

TROY SCHOOL DISTRICT

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**for the fiscal year ended
June 30, 2010**

Troy School District

**4400 Livernois Road
Troy, Michigan 48098**

Troy School District

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010

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

**PREPARED BY:
DIVISION OF BUSINESS SERVICES
MONICA PAPASIAN
DIRECTOR OF FINANCE**

Troy School District

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Issued Under
Separate
Cover

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September 28, 2010

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

The Comprehensive Annual Financial Report of the Troy School District (the “School District”) for the fiscal year ended June 30, 2010 is submitted herewith. The report was prepared by the School District’s Department of Business Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe the data, as presented, is accurate in all material respects. The information is presented in a manner designed to fairly set forth the financial position and the results of operations of the School District as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the School District’s financial affairs have been included.

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

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

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

Overview

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

The School District has 12 elementary schools, grades K-5; four middle schools, grades 6-8; two traditional high schools, grades 9-12; one alternative high school; a “GROW” program serving Special Education students ages 19 through 26; and 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, reading and writing, science, social studies, and math.

Major Initiatives and Achievements

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

Curriculum Development

Core Curriculum

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

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

During the 2009-2010 school year, several enhancements were made to the 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 2009-2010 school year. New courses were carefully monitored, including Advanced Placement Human Geography. New materials were purchased for several classes, including high school physics, chemistry, 8th grade earth science, and several world language courses. A new program to assist struggling readers in middle school was adopted as well and carefully monitored with the help of a reading specialist. Finally, a research-based math intervention program that utilizes math manipulatives for middle school was further developed into the second year to help students tackle abstract math concepts. 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, began working on matters to be addressed as identified by the International Baccalaureate Organization. Baker completed their second annual student showcase and Morse Elementary 5th graders demonstrated their knowledge of the IB learner profile by publicly presenting action research during their 5th grade exhibition held in early June. Staff members continued their collaboration and development of teaching units and assessment policies. The Troy School District is one of only two school districts in Michigan to have an IBO-authorized Primary Years Programme, Middle Years Programme, and Diploma Programme.

The Troy School District has completed the second 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 eight districts in the state of Michigan to have received such accreditation. Our system goals are as follows:

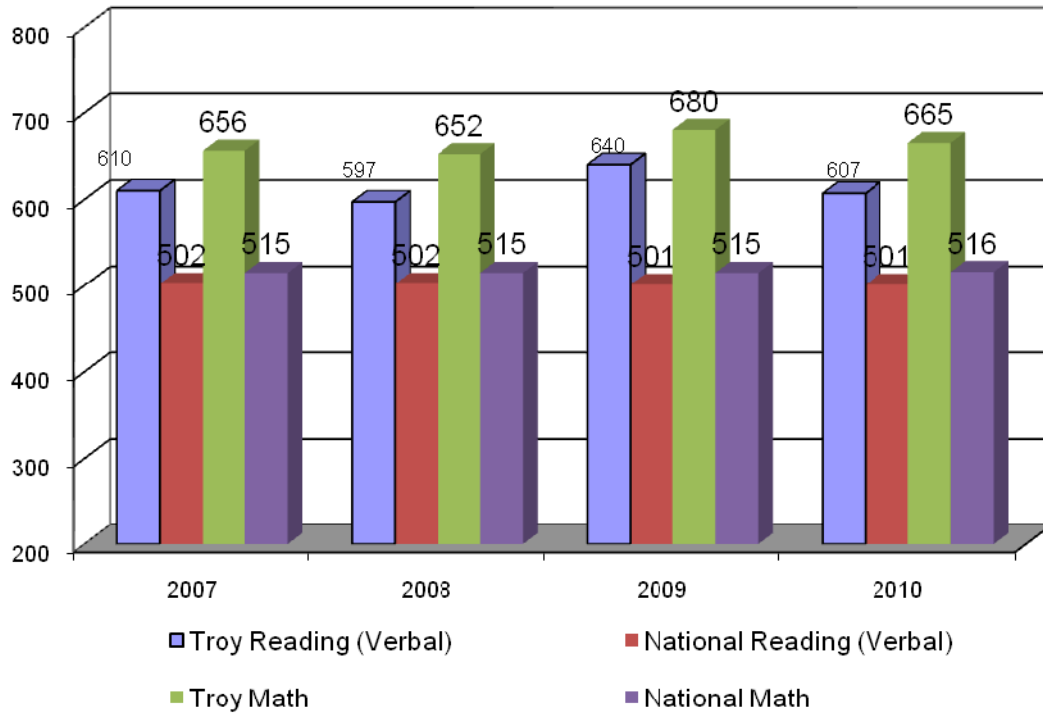
- All Troy School District students will create and pursue personal growth plans.
- All Troy School District students will perceive they are accepted at school regardless of cultural, ethnic, gender, academic or other individual differences as measured by a validated survey.
- The Troy School District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

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

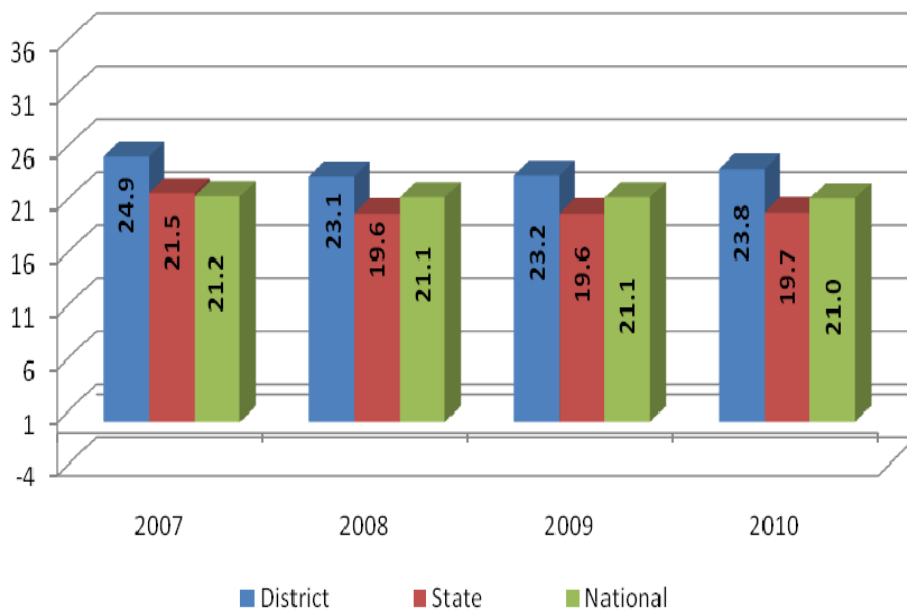
<u>Years Ended June 30</u>	<u>Percent of Students Graduating</u>	<u>Percent of Students Attending College</u>
2010	99	96
2009	99	96
2008	99	95
2007	98	95
2006	99	94
2005	99	94
2004	99	93
2003	99	93
2002	99	92
2001	99	92
2000	99	95
1999	98	94
1998	97	95
1997	97	95

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:

	2009-2010		2008-2009		2007-2008	
	<u>Reading</u>	<u>Math</u>	<u>Reading</u>	<u>Math</u>	<u>Reading</u>	<u>Math</u>
Grade 3	--	--	--	--	74	84
Grade 5	74	84	75	85	75	85
Grade 7	--	--	--	--	72	78

Troy School District Advanced Placement Testing

<u>Years Ended June 30</u>	<u>Number Taken</u>	<u>Percent Qualifying</u>
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 Percentile Test Results for Elementary School (grades 3 - 5)
Middle School (grades 6-8) and High School (grade 11)**

	Elementary					Middle Schools					High Schools			
	09-10	08-09	07-08	06-07		09-10	08-09	08-08	06-07		09-10	08-09	07-08	06-07
Reading	95	94	94	96		93	91	91	92		81	81	81	77
Writing	--	77	77	76		--	90	89	88		70	69	68	68
Math	98	97	97	96		93	93	90	88		76	75	74	74
Science	92	96	96	96		89	90	90	86		74	79	79	78
Social Studies	--	--	--	--		89	88	89	88		89	91	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 District K-12 schools have earned the prestigious Blue Ribbon award from the Michigan Department of Education.

Troy parents value and support education. The Troy School District enjoys the active support and participation of parents in PTO/PTA groups, booster clubs, and building and district-level committees. In addition, the Troy African-American Parent Support Group has grown in membership and set goals to support the district's academic initiatives. 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	2010	2009	2008
K-5	99%	99%	99%
6-8	86%	85%	84%
9-12	83%	82%	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 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 four years, the building will have a maximum capacity of nearly 500 students. Troy School District also has students participating in the General Motors Technical Academy where the curriculum focuses on drafting. There are options to meet the needs of special education students at 24 different programs at out-of-school district sites. A total of 81 students attended the Oakland Technical Education Center to study curriculum ranging from food service to automotive programs.

Economic Condition and Outlook

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

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

Over the last 10 years, Troy has seen a residential population decrease of 6.68 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 18 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, 2010, the School District's net general obligation bonded debt of \$127,965,000 was well below the statutory bonding limit of \$657,450,293. Per capita debt totaled only \$1,598 at June 30, 2010.

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 2009-2010, the School District's General Fund earned \$103,134 in investment income. Funds are invested in accordance with Sections 380.1221 and 380.1223 of the Michigan School Code, Act 451 of 1976, as amended, and are approved by the Board of Education annually. An aggressive but prudent review and analysis of the investment portfolio and cash flow needs provide additional revenues not only to the General Fund but all other funds of the School District that have cash resources available.

Risk Management

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

The blanket building limit coverage for the 2009-2010 school year was \$404,237,991. Insurance coverage is reviewed annually to assure that the School District is properly protected. The School District participates in the MAISL Joint Risk Management Trust, a consortium of 35 school districts.

Independent Audit

State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran, PLLC was appointed by the Troy Board of Education to perform this service for the 2009-2010 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, 2010 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, 1989-2009. In order to be awarded a Certificate of Excellence, the School District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

The preparation of this report was accomplished through the commitment and dedication of the business office, especially the District Accountant, Renelle Tolan. 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 District's website, at the City of Troy Library, and at the offices of the city manager and Chamber of Commerce.

Respectfully submitted,

A handwritten signature in black ink that reads "Monica Papasian". The script is cursive and fluid.

Monica Papasian
Director of Finance

A handwritten signature in black ink that reads "Barbara A. Fowler". The script is cursive and elegant.

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

TROY SCHOOL DISTRICT

DISTRICT OFFICIALS

ADMINISTRATION

Barbara A. Fowler, Ph.D.
Superintendent

Michael M. Adamczyk
Assistant Superintendent, Business Services

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

Richard Machesky, Ed.D
Assistant Superintendent, Secondary Instruction

Kathleen Davisson
Assistant Superintendent, Elementary Instruction

Robert Stromayer
Director, Continuing Education

Tim McAvoy
Director, Community Relations

BOARD OF EDUCATION

Wendy Underwood
President

Todd Miletti
Vice President

Nancy Philippart
Secretary

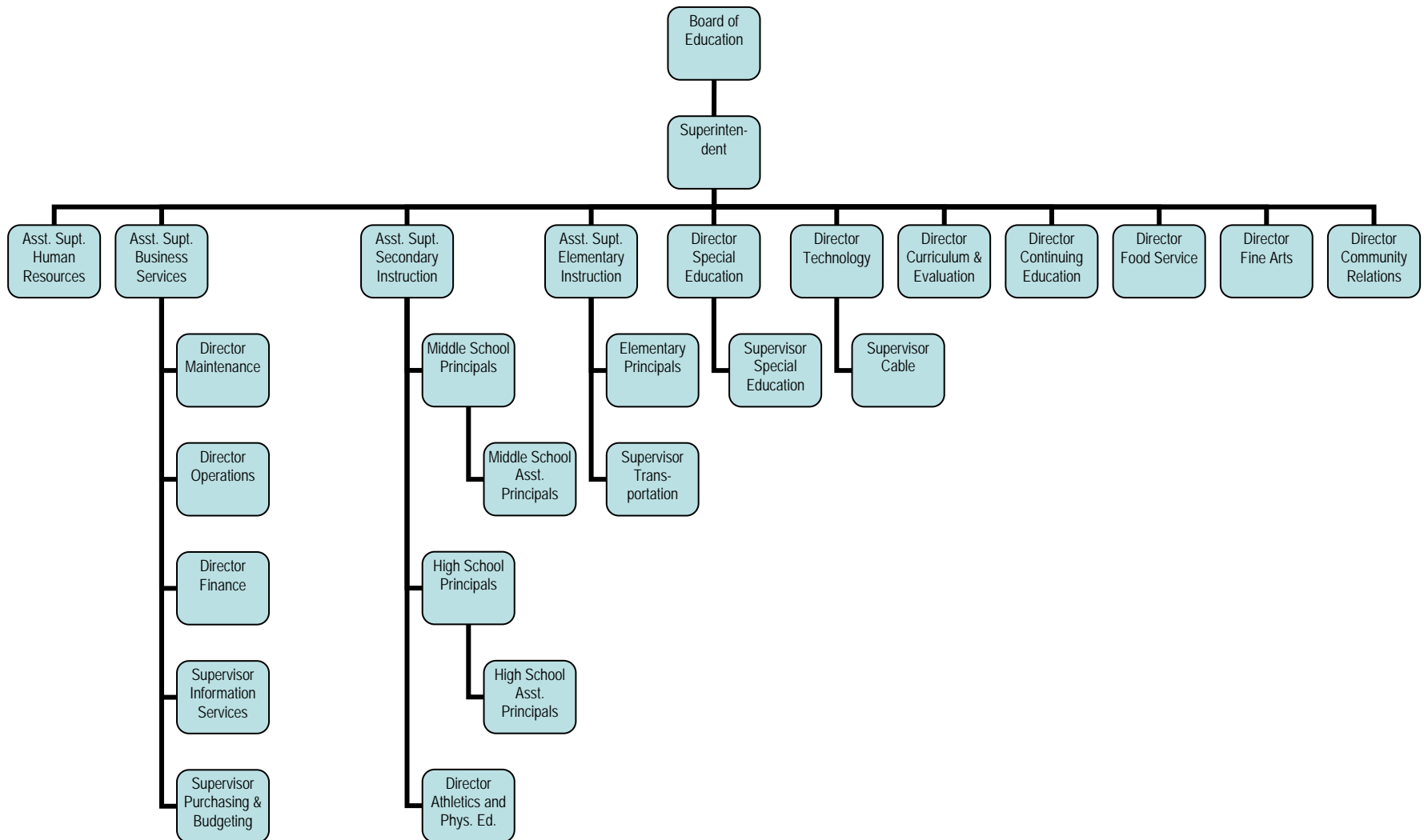
Ida Edmunds
Trustee

Paula Fleming
Trustee

Gary Hauff
Trustee

Carol Pochodylo
Trustee

TROY SCHOOL DISTRICT ORGANIZATIONAL CHART 2009-2010 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, 2009**

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

President

Executive Director

Independent Auditor's Report

To the Board of Education
Troy School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Troy School District (the "School District") as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Troy School District's management. Our responsibility is to express 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 the Troy School District as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

To the Board of Education
Troy School District

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2010 on our consideration of the Troy School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Morse, PLLC

September 28, 2010

Troy School District

Management's Discussion and Analysis

This section of the 2010 annual financial report presents our discussion and analysis of the Troy School District's (the "School District") financial performance during the year ended June 30, 2010. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

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

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

- Basic Financial Statements
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Proprietary Fund - Internal Service Fund
 - Fiduciary Fund
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 - Budgetary Comparison Schedule - Durant Fund
- Other Supplemental Information
 - Combining Balance Sheet - Nonmajor Funds
 - Combining Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Funds
 - Budgetary Comparison Schedule - Governmental Funds (excluding General Fund and Durant 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 revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

Troy School District

Management's Discussion and Analysis (Continued)

Governmental and proprietary funds: All of the School District's services are reported in governmental and proprietary funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps to determine whether there are more or 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, 2010 and 2009:

TABLE I

	Governmental Activities	
	2010	2009
	(in millions)	
Assets		
Current and other assets	\$ 49.3	\$ 56.1
Capital assets	<u>168.4</u>	<u>176.9</u>
Total assets	217.7	233.0
Liabilities		
Current liabilities	30.4	30.8
Long-term liabilities	<u>131.1</u>	<u>144.3</u>
Total liabilities	<u>161.5</u>	<u>175.1</u>
Net Assets		
Invested in property and equipment - Net of related debt	42.5	42.3
Restricted	0.9	1.8
Unrestricted	<u>12.8</u>	<u>13.8</u>
Total net assets	<u>\$ 56.2</u>	<u>\$ 57.9</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 \$56.2 million at June 30, 2010 compared to \$57.9 million at June 30, 2009. Capital assets, net of related debt, totaled \$42.5 million and \$42.3 million at June 30, 2010 and 2009, 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 \$.9 million and \$1.8 million at June 30, 2010 and 2009, 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 and \$13.8 million at June 30, 2010 and 2009, respectively, was unrestricted.

The \$12.8 million at June 30, 2010 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. It means that if all bills had to be paid today, including all noncapital liabilities, there would be \$12.8 million left. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Troy School District as a whole are reported in the statement of activities, which shows the changes in net assets for fiscal years 2010 and 2009 (see Table 2).

TABLE 2

	Governmental Activities	
	2010	2009
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 6.5	\$ 6.9
Operating grants	24.6	21.5
General revenue:		
Property taxes	62.0	63.1
State aid	61.2	63.8
Other	4.4	6.1
Total revenue	158.7	161.4

Troy School District

Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)

	Governmental Activities	
	2010	2009
	(in millions)	
Functions/Program Expenses		
Instruction	\$ 91.3	\$ 95.6
Support services	53.8	58.8
Community services	2.8	2.9
Food services	3.2	3.3
Athletics	2.2	2.1
Facilities acquisition	0.2	-
Interest on long-term debt	6.9	7.4
	<u>160.4</u>	<u>170.1</u>
Decrease in Net Assets	(1.7)	(8.7)
Net Assets - Beginning of year	<u>57.9</u>	<u>66.6</u>
Net Assets - End of year	<u>\$ 56.2</u>	<u>\$ 57.9</u>

As reported in the statement of activities, the cost of all governmental activities this year was \$160.4 million, a decrease of \$9.7 million, or 5.7 percent, from 2008-2009. Certain activities were partially funded from those who benefited from the programs (\$6.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$24.6 million). The remaining "public benefit" portion of governmental activities was funded with \$62 million in taxes, \$61.2 million in state aid allowance, and with other revenues, such as interest and general entitlements. Total revenues in 2009-2010 were \$158.7 million, a decrease of approximately \$2.7 million from 2008-2009.

The Troy School District experienced a decrease in net assets of \$1.7 million primarily as a result of ongoing operations in the School District. In addition, long-term debt decreased \$15 million in 2009-2010.

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

Troy School District

Management's Discussion and Analysis (Continued)

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$29.9 million, a decrease of \$5.9 million from the prior year. The changes in major and nonmajor funds are as follows:

	General Fund	Durant Fund	2004 Capital Projects Fund	Other Nonmajor Funds	Governmental Funds 2010 Total	Proprietary Funds
Fund balances - Beginning of year	\$ 14,984,549	\$ 5,610,166	\$ 11,661,074	\$ 3,516,380	\$ 35,772,169	\$ 633,531
Decrease	(1,733,654)	-	(3,431,412)	(696,428)	(5,861,494)	(633,531)
Fund balances - End of year	<u>\$ 13,250,895</u>	<u>\$ 5,610,166</u>	<u>\$ 8,229,662</u>	<u>\$ 2,819,952</u>	<u>\$ 29,910,675</u>	<u>\$ -</u>

In the General Fund, our principal operating fund, the fund balance decreased by \$1.7 million compared to a \$9.2 million decrease in the prior year. Revenues and other financing sources decreased \$1.1 million from the prior year and expenditures and other financing uses decreased approximately \$8.6 million for a net decrease of \$7.5 million from the prior year. There was a \$413.18 million decrease in the state foundation allowance and an enrollment decrease of 16.18 students. Increased expenditures are a normal part of operations as a result of salary and benefit increases, increased costs for utilities, and other operating expenses. The fund balance of the General Fund is available to fund costs related to allowable school operating purposes.

The fund balance in the Durant Fund did not change from the prior year. The fund had earnings on investments of \$24,935. Expenditures were primarily for the maintenance cost of automated external defibrillators for the entire School District. The Durant Fund made an operating transfer of \$10,785 to the General Fund.

The 2004 Capital Projects Fund decreased by approximately \$3.4 million in 2009-2010. This is due to earnings on investments of \$108,380, and expenditures of \$3.5 million.

The other nonmajor funds decreased by \$696,428. The Adult and Community Education Fund increased by \$182,575 due primarily to a decrease in program expenditures. The Food Services Fund decreased by \$176,400 due to increased food and labor costs and decreased revenue. Combined, the Debt Service Funds showed a fund balance decrease of \$702,603. Millage rates are reviewed annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service.

Troy School District

Management's Discussion and Analysis (Continued)

The Internal Service Fund is used to account for the activity related to the voluntary resignation incentive program. This fund was created in 2004-2005 and had current year expenses of \$287,662 and earnings on investments of \$15,017.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2010. 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 2009-2010 General Fund budget. Revenues decreased by \$2.6 million to account for revised property tax payments, state aid and categorical grants, and federal grant award settlements. Expenditures increased by \$1.2 million to account for changes in 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, 2010, the School District had \$168.4 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 \$8.45 million, or 4.78 percent, from last year.

Land	\$ 2,592,570
Buildings and construction in progress	151,650,317
Furniture and equipment	<u>14,133,148</u>
 Total capital assets	 <u><u>\$ 168,376,035</u></u>

This year's change in capital assets included \$2.9 million of additions for building renovations and technology. Depreciation expense accounts for the main decrease in net capital assets.

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

Debt

At the end of this year, the School District had \$133 million in bonds outstanding versus \$144.8 million in the previous year - a decrease of \$11.8 million. Those bonds consisted of the following:

Troy School District

Management's Discussion and Analysis (Continued)

General obligation bonds	\$ 127,965,000
Plus deferred issuance premiums	6,695,570
Less deferred interest	<u>(1,693,488)</u>
Total	<u>\$ 132,967,082</u>

The School District's underlying general obligation bond rating from Moody's remained at Aa2 while the bond rating from Standard and Poor's remained at AA-. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding unqualified general obligation debt is significantly below this \$657.4 million statutorily imposed limit.

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

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2011 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation allowance revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2010 fiscal year is 25 percent of the February 2009 and 75 percent of the September 2009 student counts. The 2010-2011 budget was adopted in June 2010 based on a blended student membership count of 12,062.61. Approximately 84 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. If actual state revenues are less than their estimates, reduction to the per-pupil funding allowance may be necessary. The School District budgeted a \$0 per pupil increase in the foundation allowance when the budget was created. The actual increase/decrease has not yet been approved by legislature. The School District's General Fund balance of \$13,250,895 is sufficient to meet any unanticipated shortfalls the State may experience in the School Aid Fund.

Troy School District

Statement of Net Assets June 30, 2010

	Governmental Activities
Assets	
Cash and investments (Note 3)	\$ 23,972,376
Receivables (Note 4):	
Accounts receivable	97,415
Due from other governmental units	14,533,093
Inventories	497,846
Prepaid expenses	504,254
Restricted cash and investments (Notes 3 and 10)	9,671,370
Nondepreciable capital assets (Note 5)	3,686,846
Depreciable capital assets (Note 5)	<u>164,689,189</u>
Total assets	217,652,389
Liabilities	
Accounts payable	4,085,364
Accrued payroll and other liabilities	11,507,308
Unearned revenue (Note 4)	584,748
Long-term liabilities (Note 7):	
Compensated absences and other liabilities, due within one year	2,014,087
Bonds and contracts payable, due within one year	12,248,646
Bonds and contracts payable, due in more than one year	120,718,436
Compensated absences and other liabilities, due in more than one year	<u>10,339,732</u>
Total liabilities	<u>161,498,321</u>
Net Assets	
Invested in capital assets - Net of related debt	42,539,503
Restricted for:	
Debt service	780,922
Capital projects	43,932
Unrestricted	<u>12,789,711</u>
Total net assets	<u><u>\$ 56,154,068</u></u>

Troy School District

Statement of Activities Year Ended June 30, 2010

Functions/Programs	Program Revenue		Governmental	
	Expenses	Charges for Services	Operating Grants/Contributions	
			Net (Expense) Revenue and Changes in Net Assets	
Primary government - Governmental activities:				
Instruction	\$ 91,308,634	\$ 1,402,597	\$ 15,891,199	\$ (74,014,838)
Support services	53,767,043	236,142	7,881,084	(45,649,817)
Food services	3,199,402	2,386,859	804,110	(8,433)
Athletics	2,201,651	432,518	-	(1,769,133)
Community services	2,776,876	2,022,432	-	(754,444)
Facilities acquisition	173,114	-	-	(173,114)
Interest and other bond expenditures on long-term debt	6,958,667	-	-	(6,958,667)
Total primary government - Governmental activities	<u>\$ 160,385,387</u>	<u>\$ 6,480,548</u>	<u>\$ 24,576,393</u>	(129,328,446)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				44,189,938
Property taxes, levied for debt services				17,807,998
State aid not restricted to specific purposes				61,239,849
Federal sources - Unrestricted				3,414,174
Interest and investment earnings				607,949
Other				349,576
Total general revenue				<u>127,609,484</u>
Change in Net Assets				(1,718,962)
Net Assets - Beginning of year				<u>57,873,030</u>
Net Assets - End of year				<u>\$ 56,154,068</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement.

Troy School District

Governmental Funds Balance Sheet June 30, 2010

	General Fund	Durant Fund	2004 Capital Projects Fund	Other Nonmajor Governmental Funds	Total
Assets					
Cash and investments (Note 3)	\$ 11,563,130	\$ 5,620,951	\$ -	\$ 2,598,193	\$ 19,782,274
Receivables:					
Accounts receivable	97,290	-	-	125	97,415
Due from other funds (Note 6)	452,548	-	-	8,666	461,214
Due from other governmental units (Note 4)	14,471,757	-	-	61,336	14,533,093
Inventories	434,601	-	-	63,245	497,846
Prepays and other assets	500,680	-	-	3,574	504,254
Restricted cash and investments (Notes 3 and 10)	-	-	8,851,823	819,547	9,671,370
Total assets	\$ 27,520,006	\$ 5,620,951	\$ 8,851,823	\$ 3,554,686	\$ 45,547,466
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 3,544,148	\$ -	\$ 584,926	\$ 67,910	\$ 4,196,984
Accrued payroll and other liabilities	10,403,271	-	-	48,857	10,452,128
Due to other funds (Note 6)	-	10,785	37,235	354,911	402,931
Deferred revenue (Note 4)	321,692	-	-	263,056	584,748
Total liabilities	14,269,111	10,785	622,161	734,734	15,636,791
Fund Balances					
Reserved:					
Inventory and prepaid items	935,281	-	-	66,819	1,002,100
Debt service	-	-	-	780,922	780,922
Capital Projects Fund	-	-	8,229,662	-	8,229,662
Unreserved:					
Designated for Durant projects	-	5,610,166	-	-	5,610,166
Designated for subsequent years' expenditures	246,243	-	-	-	246,243
Undesignated - Reported in Special Revenue Funds	-	-	-	1,972,211	1,972,211
Undesignated	12,069,371	-	-	-	12,069,371
Total fund balances	13,250,895	5,610,166	8,229,662	2,819,952	29,910,675
Total liabilities and fund balances	\$ 27,520,006	\$ 5,620,951	\$ 8,851,823	\$ 3,554,686	\$ 45,547,466

Troy School District

Reconciliation of Governmental Fund Balances to the Statement of Net Assets June 30, 2010

Fund Balances - Total Governmental Funds	\$ 29,910,675
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	298,614,516
Accumulated depreciation	<u>(130,238,481)</u>
Total	168,376,035
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	(132,967,082)
Compensated absences	(6,404,391)
Other long-term liabilities	(1,705,989)
Accrued interest payable is not included as a liability in governmental activities	<u>(1,055,180)</u>
Net Assets of Governmental Activities	<u>\$ 56,154,068</u>

Troy School District

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2010

	General Fund	Durant Fund	2004 Capital Projects Fund	Other Nonmajor Governmental Funds	Total
Revenue					
Local sources	\$ 46,527,171	\$ 24,935	\$ 108,380	\$ 22,682,643	\$ 69,343,129
State sources	67,091,431	-	-	114,198	67,205,629
Federal sources	11,956,157	-	-	689,912	12,646,069
Interdistrict and other sources	9,144,341	-	-	-	9,144,341
Total revenue	134,719,100	24,935	108,380	23,486,753	158,339,168
Expenditures					
Current:					
Instruction	89,888,197	-	-	-	89,888,197
Support services	44,777,052	14,150	-	-	44,791,202
Community services	1,016,455	-	-	1,758,199	2,774,654
Facilities acquisition	173,114	-	-	-	173,114
Food services	-	-	-	3,141,616	3,141,616
Athletics	-	-	-	1,928,893	1,928,893
Debt service principal	-	-	-	11,495,000	11,495,000
Debt service interest and other	-	-	-	6,881,250	6,881,250
Other bond expenditures	-	-	-	161,670	161,670
Capital outlay	198,680	-	3,539,792	-	3,738,472
Total expenditures	136,053,498	14,150	3,539,792	25,366,628	164,974,068
Excess of Revenue Over (Under) Expenditures	(1,334,398)	10,785	(3,431,412)	(1,879,875)	(6,634,900)
Other Financing Sources (Uses)					
Proceeds from issuance of debt	154,498	-	-	-	154,498
Transfers in (Note 6)	1,023,709	-	-	1,496,371	2,520,080
Transfers out (Note 6)	(1,596,371)	(10,785)	-	(312,924)	(1,920,080)
Proceeds from sale of capital assets	18,908	-	-	-	18,908
Total other financing sources (uses)	(399,256)	(10,785)	-	1,183,447	773,406
Net Change in Fund Balances	(1,733,654)	-	(3,431,412)	(696,428)	(5,861,494)
Fund Balances - Beginning of year	14,984,549	5,610,166	11,661,074	3,516,380	35,772,169
Fund Balances - End of year	\$ 13,250,895	\$ 5,610,166	\$ 8,229,662	\$ 2,819,952	\$ 29,910,675

The Notes to the Basic Financial Statements are
an Integral Part of this Statement.

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, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (5,861,494)

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

Depreciation expense	(11,238,436)
Capital outlay	<u>2,814,182</u>
Total	(8,424,254)

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

Proceeds from the sale of capital assets	(18,908)
Loss on sale of fixed assets	(11,406)

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 84,253

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 11,495,000

Debt proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of activities (154,498)

Amortization of deferred interest (142,371)

Amortization of bond premium 466,017

Internal Service Fund activity (633,531)

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 1,482,230

Change in Net Assets of Governmental Activities \$ (1,718,962)

Troy School District

Proprietary Fund - Internal Service Fund Statement of Net Assets June 30, 2010

Assets - Current assets	
Cash and investments (Note 3)	\$ 4,190,102
Due from other funds (Note 6)	<u>53,337</u>
Total assets	4,243,439
Liabilities	
Current liabilities - Early retirement incentive (Note 7)	1,107,138
Long-term liabilities - Early retirement incentive (Note 7)	<u>3,136,301</u>
Total liabilities	<u>4,243,439</u>
Net Assets - Unrestricted	<u><u>\$ -</u></u>

Troy School District

Proprietary Fund - Internal Service Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2010

Operating Revenue - Charges for services	\$ 239,114
Operating Expenses - Early retirement incentive	<u>287,662</u>
Operating Loss	(48,548)
Nonoperating Revenue (Expenses)	
Interest income	15,017
Transfer to General Fund	<u>(600,000)</u>
Change in Net Assets	(633,531)
Net Assets - Beginning of year	<u>633,531</u>
Net Assets - End of year	<u>\$ -</u>

Troy School District

Proprietary Fund - Internal Service Fund Statement of Cash Flows Year Ended June 30, 2010

Cash Flows from Operating Activities	
Payments for services	\$ (2,143,911)
Receipts from other funds	<u>5,111,444</u>
Net cash provided by operating activities	2,967,533
Cash Flows from Noncapital Financing Activities - Transfer to General Fund	(600,000)
Cash Flows from Investing Activities - Interest	<u>22,569</u>
Net Increase in Cash and Cash Equivalent Investments	2,390,102
Cash and Cash Equivalent Investments - July 1, 2009	<u>1,800,000</u>
Cash and Cash Equivalent Investments - June 30, 2010	<u><u>\$ 4,190,102</u></u>
Reconciliation of operating loss to net cash from operating activities:	
Operating loss	\$ (48,548)
Adjustments to reconcile operating loss to net cash from operating activities:	
Decrease in due from other funds	4,872,330
Decrease in accrued liabilities	<u>(1,856,249)</u>
Net cash provided by operating activities	<u><u>\$ 2,967,533</u></u>

Troy School District

Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2010

	Student Activities <u>Agency Fund</u>
Assets	
Cash and investments (Note 3)	\$ 1,896,066
Accounts receivable	<u>100,351</u>
Total assets	<u><u>\$ 1,996,417</u></u>
Liabilities	
Accounts payable	\$ 123,558
Due to other funds (Note 6)	111,620
Due to student groups	<u>1,761,239</u>
Total liabilities	<u><u>\$ 1,996,417</u></u>

Note I - Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The only proprietary fund maintained is an Internal Service Fund that is used to account for the financing of an early retirement incentive 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.

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

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

Additionally, the School District reports the following fund types:

The School District's proprietary fund is the Internal Service Fund. The purpose of the Internal Service Fund is to finance services provided to other funds on a cost-reimbursement basis. The Internal Service Fund 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:

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 I - Summary of Significant Accounting Policies (Continued)

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

Assets, Liabilities, and Net Assets or Equity

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the General Fund and various Debt Service Funds is allocated to each fund using a weighted average of 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 government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

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

Compensated Absences - The liability for compensated absences reported in the government-wide statements consists of accumulated annual leave balances for sick and vacation 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Upcoming Accounting Pronouncements - 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 upon the use of the resources reported in governmental funds. Under this standard, the current fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The School District is currently evaluating the impact this standard will have on the financial statements when adopted.

Additionally, the standard clarifies when it is appropriate to account for an activity using a special revenue fund. Based on the new criteria requiring that special revenue fund revenue sources be restricted or committed to a specified purpose other than capital projects and debt service, this will result in the School District's Durant Fund and Athletics Fund being combined into the General Fund after implementation.

The School District will implement Statement No. 54 beginning with the fiscal year ending June 30, 2011.

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. 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.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

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 in excess of budget of 16 percent, and general administration, which had expenditures in excess of budget of 5 percent. Business services was over budget due to unanticipated tax tribunal decisions, and general administration was over budget due to unexpected administrative retirements.

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

Note 3 - Deposits and Investments

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

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

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

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

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk 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 \$31,502,999 included \$2,521,161 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, 2010, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy restricts investment maturities to three years or less from the date of purchase and commercial paper which can only be purchased with a 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.

Troy School District

Notes to Financial Statements June 30, 2010

Note 3 - Deposits and Investments (Continued)

Credit Risk

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

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

Type	Name of Investment/Description	Fair Value	Maturity Date	Rating Agency Used	Rating Given
U.S. gov or agency bond or note	Federal Farm Credit Bank	\$ 2,035,625	4/21/2011	Standard & Poor's	AAA
Interlocal agreement fund	Ambassador Capital	250,127	N/A	Standard & Poor's	AAA
Interlocal agreement fund	PFM-MILAF	906,099	N/A	Standard & Poor's	AAA
	Total	<u>\$ 3,191,851</u>			

Concentration of Credit Risk

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

- **U.S. Government Securities** - A maximum of 100 percent of available funds may be invested in United States government securities.
- **U.S. Government Agencies** - A maximum of 50 percent of available funds may be invested in United States government agencies. A maximum of 10 percent of available funds may be invested in any individual United States government agency.
- **Federal Instrumentalities** - A maximum of 80 percent of available funds may be invested in federal instrumentalities. A maximum of 30 percent of available funds may be invested in any one issuer and a maximum of 25 percent of available funds may be invested in callable securities.
- **Certificates of Deposit** - A maximum of 75 percent of available funds may be invested in non-negotiable interest-bearing time certificates of deposit. A maximum of 37.5 percent of available funds may be deposited with any one institution.

Note 3 - Deposits and Investments (Continued)

- **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
Federal Farm Credit Bank	63.78
Michigan Liquid Asset Fund Plus	28.39
Ambassador Capital	7.83

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, 2010

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 \$12,127,916 due from the State of Michigan for state membership aid.

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 July 1, 2009	Additions	Transfers and Disposals	Balance June 30, 2010
Assets not being depreciated:				
Land	\$ 2,592,570	\$ -	\$ -	\$ 2,592,570
Construction in progress	64,093	1,094,276	(64,093)	1,094,276
Subtotal	2,656,663	1,094,276	(64,093)	3,686,846
Capital assets being depreciated:				
Buildings and building improvements	227,066,541	1,212,606	(1,687)	228,277,460
Furniture and equipment	66,667,819	571,393	(589,002)	66,650,210
Subtotal	293,734,360	1,783,999	(590,689)	294,927,670
Total capital assets	296,391,023	2,878,275	(654,782)	298,614,516
Accumulated depreciation:				
Buildings and building improvements	71,030,058	6,692,470	(1,109)	77,721,419
Furniture and equipment	48,530,362	4,545,966	(559,266)	52,517,062
Subtotal	119,560,420	11,238,436	(560,375)	130,238,481
Net capital assets being depreciated	174,173,940	(9,454,437)	(30,314)	164,689,189
Net capital assets	\$ 176,830,603	\$ (8,360,161)	\$ (94,407)	\$ 168,376,035

Troy School District

Notes to Financial Statements June 30, 2010

Note 5 - Capital Assets (Continued)

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

Governmental activities:

Instruction	\$ 2,429,471
Support services	8,476,199
Food services	57,786
Athletics	272,758
Community services	<u>2,222</u>
Total governmental activities	<u>\$ 11,238,436</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 \$3,217,373.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From						Total
	General Fund	Durant Fund	Capital Projects 2004	Nonmajor Governmental Funds	Student Activities Agency Fund		
General Fund	\$ (62,003)	\$ 10,785	\$ 37,235	\$ 354,911	\$ 111,620	\$ 452,548	
Internal Service Fund	53,337	-	-	-	-	53,337	
Nonmajor governmental funds	<u>8,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,666</u>	
Total	<u>\$ -</u>	<u>\$ 10,785</u>	<u>\$ 37,235</u>	<u>\$ 354,911</u>	<u>\$ 111,620</u>	<u>\$ 514,551</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 in:	Transfers					Total
	Transfers Out - General Fund	Transfers Out - Durant Fund	Transfers Out - Internal Service Fund	Transfers Out - Nonmajor Governmental Funds		
General Fund	\$ 100,000	\$ 10,785	\$ 600,000	\$ 312,924	\$ 1,023,709	
Nonmajor governmental funds	<u>1,496,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,496,371</u>	
Total	<u>\$ 1,596,371</u>	<u>\$ 10,785</u>	<u>\$ 600,000</u>	<u>\$ 312,924</u>	<u>\$ 2,520,080</u>	

Troy School District

Notes to Financial Statements June 30, 2010

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

Transfers from the General Fund subsidized operations in the Athletic Fund. Transfers from other governmental funds and the internal service fund transferred excess funds to the General Fund as cost reimbursement, for operating purposes, or to transfer excess funds.

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	\$ 139,460,000	\$ -	\$ 11,495,000	\$ 127,965,000	\$ 11,925,000
Plus deferred amounts:					
Issuance premiums	7,161,587	-	466,017	6,695,570	466,017
Deferred interest	(1,835,859)	-	(142,371)	(1,693,488)	(142,371)
Employee compensated absences	7,331,056	-	926,665	6,404,391	268,952
Early retirement incentive and severance obligation	6,565,081	382,025	2,143,887	4,803,219	1,107,138
Student software loan	-	154,498	-	154,498	30,900
Self-insured liabilities	1,641,663	-	649,952	991,711	607,097
Total governmental activities	<u>\$ 160,323,528</u>	<u>\$ 536,523</u>	<u>\$ 15,539,150</u>	<u>\$ 145,320,901</u>	<u>\$ 14,262,733</u>

Troy School District

Notes to Financial Statements June 30, 2010

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
2011	\$ 11,925,000	\$ 6,350,200	\$ 18,275,200
2012	12,460,000	5,790,650	18,250,650
2013	13,055,000	5,179,000	18,234,000
2014	7,575,000	4,526,250	12,101,250
2015	7,575,000	4,147,500	11,722,500
2016-2020	37,875,000	15,056,250	52,931,250
2021-2025	33,950,000	5,777,500	39,727,500
2026	3,550,000	380,000	3,930,000
Total	<u>\$ 127,965,000</u>	<u>\$ 47,207,350</u>	<u>\$ 175,172,350</u>

Governmental Activities

General obligation bonds consist of the following at June 30, 2010:

\$53,545,000 General Obligation Bonds due in annual installments of \$1,775,000 to \$3,550,000 through May 1, 2026; interest at 5.00%	\$ 52,115,000
\$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%	73,545,000
\$5,985,000 Refunding Bonds due in annual installments of \$1,135,000 to \$1,170,000 through May 1, 2012; interest at 4.00%	<u>2,305,000</u>
Total bonded debt	<u>\$ 127,965,000</u>

Other governmental activities long-term obligations include the following:

Employee compensated absences	\$ 6,404,391
Early retirement incentive and severance obligation	4,803,219
Self-insured liabilities	991,711
Student software loan	<u>154,498</u>
Total	<u>\$ 12,353,819</u>

Note 7 - Long-term Debt (Continued)

Student Software Loan - On August 21, 2009, the School District entered into an installment purchase agreement in the 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 \$37,659 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 \$185,770 through July 2010 and \$85,438 from August 2010 through July 2014.

Defeased Debt - In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2010, \$25,500,000 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 (\$3,244,772 for calendar year 2010). 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, 2010

Note 8 - Risk Management (Continued)

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:

	2010	2009
Estimated liability - Beginning of year	\$ 1,641,663	\$ 1,667,721
Estimated claims incurred, including changes in estimates	1,467,798	4,098,446
Claim payments	<u>(2,117,750)</u>	<u>(4,124,504)</u>
Estimated liability - End of year	<u>\$ 991,711</u>	<u>\$ 1,641,663</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 postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

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

Pension Benefits - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate was 9.73 percent of covered payroll for the period from July 1, 2009 through September 30, 2009 and 10.13 percent for the period from October 1, 2009 through June 30, 2010. 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. For member investment plan members hired after June 30, 2008, a graduated fixed contribution rate is used ranging from 3 percent to 6.4 percent of wages. The School District's required and actual contributions to the plan for the years ended June 30, 2010, 2009, and 2008 were \$7,502,758, \$8,143,675, and \$8,433,579, respectively.

Troy School District

Notes to Financial Statements June 30, 2010

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

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. For members who first work after June 30, 2008, a graded premium health insurance subsidy has been put in place. 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. Required contributions for postemployment healthcare benefits are included as part of the School District's total contribution to the MPSERS plan discussed above. The employer contribution rate was 6.81 percent of covered payroll for the period from July 1, 2009 through June 30, 2010. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2010, 2009, and 2008 were \$5,043,809, \$5,701,403, and \$5,431,656, respectively.

Note 10 - Restricted Assets

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

Unspent bond proceeds and related interest	\$ 8,851,823
Property tax collections for repayment of bonded indebtedness	<u>819,547</u>
Total restricted assets	<u><u>\$ 9,671,370</u></u>

Required Supplemental Information

Troy School District

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 47,662,965	\$ 46,423,673	\$ 46,527,171	\$ 103,498
State sources	68,795,474	66,882,976	67,091,431	208,455
Federal sources	12,819,987	12,475,648	11,956,157	(519,491)
Interdistrict and other sources	8,406,842	9,296,181	9,298,839	2,658
Total revenue	137,685,268	135,078,478	134,873,598	(204,880)
Expenditures - Current				
Instruction:				
Basic programs	67,997,040	69,160,723	69,055,458	(105,265)
Added needs	16,570,995	16,569,928	16,454,828	(115,100)
Adult and continuing education	4,076,876	4,533,798	4,477,398	(56,400)
Support services:				
Pupil	9,955,685	10,137,613	10,209,209	71,596
Instructional staff	7,365,622	7,325,550	7,005,426	(320,124)
General administration	1,984,987	1,826,507	1,925,484	98,977
School administration	7,668,695	7,609,899	7,680,427	70,528
Business services	1,495,967	1,405,440	1,630,510	225,070
Operations and maintenance	11,929,132	11,294,066	10,693,368	(600,698)
Transportation	4,258,437	4,309,525	4,038,904	(270,621)
Central support services	1,657,542	1,676,350	1,680,647	4,297
Community services	889,368	990,090	1,016,455	26,365
Payments to other governmentals and site acquisitions	12,333	188,196	185,384	(2,812)
Total expenditures	135,862,679	137,027,685	136,053,498	(974,187)
Other Financing Sources (Uses)				
Transfers in	1,063,761	1,091,037	1,023,709	(67,328)
Transfers out	(1,601,563)	(1,616,107)	(1,596,371)	19,736
Proceeds from sale of capital assets	-	-	18,908	18,908
Total other financing sources (uses)	(537,802)	(525,070)	(553,754)	(28,684)
Net Change in Fund Balance	1,284,787	(2,474,277)	(1,733,654)	740,623
Fund Balance - July 1, 2009	14,984,549	14,984,549	14,984,549	-
Fund Balance - June 30, 2010	<u>\$ 16,269,336</u>	<u>\$ 12,510,272</u>	<u>\$ 13,250,895</u>	<u>\$ 740,623</u>

Troy School District

Required Supplemental Information Budgetary Comparison Schedule - Durant Fund Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue - Local sources	\$ 175,000	\$ 27,750	\$ 24,935	\$ (2,815)
Expenditures - Current - Support services - Pupil	20,000	16,100	14,150	(1,950)
Other Financing Uses - Transfers out	<u>(155,000)</u>	<u>(11,650)</u>	<u>(10,785)</u>	<u>865</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2009	<u>5,610,166</u>	<u>5,610,166</u>	<u>5,610,166</u>	-
Fund Balance - June 30, 2010	<u>\$ 5,610,166</u>	<u>\$ 5,610,166</u>	<u>\$ 5,610,166</u>	<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.
- **Athletic Fund** - This fund is used to account for the financial transactions of the School District's athletic programs.
- **Adult and Community Education Fund** - This fund is used for Adult and Youth Enrichment classes and child care programs of the School District.

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

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

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

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

Troy School District

	Special Revenue Funds		
	Food Services	Athletics	Adult and Community Education
Assets			
Cash and investments	\$ 854,232	\$ 3,297	\$ 1,740,664
Accounts receivable	125	-	-
Due from other funds	-	8,666	-
Due from other governmental units	61,336	-	-
Inventories	63,245	-	-
Prepays and other assets	3,574	-	-
Restricted cash and investments	-	-	-
Total assets	\$ 982,512	\$ 11,963	\$ 1,740,664
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 2,177	\$ 11,500	\$ 15,608
Accrued payroll and other liabilities	-	463	48,394
Due to other funds	224,533	-	130,378
Deferred revenue	89,790	-	173,266
Total liabilities	316,500	11,963	367,646
Fund Balances			
Reserved:			
Inventory and prepaid items	66,819	-	-
Debt service	-	-	-
Unreserved - Undesignated	599,193	-	1,373,018
Total fund balances	666,012	-	1,373,018
Total liabilities and fund balances	\$ 982,512	\$ 11,963	\$ 1,740,664

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

Debt Service Funds

2004A	2004	2006	2007	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,598,193
-	-	-	-	125
-	-	-	-	8,666
-	-	-	-	61,336
-	-	-	-	63,245
-	-	-	-	3,574
<u>138,078</u>	<u>491,139</u>	<u>128,996</u>	<u>61,334</u>	<u>819,547</u>
<u>\$ 138,078</u>	<u>\$ 491,139</u>	<u>\$ 128,996</u>	<u>\$ 61,334</u>	<u>\$ 3,554,686</u>
\$ 4,708	\$ 23,930	\$ 7,157	\$ 2,830	\$ 67,910
-	-	-	-	48,857
-	-	-	-	354,911
-	-	-	-	263,056
<u>4,708</u>	<u>23,930</u>	<u>7,157</u>	<u>2,830</u>	<u>734,734</u>
-	-	-	-	66,819
133,370	467,209	121,839	58,504	780,922
-	-	-	-	1,972,211
<u>133,370</u>	<u>467,209</u>	<u>121,839</u>	<u>58,504</u>	<u>2,819,952</u>
<u>\$ 138,078</u>	<u>\$ 491,139</u>	<u>\$ 128,996</u>	<u>\$ 61,334</u>	<u>\$ 3,554,686</u>

Troy School District

	Special Revenue Funds		
	Food Services	Athletics	Adult and Community Education
Revenue			
Local sources	\$ 2,388,919	\$ 432,522	\$ 2,025,885
State sources	114,198	-	-
Federal sources	689,912	-	-
Total revenue	3,193,029	432,522	2,025,885
Expenditures			
Current:			
Community services	-	-	1,758,199
Food services	3,141,616	-	-
Athletics	-	1,928,893	-
Debt service:			
Principal	-	-	-
Interest and other	-	-	-
Other bond expenditures	-	-	-
Total expenditures	3,141,616	1,928,893	1,758,199
Excess of Revenue Over (Under) Expenditures	51,413	(1,496,371)	267,686
Other Financing Sources (Uses) - Transfers (out) in	(227,813)	1,496,371	(85,111)
Net Change in Fund Balances	(176,400)	-	182,575
Fund Balances - Beginning of year	842,412	-	1,190,443
Fund Balances - End of year	\$ 666,012	\$ -	\$ 1,373,018

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2010

Debt Service Fund				
2004A	2004	2006	2007	Total
\$ 2,174,579	\$ 11,052,580	\$ 3,302,636	\$ 1,305,522	\$ 22,682,643
-	-	-	-	114,198
-	-	-	-	689,912
2,174,579	11,052,580	3,302,636	1,305,522	23,486,753
-	-	-	-	1,758,199
-	-	-	-	3,141,616
-	-	-	-	1,928,893
2,110,000	7,380,000	800,000	1,205,000	11,495,000
73,850	4,021,250	2,645,750	140,400	6,881,250
20,323	98,130	29,143	14,074	161,670
2,204,173	11,499,380	3,474,893	1,359,474	25,366,628
(29,594)	(446,800)	(172,257)	(53,952)	(1,879,875)
-	-	-	-	1,183,447
(29,594)	(446,800)	(172,257)	(53,952)	(696,428)
162,964	914,009	294,096	112,456	3,516,380
<u>\$ 133,370</u>	<u>\$ 467,209</u>	<u>\$ 121,839</u>	<u>\$ 58,504</u>	<u>\$ 2,819,952</u>

Troy School District

	Special Revenue Funds		Debt Service Funds	
	Budget	Actual	Budget	Actual
Revenue				
Local sources	\$ 5,317,578	\$ 4,847,326	\$ 17,924,573	\$ 17,835,317
State sources	129,172	114,198	-	-
Federal sources	662,611	689,912	-	-
Total revenue	6,109,361	5,651,436	17,924,573	17,835,317
Expenditures				
Special Revenue Funds:				
Salaries	1,841,931	1,752,134	-	-
Employee benefits	715,959	671,799	-	-
Purchased services	3,069,992	2,851,910	-	-
Supplies/Materials	1,601,206	1,486,404	-	-
Capital outlay	6,637	7,203	-	-
Other expenditures	50,085	59,258	-	-
Debt service:	-	-	-	-
Principal	-	-	11,495,000	11,495,000
Interest and other	-	-	6,881,250	6,881,250
Other bond expenditures	-	-	85,314	161,670
Capital outlay	-	-	-	-
Total expenditures	7,285,810	6,828,708	18,461,564	18,537,920
Excess of Expenditures Over Revenue	(1,176,449)	(1,177,272)	(536,991)	(702,603)
Other Financing Sources (Uses) -				
Transfers in (out)	1,172,481	1,183,447	-	-
Net Change in Fund Balances	(3,968)	6,175	(536,991)	(702,603)
Fund Balances - Beginning of year	2,032,855	2,032,855	1,483,525	1,483,525
Fund Balances - End of year	<u>\$ 2,028,887</u>	<u>\$ 2,039,030</u>	<u>\$ 946,534</u>	<u>\$ 780,922</u>

Other Supplemental Information

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

Year Ended June 30, 2010

Capital Projects Fund		Internal Service Fund	
Budget	Actual	Budget	Actual
\$ 69,150	\$ 108,380	\$ 120,000	\$ 254,131
-	-	-	-
-	-	-	-
69,150	108,380	120,000	254,131
-	-	-	-
-	-	-	-
477,823	405,864	-	-
-	-	-	-
-	-	120,000	287,662
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,810,636	3,133,928	-	-
3,288,459	3,539,792	120,000	287,662
(3,219,309)	(3,431,412)	-	(33,531)
-	-	-	-
-	-	-	-
-	-	(600,000)	(600,000)
(3,219,309)	(3,431,412)	(600,000)	(633,531)
11,661,074	11,661,074	633,531	633,531
\$ 8,441,765	\$ 8,229,662	\$ 33,531	\$ -

Troy School District

June 30	2007 Debt			2006 Debt		
	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate
2011	\$ 1,170,000	\$ 92,200	4.000	\$ 1,775,000	\$ 2,605,750	5.000
2012	1,135,000	45,400	4.000	2,075,000	2,517,000	5.000
2013	-	-	-	2,290,000	2,413,250	5.000
2014	-	-	-	3,525,000	2,298,750	5.000
2015	-	-	-	3,525,000	2,122,500	5.000
2016	-	-	-	3,525,000	1,946,250	5.000
2017	-	-	-	3,525,000	1,770,000	5.000
2018	-	-	-	3,525,000	1,593,750	5.000
2019	-	-	-	3,525,000	1,417,500	5.000
2020	-	-	-	3,525,000	1,241,250	5.000
2021	-	-	-	3,550,000	1,065,000	5.000
2022	-	-	-	3,550,000	887,500	5.000
2023	-	-	-	3,550,000	710,000	5.000
2024	-	-	-	3,550,000	532,500	5.000
2025	-	-	-	3,550,000	355,000	5.000
2026	-	-	-	3,550,000	177,500	5.000
	<u>\$ 2,305,000</u>	<u>\$ 137,600</u>		<u>\$ 52,115,000</u>	<u>\$ 23,653,500</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, 2010**

2004 Debt		
Principal	Interest	Interest Rate
\$ 8,980,000	\$ 3,652,250	3.750, 5.000
9,250,000	3,228,250	5.000
10,765,000	2,765,750	5.000
4,050,000	2,227,500	5.000
4,050,000	2,025,000	5.000
4,050,000	1,822,500	5.000
4,050,000	1,620,000	5.000
4,050,000	1,417,500	5.000
4,050,000	1,215,000	5.000
4,050,000	1,012,500	5.000
4,050,000	810,000	5.000
4,050,000	607,500	5.000
4,050,000	405,000	5.000
4,050,000	202,500	5.000
-	202,500	5.000
-	202,500	5.000
<u>\$ 73,545,000</u>	<u>\$ 23,416,250</u>	

May 1

May 1 and
November 1

3.75% to 5.00%

\$ 98,870,000

**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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
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	<u>30,232,410</u>	<u>25,363,438</u>	<u>33,180,151</u>	<u>24,464,131</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 2002-2009 has been excerpted from prior audited financial statements.

Financial Trend Information
Net Assets by Component

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 35,678,044	\$ 39,520,249	\$ 40,667,213	\$ 42,248,195	\$ 42,539,503
2,592,210	3,371,854	4,011,735	1,801,846	824,854
<u>18,725,178</u>	<u>20,176,692</u>	<u>21,875,070</u>	<u>13,822,989</u>	<u>12,789,711</u>
<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>

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 revenues:				
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 revenues	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 Revenues				
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 revenues	123,928,590	124,553,237	126,559,551	127,321,186
Special Item	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 2002-2009 has been excerpted from prior audited financial statements.

Financial Trend Information
Changes in Governmental Net Assets

2006	2007	2008	2009	2010
\$ 84,096,275	\$ 87,171,212	\$ 87,130,404	\$ 95,610,720	\$ 91,308,634
55,765,484	53,189,328	56,490,210	58,769,127	53,767,043
3,085,138	3,161,951	3,325,579	3,289,411	3,199,402
2,058,617	2,197,785	2,173,322	2,135,773	2,201,651
3,414,463	3,098,075	2,720,825	2,877,199	2,776,876
-	-	12,472	15,487	173,114
6,318,539	8,306,480	7,673,678	7,421,573	6,958,667
154,738,516	157,124,831	159,526,490	170,119,290	160,385,387
1,270,908	1,066,034	985,219	1,501,740	1,402,597
124,525	129,012	159,308	158,880	236,142
2,767,975	2,798,955	2,760,105	2,736,249	2,386,859
156,670	243,103	241,758	201,157	432,518
2,594,135	2,448,923	2,515,851	2,304,595	2,022,432
18,417,860	19,580,075	20,284,814	26,023,873	24,576,393
25,332,073	26,266,102	26,947,055	32,926,494	31,056,941
<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>
\$ 66,462,954	\$ 66,766,960	\$ 68,235,762	\$ 63,138,507	\$ 61,997,936
60,069,254	62,843,834	63,276,294	63,783,531	61,239,849
-	-	-	-	3,414,174
4,422,790	5,541,036	4,554,422	1,330,114	607,949
181,128	1,766,150	320,599	382,797	349,576
131,136,126	136,917,980	136,387,077	128,634,949	127,609,484
(86,436)	14,112	(322,419)	(123,141)	-
<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>

Troy School District

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$ 2,180,575	\$ 4,741,345	\$ 6,900,445	\$ 355,563
Unreserved	<u>26,692,960</u>	<u>28,882,512</u>	<u>24,493,723</u>	<u>35,263,833</u>
Total General Fund	<u>\$ 28,873,535</u>	<u>\$ 33,623,857</u>	<u>\$ 31,394,168</u>	<u>\$ 35,619,396</u>
All Other Government Funds				
Reserved	\$ 13,794,972	\$ 10,555,442	\$ 3,073,100	\$ 872,954
Unreserved - Reported in Special Revenue Funds	<u>8,112,185</u>	<u>3,448,744</u>	<u>5,013,417</u>	<u>6,450,254</u>
Total all other governmental funds	<u>\$ 21,907,157</u>	<u>\$ 14,004,186</u>	<u>\$ 8,086,517</u>	<u>\$ 7,323,208</u>

Source: Data included in this schedule from 2000-2009 has been excerpted from prior audited financial statements.

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

2005	2006	2007	2008	2009	2010
\$ 249,718	\$ 700,470	\$ 663,296	\$ 612,778	\$ 333,435	\$ 935,281
<u>25,650,229</u>	<u>22,585,559</u>	<u>23,754,117</u>	<u>23,584,208</u>	<u>14,651,114</u>	<u>12,315,614</u>
<u>\$ 25,899,947</u>	<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>
\$ 58,666,195	\$ 94,610,279	\$ 49,857,477	\$ 23,241,680	\$ 13,213,375	\$ 9,077,403
<u>6,423,070</u>	<u>6,927,450</u>	<u>7,032,567</u>	<u>7,350,027</u>	<u>7,574,245</u>	<u>7,582,377</u>
<u>\$ 65,089,265</u>	<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>

Troy School District

	2001	2002	2003	2004
Revenue				
Local revenue	\$ 67,042,510	\$ 65,956,043	\$ 67,660,373	\$ 68,338,207
State revenue	61,070,886	63,633,937	63,223,896	62,804,461
Federal revenue	3,252,415	3,451,666	3,510,203	3,997,606
Interdistrict revenue	3,098,539	6,684,936	6,151,048	8,246,778
Total revenue	134,464,350	139,726,582	140,545,520	143,387,052
Expenditures				
Current:				
Instruction	69,549,262	72,622,801	76,748,293	76,540,528
Support services	38,329,587	42,664,745	43,793,380	45,770,832
Community services	3,880,970	2,778,534	2,592,545	3,922,118
Facilities acquisition	-	-	-	-
Athletics	1,611,032	1,655,818	1,682,553	1,661,096
Food services	2,539,691	2,750,326	2,901,153	2,960,514
Debt service:				
Principal	7,065,000	7,765,000	8,110,000	8,475,000
Interest	5,356,946	5,014,248	5,611,200	4,304,848
Other	40,723	31,254	1,988	128,185
Capital outlay	7,603,397	6,989,544	4,690,229	2,380,305
Intergovernmental transfers	1,540,438	2,478,909	2,847,316	2,916,037
Total expenditures	137,517,046	144,751,179	148,978,657	149,059,463
Excess of Expenditures Over Revenue	(3,052,696)	(5,024,597)	(8,433,137)	(5,672,411)
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-	-	-	13,375,000
Debt premium or discount	-	-	-	-
Sale of capital assets	195,841	619,774	285,779	8,699,330
Transfers in	1,704,077	1,852,509	1,787,946	3,223,646
Transfers out	(1,704,077)	(1,852,509)	(1,787,946)	(3,223,646)
Debt defeasance	-	-	-	(12,940,000)
Other	(1,928,847)	-	-	-
Total other financing sources (uses)	(1,733,006)	619,774	285,779	9,134,330
Net Change in Fund Balances	(4,785,702)	(4,404,823)	(8,147,358)	3,461,919
Fund Balances - Beginning of year	55,566,394	52,032,866	47,628,043	39,480,685
Fund Balances - End of year	\$ 50,780,692	\$ 47,628,043	\$ 39,480,685	\$ 42,942,604
Debt service as a percentage of noncapital expenditures	10.75%	10.46%	10.74%	9.86%

Source: Data included in this schedule from 2000-2009 has been excerpted from prior audited financial statements.

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

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

2005	2006	2007	2008	2009	2010
\$ 75,829,231	\$ 77,592,739	\$ 80,506,231	\$ 79,584,801	\$ 71,213,765	\$ 69,343,129
63,708,384	65,006,361	68,528,147	68,920,464	69,557,165	67,205,629
4,567,236	5,170,638	5,475,769	5,733,719	11,902,478	12,646,069
8,229,714	8,290,309	8,082,588	8,622,042	8,527,747	9,144,341
<u>152,334,565</u>	<u>156,060,047</u>	<u>162,592,735</u>	<u>162,861,026</u>	<u>161,201,155</u>	<u>158,339,168</u>
84,591,594	79,528,485	84,217,350	85,842,791	93,983,695	89,888,197
47,986,601	47,599,805	47,813,441	48,117,608	49,099,565	44,791,202
3,431,473	2,816,455	3,071,772	2,718,349	2,874,855	2,774,654
-	-	-	12,472	15,487	173,114
1,814,997	1,779,548	1,923,116	1,890,367	1,851,868	1,928,893
3,057,353	3,019,126	3,096,403	3,258,613	3,231,473	3,141,616
10,740,000	11,885,000	9,730,000	10,165,000	11,035,000	11,495,000
5,087,496	5,943,398	7,855,105	7,728,238	7,336,100	6,881,250
280,182	725	134,002	21,814	165,549	161,670
7,719,792	23,360,462	47,863,395	29,751,899	10,652,503	3,738,472
2,847,952	2,932,826	-	-	-	-
<u>167,557,440</u>	<u>178,865,830</u>	<u>205,704,584</u>	<u>189,507,151</u>	<u>180,246,095</u>	<u>164,974,068</u>
(15,222,875)	(22,805,783)	(43,111,849)	(26,646,125)	(19,044,940)	(6,634,900)
98,870,000	56,610,152	6,045,190	-	-	-
6,014,422	-	-	-	-	-
222,236	-	61,668	127,361	28,416	18,908
1,586,914	2,122,512	2,252,322	2,176,754	2,430,066	2,520,080
(1,586,914)	(2,122,512)	(2,252,322)	(2,176,754)	(2,430,066)	(1,920,080)
(39,495,000)	-	(6,511,310)	-	-	-
(2,342,175)	30,177	-	-	-	154,498
<u>63,269,483</u>	<u>56,640,329</u>	<u>(404,452)</u>	<u>127,361</u>	<u>28,416</u>	<u>773,406</u>
48,046,608	33,834,546	(43,516,301)	(26,518,764)	(19,016,524)	(5,861,494)
42,942,604	90,989,212	124,823,758	81,307,457	54,788,693	35,772,169
<u>\$ 90,989,212</u>	<u>\$ 124,823,758</u>	<u>\$ 81,307,457</u>	<u>\$ 54,788,693</u>	<u>\$ 35,772,169</u>	<u>\$ 29,910,675</u>
11.43%	13.23%	12.65%	12.63%	12.27%	12.99%

Troy School District

Taxable Value by Property Type						
Tax Year	Real Property			Agricultural and Other	Personal Property	Total Value
	Residential	Commercial	Industrial			
2000	\$ 1,756,307,450	\$ 974,731,550	\$ 287,395,150	\$ -	\$ 520,650,890	\$ 3,539,085,040
2001	1,862,572,590	1,091,856,660	310,710,930	-	525,455,040	3,790,595,220
2002	1,972,340,290	1,112,229,080	332,879,420	-	498,854,208	3,916,302,998
2003	2,049,453,131	1,152,900,440	327,066,420	-	468,176,960	3,997,596,951
2004	2,158,772,810	1,147,811,590	347,707,990	-	426,948,096	4,081,240,486
2005	2,277,076,230	1,178,957,390	350,683,300	-	403,225,480	4,209,942,400
2006	2,427,726,198	1,187,083,160	351,979,910	-	384,167,410	4,350,956,678
2007	2,519,246,587	1,195,877,610	357,618,240	451,030	375,547,560	4,448,741,027
2008	2,531,030,310	1,191,128,660	358,797,580	-	362,393,150	4,443,349,700
2009	2,498,444,569	1,174,009,185	354,556,100	-	355,992,100	4,383,001,954

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
21.3155	\$ 7,078,170,080	50.00
21.1400	7,581,190,440	50.00
21.1400	7,832,605,996	50.00
21.1400	7,995,193,902	50.00
22.1300	8,162,480,972	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

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
2000	2001	7.3876	18.0000	3.3155	0.00	10.7031	21.3155
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

* 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**
4.6522	1.6295	2.0998	6.0000	9.4800	0.3270
4.6478	1.6109	2.0752	6.0000	9.4800	0.3236
4.6523	1.6090	3.4224	6.0000	9.4500	0.6000
4.6497	1.5983	3.3991	5.0000	9.4500	0.5974
4.4322	1.5889	3.3789	6.0000	9.4500	0.5962
4.6461	1.5844	3.3690	6.0000	9.4500	0.5950
4.6461	1.5844	3.3690	6.0000	9.4300	0.5900
4.6461	1.5844	3.3690	6.0000	9.2800	0.5900
4.1900	1.5844	3.3690	6.0000	9.2800	-
4.1900	1.5844	3.3690	6.0000	9.4000	-

Troy School District

Taxpayer	2009 Taxable Value	Percentage of Total	2008 Taxable Value	Percentage of Total
1 Frankel Forbes Cohen Associates	\$ 69,981,710	1.60	\$ 68,422,560	1.54
2 Emmes Asset Management Co LLC	43,586,970	0.99	51,894,070	1.17
3 Nykel Management Co.	32,933,920	0.75	32,933,920	0.74
4 Delphi Automotive Systems LLC	31,556,820	0.72	22,496,100	0.51
5 Troy Industrial LLC	31,304,140	0.71	*	-
6 888 W Big Beaver Assoc LLC	30,329,290	0.69	30,741,160	0.69
7 Nemer Troy Place Realty LLC	28,094,280	0.64	26,820,840	0.60
8 Osprey-Troy OfficeCentre, LLC	27,463,660	0.63	31,785,350	0.72
9 Bank of America Corporation	26,969,090	0.62	27,010,240	0.61
10 Kelly Services & Properties	25,540,950	0.58	31,322,780	0.70
All others	4,035,241,124	92.07	4,119,922,680	92.72
Total	\$ 4,383,001,954		\$ 4,443,349,700	

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**

2007 Taxable Value	Percentage of Total	2006 Taxable Value	Percentage of Total	2005 Taxable Value	Percentage of Total
\$ 66,908,700	1.50	\$ 64,549,870	1.48	\$ 62,372,530	1.48
*	-	*	-	*	-
40,726,630	0.92	40,726,630	0.94	56,361,080	1.34
*	-	*	-	*	-
*	-	*	-	*	-
33,826,600	0.76	*	-	*	-
26,513,910	0.60	25,719,770	0.59	25,205,320	0.60
32,578,810	0.73	*	-	*	-
25,355,170	0.57	27,965,270	0.64	27,759,750	0.66
31,360,640	0.70	32,632,130	0.75	33,786,950	0.80
4,191,470,567	94.22	4,159,363,008	95.60	4,004,456,770	95.12
<u>\$ 4,448,741,027</u>		<u>\$ 4,350,956,678</u>		<u>\$ 4,209,942,400</u>	

Troy School District

Taxpayer	2004 Taxable Value	Percentage of Total	2003 Taxable Value	Percentage of Total
1 Frankel Forbes Cohen Associates	\$ 61,057,410	1.50	\$ 59,713,100	1.49
2 Emmes Asset Management Co LLC	*	-	*	-
3 Nykel Management Co.	55,107,070	1.35	54,827,230	1.37
4 Delphi Automotive Systems LLC	*	-	*	-
5 Troy Industrial LLC	*	-	*	-
6 888 W Big Beaver Assoc LLC	*	-	*	-
7 Nemer Troy Place Realty LLC	25,106,540	0.62	24,542,100	0.61
8 Osprey-Troy OfficeCentre, LLC	*	-	*	-
9 Bank of America Corporation	27,138,580	0.66	25,550,320	0.64
10 Kelly Services & Properties	34,097,390	0.84	21,853,030	0.55
All others	<u>3,878,733,496</u>	95.04	<u>3,811,111,171</u>	95.34
Total	<u>\$ 4,081,240,486</u>		<u>\$ 3,997,596,951</u>	

Source: Oakland County

* Data not available

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

2002 Taxable Value	Percentage of Total	2001 Taxable Value	Percentage of Total	2000 Taxable Value	Percentage of Total
\$ 58,814,340	1.50	\$ 18,596,530	0.49	\$ 58,776,560	1.66
*	-	*	-	*	-
53,855,480	1.38	52,240,590	1.38	53,855,480	1.52
*	-	*	-	*	-
*	-	*	-	*	-
*	-	*	-	*	-
24,179,430	0.62	23,644,150	0.62	24,400,740	0.69
*	-	*	-	*	-
25,550,320	0.65	26,460,230	0.70	26,501,380	0.75
*	-	*	-	*	-
3,753,903,428	95.85	3,669,653,720	96.81	3,375,550,880	95.38
\$ 3,916,302,998		\$ 3,790,595,220		\$ 3,539,085,040	

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
2000	2001	\$ 57,178,094	\$ 56,494,058	98.80	\$ 212,605	\$ 56,706,663	99.18
2001	2002	59,193,467	58,328,985	98.54	123,866	58,452,851	98.75
2002	2003	61,002,834	59,833,312	98.08	173,244	60,006,556	98.37
2003	2004	60,793,929	60,254,035	99.11	150,190	60,404,225	99.36
2004	2005	65,590,790	65,087,435	99.23	1,080,842	66,168,277	100.88
2005	2006	66,108,260	65,974,622	99.80	488,332	66,462,954	100.54
2006	2007	66,689,831	66,485,173	99.69	281,787	66,766,960	100.12
2007	2008	68,065,212	67,883,013	99.73	182,199	68,065,212	100.00
2008	2009	62,952,681	60,295,359	95.78	126,837	60,422,196	95.98
2009	2010	61,915,697	59,606,369	96.27	133,067	59,739,436	96.49

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)				
2000-2001	\$ 3,539,085,040	50.08	39.45	\$ 8,535	\$ -	12.16	
2001-2002	3,790,595,220	48.34	38.82	8,835.00	-	12.17	
2002-2003	3,916,302,998	49.08	39.68	9,035.00	(50.00)	12.99	
2003-2004	3,997,596,951	45.25	36.18	9,035.00	(74.00)	12.99	
2004-2005	4,081,240,486	46.94	38.14	9,035.00	-	14.87	
2005-2006	4,209,942,400	46.48	37.42	9,209.18	-	16.34	
2006-2007	4,350,956,678	47.71	36.06	9,419.18	-	17.74	
2007-2008	4,448,741,027	49.78	34.79	9,467.18	-	16.72	
2008-2009	4,443,349,700	53.59	31.49	9,523.18	-	16.54	
2009-2010	4,383,001,954	48.68	32.55	9,121.00	(154.00)	16.94	

* 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
2001	\$ 104,410,000	\$ -	\$ 104,410,000	\$ -	\$ 104,410,000
2002	96,645,000	-	96,645,000	-	96,645,000
2003	88,535,000	-	88,535,000	-	88,535,000
2004	80,495,000	-	80,495,000	-	80,495,000
2005	129,130,000	-	129,130,000	-	129,130,000
2006	170,790,000	-	170,790,000	-	170,790,000
2007	160,660,000	-	160,660,000	-	160,660,000
2008	150,495,000	-	150,495,000	-	150,495,000
2009	139,460,000	-	139,460,000	-	139,460,000
2010	127,965,000	-	127,965,000	154,498	128,119,498

Population information obtained from City of Troy, Department of Planning

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

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

	Net General Bonded Debt as a Percentage of	Total Debt as a Percentage of		Net General Bonded Debt per Capita	Total Debt per Capita
Taxable Value	Taxable Value	Taxable Value	Population		
\$ 3,539,085,040	3	3	85,821	\$ 1,217	\$ 1,217
3,790,595,220	3	3	84,345	1,146	1,146
3,916,302,998	2	2	84,841	1,044	1,044
3,997,596,951	2	2	85,556	941	941
4,081,240,486	3	3	86,408	1,494	1,494
4,209,942,400	4	4	87,159	1,960	1,960
4,350,956,678	4	4	87,594	1,834	1,834
4,448,741,027	3	3	87,954	1,711	1,711
4,443,349,700	3	3	83,874	1,663	1,663
4,383,001,954	3	3	80,084	1,598	1,600

Troy School District

Debt Capacity Information Direct and Overlapping Governmental Activities Debt June 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
City of Troy	\$ 44,651,569	80.28%	\$ 35,846,280
Oakland County at Large	97,719,285	7.02%	6,859,894
Oakland Intermediate School District	64,735,000	7.04%	4,557,344
Oakland Community College	6,005,000	7.06%	<u>423,953</u>
Total overlapping debt			47,687,470
Direct district debt			<u>128,119,498</u>
Total direct and overlapping debt			<u>\$ 175,806,968</u>

Source: Municipal Advisory Council of Michigan

Troy School District

	2001	2002	2003	2004
Calculation of debt limit:				
Taxable value	\$ 3,539,085,040	\$ 3,790,595,220	\$ 3,916,302,998	\$ 3,997,596,951
15% of taxable value	530,862,756	568,589,283	587,445,450	599,639,543
Calculation of debt subject to limit:				
Total debt	104,410,000	96,645,000	88,535,000	80,495,000
Less debt not subject to limit - State qualified debt issuance	-	-	-	-
Net debt subject to limit	<u>104,410,000</u>	<u>96,645,000</u>	<u>88,535,000</u>	<u>80,495,000</u>
Legal debt margin	<u>\$ 426,452,756</u>	<u>\$ 471,944,283</u>	<u>\$ 498,910,450</u>	<u>\$ 519,144,543</u>
Net debt subject to limit as % of debt limit	19.67%	17.00%	15.07%	13.42%

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

Debt Capacity Information
Legal Debt Margin
Last Ten Years

2005	2006	2007	2008	2009	2010
\$ 4,081,240,486	\$ 4,209,942,400	\$ 4,350,956,678	\$ 4,448,741,027	\$ 4,443,349,700	\$ 4,383,001,954
612,186,073	631,491,360	652,643,502	667,311,154	666,502,455	657,450,293
129,130,000	170,790,000	160,660,000	150,495,000	139,460,000	128,119,498
-	-	-	-	-	-
<u>129,130,000</u>	<u>170,790,000</u>	<u>160,660,000</u>	<u>150,495,000</u>	<u>139,460,000</u>	<u>128,119,498</u>
<u>\$ 483,056,073</u>	<u>\$ 460,701,360</u>	<u>\$ 491,983,502</u>	<u>\$ 516,816,154</u>	<u>\$ 527,042,455</u>	<u>\$ 529,330,795</u>
21.09%	27.05%	24.62%	22.55%	20.92%	19.49%

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
2001	85,821	\$ 2,463,093	4.239%	\$ 28,700	2.50
2002	84,345	2,427,175	3.982%	28,777	3.80
2003	84,841	2,302,880	3.845%	27,143	4.50
2004	85,556	2,378,525	3.384%	27,801	4.80
2005	86,408	2,434,002	5.305%	28,169	4.90
2006	87,159	2,572,590	6.639%	29,516	4.90
2007	87,594	2,728,126	5.889%	31,145	5.00
2008	87,954	2,822,492	5.332%	32,091	5.40
2009	83,874	2,779,943	5.017%	33,144	10.04
2010	80,084	Not Available	- %	-	11.93

Population Source prior to 2010 was Oakland County Trends
2010 and beyond, Population source is SEMCOG
Source: State of Michigan

Troy School District

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

Taxpayer	2009 Employees	Percentage of Total Employment	2000 Employees	Percentage of Total Employment
Flagstar Bank FSB	1,600	4.57%	*	*
Wm Beaumont Hospital	1,500	4.28%	2,413	5.36%
Troy School District	1,371	3.91%	1,050	2.33%
Kelly Services	1,200	3.42%	1,071	2.38%
Delphi Automotive Systems	1,000	2.85%	972	2.16%
BBDO Detroit	900	2.57%	*	*
City of Troy	791	2.26%	*	*
Arvin Meritor Automotive	775	2.21%	2,900	6.44%
Behr America	300	0.86%	*	*
Sterling Cleaning Service	299	0.85%	*	*
Total principal employers	9,736		8,406	
Total employment	35,041		45,030	

Source: Oakland County

* Information not available for year

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
General government:					
Instruction	779	794	790	856	867
Support services	500	471	467	418	263
Community service	60	52	47	49	51
Food service	45	44	50	48	-
Total	<u><u>1,384</u></u>	<u><u>1,361</u></u>	<u><u>1,354</u></u>	<u><u>1,371</u></u>	<u><u>1,181</u></u>

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

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

Troy School District

Operating Information Operating Indicators Last Ten Years Years Ended June 30

Year	Enrollment	Operating Expenditures	Cost per Pupil	Operating Revenue	Revenue per Pupil	Total Teaching Staff	Percentage of Students Qualifying for Free/Reduced Meals	Average Teacher Salary
2001	12,076	\$ 109,798,915	\$ 9,092.32	\$ 115,109,451	\$ 9,532.08	765	2.63	\$ 66,803
2002	12,083	114,607,235	9,485.00	122,473,180	10,135.99	765	2.58	69,594
2003	12,049	120,236,424	9,978.95	122,641,994	10,178.60	773	2.99	69,721
2004	12,059	123,375,990	10,231.03	124,788,691	10,348.18	768	3.58	70,249
2005	12,050	133,879,704	11,110.35	127,954,231	10,618.61	767	3.89	75,092
2006	12,022	131,169,844	10,910.82	130,225,352	10,832.25	761	4.34	73,499
2007	12,096	133,270,824	11,017.76	135,447,996	11,197.75	763	5.42	75,417
2008	12,174	136,505,061	11,212.84	136,284,634	11,194.73	774	5.22	76,302
2009	12,177	144,553,747	11,871.05	136,560,386	11,214.62	790	8.40	76,497
2010	12,076	136,053,498	11,266.94	134,719,100	11,155.94	785	12.00	76,256

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

Troy School District

Function/Program	2001	2002	2003	2004
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	5,196	5,103	5,077	5,048
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	2,894	2,974	3,017	2,995
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	4,011	4,072	4,006	4,009
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	73	76	75	78

Source: Troy School District - February 2010 Count Day

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

2005	2006	2007	2008	2009	2010
12	12	12	12	12	12
653,967	653,967	688,967	717,462	717,462	717,462
6,400	6,400	6,400	6,400	6,400	6,400
5,133	5,062	5,105	5,191	5,220	5,138
4	4	4	4	4	4
397,579	397,579	397,579	450,492	450,492	450,492
3,000	3,000	3,000	2,885	2,885	2,885
2,862	2,785	2,739	2,804	2,776	2,806
3	3	3	4	4	4
655,247	655,247	660,252	851,426	851,426	851,426
3,896	3,896	3,896	4,596	4,596	4,596
4,092	4,158	4,285	4,128	4,138	4,112
2	2	2	2	2	2
46,000	46,000	46,000	41,143	41,143	41,143
2	2	2	2	2	2
80	86	86	88	88	81