,524	\$ 1,340,553

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

Debt Service Fund				
2004A	2004	2006	2007	Total
\$ 844	\$ 12,530,933	\$ 4,394,838	\$ 1,195,415	\$ 22,550,411
-	-	-	-	103,318
-	-	-	-	830,082
844	12,530,933	4,394,838	1,195,415	23,483,811
-	-	-	-	1,733,117
-	-	-	-	3,162,503
-	8,980,000	1,775,000	1,170,000	11,925,000
-	3,652,250	2,605,750	92,200	6,350,200
200	272,118	95,468	26,247	394,033
-	-	-	-	9,070
200	12,904,368	4,476,218	1,288,447	23,573,923
644	(373,435)	(81,380)	(93,032)	(90,112)
(134,014)	95,000	-	39,014	(618,044)
(133,370)	(278,435)	(81,380)	(54,018)	(708,156)
133,370	467,209	121,839	58,504	2,819,952
<u>\$ -</u>	<u>\$ 188,774</u>	<u>\$ 40,459</u>	<u>\$ 4,486</u>	<u>\$ 2,111,796</u>

Troy School District

	Special Revenue Funds		Debt Service Funds	
	Budget	Actual	Budget	Actual
Revenue				
Local sources	\$ 4,418,369	\$ 4,428,381	\$ 18,336,279	\$ 18,122,030
State sources	103,318	103,318	-	-
Federal sources	815,691	830,082	-	-
Total revenue	5,337,378	5,361,781	18,336,279	18,122,030
Expenditures				
Special Revenue Funds:				
Salaries	817,244	787,635	-	-
Employee benefits	382,294	382,744	-	-
Purchased services	2,203,887	2,402,629	-	-
Supplies/Materials	1,450,331	1,284,313	-	-
Capital outlay	-	9,070	-	-
Other expenditures	6,542	38,299	-	-
Debt service:	-	-	-	-
Principal	-	-	11,925,000	11,925,000
Interest and other	-	-	6,350,200	6,350,200
Other bond expenditures	-	-	323,517	394,033
Capital outlay	-	-	-	-
Total expenditures	4,860,298	4,904,690	18,598,717	18,669,233
Excess of Revenue Over (Under) Expenditures	477,080	457,091	(262,438)	(547,203)
Other Financing Uses -				
Transfers out	(578,937)	(618,044)	-	-
Net Change in Fund Balances	(101,857)	(160,953)	(262,438)	(547,203)
Fund Balances - Beginning of year	2,039,030	2,039,030	780,922	780,922
Fund Balances - End of year	<u>\$ 1,937,173</u>	<u>\$ 1,878,077</u>	<u>\$ 518,484</u>	<u>\$ 233,719</u>

**Other Supplemental Information
 Budgetary Comparison Schedule - Governmental Funds (Excluding
 General Fund) and Proprietary Fund - Internal Service Fund
 Year Ended June 30, 2011**

Capital Projects Fund		Internal Service Fund	
Budget	Actual	Budget	Actual
\$ 44,271	\$ 20,783	\$ 109,208	\$ 43,452
-	-	-	-
-	-	-	-
44,271	20,783	109,208	43,452
-	-	-	-
-	-	-	-
30,750	45,095	-	-
-	-	-	-
-	-	-	-
-	-	109,208	18,452
-	-	-	-
-	-	-	-
-	-	-	-
7,185,370	3,666,010	-	-
7,216,120	3,711,105	109,208	18,452
(7,171,849)	(3,690,322)	-	25,000
-	-	-	-
-	-	-	-
(7,171,849)	(3,690,322)	-	25,000
8,229,662	8,229,662	-	-
\$ 1,057,813	\$ 4,539,340	\$ -	\$ 25,000

Troy School District

June 30	2007 Debt			2006 Debt		
	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate
2012	\$ 1,135,000	\$ 45,400	4.000	\$ 2,075,000	\$ 2,517,000	5.000
2013	-	-	-	2,290,000	2,413,250	5.000
2014	-	-	-	3,525,000	2,298,750	5.000
2015	-	-	-	3,525,000	2,122,500	5.000
2016	-	-	-	3,525,000	1,946,250	5.000
2017	-	-	-	3,525,000	1,770,000	5.000
2018	-	-	-	3,525,000	1,593,750	5.000
2019	-	-	-	3,525,000	1,417,500	5.000
2020	-	-	-	3,525,000	1,241,250	5.000
2021	-	-	-	3,550,000	1,065,000	5.000
2022	-	-	-	3,550,000	887,500	5.000
2023	-	-	-	3,550,000	710,000	5.000
2024	-	-	-	3,550,000	532,500	5.000
2025	-	-	-	3,550,000	355,000	5.000
2026	-	-	-	3,550,000	177,500	5.000
	<u>\$ 1,135,000</u>	<u>\$ 45,400</u>		<u>\$ 50,340,000</u>	<u>\$ 21,047,750</u>	
Principal payments due	May 1			May 1		
Interest payments due	May 1 and November 1			May 1 and November 1		
Interest rate	4.00%			5.00%		
Original issue	<u>\$ 5,985,000</u>			<u>\$ 53,545,000</u>		

**Other Supplemental Information
Schedule of Bonded Indebtedness
June 30, 2011**

2004 Debt		
Principal	Interest	Interest Rate
\$ 9,250,000	\$ 3,228,250	5.000
10,765,000	2,765,750	5.000
4,050,000	2,227,500	5.000
4,050,000	2,025,000	5.000
4,050,000	1,822,500	5.000
4,050,000	1,620,000	5.000
4,050,000	1,417,500	5.000
4,050,000	1,215,000	5.000
4,050,000	1,012,500	5.000
4,050,000	810,000	5.000
4,050,000	607,500	5.000
4,050,000	405,000	5.000
4,050,000	202,500	5.000
-	-	-
-	-	-
<u>\$ 64,565,000</u>	<u>\$ 19,359,000</u>	
May 1		
May 1 and November 1		
3.75% to 5.00%		
<u>\$ 98,870,000</u>		

**Statistical and Other Information
(Unaudited)**

Troy School District

Statistical and Other Information (Unaudited)

Financial Trend Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

Troy School District

	June 30			
	2002	2003	2004	2005
Governmental Activities				
Invested in capital assets -				
Net of related debt	\$ 22,371,818	\$ 27,171,994	\$ 25,827,547	\$ 28,949,595
Restricted	5,159,619	2,460,986	767,907	1,938,459
Unrestricted	30,232,410	25,363,438	33,180,151	24,464,131
	<u> </u>	<u> </u>	<u> </u>	<u> </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>

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

Source: Data included in this schedule from 2002-2010 has been excerpted from prior audited financial statements.

Financial Trend Information Net Assets by Component

June 30					
2006	2007	2008	2009	2010	2011
\$ 35,678,044	\$ 39,520,249	\$ 40,667,213	\$ 42,248,195	\$ 42,539,503	\$ 42,262,738
2,592,210	3,371,854	4,011,735	1,801,846	824,854	254,502
18,725,178	20,176,692	21,875,070	13,822,989	12,789,711	12,808,528
<u>\$ 56,995,432</u>	<u>\$ 63,068,795</u>	<u>\$ 66,554,018</u>	<u>\$ 57,873,030</u>	<u>\$ 56,154,068</u>	<u>\$ 55,325,768</u>

Troy School District

	2002	2003	2004	2005
Expenses				
Governmental activities:				
Instruction	\$ 77,948,704	\$ 82,042,521	\$ 80,785,619	\$ 88,747,576
Support services	45,276,940	49,607,745	52,928,974	53,433,135
Food services	2,756,344	2,946,119	3,017,616	3,121,786
Athletics	1,787,558	1,946,018	1,942,654	2,096,801
Community services	2,287,575	2,420,695	3,920,749	4,028,914
Facilities acquisition	-	-	-	-
Interest on long-term debt	4,975,874	4,609,160	4,335,127	5,412,602
Total governmental activities	135,032,995	143,572,258	146,930,739	156,840,814
Program revenue:				
Charges for services:				
Instruction	1,068,854	1,310,605	1,449,996	1,312,859
Support services	211,659	137,229	186,554	173,825
Food services	2,354,748	2,583,391	2,765,415	2,801,977
Athletics	117,806	118,543	132,537	255,076
Community services	2,546,849	2,639,648	2,852,170	2,892,759
Operating grants and contributions	9,498,076	9,202,867	9,440,829	17,750,348
Total program revenue	15,797,992	15,992,283	16,827,501	25,186,844
Net expenses	<u>\$ (119,235,003)</u>	<u>\$ (127,579,975)</u>	<u>\$ (130,103,238)</u>	<u>\$ (131,653,970)</u>
General Revenue				
Property taxes	\$ 58,278,890	\$ 59,969,080	\$ 60,404,226	\$ 66,168,277
State aid not restricted to specific purposes	64,340,336	63,725,350	65,502,382	58,779,988
Federal sources - Unrestricted	-	-	-	-
Investment earnings	1,180,674	641,109	522,790	2,299,143
Other	128,690	217,698	130,153	73,778
Total general revenue	123,925,590	124,553,237	126,559,551	127,321,186
Gain (Loss) on Disposal	325,100	259,309	8,322,874	(90,636)
Changes in Net Assets	<u>\$ 5,018,687</u>	<u>\$ (2,767,429)</u>	<u>\$ 4,779,187</u>	<u>\$ (4,423,420)</u>

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

Source: Data included in this schedule from 2002-2010 has been excerpted from prior audited financial statements.

Financial Trend Information Changes in Governmental Net Assets

2006	2007	2008	2009	2010	2011
\$ 84,096,275	\$ 87,171,212	\$ 87,130,404	\$ 95,610,720	\$ 91,308,634	\$ 91,898,069
55,765,484	53,189,328	56,490,210	58,769,127	53,767,043	50,536,487
3,085,138	3,161,951	3,325,579	3,289,411	3,199,402	3,188,874
2,058,617	2,197,785	2,173,322	2,135,773	2,201,651	1,940,250
3,414,463	3,098,075	2,720,825	2,877,199	2,776,876	3,009,115
-	-	12,472	15,487	173,114	-
6,318,539	8,306,480	7,673,678	7,421,573	6,958,667	6,647,705
154,738,516	157,124,831	159,526,490	170,119,290	160,385,387	157,220,500
1,270,908	1,066,034	985,219	1,501,740	1,402,597	2,106,145
124,525	129,012	159,308	158,880	236,142	177,094
2,767,975	2,798,955	2,760,105	2,736,249	2,386,859	2,428,530
156,670	243,103	241,758	201,157	432,518	576,170
2,594,135	2,448,923	2,515,851	2,304,595	2,022,432	2,100,225
18,417,860	19,580,075	20,284,814	26,023,873	24,576,393	23,888,708
25,332,073	26,266,102	26,947,055	32,926,494	31,056,941	31,276,872
<u>\$(129,406,443)</u>	<u>\$(130,858,729)</u>	<u>\$(132,579,435)</u>	<u>\$(137,192,796)</u>	<u>\$(129,328,446)</u>	<u>\$(125,943,628)</u>
\$ 66,462,954	\$ 66,766,960	\$ 68,235,762	\$ 63,138,507	\$ 61,997,936	\$ 58,211,136
60,069,254	62,843,834	63,276,294	63,783,531	61,239,849	68,168,710
-	-	-	-	3,414,174	2,748,170
4,422,790	5,541,036	4,554,422	1,330,114	607,949	375,274
181,128	1,766,150	320,599	382,797	349,576	403,786
131,136,126	136,917,980	136,387,077	128,634,949	127,609,484	129,907,076
(86,436)	14,112	(322,419)	(123,141)	-	(4,791,748)
<u>\$ 1,643,247</u>	<u>\$ 6,073,363</u>	<u>\$ 3,485,223</u>	<u>\$ (8,680,988)</u>	<u>\$ (1,718,962)</u>	<u>\$ (828,300)</u>

Troy School District

	2002	2003	2004	2005
General Fund				
Reserved	\$ 4,741,345	\$ 6,900,445	\$ 355,563	\$ 249,718
Unreserved	28,882,512	24,493,723	35,263,833	25,650,229
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Fund	<u>\$ 33,623,857</u>	<u>\$ 31,394,168</u>	<u>\$ 35,619,396</u>	<u>\$ 25,899,947</u>
All Other Government Funds				
Reserved	\$ 10,555,442	\$ 3,073,100	\$ 872,954	\$ 58,666,195
Unreserved	3,448,744	5,013,417	6,450,254	6,423,070
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Other Governmental Funds	<u>\$ 14,004,186</u>	<u>\$ 8,086,517</u>	<u>\$ 7,323,208</u>	<u>\$ 65,089,265</u>

Note: Years beginning with 2011 are presented in accordance with GASB No. 54 which was effective as of 7/1/10.

Source: Data included in this schedule from 2002-2010 has been excerpted from prior audited financial statements.

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

2006	2007	2008	2009	2010	2011
\$ 700,470	\$ 663,296	\$ 612,778	\$ 333,435	\$ 935,281	\$ -
22,585,559	23,754,117	23,584,208	14,651,114	12,315,614	-
-	-	-	-	-	631,500
-	-	-	-	-	1,106,970
-	-	-	-	-	18,018,367
<u>\$ 23,286,029</u>	<u>\$ 24,417,413</u>	<u>\$ 24,196,986</u>	<u>\$ 14,984,549</u>	<u>\$ 13,250,895</u>	<u>\$ 19,756,837</u>
\$ 94,610,279	\$ 49,857,477	\$ 23,241,680	\$ 13,213,375	\$ 9,077,403	\$ -
6,927,450	7,032,567	7,350,027	7,574,245	7,582,377	-
-	-	-	-	-	68,060
-	-	-	-	-	5,242,648
-	-	-	-	-	1,340,428
<u>\$ 101,537,729</u>	<u>\$ 56,890,044</u>	<u>\$ 30,591,707</u>	<u>\$ 20,787,620</u>	<u>\$ 16,659,780</u>	<u>\$ 6,651,136</u>

Troy School District

	2002	2003	2004	2005
Revenue				
Local revenue	\$ 65,956,043	\$ 67,660,373	\$ 68,338,207	\$ 75,829,231
State revenue	63,633,937	63,223,896	62,804,461	63,708,384
Federal revenue	3,451,666	3,510,203	3,997,606	4,567,236
Interdistrict revenue	6,684,936	6,151,048	8,246,778	8,229,714
Total revenue	139,726,582	140,545,520	143,387,052	152,334,565
Expenditures				
Current:				
Instruction	72,622,801	76,748,293	76,540,528	84,591,594
Support services	42,664,745	43,793,380	45,770,832	47,986,601
Community services	2,778,534	2,592,545	3,922,118	3,431,473
Facilities acquisition	-	-	-	-
Athletics	1,655,818	1,682,553	1,661,096	1,814,997
Food services	2,750,326	2,901,153	2,960,514	3,057,353
Debt service:				
Principal	7,765,000	8,110,000	8,475,000	10,740,000
Interest	5,014,248	5,611,200	4,304,848	5,087,496
Other	31,254	1,988	128,185	280,182
Capital outlay	6,989,544	4,690,229	2,380,305	7,719,792
Intergovernmental transfers	2,478,909	2,847,316	2,916,037	2,847,952
Total expenditures	144,751,179	148,978,657	149,059,463	167,557,440
Excess of Expenditures Over Revenue	(5,024,597)	(8,433,137)	(5,672,411)	(15,222,875)
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-	-	13,375,000	98,870,000
Debt premium or discount	-	-	-	6,014,422
Sale of capital assets	619,774	285,779	8,699,330	222,236
Transfers in	1,852,509	1,787,946	3,223,646	1,586,914
Transfers out	(1,852,509)	(1,787,946)	(3,223,646)	(1,586,914)
Debt defeasance	-	-	(12,940,000)	(39,495,000)
Other	-	-	-	(2,342,175)
Total other financing sources (uses)	619,774	285,779	9,134,330	63,269,483
Net Change in Fund Balances	(4,404,823)	(8,147,358)	3,461,919	48,046,608
Fund Balances - Beginning of year	52,032,866	47,628,043	39,480,685	42,942,604
Fund Balances - End of year	\$ 47,628,043	\$ 39,480,685	\$ 42,942,604	\$ 90,989,212

Debt service as a percentage of noncapital expenditures 10.46% 10.74% 9.86% 11.43%

Source: Data included in this schedule from 202-2010 has been excerpted from prior audited financial statements.

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

2006	2007	2008	2009	2010	2011
\$ 77,592,739	\$ 80,506,231	\$ 79,584,801	\$ 71,213,765	\$ 69,343,129	\$ 65,740,243
65,006,361	68,528,147	68,920,464	69,557,165	67,205,629	74,091,437
5,170,638	5,475,769	5,733,719	11,902,478	12,646,069	12,777,299
8,290,309	8,082,588	8,622,042	8,527,747	9,144,341	8,247,213
156,060,047	162,592,735	162,861,026	161,201,155	158,339,168	160,856,192
79,528,485	84,217,350	85,842,791	93,983,695	89,888,197	91,406,553
47,599,805	47,813,441	48,117,608	49,099,565	44,791,202	42,611,688
2,816,455	3,071,772	2,718,349	2,874,855	2,774,654	3,007,782
-	-	12,472	15,487	173,114	-
1,779,548	1,923,116	1,890,367	1,851,868	1,928,893	3,162,503
3,019,126	3,096,403	3,258,613	3,231,473	3,141,616	1,651,659
11,885,000	9,730,000	10,165,000	11,035,000	11,495,000	11,925,000
5,943,398	7,855,105	7,728,238	7,336,100	6,881,250	6,350,200
725	134,002	21,814	165,549	161,670	394,033
23,360,462	47,863,395	29,751,899	10,652,503	3,738,472	3,849,476
2,932,826	-	-	-	-	-
178,865,830	205,704,584	189,507,151	180,246,095	164,974,068	164,358,894
(22,805,783)	(43,111,849)	(26,646,125)	(19,044,940)	(6,634,900)	(3,502,702)
56,610,152	6,045,190	-	-	-	-
-	-	-	-	-	-
-	61,668	127,361	28,416	18,908	-
2,122,512	2,252,322	2,176,754	2,430,066	2,520,080	752,058
(2,122,512)	(2,252,322)	(2,176,754)	(2,430,066)	(1,920,080)	(752,058)
-	(6,511,310)	-	-	-	-
30,177	-	-	-	154,498	-
56,640,329	(404,452)	127,361	28,416	773,406	-
33,834,546	(43,516,301)	(26,518,764)	(19,016,524)	(5,861,494)	(3,502,702)
90,989,212	124,823,758	81,307,457	54,788,693	35,772,169	29,910,675
\$ 124,823,758	\$ 81,307,457	\$ 54,788,693	\$ 35,772,169	\$ 29,910,675	\$ 26,407,973
13.23%	12.65%	12.63%	12.27%	12.99%	13.16%

Troy School District

Taxable Value by Property Type						
Tax Year	Real Property			Agricultural and Other	Personal Property	Total Value
	Residential	Commercial	Industrial			
2001	\$ 1,862,572,590	\$ 1,091,856,660	\$ 310,710,930	\$ -	\$ 525,455,040	\$ 3,790,595,220
2002	1,972,340,290	1,112,229,080	332,879,420	-	498,854,208	3,916,302,998
2003	2,049,453,131	1,152,900,440	327,066,420	-	468,176,960	3,997,596,951
2004	2,158,772,810	1,147,811,590	347,707,990	-	426,948,096	4,081,240,486
2005	2,277,076,230	1,178,957,390	350,683,300	-	403,225,480	4,209,942,400
2006	2,427,726,198	1,187,083,160	351,979,910	-	384,167,410	4,350,956,678
2007	2,519,246,587	1,195,877,610	357,618,240	451,030	375,547,560	4,448,741,027
2008	2,531,030,310	1,191,128,660	358,797,580	-	362,393,150	4,443,349,700
2009	2,498,444,569	1,174,009,185	354,556,100	-	355,992,100	4,383,001,954
2010	2,228,267,664	1,031,219,807	304,152,000	-	322,755,150	3,886,394,621

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

Revenue Capacity Information
Assessed Value and Actual Value of Taxable Property

Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percentage of Actual
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	8,162,480,972	50.00
22.1300	8,419,884,800	50.00
22.1300	8,701,913,356	50.00
22.1300	8,897,482,054	50.00
22.1000	8,886,699,400	50.00
22.1000	8,766,003,908	50.00
22.7000	7,772,789,242	50.00

Troy School District

Millage Rates - Direct School District Taxes							
Tax Year	Year Ended June 30	Operating			Total Direct Taxes		
		Homestead	Non- homestead	Debt*	Sinking Fund*	Homestead	Non- homestead
2001	2002	6.9237	18.0000	3.1400	0.00	10.0637	21.1400
2002	2003	6.5969	18.0000	3.1400	0.00	9.7369	21.1400
2003	2004	6.2943	18.0000	3.1400	0.00	9.4343	21.1400
2004	2005	6.0265	18.0000	4.1300	0.00	10.1565	22.1300
2005	2006	5.7387	18.0000	4.1300	0.00	9.8687	22.1300
2006	2007	5.3740	18.0000	4.1300	0.00	9.5040	22.1300
2007	2008	5.2856	18.0000	4.1300	0.00	9.4156	22.1300
2008	2009	4.6229	18.0000	4.1000	0.00	8.7229	22.1000
2009	2010	4.6686	18.0000	4.1000	0.00	8.7686	22.1000
2010	2011	5.4608	18.0000	4.7000	0.00	10.1608	22.7000

* Debt fund millages apply to homestead and nonhomestead property.

** Suburban Mobility Authority Regional Transportation

Source: Municipal Advisory Council of Michigan and City of Troy

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

Overlapping Taxes

County	Community College	Intermediate School District	State Education	City of Troy	SMART**
4.6478	1.6109	2.0752	6.0000	9.4800	0.3236
4.6523	1.6090	3.4224	6.0000	9.4500	0.6000
4.6497	1.5983	3.3991	5.0000	9.4500	0.5974
4.4322	1.5889	3.3789	6.0000	9.4500	0.5962
4.6461	1.5844	3.3690	6.0000	9.4500	0.5950
4.6461	1.5844	3.3690	6.0000	9.4300	0.5900
4.6461	1.5844	3.3690	6.0000	9.2800	0.5900
4.1900	1.5844	3.3690	6.0000	9.2800	-
4.1900	1.5844	3.3690	6.0000	9.4000	-
4.1900	1.5844	3.3690	6.0000	9.4900	-

Troy School District

Taxpayer	2010 Taxable Value	Percentage of Total	2009 Taxable Value	Percentage of Total
Frankel Forbes Cohen Associates	\$ 62,780,180	1.62	\$ 69,981,710	1.60
Emmes Asset Management Co LLC	41,207,320	1.06	43,586,970	0.99
Nykel Management Co.	29,800,130	0.77	32,933,920	0.75
Troy Industrial LLC	28,326,390	0.73	31,304,140	0.71
Nemer Troy Place Realty LLC	27,992,000	0.72	28,094,280	0.64
Osprey-Troy OfficeCentre, LLC	27,381,260	0.70	27,463,660	0.63
888 W Big Beaver Assoc LLC	26,332,930	0.68	30,329,290	0.69
Bank of America Corporation	24,467,460	0.63	26,969,090	0.62
Detroit Edison Company	23,094,720	0.59	24,750,060	0.56
755 Tower Associates	19,819,590	0.51	22,379,790	0.51
All others	3,575,192,641	91.99	4,045,209,044	92.29
Total	\$ 3,886,394,621		\$ 4,383,001,954	

Source: Oakland County

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

* Data not available

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

2008 Taxable Value	Percentage of Total	2007 Taxable Value	Percentage of Total	2006 Taxable Value	Percentage of Total
\$ 68,422,560	1.54	\$ 66,908,700	1.50	\$ 64,549,870	1.48
51,894,070	1.17	*	0.00	*	0.00
32,933,920	0.74	40,726,630	0.92	40,726,630	0.94
*	0.00	*	0.00	*	0.00
26,820,840	0.60	26,513,910	0.60	25,719,770	0.59
31,785,350	0.72	32,578,810	0.73	*	0.00
30,741,160	0.69	33,826,600	0.76	*	0.00
27,010,240	0.61	25,355,170	0.57	27,965,270	0.64
*	0.00	*	0.00	*	0.00
*	0.00	*	0.00	*	0.00
<u>4,173,741,560</u>	93.93	<u>4,222,831,207</u>	94.92	<u>4,191,995,138</u>	96.35
<u>\$ 4,443,349,700</u>		<u>\$ 4,448,741,027</u>		<u>\$ 4,350,956,678</u>	

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 Emmes Asset Management Co LLC	*	-	*	-
3 Nykel Management Co.	56,361,080	1.34	55,107,070	1.35
4 Troy Industrial LLC	*	-	*	-
5 Nemer Troy Place Realty LLC	25,205,320	0.60	25,106,540	0.62
6 Osprey-Troy OfficeCentre, LLC	*	-	*	-
7 888 W Big Beaver Assoc LLC	*	-	*	-
8 Bank of America Corporation	27,759,750	0.66	27,138,580	0.66
9 Detroit Edison Company	*	-	*	-
10 755 Tower Associates	*	-	*	-
All others	<u>4,038,243,720</u>	95.92	<u>3,912,830,886</u>	95.87
Total	<u>\$ 4,209,942,400</u>		<u>\$ 4,081,240,486</u>	

Source: Oakland County

* Data not available

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

2003 Taxable Value	Percentage of Total	2002 Taxable Value	Percentage of Total	2001 Taxable Value	Percentage of Total
\$ 59,713,100	1.49	\$ 58,814,340	1.50	\$ 18,596,530	0.49
*	-	*	-	*	-
54,827,230	1.37	53,855,480	1.38	52,240,590	1.38
*	-	*	-	*	-
24,542,100	0.61	24,179,430	0.62	23,644,150	0.62
*	-	*	-	*	-
*	-	*	-	*	-
25,550,320	0.64	25,550,320	0.65	26,460,230	0.70
*	-	*	-	*	-
*	-	*	-	*	-
3,832,964,201	95.88	3,753,903,428	95.85	3,669,653,720	96.81
<u>\$ 3,997,596,951</u>		<u>\$ 3,916,302,998</u>		<u>\$ 3,790,595,220</u>	

Troy School District

Revenue Capacity Information Property Tax Levies and Collections Last Ten Years

Tax Year	Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Levy Collected
2001	2002	\$ 59,193,467	\$ 58,328,985	98.54	\$ 123,866	\$ 58,452,851	98.75
2002	2003	61,002,834	59,833,312	98.08	173,244	60,006,556	98.37
2003	2004	60,793,929	60,254,035	99.11	150,190	60,404,225	99.36
2004	2005	65,590,790	65,087,435	99.23	1,080,842	66,168,277	100.88
2005	2006	66,108,260	65,974,622	99.80	488,332	66,462,954	100.54
2006	2007	66,689,831	66,485,173	99.69	244,400	66,766,960	100.12
2007	2008	68,065,212	67,883,013	99.73	297,034	68,065,212	100.00
2008	2009	62,952,681	60,295,359	95.78	260,596	60,422,196	95.98
2009	2010	61,915,697	59,606,369	96.27	169,603	59,739,436	96.49
2010	2011	58,130,197	55,664,986	95.76	172,543	55,837,529	96.06

Source: Troy School District

Troy School District

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

	Taxable Assessed Value*	Share of Revenue			Foundation Allowance	Executive Order Reduction per Pupil	Retirement Rate (Percent)
		State (Percent)	Local (Percent)				
2001-2002	\$ 3,790,595,220	48.34	38.82	\$ 8,835	\$ -	12.17	
2002-2003	3,916,302,998	49.08	39.68	9,035.00	(50.00)	12.99	
2003-2004	3,997,596,951	45.25	36.18	9,035.00	(74.00)	12.99	
2004-2005	4,081,240,486	46.94	38.14	9,035.00	-	14.87	
2005-2006	4,209,942,400	46.48	37.42	9,209.18	-	16.34	
2006-2007	4,350,956,678	47.71	36.06	9,419.18	-	17.74	
2007-2008	4,448,741,027	49.78	34.79	9,467.18	-	16.72	
2008-2009	4,443,349,700	53.59	31.49	9,523.18	-	16.54	
2009-2010	4,383,001,954	48.68	32.55	9,121.00	(154.00)	16.94	
2010-2011	3,886,394,621	51.69	27.79	9,121.00	(154.00)	19.63	

* City of Troy, Assessing Department

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
2002	\$ 96,645,000	\$ -	\$ 96,645,000	\$ -	\$ 96,645,000
2003	88,535,000	-	88,535,000	-	88,535,000
2004	80,495,000	-	80,495,000	-	80,495,000
2005	129,130,000	-	129,130,000	-	129,130,000
2006	170,790,000	-	170,790,000	-	170,790,000
2007	160,660,000	-	160,660,000	-	160,660,000
2008	150,495,000	-	150,495,000	-	150,495,000
2009	139,460,000	-	139,460,000	-	139,460,000
2010	127,965,000	-	127,965,000	154,498	128,119,498
2011	116,040,000	-	116,040,000	123,598	116,163,598

Population information obtained from City of Troy, Department of Planning and SEMCOG / US Bureau of Census.

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

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

Taxable Value	Net General Bonded Debt as a Percentage of Taxable Value	Total Debt as a Percentage of Taxable Value	Population	Net General Bonded Debt per Capita	Total Debt per Capita
\$ 3,790,595,220	3	3	84,345	\$ 1,146	\$ 1,146
3,916,302,998	2	2	84,841	1,044	1,044
3,997,596,951	2	2	85,556	941	941
4,081,240,486	3	3	86,408	1,494	1,494
4,209,942,400	4	4	87,159	1,960	1,960
4,350,956,678	4	4	87,594	1,834	1,834
4,448,741,027	3	3	87,954	1,711	1,711
4,443,349,700	3	3	83,874	1,663	1,663
4,383,001,954	3	3	80,084	1,598	1,600
3,886,394,621	3	3	80,980	1,433	1,434

Troy School District

Debt Capacity Information Direct and Overlapping Governmental Activities Debt June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
City of Troy	\$ 36,917,153	79.79%	\$ 29,456,196
Oakland County at Large	97,306,733	6.98%	6,792,010
Oakland Intermediate School District	62,379,412	7.00%	4,366,559
Oakland Community College	5,075,000	7.03%	356,773
Total overlapping debt			40,971,538
Direct district debt			116,040,000
Total direct and overlapping debt			\$ 157,011,538

Source: Municipal Advisory Council of Michigan

Troy School District

	2002	2003	2004	2005
Calculation of debt limit:				
Taxable value	\$ 3,790,595,220	\$ 3,916,302,998	\$ 3,997,596,951	\$ 4,081,240,486
15% of taxable value	568,589,283	587,445,450	599,639,543	612,186,073
Calculation of debt subject to limit:				
Total debt	96,645,000	88,535,000	80,495,000	129,130,000
Less debt not subject to limit - State qualified debt issuance	-	-	-	-
Net debt subject to limit	<u>96,645,000</u>	<u>88,535,000</u>	<u>80,495,000</u>	<u>129,130,000</u>
Legal debt margin	<u>\$ 471,944,283</u>	<u>\$ 498,910,450</u>	<u>\$ 519,144,543</u>	<u>\$ 483,056,073</u>
Net debt subject to limit as % of debt limit	17.00%	15.07%	13.42%	21.09%

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

Debt Capacity Information
Legal Debt Margin
Last Ten Years

2006	2007	2008	2009	2010	2011
\$ 4,209,942,400	\$ 4,350,956,678	\$ 4,448,741,027	\$ 4,443,349,700	\$ 4,383,001,954	\$ 3,886,394,621
631,491,360	652,643,502	667,311,154	666,502,455	657,450,293	582,959,193
170,790,000	160,660,000	150,495,000	139,460,000	128,119,498	116,040,000
-	-	-	-	-	-
170,790,000	160,660,000	150,495,000	139,460,000	128,119,498	116,040,000
\$ 460,701,360	\$ 491,983,502	\$ 516,816,154	\$ 527,042,455	\$ 529,330,795	\$ 466,919,193
27.05%	24.62%	22.55%	20.92%	19.49%	19.91%

Troy School District

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

Fiscal Year	Population	Total Personal Income (in thousands)	Ratio of Total Debt to Personal Income	Per Capita Personal Income	Unemployment Rate
2002	84,345	\$ 2,427,175	3.982%	\$ 28,777	3.80
2003	84,841	2,302,880	3.845%	27,143	4.50
2004	85,556	2,378,525	3.384%	27,801	4.80
2005	86,408	2,434,002	5.305%	28,169	4.90
2006	87,159	2,572,590	6.639%	29,516	4.90
2007	87,594	2,728,126	5.889%	31,145	5.00
2008	87,954	2,822,492	5.332%	32,091	5.40
2009	83,874	2,779,943	5.017%	33,144	10.04
2010	80,084	2,524,004	5.076%	31,517	11.93
2011	80,980	Not Available	- %	-	8.53

Population Source prior to 2010 was Oakland County Trends

2010 and beyond, Population source is SEMCOG

Source: State of Michigan

Unemployment Source: Michigan Labor Market Information database

Troy School District

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

Taxpayer	2009 Employees**	2000 Employees	Percentage of Total Employment
Flagstar Bank FSB	1,600	*	*
Wm Beaumont Hospital	1,500	2,413	5.36%
Troy School District	1,371	1,050	2.33%
Kelly Services	1,200	1,071	2.38%
Delphi Automotive Systems	1,000	972	2.16%
BBDO Detroit	900	*	*
City of Troy	791	*	*
Arvin Meritor Automotive	775	2,900	6.44%
Behr America	300	*	*
Sterling Cleaning Service	299	*	*
Total principal employers	<u>9,736</u>	<u>8,406</u>	
Total employment	<u>35,041</u>	<u>45,030</u>	

Source: Oakland County

* Information not available for year

**2009 is the most recent year that information is available

Troy School District

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

Function/Program	2006	2007	2008	2009	2010	2011
General government:						
Instruction	779	794	790	856	867	855
Support services	500	471	467	418	263	241
Community service	60	52	47	49	51	50
Food service	45	44	50	48	-	-
Total	<u>1,384</u>	<u>1,361</u>	<u>1,354</u>	<u>1,371</u>	<u>1,181</u>	<u>1,146</u>

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

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

Troy School District

Operating Information Operating Indicators Last Ten Years Years Ended June 30

Year	Enrollment	Operating Expenditures	Cost per Pupil	Operating Revenue	Revenue per Pupil	Total Teaching Staff	Percentage of Students Qualifying for Free/Reduced Meals	Average Teacher Salary
2002	12,083	\$ 114,607,235	\$ 9,485.00	\$ 122,473,180	\$ 10,135.99	765	2.58	\$ 68,684
2003	12,049	120,236,424	9,978.95	122,641,994	10,178.60	773	2.99	71,288
2004	12,059	123,375,990	10,231.03	124,788,691	10,348.18	768	3.58	73,119
2005	12,050	133,879,704	11,110.35	127,954,231	10,618.61	767	3.89	76,106
2006	12,022	131,169,844	10,910.82	130,225,352	10,832.25	761	4.34	73,499
2007	12,096	133,270,824	11,017.76	135,447,996	11,197.75	763	5.42	75,457
2008	12,174	136,505,061	11,212.84	136,284,634	11,194.73	774	5.22	76,263
2009	12,177	144,553,747	11,871.05	136,560,386	11,214.62	790	8.40	76,497
2010	12,076	136,053,498	11,266.94	134,719,100	11,155.94	785	12.00	74,301
2011	12,032	137,073,866	11,392.44	137,351,598	11,415.53	767	14.00	74,803

Source: Troy School District

Troy School District

Function/Program	2002	2003	2004	2005
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	5,103	5,077	5,048	5,133
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	2,974	3,017	2,995	2,862
High:				
Number of buildings	3	3	3	3
Square footage	655,247	655,247	655,247	655,247
Capacity	3,896	3,896	3,896	3,896
Enrollment	4,072	4,006	4,009	4,092
Administrative:				
Number of buildings	2	2	2	2
Square footage	46,000	46,000	46,000	46,000
Transportation/Maintenance:				
Number of buildings	2	2	2	2
Buses	76	75	78	80

Source: Troy School District - February 2010 Count Day

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

2006	2007	2008	2009	2010	2011
12	12	12	12	12	12
653,967	688,967	717,462	717,462	717,462	717,462
6,400	6,400	6,400	6,400	6,400	6,400
5,062	5,105	5,191	5,220	5,138	5,204
4	4	4	4	4	4
397,579	397,579	450,492	450,492	450,492	450,492
3,000	3,000	2,885	2,885	2,885	2,885
2,785	2,739	2,804	2,776	2,806	2,831
3	3	4	4	4	4
655,247	660,252	851,426	851,426	851,426	851,426
3,896	3,896	4,596	4,596	4,596	4,596
4,158	4,285	4,128	4,138	4,112	4,047
2	2	2	2	2	2
46,000	46,000	41,143	41,143	41,143	41,143
2	2	2	2	2	2
86	86	88	88	81	81