



**TROY SCHOOL DISTRICT**

# **19-20 ANNUAL REPORT**

**COMPREHENSIVE FINANCIAL ANNUAL REPORT  
FOR FISCAL YEAR ENDING JUNE 30, 2020**

**ADMINISTRATION  
BUILDING**

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**Assistant Superintendent, Business Services**

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October 6, 2020

To the Citizens of Troy and the  
Board Members of Troy School District:

The Comprehensive Annual Financial Report of Troy School District (the "School District") for the fiscal year ended June 30, 2020 hereby submitted. The report was prepared by the School District's Department of Business Services and contains all activities under the control of the Board of Education. 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 the School District's government-wide financial activity and the 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.

Troy School District is an independent reporting entity fully meeting the criteria established by the Governmental Accounting Standards Board. All funds of the School District are included in this report. The School District does not have component units.

The financial section reports separately the government-wide activities, the governmental fund types, and the fiduciary fund type administered by the board.

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section

This section introduces the reader to Troy School District and to this report. Included are facts about the School District, this transmittal letter, and the School District's organizational chart. This letter of transmittal is designed to complement the management's discussion and analysis and should be read in conjunction with it. The management's discussion and analysis can be found in the financial section of this document.

## Financial Section

The independent auditor's report, management's discussion and analysis, government-wide financial statements, fund financial statements, and notes to the financial statements are included in this section. These are the School District's basic financial statements and provide an overview for readers who require less detailed information than is contained in the balance of the report. In addition to the basic financial statements, this section includes required and other supplemental information.

The management of the board is responsible for the financial information and representations contained in the financial statements and other sections of the annual report. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information of the effects of certain events and transactions.

The basic financial statements and supplemental information presented in the financial section of this report present fairly and with full disclosure the financial position and results of the financial operation of the funds in conformity with accounting principles generally accepted in the United States of America and demonstrate compliance with finance-related legal and contractual provisions.

The basis of accounting for each fund is consistent with the activities and objectives of the fund as a fiscal and accounting entity.

The required and other supplemental information contain a more detailed analysis of revenue and expenditures that are compared to the 2019-2020 budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds. In addition, there are combining schedules shown by fund type with totals that agree with those reflected in the basic financial statements section.

## Statistical Section

Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, compare 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal capabilities of the School District.

## **District Overview**

The Troy School District is one of the largest and most diverse school districts in Oakland County and is governed by an elected, seven-member Board of Education. Our students speak more than 80 languages at home and come to us from nearly every country across the globe. We currently serve 13,073 students in Kindergarten through 12th grade in 20 schools across the district as well as students with developmental disabilities ages 19-26 in our Troy Center for Transition/Grow Program. Our students are educated in 12 elementary schools, four middle schools, two comprehensive college-preparatory high schools, one International Baccalaureate

Academy as well as one alternative high school and Intersect, our online homeschool partnership. All Troy District schools are AdvancEd accredited and every school has had a teacher-led AdvancEd school improvement team. In addition, we maintain a Community Education Center (Adult Education, Community Enrichment, and Athletic Administration), the bus garage/transportation offices, Rankin Building (which houses the maintenance offices and warehouse), the Services Building, (curriculum, media, special education, food services and technology offices as well as meeting rooms), and the Central Administration Building. Additionally, this fiscal year (2019-2020) we opened a state-of-the-art preschool that services our Early Intervening Special Education Students as well as tuition-based preschool.

The District is located in the City of Troy, in the heart of Metropolitan Detroit's northern suburbs. Troy consistently ranks among the Safest Cities in Michigan, the Best Town in Michigan to raise a family by Niche and the amongst the Best Cities to live in the U.S. by 24/7 Wall Street. Troy makes up just over 26.61 square miles and is the largest city in Oakland County and the 13th largest in the State of Michigan, with a population of 85,584. Although the State of Michigan is still recovering from a major recession, Troy weathered the economic storm better than most and has come back strong. The City is the home to over 6,000 businesses with a market value of over \$12 billion. Our residents are highly educated and motivated—more than 57% have obtained a bachelor's degree or higher and continue to place a high priority on education. Four universities and colleges have campuses in Troy and incoming residents report the excellence of the K-12 school system as a key factor in relocating to the area. The district's proximity to Detroit, Ann Arbor and Lansing makes museums, institutions of higher education, and cultural organizations available to classrooms, staff, and families. When Troy is compared to the state of Michigan, we are significantly above state averages in median household income, median house value, and foreign-born and minority populations. Unemployment is below the state average and the percentage of population working in professional occupations is well above the state average. Troy's population is stable with growth expected through 2035, though demographically the City's residents are aging and becoming more diverse. with a robust international community and culture.

Through the 2013 bond issue supported by our community and the 2017 1-mill building and site sinking fund, Troy School District is strategically maintaining its facilities, technology and infrastructure to ensure safe and secure environments that are conducive to teaching and learning. Over the past seven years, the bond dollars have funded significant mechanical and electrical upgrades, technology purchases and improvements, secure front entries at all the District's elementary and middle school buildings, roof replacement, and parking lot and infrastructure improvements. Funds were also used to purchase flexible furniture for classrooms, equipment for our high school weight rooms, instruments for our instrumental music programs, and school buses. We have approximately two more years of bond projects to be completed which will include additional building and site improvements to school buildings, the acquisition and installation of technology equipment and technology infrastructure, and the purchase of school buses and furniture. The building site and sinking fund millage is used to make improvements and repairs to the School District's facilities.

## District's Academic Focus

The Troy School District is guided by its vision, mission, core values and strategic direction.

### Our Vision

The Troy School District will become an exemplary learning community that support innovation and is committed to continuous improvement. The School District will be a place where a collaborative community develops curriculum, instructional strategies, and assessment to ensure all students learn.

### Our Mission

The purpose of the Troy School District is to ensure learning for all members of the school community.

### Core Values



Our Core Values are focused around three areas: Deepening Learning, Focusing Direction and Cultivating a Collaborative Culture.

- Deepening Learning focuses on creating ambitious outcomes for all students, engaging all learners, and creating innovative instructional practices.
- Focusing Direction occurs through continuous reflection, establishing a clear strategy, and developing meaningful goals.
- Cultivating a Collaborative Culture requires us to make decisions cooperatively through creation of highly effective teams and building capacity of or people.

### Strategic Direction

The Troy School District is a dynamic, challenging, and diverse organization where deep learning is the focus. Student achievement historically is near the top of the state and the county, but in the spirit of continuous improvement, our district set an ambitious new goal five years ago—to become a World Class School District by the year 2020.

The idea was to research the best schools and school districts across the globe and study what made them successful and how we might model that in our own way in Troy. We investigated what makes premiere schools and districts extraordinary, utilizing research and book studies, phone conferences, skype and in-person visits. We developed what we call the “Four Characteristics of World Class,” for the Troy School

District, envisioning what those characteristics would look like in our schools and how they might be implemented.

Measurable goals were defined, and one of the ways we would know we were successful would come when other school districts began to study TSD to replicate what was happening here.

After a year of learning and collaboration to define what World Class would look like in the Troy School District, we came up with four critical areas we would focus on to reach that goal. Those areas represented as distinctively colored pillars are:



**Prioritizing the Learning of Our People**, which means making learning at the center of everything we do—not just for our students, but for every member of our staff as well.

**Empowering Students to Connect Their Learning to the World**, which means giving students ownership over their learning and opportunities to make an impact on the world around them with that learning.

**Attending to the Social, Emotional and Physical Well-Being of All**, which means that we recognize the pressures and emotional needs that students and staff bring to our classrooms every day, and we have the appropriate supports in place to deal with whatever needs they may have, as well as an ongoing program of inclusivity, mental health awareness and a culture of respect and value for all.

**Invest in Pre-Kindergarten Education**, which means providing opportunities for all our students to have a high-quality preschool experience that is literacy rich and aligned to our TSD curriculum.

Teachers and administrators in Troy School District implement a comprehensive curriculum for all students in pre-kindergarten through twelfth grade. Our curriculum is based on the Michigan State standards in English language arts, social studies, mathematics, and science.

All state guidelines and requirements have been reviewed by teachers and administrators in the Troy School District and have been integrated into our curriculum. The curriculum of Troy School District meets or exceeds all standards required for school accreditation by the Michigan Department of Education.

Written curriculum and pacing guides function as systematic outlines for instruction. These documents identify what our teachers teach and what students should learn, and many have been uploaded to Rubicon Atlas and/or Schoology, a web-based storage system, providing teachers access to this information from any computer. Class and course 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 Troy School District, high standards infuse the curriculum.

Our system goals are as follows:

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

We share the following beliefs that assist us in reaching our goals:

- The Troy School District is committed to excellence.
- The Troy School District is a key element in the community and has a responsibility to be a resource for enhancing the quality of life for all citizens.
- The educational programs will provide each student the best opportunity to learn, to develop personally, and to experience success.
- Public education is fundamental to the preservation and advancement of freedom, democracy, and an effective free enterprise system.
- Positive self-concept and respect for others is fundamental to teaching and learning.
- The educational process will allow for the unique qualities of each individual.

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

Troy School District's parents' value and support education. Troy School District enjoys the active support and participation of parents in PTO/PTA groups, booster clubs, and building and district-level committees. Additionally, this fiscal year, the School District has invested in our work of Equity and Inclusion through our involvement in the National Equity Project. The National Equity Project supports leaders to transform their systems into equitable, resilient, and liberation

environments through consulting and coaching to help make informed decisions and take more effective action. Moving forward, our work will be very focused on building culture, conditions, and competencies for excellence and equity.

## **Economic Condition and Outlook**

Since the passage of Proposal A in 1994, it has become apparent that School District revenue will not keep pace with inflation, nor with School District expenditures as we know them. 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 most of its funds, but also its funding level. Our 2019-2020 foundation allowance of \$9,315 was \$208 less than what we received in fiscal year 2008-09 before adjusting for inflation.

The COVID-19 Pandemic has created uncertainty in both state and federal funding. The State of Michigan held an unprecedented August Consensus Revenue Estimating Conference (CREC) to review the anticipated revenues for the 2019-20, 2020-21, and 2021-22 fiscal years. Although, improved from the May CREC, there are still reasons to be concerned. Following is a synopsis of the highlights from the conference.

### **General Fund General Purpose (GFGP)**

- Projected FY20 year end GFGP fund balance is \$1.4 billion in unspent funds to carry forward to FY21
- Projected FY21 year end fund balance is a \$385 million deficit
- Projected FY22 year end fund balance is a \$1 billion deficit

### **School Aid Fund (SAF)**

- Projected FY20 year end SAF fund balance is \$1 billion in unspent funds to carry forward to FY21
- Projected FY21 year end SAF fund balance is \$372 million to be carried to FY22 (This includes the restoration of \$175 per pupil that was reduced in FY20)
- Projected FY22 year end SAF fund balance is \$185 million

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 receive adequate funding to ensure it is able to maintain a balanced budget in the future while continue providing a world-class education to our students.

In April 2019, the District did receive affirmation from Standard and Poor's of our AA/Stable rating. The economic factors at the time were expected to remain strong and continue to serve as a stabilizing factor for the district assisting in the affirmation of our AA/Stable bond rating.

## **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 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 follow legal provisions in the annual appropriation budget adopted by the Board of Education.

Formal budgetary integration is employed as a management controls device throughout the year for the General Fund, Special Revenue Funds, Capital Projects Funds/Capital Maintenance 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. The budget is amended during the year to appropriately address variances that occur.

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.

## **Independent Audit**

State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran was appointed by the Troy Board of Education to perform this service for the 2019-20 fiscal year. In addition, the 2 CFR 200 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.

There were no findings or questioned costs for Federal awards for the year ended June 30, 2020.

## **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. Current enrollment is 13,073 students, and enrollment was projected to remain consistent while developing the budget for the 2020-21 school year. In 2019-2020, Troy School District implemented remote learning due to the closure of schools because of the Covid-19 Pandemic, and the 2020-2021 school year opened remotely, too. Early enrollment data at the start of the 2021 school year suggests that our fall student count will be short of the estimates used in developing the 2021 budget, largely because of the Covid-19 Pandemic.

### **Building Information**

	<u>Acreage</u>	<u>Square Footage</u>	<u>Year Built</u>	<u>Student Count</u>
<u>High Schools</u>				
Athens High School	50.00	398,426	1974	1,542
International Academy East	(included with Baker)	81,455	1952	565
Troy High School	73.13	343,207	1992	2,079
<u>Middle Schools</u>				
Baker Middle School	40.00	128,458	200	725
Boulan Middle School	16.00	111,190	1971	883
Larson Middle School	31.94	111,190	1971	785
Smith Middle School	13.79	101,094	1967	686
<u>Elementary Schools</u>				
Barnard Elementary School	15.01	64,312	1978	487
Bemis Elementary School	15.38	64,312	1978	526
Costello Elementary School	22.95	52,175	1972	389
Hamilton Elementary	14.83	64,312	1983	500
Hill Elementary School	12.94	54,456	1967	365

Leonard Elementary School	11.76	59,340	1959	443
Martell Elementary School	14.20	52,919	1972	442
Morse Elementary School	6.64	54,636	1956	450
Schroeder Elementary School	10.00	61,989	1970	512
Troy Union Elementary School	21.78	68,777	1925	465
Wass Elementary School	20.14	64,312	1978	422
Wattles Elementary School	19.00	59,270	1967	442
Administration Building	15.00	12,000	1973	0
Services Building	(Included with Administration Building)	29,263	2000	0
Niles Center	13.60	41,448	1923	214
Preschool	(Included in Niles Center)	72,000	2019	80
Troy Center for Transitions	(Included in Baker)	(Included in Baker)	2007	71
Transportation Building	4.85	13,728	1964	0
Rankin (Warehouse)	1.59	24,840	Unknown	0
<b>Total</b>	<b>444.53</b>	<b>2,189,109</b>		<b>13,073</b>
Vacant Property	128.30			

## 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, 1989-2019. 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. The Comprehensive Annual Financial Report was prepared by 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.

For the community to know the content of this report, copies will be made available on the School District's website, at the City of Troy Library, and at the offices of the city manager and city clerk.

Respectfully submitted,

A handwritten signature in black ink that reads "Rick West". The signature is written in a cursive style with a large initial "R" and a long horizontal stroke.

Rick West  
Assistant Superintendent, Business Services

A handwritten signature in black ink that reads "Kandice Moynihan". The signature is written in a cursive style with a large initial "K" and a long horizontal stroke.

Kandice Moynihan  
Director of Finance, Business Services

**Troy School District**

**District Officials**

**Board of Education**

Karl Schmidt, President

Dr. Nicole Wilson, Vice President

Gary Hauff, Secretary

Vital Anne, Trustee

Steve Gottlieb, Trustee

Elizabeth Hammond, Trustee

Dr. Nancy Philippart, Trustee

**Administration**

Richard Machesky, Ed.D., Superintendent

Rick West, Assistant Superintendent. Business Services

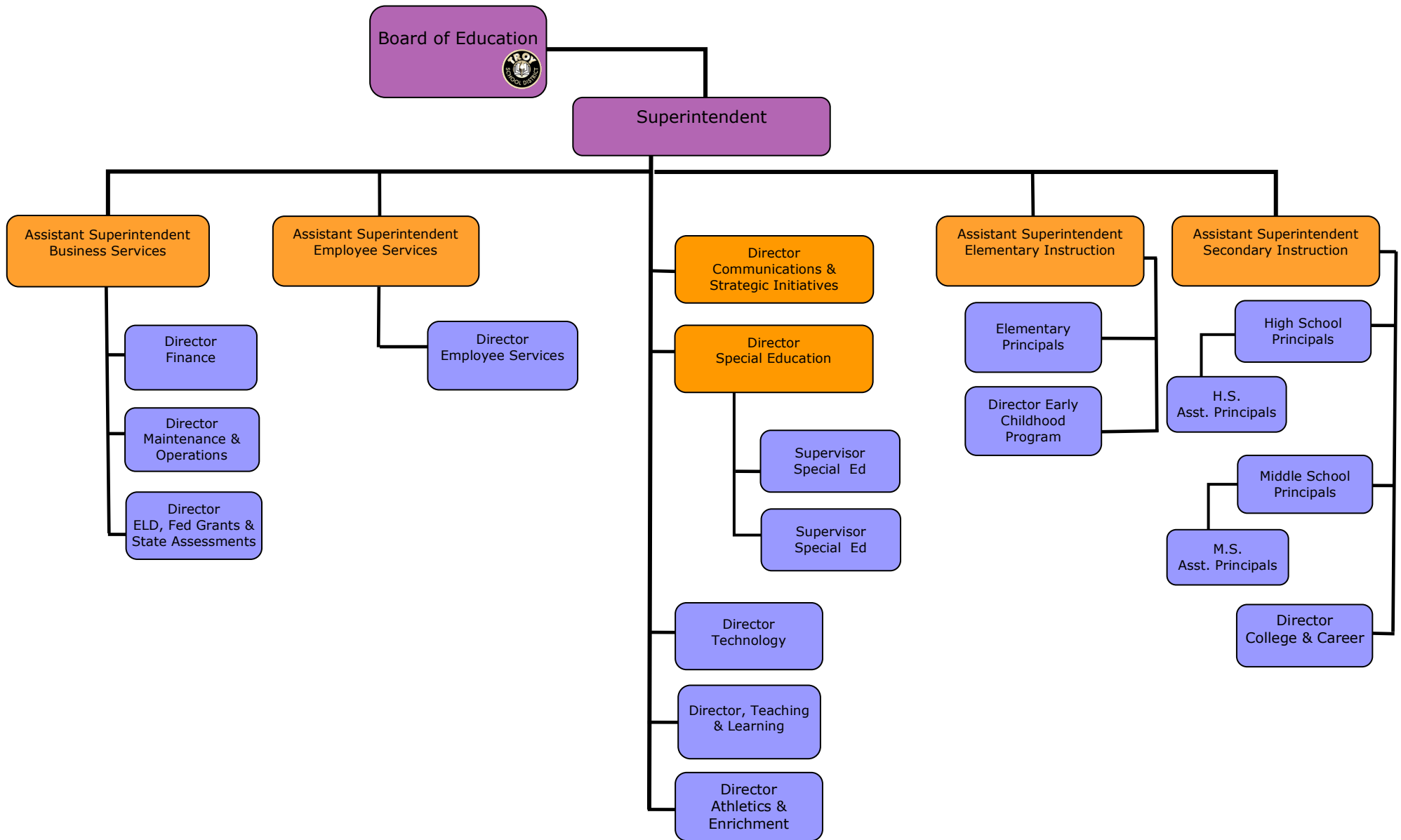
Christine DiPilato, Assistant Superintendent Secondary Instruction

Jordan Harris, Assistant Superintendent Employee Services

Kristine Griffor, Assistant Superintendent Elementary Instruction

Kerry Birmingham, Director of Communications and Strategic Initiatives

# 2019/2020 ORGANIZATIONAL CHART



<b>Cabinet</b>		
<b>Admin Handbook Positions</b>		



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The 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, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director

## **Independent Auditor's Report**

To the Board of Education  
Troy School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining information of Troy School District (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Troy School District's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining information of Troy School District as of June 30, 2020 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As discussed in Note 2 to the basic financial statements, as of July 1, 2019, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the Board of Education  
Troy School District

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Troy School District's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020 on our consideration of Troy School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Troy School District's internal control over financial reporting and compliance.



October 6, 2020

This section of the annual financial report for Troy School District (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2020. 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 financial statements. These statements are organized so the reader can understand Troy School District financially as a whole. The government-wide 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 longer-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 and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the 2019 Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the statement of fiduciary net position and statement of changes in fiduciary net position, present financial information about custodial accounts for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

**Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Basic Financial Statements

**Required Supplemental Information**

Budgetary Comparison Schedule - General Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

**Other Supplemental Information**

**Statistical Section**

**Reporting the School District as a Whole - Government-wide Financial Statements**

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position 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 you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - 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 position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position 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 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 (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

#### *Governmental 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 an accounting method called modified accrual 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 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 (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

#### *Fiduciary Funds*

The School District has certain fiduciary responsibility for its custodial funds. All of the School District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities 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.

## Troy School District

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

#### The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2020 and 2019:

	Governmental Activities	
	2020	2019
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 86.2	\$ 98.8
Capital assets	197.1	188.8
Total assets	283.3	287.6
<b>Deferred Outflows of Resources</b>	106.3	102.6
<b>Liabilities</b>		
Current liabilities	23.1	30.4
Noncurrent liabilities	160.8	167.0
Net pension liability	291.7	260.5
Net OPEB liability	64.2	68.5
Total liabilities	539.8	526.4
<b>Deferred Inflows of Resources</b>	46.0	45.7
<b>Net Position</b>		
Net investment in capital assets	76.3	68.8
Restricted	2.4	2.0
Unrestricted	(274.9)	(252.7)
Total net position	<b>\$ (196.2)</b>	<b>\$ (181.9)</b>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(196.2) million at June 30, 2020. Net investment in capital assets totaling \$76.3 million 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 position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(274.9) million) was unrestricted.

The \$(274.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities). The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension and OPEB liabilities will have a significant impact on the change in unrestricted net position from year to year.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 84, *Fiduciary Activities*, as of July 1, 2019. This standard provides guidance on the identification and reporting of fiduciary activities and required the district to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2019 beginning net position by approximately \$2.0 million, which represents the student activities that previously were reported as fiduciary but are now reported in as governmental in accordance with GASB 84. The governmental statement of net position at June 30, 2020 and statement of activities for the year ended June 30, 2020 include all the balances and transactions for those activities that were previously reported as fiduciary. All school districts were required to adopt this new standard, unless a one-year deferral was elected pursuant to GASB Statement No. 95.

## Troy School District

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

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2020 and 2019.

	Governmental Activities	
	2020	2019
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 5.9	\$ 7.9
Operating grants	37.0	35.4
General revenue:		
Taxes	59.1	57.3
State aid not restricted to specific purposes	82.5	82.1
Other	7.8	2.7
Total revenue	192.3	185.4
<b>Expenses</b>		
Instruction	126.1	113.5
Support services	67.8	61.6
Athletics	2.2	-
Food services	3.0	3.9
Community services	4.4	3.9
Debt service	5.1	4.6
Total expenses	208.6	187.5
<b>Change in Net Position</b>	(16.3)	(2.1)
<b>Net Position</b> - Beginning of year (as restated)	(179.9)	(179.8)
<b>Net Position</b> - End of year	<b>\$ (196.2)</b>	<b>\$ (181.9)</b>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$208.6 million. Certain activities were partially funded from those who benefited from the programs (\$5.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$37.0 million). We paid for the remaining public benefit portion of our governmental activities with \$59.1 million in taxes, \$82.5 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

The School District experienced an decrease in net position of \$16.3 million. The reduction in net position is primarily attributable to the net increase to the net pension liability at June 30, 2020.

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

#### **The School District's Funds**

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide 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 \$64.1 million, which is an decrease of \$7.0 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance increased \$0.6 million to \$26.0 million. This is the fifth consecutive year of adding to the fund balance. Troy School District continues to have good General Fund reserves; the total available (unassigned) fund balance is 9.8 percent of 2020 general operating expenditures.

Fund balance of our special revenue funds decreased from \$3.0 million last year to \$2.8 million this year.

With the adoption of GASB 84, the School District created the Troy School and Student Activities special revenue fund to account for activities previously reported as fiduciary funds. The effect of the adoption was to increase July 1, 2019 beginning fund balance by \$2.0 million. Fund balance increased \$0.1 million for the year ended June 30, 2020.

Combined, the fund balance of our debt service funds decreased \$0.8 million. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. There was no change in the debt millage rates from the 2019 levy compared to 2018 (4.10 mills). Debt service fund balances are reserved since they can only be used to pay debt service obligations.

Combined, the fund balance of our capital project funds decreased \$6.6 million. This decrease is primarily due to continued construction related to 2016 bond issue and the Early Childhood Learning Center (Troy School District Preschool). The Troy School District Preschool opened for operations in the 2019-2020 school year. The 2016 bond-funded construction projects are expected to be completed in the 2020-2021 fiscal year. In 2020, the School District issued \$6.1 million in limited general obligation bonds. These bonds were issued in accordance with state law and will be used for the purchase of property and a building located thereon and the renovating, equipping, and furnishing of such building. The School District collected \$4.0 million in voter-approved sinking fund millage. This millage is available to fund specific capital projects allowed by state law and approved by the voters.

#### ***Budgetary Highlights***

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2020. 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 of these financial statements.

There were significant revisions made to the 2019-2020 General Fund original budget. Budgeted revenue was increased \$3.9 million to account for changes in certain categorical revenue from the State and to reflect an increase in foundation allowance and student enrollment being greater than original estimates. The transfer in from the Community Services Fund was reduced in the amended budget by \$0.6 million.

Budgeted expenditures were also adjusted. Salaries and benefits were increased to account for an increase in teachers' wages related to the midyear settlement of their collective bargaining agreement. Purchased services and supplies budgets were decreased to reflect adjustments made to operations from the closure of schools due to the COVID-19 pandemic. Transfers out to other funds of \$0.6 million were established in the amended budget and represent support provided to the Early Childhood Learning Center Capital Projects Fund and the Troy School District Preschool special revenue fund.

State source revenue was \$2.3 million less than in the final budget, resulting from an unanticipated \$175 per pupil reduction reflected in the August 2020 state aid payment. There were no significant variances between the final budget and actual expenditure amounts.

All special revenue fund budgets were amended to account for the impact of the closure of schools and related activities due to the COVID-19 pandemic.

#### ***Capital Assets and Debt Administration***

##### ***Capital Assets***

As of June 30, 2020, the School District had \$197.1 million and \$188.8 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$8.3 million from 2019 to 2020.

	2020	2019
Land	\$ 2,086,043	\$ 2,170,280
Construction in progress	6,630,064	23,253,556
Buildings and improvements	326,709,253	293,624,748
Furniture and equipment	49,085,529	48,980,035
<b>Total capital assets</b>	<b>384,510,889</b>	<b>368,028,619</b>
Less accumulated depreciation	187,444,342	179,226,931
<b>Total capital assets - Net of accumulated depreciation</b>	<b>\$ 197,066,547</b>	<b>\$ 188,801,688</b>

This year's additions of \$10.8 million included building renovations, new school construction, a building acquisition and equipment purchases. We present more detailed information about our capital assets in the notes to the basic financial statements.

**Debt**

At the end of this year, the School District had \$140.6 million in bonds outstanding versus \$146.7 million in the previous year.

Those bonds consisted of the following:

	2020	2019
General obligation bonds	\$ 140,565,000	\$ 146,700,000
Bond premium	12,429,510	13,352,886
<b>Total</b>	<b>\$ 152,994,510</b>	<b>\$ 160,052,886</b>

The School District's general obligation bond rating is AA/Stable, as affirmed by Standard & Poor's in April 2019. 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 of \$140.5 million is significantly below this \$613.8 million statutorily imposed limit. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District has not issued qualified debt.

Other obligations include compensated absences, including accrued sick and vacation pay, and termination benefits payable to eligible administrators at the time of termination or retirement. We present more detailed information about our long-term liabilities in the notes to the basic financial statements.

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

Our elected officials and administration consider many factors when setting the School District's 2020-2021 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2020-2021 budget was adopted in June 2020 based on an estimate of students who will enroll in September 2020. Approximately 66.0 percent of total General Fund revenue is from the foundation allowance and state sources. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, 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 district resources are not sufficient to fund original appropriations. The COVID-19 pandemic has created uncertainty in both state and federal funding, and early enrollment data at the start of the 2021 school year suggests that the fall count will be short of the estimates used in creating the 2021 budget.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The School Aid Act for the 2020-2021 school year has not yet been approved by the Legislature, which makes it difficult for all districts in the state to budget accurately.

The State periodically holds a Revenue Estimating Conference (CREC) to estimate revenue. The School District based the 2020-2021 budget based on the results of the May CREC, estimating a decrease of \$700 per pupil, for a total foundation grant of \$8,615 for 2020-2021. This represents a \$9.2 million decrease to state source revenue and a use of our fund balance to subsidize the cost of General Fund operations.

The State recently held an unprecedented August CREC to review anticipated revenue for 2019-2020, 2020-2021, and 2021-2022. While estimates were much improved from the May CREC, there are still reasons to be concerned, as further discussed in the introductory letter.

#### ***Contacting the School District's Management***

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at 4400 Livernois, Troy, MI 48098.

**June 30, 2020**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents (Note 4)	\$ 27,168,293
Receivables:	
Other receivables	483,541
Due from other governmental units	20,329,385
Inventory	181,128
Prepaid expenses and other assets	505,686
Restricted assets (Note 5)	37,585,555
Capital assets:	
Capital assets not being depreciated (Note 6)	8,716,107
Capital assets - Net of accumulated depreciation (Note 6)	<u>188,350,440</u>
Total assets	283,320,135
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 9)	892,474
Deferred pension costs (Note 11)	84,276,103
Deferred OPEB costs (Note 11)	<u>21,183,291</u>
Total deferred outflows of resources	106,351,868
<b>Liabilities</b>	
Accounts payable	3,582,164
Due to other governmental units	2,687,143
Accrued liabilities:	
Accrued salaries and wages	8,925,849
Payroll taxes and withholdings	6,185,013
Accrued interest payable	924,642
Unearned revenue (Note 8)	811,644
Noncurrent liabilities:	
Due within one year (Note 9)	15,161,488
Due in more than one year (Note 9)	145,563,535
Net pension liability (Note 11)	291,719,442
Net OPEB liability (Note 11)	<u>64,235,041</u>
Total liabilities	539,795,961
<b>Deferred Inflows of Resources</b>	
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	9,850,233
Deferred pension cost reductions (Note 11)	11,089,339
Deferred OPEB cost reductions (Note 11)	<u>25,096,124</u>
Total deferred inflows of resources	46,035,696
<b>Net Position</b>	
Net investment in capital assets	76,314,228
Restricted:	
Capital projects	1,660,749
Food service	90,645
Debt service	667,068
Unrestricted	<u>(274,892,344)</u>
Total net position	<u><b>\$ (196,159,654)</b></u>

Year Ended June 30, 2020

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 126,101,286	\$ 465,827	\$ 24,756,420	\$(100,879,039)
Support services	67,789,772	-	11,015,300	(56,774,472)
Athletics	2,215,582	155,470	-	(2,060,112)
Food services	3,000,067	1,667,850	1,203,603	(128,614)
Community services	4,375,699	3,633,369	-	(742,330)
Interest	5,026,646	-	-	(5,026,646)
Debt issuance costs and other debt costs	115,825	-	-	(115,825)
<b>Total primary government</b>	<b>\$ 208,624,877</b>	<b>\$ 5,922,516</b>	<b>\$ 36,975,323</b>	<b>(165,727,038)</b>
General revenue:				
Taxes:				
Property taxes, levied for general purposes				38,375,047
Property taxes, levied for debt service				16,718,569
Property taxes, levied for capital projects				4,015,184
State aid not restricted to specific purposes				82,536,248
Federal grants and contributions not restricted to specific purposes				29,868
Interest and investment earnings				929,117
Gain on sale of capital assets				2,278,502
Student activities				2,810,572
Other				1,811,125
<b>Total general revenue</b>				<b>149,504,232</b>
<b>Change in Net Position</b>				<b>(16,222,806)</b>
<b>Net Position - Beginning of year, as restated (Note 2)</b>				<b>(179,936,848)</b>
<b>Net Position - End of year</b>				<b><u>\$(196,159,654)</u></b>

# Troy School District

## Governmental Funds Balance Sheet

June 30, 2020

	General Fund	2019 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents (Note 4)	\$ 24,010,261	\$ -	\$ 3,158,032	\$ 27,168,293
Receivables:				
Other receivables	465,597	-	17,944	483,541
Due from other governmental units	19,764,762	-	564,623	20,329,385
Due from other funds (Note 7)	428,426	-	590,996	1,019,422
Inventory	116,934	-	64,194	181,128
Prepaid expenses and other assets	505,686	-	-	505,686
Restricted assets (Note 5)	-	27,167,816	10,417,739	37,585,555
	<b>\$ 45,291,666</b>	<b>\$ 27,167,816</b>	<b>\$ 14,813,528</b>	<b>\$ 87,273,010</b>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 901,765	\$ 3,912	\$ 2,676,487	\$ 3,582,164
Due to other governmental units	2,687,143	-	-	2,687,143
Due to other funds (Note 7)	-	468,057	551,365	1,019,422
Accrued liabilities	15,110,862	-	-	15,110,862
Unearned revenue (Note 8)	582,186	-	229,458	811,644
	<b>19,281,956</b>	<b>471,969</b>	<b>3,457,310</b>	<b>23,211,235</b>
Total liabilities				
<b>Fund Balances</b>				
Nonspendable:				
Inventory	116,934	-	64,194	181,128
Prepays	505,686	-	-	505,686
Restricted:				
Debt service	-	-	1,591,710	1,591,710
Capital projects	-	26,695,847	6,314,619	33,010,466
Food service	-	-	26,451	26,451
Committed:				
Community service	-	-	600,298	600,298
Student activities	-	-	2,076,007	2,076,007
Assigned:				
Subsequent year's budget	9,971,143	-	-	9,971,143
Capital maintenance	-	-	682,939	682,939
Unassigned	15,415,947	-	-	15,415,947
	<b>26,009,710</b>	<b>26,695,847</b>	<b>11,356,218</b>	<b>64,061,775</b>
Total fund balances				
Total liabilities and fund balances	<b>\$ 45,291,666</b>	<b>\$ 27,167,816</b>	<b>\$ 14,813,528</b>	<b>\$ 87,273,010</b>

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2020**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 64,061,775</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	384,510,889
Accumulated depreciation	<u>(187,444,342)</u>
Net capital assets used in governmental activities	197,066,547
Deferred inflows and outflows related to bond refundings are not reported in the funds	892,474
Bonds payable, including bond premiums, are not due and payable in the current period and are not reported in the funds	(152,994,510)
Accrued interest is not due and payable in the current period and is not reported in the funds	(924,642)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(7,575,513)
Other termination benefits	(155,000)
Net pension liability and related deferred inflows and outflows	(218,532,678)
Net OPEB liability and related deferred inflows and outflows	(68,147,874)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(9,850,233)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ (196,159,654)</u></b>

## Troy School District

### Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2020**

	General Fund	2019 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Local sources	\$ 40,879,946	\$ 431,338	\$ 29,270,846	\$ 70,582,130
State sources	104,219,339	-	398,345	104,617,684
Federal sources	3,636,911	-	3,138,142	6,775,053
Interdistrict sources	8,485,720	-	-	8,485,720
Total revenue	157,221,916	431,338	32,807,333	190,460,587
<b>Expenditures</b>				
Current:				
Instruction	107,275,132	-	809,470	108,084,602
Support services	47,199,248	-	3,860,497	51,059,745
Athletics	1,865,512	-	-	1,865,512
Food services	-	-	2,929,564	2,929,564
Community services	126,700	-	3,798,550	3,925,250
Debt service:				
Principal	-	-	12,235,000	12,235,000
Interest	-	-	5,736,725	5,736,725
Debt issuance costs and other debt costs	-	-	115,825	115,825
Capital outlay	403,756	675,514	19,887,437	20,966,707
Total expenditures	156,870,348	675,514	49,373,068	206,918,930
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	351,568	(244,176)	(16,565,735)	(16,458,343)
<b>Other Financing Sources (Uses)</b>				
Face value of debt issued	-	-	6,100,000	6,100,000
Proceeds from sale of capital assets	-	-	3,229,580	3,229,580
Premium on debt issued	-	-	117,488	117,488
Transfers in (Note 7)	500,000	-	248,351	748,351
Transfers out (Note 7)	(248,351)	-	(500,000)	(748,351)
Total other financing sources	251,649	-	9,195,419	9,447,068
<b>Net Change in Fund Balances</b>	603,217	(244,176)	(7,370,316)	(7,011,275)
<b>Fund Balances</b> - Beginning of year, as restated (Note 2)	25,406,493	26,940,023	18,726,534	71,073,050
<b>Fund Balances</b> - End of year	<u>\$ 26,009,710</u>	<u>\$ 26,695,847</u>	<u>\$ 11,356,218</u>	<u>\$ 64,061,775</u>

**Governmental Funds**

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities**

**Year Ended June 30, 2020**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (7,011,275)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	17,433,348
Depreciation expense	(8,217,411)
Net book value of assets disposed of	(951,078)
Revenue in support of pension contributions made subsequent to the measurement date	(9,850,233)
Issuing debt, net of premiums, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(6,217,488)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	13,104,532
Interest expense is recognized in the government-wide statements as it accrues	(159,453)
Some employee costs (pension, OPEB, compensated absences, and other termination benefits) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(14,353,748)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (16,222,806)</b>

## Troy School District

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### Statement of Fiduciary Net Position

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**June 30, 2020**

Custodial Funds

**Assets** - Cash and cash equivalents (Note 4)

\$ 124,295

**Liabilities** - Accounts payable

10,249

**Net Position** - Restricted

\$ 114,046

## Troy School District

### Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	<u>Custodial Funds</u>
<b>Additions</b> - Fundraising and contributions	\$ 147,740
<b>Deductions</b> - Disbursements for scholarships and other activities	<u>122,355</u>
<b>Net Increase in Fiduciary Net Position</b>	25,385
<b>Net Position</b> - Beginning of year - As restated (Note 2)	<u>88,661</u>
<b>Net Position</b> - End of year	<u><u>\$ 114,046</u></u>

June 30, 2020

### Note 1 - Nature of Business

Troy School District (the "School District") is a school district in the state of Michigan that provides educational services to students.

### Note 2 - Significant Accounting Policies

#### *Accounting and Reporting Principles*

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. 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 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 the application of the criteria, the School District does not contain any component units.

#### *Report Presentation*

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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 or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

**Note 2 - Significant Accounting Policies (Continued)**

***Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2019 Capital Projects Fund is used to record bond proceeds or other revenue and disbursement of invoices specifically designated for the purpose of remodeling, equipping, reequipping, furnishing, and refurbishing school buildings and other facilities to enhance security and for other purposes; acquiring and installing technology infrastructure and equipment in school buildings and other facilities; constructing additions to school buildings; preparing, developing, and improving school and other facility sites; the purchase of buses; and paying the costs of issuing the bonds. The fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's special revenue funds are the Food Service Fund, Troy Career Center Fund, Facility Rentals Fund, Community Service Fund, Troy School District Preschool Fund, and Troy School and Student Activities Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.
  - The Food Service Fund accounts for the monies generated from the School District's food service program. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from state and federal sources.
  - The Troy Career Center Fund accounts for the monies originating from the School District's operations of the Troy Career Center. Revenue sources for the Troy Career Center Fund include dedicated grants from state and federal sources.
  - The Facility Rental Fund accounts for the monies generated from the School District's rental of various facilities. Revenue sources for the Facility Rentals Fund consist of charges for the rental of various facilities.
  - The Community Service Fund accounts for the monies generated from fees from service programs offered by the School District, including community recreation, and C.A.R.E. revenue sources for the Community Service Fund primarily consist of fees charged to users.
  - The Troy School District Preschool Fund accounts for all the monies originating from the operation of the Troy School District Preschool program. Revenue sources for the Troy School District Preschool Fund consist of tuition and fees charged to users.

**Note 2 - Significant Accounting Policies (Continued)**

- The Troy School and Student Activities Fund accounts for the transactions of student groups for school and school-related purposes. Revenue sources for the Troy School and Student Activities Fund include fundraising revenue and donations earned and received by student groups.
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished. The School District's capital project funds include the 2020 Capital Projects Fund, 2016 Capital Projects Fund, Early Childhood Learning Center Capital Projects Fund, and Capital Maintenance Fund. The Sinking Fund, also a capital project fund, is used to record related tax revenue and the disbursement of invoices specifically designated for approved Sinking Fund projects. The fund operates until the purpose for which it was created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt. The School District currently has five debt service funds: the 2012 Refunding Debt Fund, 2014 Debt Fund, 2015 Refunding Debt Fund, 2016 Debt Fund, and 2019 Debt Fund.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. All of the School District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position.

**Interfund Activity**

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**Basis of Accounting**

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Note 2 - Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

The custodial funds use the economic resources measurement focus and the full 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.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents 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 except for investments in MILAF external investment pools, which are valued at amortized cost.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures 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, when applicable. The School District uses the consumption method to report prepaid costs in governmental funds.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

Capital assets, which include land, buildings, equipment, furniture, buses, and other vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend the life of the asset are not capitalized. The School District does not have infrastructure-type assets.

Capital assets are depreciated using the straight-line method over the following useful lives:

Table with 2 columns: Asset Category and Depreciable Life - Years. Rows include Buildings and building additions (20 to 50), Equipment and furniture (5 to 10), and Buses and other vehicles (5 to 10).

**Note 2 - Significant Accounting Policies (Continued)**

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred pensions, OPEB costs, and deferred charges related to bond refundings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

**Net Position**

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Note 2 - Significant Accounting Policies (Continued)**

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the superintendent to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The fund balance policy prescribes the minimum fund balance as 15 percent in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

**Property Tax Revenue**

Properties are assessed as of July 1, and the related property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by May 15. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Grants and Contributions**

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

**Note 2 - Significant Accounting Policies (Continued)**

**Pension and Other Postemployment Benefit (OPEB) Plans**

For the purpose of measuring the net pension liability and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

**Compensated Absences (Vacation and Sick Leave) and Other Termination Benefits**

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits and severance benefit obligations for certain employees. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay and severance benefit obligations are accrued when incurred. These obligations are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncement**

During the current year, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The following activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within a nonmajor governmental special revenue fund - the Troy School and Student Activities Fund.

The effect of this new standard on fund balance/net position was as follows:

	<u>Governmental Activities</u>	<u>Nonmajor Funds</u>	<u>Fiduciary - Custodial Funds</u>
Net position/Fund balance - June 30, 2019 - As previously reported	\$ (181,908,193)	\$ 16,755,189	\$ -
Adjustment for GASB Statement No. 84 - To change fund type	<u>1,971,345</u>	<u>1,971,345</u>	<u>88,661</u>
Net position/Fund balance - June 30, 2019 - As restated	<u>\$ (179,936,848)</u>	<u>\$ 18,726,534</u>	<u>\$ 88,661</u>

**Note 2 - Significant Accounting Policies (Continued)**

***Upcoming Accounting Pronouncement***

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2022.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including October 6, 2020, which is the date the financial statements were available to be issued.

Following the passing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020 to combat the effects of the COVID-19 pandemic, the U.S. Department of Treasury distributed Coronavirus Relief Fund (CRF) payments to the State of Michigan. During July and August 2020, the School District received \$4,750,488 of these restricted CRF funds from the Michigan Department of Education. The CRF funds can only be used for eligible costs and are subject to certain Uniform Guidance and grant-specific reporting requirements.

**Note 3 - Stewardship, Compliance, and Accountability**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, all special revenue funds, capital projects funds, and debt service funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and 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. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

***Excess of Expenditures Over Appropriations in Budgeted Funds***

The School District did not have significant expenditure budget variances.

***Capital Projects Fund Compliance***

The capital projects funds include the 2016 Capital Projects Fund, 2019 Capital Projects Fund, 2020 Capital Projects Fund, and Early Childhood Learning Center Capital Projects Fund. Capital project activities are funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

The Capital Maintenance Fund is financed by support of the General Fund and is used for tracking capital maintenance expenditures.

**Note 3 - Stewardship, Compliance, and Accountability (Continued)**

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, authorized prior to March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

**Note 4 - 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, certificates of deposit, 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 10 financial institutions and utilized 2 for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a one-day minimum investment period on MILAF Cash Management funds and a 14-day redemption limitation on MILAF MAX Class funds.

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

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

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had \$30,548,858 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk. At June 30, 2020, 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 does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

**Note 4 - Deposits and Investments (Continued)**

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2020, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
Michigan Liquid Asset Fund Cash Management Money Market Fund	\$ 8,127,359	AAAm	S&P
Michigan Liquid Asset Fund MAX Class Money Market	27,112,635	AAAm	S&P
Total	<u>\$ 35,239,994</u>		

***Concentration of Credit Risk***

The School District places no limit on the amount it may invest in any one issuer.

***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 investment policy prohibit investments in foreign currency.

**Note 5 - Restricted Assets**

At June 30, 2020, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds and related interest	\$ 35,239,994
Unspent sinking fund property taxes levied	881,945
Unspent debt service property taxes levied	<u>1,463,616</u>
Total	<u>\$ 37,585,555</u>

**Note 6 - Capital Assets**

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

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 2,170,280	\$ -	\$ -	\$ (84,237)	\$ 2,086,043
Construction in progress	23,253,556	(22,386,715)	6,630,064	(866,841)	6,630,064
Subtotal	25,423,836	(22,386,715)	6,630,064	(951,078)	8,716,107
Capital assets being depreciated:					
Buildings and improvements	293,624,748	22,386,715	10,697,790	-	326,709,253
Furniture and equipment	48,980,035	-	105,494	-	49,085,529
Subtotal	342,604,783	22,386,715	10,803,284	-	375,794,782
Accumulated depreciation:					
Buildings and improvements	135,296,433	-	7,078,048	-	142,374,481
Furniture and equipment	43,930,498	-	1,139,363	-	45,069,861
Subtotal	179,226,931	-	8,217,411	-	187,444,342
Net capital assets being depreciated	163,377,852	22,386,715	2,585,873	-	188,350,440
Net governmental activities capital assets	<u>\$ 188,801,688</u>	<u>\$ -</u>	<u>\$ 9,215,937</u>	<u>\$ (951,078)</u>	<u>\$ 197,066,547</u>

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

Governmental activities:	
Instruction	\$ 5,752,188
Support services	2,465,223
Total governmental activities	<u>\$ 8,217,411</u>

**Construction Commitments**

The School District has active construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Series II and III Construction Bonds	\$ 6,670,841	\$ 2,810,796
Early Childhood Center Capital Projects	1,847,706	31,620
Sinking Fund	981,455	5,290
ITT Bond	858,437	949,012
Other projects	-	2,340,700
Total	<u>\$ 10,358,439</u>	<u>\$ 6,137,418</u>

**Note 7 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Fund Due To	Primary Government		
	Fund Due From		
	2019 Capital Projects Fund	Nonmajor Funds	Total
General Fund	\$ -	\$ 428,426	\$ 428,426
Nonmajor funds	468,057	122,939	590,996
Total	\$ 468,057	\$ 551,365	\$ 1,019,422

Interfund balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**Interfund Transfers**

A transfer from the General Fund to the Troy School District Preschool Fund was necessary to subsidize deficit spending in the fund as a result of reduced revenue due to the school closure from the COVID-19 Pandemic. Transfers from the Community Service Fund were transferred to the General Fund to cover excess costs related to operations of the funds for the purposes for which they were created.

**Note 8 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2020, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds Liability - Unearned
Student lunch accounts	\$ 201,258
Tuition/Fees received in advance	441,543
Categorical aid payment received prior to meeting all eligibility requirements	168,843
Total	\$ 811,644

**Note 9 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligation bonds	\$ 146,700,000	\$ 6,100,000	\$ (12,235,000)	\$ 140,565,000	\$ 12,850,000
Unamortized bond premiums	13,352,886	117,488	(1,040,864)	12,429,510	1,012,988
Total bonds payable	160,052,886	6,217,488	(13,275,864)	152,994,510	13,862,988
Compensated absences	6,834,460	1,291,553	(550,500)	7,575,513	1,291,000
Other termination benefits	140,000	15,000	-	155,000	7,500
Total governmental activities long-term debt	<u>\$ 167,027,346</u>	<u>\$ 7,524,041</u>	<u>\$ (13,826,364)</u>	<u>\$ 160,725,023</u>	<u>\$ 15,161,488</u>

The School District had deferred outflows of \$892,474 related to deferred charges on bond refundings at June 30, 2020.

**General Obligation Bonds and Contracts**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The primary source of any required repayment is from the School District's property tax levy. General obligations outstanding at June 30, 2020 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
\$43,580,000 refunding bond	2012	1.89%	May 1, 2024	\$ 16,730,000
\$52,710,000 general obligation bond	2014	4%-5%	May 1, 2028	35,550,000
\$31,930,000 refunding bond	2015	5%	May 1, 2026	19,485,000
\$40,000,000 general obligation bond	2016	2.94%-4.5%	May 1, 2032	33,975,000
\$7,125,000 general obligation bond	2018	3%-3.75%	May 1, 2040	7,125,000
\$22,630,000 general obligation bond	2019	4%-5%	May 1, 2034	21,600,000
\$6,100,000 general obligation bond	2020	2%	May 1, 2035	6,100,000
Total governmental activities				<u>\$ 140,565,000</u>

**Other Long-term Liabilities**

Compensated absences and other termination benefits attributable to the governmental activities will be liquidated primarily by the General Fund. The liability for compensated absences and other termination benefits reported in the government-wide statements consists of earned but unused accumulated vacation, sick leave, and severance obligations. A liability for these amounts is reported in governmental funds as it comes due for payment. 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.

**Note 9 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 12,850,000	\$ 5,517,016	\$ 18,367,016
2022	11,950,000	5,030,158	16,980,158
2023	12,150,000	4,600,694	16,750,694
2024	12,350,000	4,166,869	16,516,869
2025	12,400,000	3,730,160	16,130,160
Thereafter	78,865,000	14,447,143	93,312,143
Total	<u>\$ 140,565,000</u>	<u>\$ 37,492,040</u>	<u>\$ 178,057,040</u>

**Note 10 - 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, general liability, employee medical, and workers' compensation claims. The School District participates in the SET-SEG shared risk program for claims relating to property and general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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.

**Note 11 - Michigan Public School Employees' Retirement System**

**Plan Description**

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), 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. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

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

**Benefits Provided**

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

**Contributions**

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent contribution and, instead, opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to the retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2020 were \$25,318,885, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$9,850,233 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2020.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were \$6,718,718, which include the School District's contributions required for those members with a defined contribution benefit.

**Net Pension Liability**

At June 30, 2020, the School District reported a liability of \$291,719,442 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 0.88 and 0.87 percent, respectively, representing a change of 1.67 percent.

**Net OPEB Liability**

At June 30, 2020, the School District reported a liability of \$64,235,041 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 0.89 and 0.86 percent, respectively, representing a change of 3.86 percent.

June 30, 2020

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For 2020, the School District recognized pension expense of \$48,357,554, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,307,579	\$ (1,216,442)
Changes in assumptions	57,118,872	-
Net difference between projected and actual earnings on pension plan investments	-	(9,349,112)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	4,527,756	(523,785)
The School District's contributions to the plan subsequent to the measurement date	21,321,896	-
Total	<u>\$ 84,276,103</u>	<u>\$ (11,089,339)</u>

The \$9,850,233 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2021	\$ 20,863,776
2022	16,181,527
2023	10,495,831
2024	4,323,734
Total	<u>\$ 51,864,868</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2020, the School District recognized OPEB expense of \$2,055,777.

June 30, 2020

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (23,569,653)
Changes in assumptions	13,918,433	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,117,078)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	2,447,922	(409,393)
Employer contributions to the plan subsequent to the measurement date	4,816,936	-
Total	<u>\$ 21,183,291</u>	<u>\$ (25,096,124)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2021	\$ (2,577,655)
2022	(2,577,655)
2023	(2,022,489)
2024	(1,120,856)
2025	(431,114)
Total	<u>\$ (8,729,769)</u>

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2019 are based on the results of an actuarial valuation as of September 30, 2018 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB		7.50% (Year 1 graded to 3.5% year 12)
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates; continued impact of the updated experience study, which resulted in lower than projected per person health benefit costs for OPEB; and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2019 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.50 %
Private equity pools	18.00	8.60
International equity pools	16.00	7.30
Fixed-income pools	10.50	1.20
Real estate and infrastructure pools	10.00	4.20
Absolute return pools	15.50	5.40
Short-term investment pools	2.00	0.80
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 379,253,937	\$ 291,719,442	\$ 219,150,330

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 78,793,930	\$ 64,235,041	\$ 52,009,618

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the School District	\$ 51,491,313	\$ 64,235,041	\$ 78,792,203

***Pension Plan and OPEB Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2020, the School District reported a payable of \$4,798,391 and \$886,510 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

**Note 12 - Leases**

***Operating Leases***

The School District leases the building for the Troy Career Center and a fleet of copiers under noncancelable operating leases. Total costs for such leases were \$100,857 and \$149,394, respectively, for the current year. The future minimum lease payments for these leases are as follows:

Years Ending	Amount
2021	\$ 195,418
2022	48,320
2023	10,416
2024	868
Total	<u>\$ 255,022</u>

**June 30, 2020**

**Note 13 - Tax Abatements**

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2020, the School District's property tax revenue was reduced by \$115,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately \$101,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the sinking fund or debt service millages.

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## Required Supplemental Information

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## Troy School District

### Required Supplemental Information Budgetary Comparison Schedule General Fund

**Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue</b>				
Local sources	\$ 40,561,662	\$ 41,018,190	\$ 40,879,946	\$ (138,244)
State sources	103,282,321	106,535,263	104,219,339	(2,315,924)
Federal sources	4,216,617	3,894,025	3,636,911	(257,114)
Interdistrict sources	8,025,840	8,518,608	8,485,720	(32,888)
<b>Total revenue</b>	<b>156,086,440</b>	<b>159,966,086</b>	<b>157,221,916</b>	<b>(2,744,170)</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	84,075,673	85,500,950	85,385,028	(115,922)
Added needs	21,980,397	21,489,896	21,139,625	(350,271)
Adult/Continuing education	790,292	959,382	902,514	(56,868)
Support services:				
Pupil	10,924,985	10,957,482	10,941,391	(16,091)
Instructional staff	9,124,866	8,597,329	8,406,713	(190,616)
General administration	1,143,676	1,203,072	1,172,301	(30,771)
School administration	8,499,351	8,303,565	8,150,842	(152,723)
Business	1,699,509	1,647,314	1,614,188	(33,126)
Operations and maintenance	10,776,242	10,968,528	10,664,579	(303,949)
Pupil transportation services	3,861,809	3,717,556	3,584,583	(132,973)
Central	3,173,290	2,872,481	2,816,791	(55,690)
Athletics	1,987,715	2,045,716	1,965,093	(80,623)
Community services	223,544	244,054	126,700	(117,354)
<b>Total expenditures</b>	<b>158,261,349</b>	<b>158,507,325</b>	<b>156,870,348</b>	<b>(1,636,977)</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(2,174,909)</b>	<b>1,458,761</b>	<b>351,568</b>	<b>(1,107,193)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,202,200	500,000	500,000	-
Transfers out	-	(600,000)	(248,351)	351,649
<b>Total other financing sources (uses)</b>	<b>1,202,200</b>	<b>(100,000)</b>	<b>251,649</b>	<b>351,649</b>
<b>Net Change in Fund Balance</b>	<b>(972,709)</b>	<b>1,358,761</b>	<b>603,217</b>	<b>(755,544)</b>
<b>Fund Balance - Beginning of year</b>	<b>25,406,493</b>	<b>25,406,493</b>	<b>25,406,493</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 24,433,784</b>	<b>\$ 26,765,254</b>	<b>\$ 26,009,710</b>	<b>\$ (755,544)</b>

## Troy School District

### Required Supplemental Information Schedule of the School District's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Six Plan Years					
	Plan Years Ended September 30					
	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.88088 %	0.86640 %	0.86890 %	0.85150 %	0.84400 %	0.80520 %
School District's proportionate share of the net pension liability	\$ 291,719,442	\$ 260,469,817	\$ 225,168,031	\$ 212,452,257	\$ 206,148,083	\$ 177,354,841
School District's covered payroll	\$ 78,153,384	\$ 77,188,924	\$ 73,207,364	\$ 72,136,475	\$ 73,470,015	\$ 71,628,110
School District's proportionate share of the net pension liability as a percentage of its covered payroll	373.27 %	337.44 %	307.58 %	294.51 %	280.59 %	247.61 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.36 %	64.21 %	63.27 %	63.17 %	66.20 %

## Troy School District

### Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	<b>Last Six Fiscal Years</b>					
	<b>Years Ended June 30</b>					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 24,922,031	\$ 23,851,102	\$ 22,141,167	\$ 19,127,812	\$ 16,281,923	\$ 12,505,055
Contributions in relation to the statutorily required contribution	<u>24,922,031</u>	<u>23,851,102</u>	<u>22,141,167</u>	<u>19,127,812</u>	<u>16,281,923</u>	<u>12,505,055</u>
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 79,542,529</b>	<b>\$ 73,305,657</b>	<b>\$ 73,147,546</b>	<b>\$ 75,447,606</b>	<b>\$ 71,360,808</b>	<b>\$ 70,933,761</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>31.33 %</b>	<b>32.54 %</b>	<b>30.27 %</b>	<b>25.35 %</b>	<b>22.82 %</b>	<b>17.63 %</b>

## Troy School District

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Required Supplemental Information  
Schedule of the School District's Proportionate Share of the Net OPEB  
Liability  
Michigan Public School Employees' Retirement System

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	<b>Last Three Plan Years</b>		
	<b>Plan Years Ended September 30</b>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.89492 %	0.86170 %	0.86740 %
School District's proportionate share of the net OPEB liability	\$ 64,235,041	\$ 68,498,169	\$ 76,809,462
School District's covered payroll	\$ 78,153,384	\$ 77,188,924	\$ 73,207,364
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.19 %	88.74 %	104.92 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	42.95 %	36.39 %

## Troy School District

### Required Supplemental Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	Last Three Fiscal Years Years Ended June 30		
	2020	2019	2018
Statutorily required contribution	\$ 6,391,719	\$ 6,319,573	\$ 5,503,226
Contributions in relation to the statutorily required contribution	6,391,719	6,319,573	5,503,226
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 79,542,529</b>	<b>\$ 73,305,657</b>	<b>\$ 73,147,546</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>8.04 %</b>	<b>8.62 %</b>	<b>7.52 %</b>

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, all special revenue funds, capital projects funds, and debt service funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and 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 individual 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 school districts to amend their budgets during the year. During the year, the budgets were amended in a legally permissible manner. For budgeting purposes, capital outlay is classified within the related function. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

***Pension Information***

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

**Benefit Changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

***OPEB Information***

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

**Benefit Changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018 .

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## Other Supplemental Information

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# Troy School District

	Special Revenue Funds						Debt Service Funds
	Food Service Fund	Community Service Fund	Troy Career Center Fund	Facility Rentals Fund	Troy School District Preschool Fund	Troy School and Student Activities Fund	2012 Refunding Debt Fund
<b>Assets</b>							
Cash and cash equivalents	\$ 164,744	\$ 393,930	\$ (451,945)	\$ 195,358	\$ 3,356	\$ 2,169,650	\$ -
Receivables:							
Other receivables	1,193	2,675	-	14,058	-	18	-
Due from other governmental units	76,772	-	487,851	-	-	-	-
Due from other funds	-	-	-	-	-	-	2,925
Inventory	64,194	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	414,949
<b>Total assets</b>	<b>\$ 306,903</b>	<b>\$ 396,605</b>	<b>\$ 35,906</b>	<b>\$ 209,416</b>	<b>\$ 3,356</b>	<b>\$ 2,169,668</b>	<b>\$ 417,874</b>
<b>Liabilities</b>							
Accounts payable	\$ 15,000	\$ 825	\$ 12,602	\$ 2	\$ 3,356	\$ 93,661	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	201,258	4,896	23,304	-	-	-	-
<b>Total liabilities</b>	<b>216,258</b>	<b>5,721</b>	<b>35,906</b>	<b>2</b>	<b>3,356</b>	<b>93,661</b>	<b>-</b>
<b>Fund Balances</b>							
Nonspendable - Inventory	64,194	-	-	-	-	-	-
Restricted:							
Debt service	-	-	-	-	-	-	417,874
Capital projects	-	-	-	-	-	-	-
Food service	26,451	-	-	-	-	-	-
Committed:							
Community service	-	390,884	-	209,414	-	-	-
Student activities	-	-	-	-	-	2,076,007	-
Assigned - Capital maintenance	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>90,645</b>	<b>390,884</b>	<b>-</b>	<b>209,414</b>	<b>-</b>	<b>2,076,007</b>	<b>417,874</b>
<b>Total liabilities and fund balances</b>	<b>\$ 306,903</b>	<b>\$ 396,605</b>	<b>\$ 35,906</b>	<b>\$ 209,416</b>	<b>\$ 3,356</b>	<b>\$ 2,169,668</b>	<b>\$ 417,874</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2020

Debt Service Funds				Capital Project Funds						
2014 Debt Fund	2015 Refunding Debt Fund	2016 Debt Fund	2019 Debt Fund	2016 Capital Projects Fund	2020 Capital Projects Fund	Early Childhood Learning Center Capital Projects Fund	Capital Maintenance Fund	Sinking Fund	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 682,939	\$ -	\$ 3,158,032	
-	-	-	-	-	-	-	-	-	17,944	
-	-	-	-	-	-	-	-	-	564,623	
2,371	2,858	1,616	118,324	422,297	-	40,605	-	-	590,996	
-	-	-	-	-	-	-	-	-	64,194	
348,066	391,357	235,511	73,733	6,092,855	1,964,711	14,612	-	881,945	10,417,739	
<b>\$ 350,437</b>	<b>\$ 394,215</b>	<b>\$ 237,127</b>	<b>\$ 192,057</b>	<b>\$ 6,515,152</b>	<b>\$ 1,964,711</b>	<b>\$ 55,217</b>	<b>\$ 682,939</b>	<b>\$ 881,945</b>	<b>\$ 14,813,528</b>	
\$ -	\$ -	\$ -	\$ -	\$ 1,985,617	\$ 235,524	\$ 54,333	\$ -	\$ 275,567	\$ 2,676,487	
-	-	-	-	-	550,978	-	-	387	551,365	
-	-	-	-	-	-	-	-	-	229,458	
-	-	-	-	1,985,617	786,502	54,333	-	275,954	3,457,310	
-	-	-	-	-	-	-	-	-	64,194	
350,437	394,215	237,127	192,057	-	-	-	-	-	1,591,710	
-	-	-	-	4,529,535	1,178,209	884	-	605,991	6,314,619	
-	-	-	-	-	-	-	-	-	26,451	
-	-	-	-	-	-	-	-	-	600,298	
-	-	-	-	-	-	-	-	-	2,076,007	
-	-	-	-	-	-	-	682,939	-	682,939	
350,437	394,215	237,127	192,057	4,529,535	1,178,209	884	682,939	605,991	11,356,218	
<b>\$ 350,437</b>	<b>\$ 394,215</b>	<b>\$ 237,127</b>	<b>\$ 192,057</b>	<b>\$ 6,515,152</b>	<b>\$ 1,964,711</b>	<b>\$ 55,217</b>	<b>\$ 682,939</b>	<b>\$ 881,945</b>	<b>\$ 14,813,528</b>	

# Troy School District

	Special Revenue Funds						Debt Service Funds
	Food Service Fund	Community Service Fund	Troy Career Center Fund	Facility Rentals Fund	Troy School District Preschool Fund	Troy School and Student Activities Fund	2012 Refunding Debt Fund
<b>Revenue</b>							
Local sources	\$ 1,659,348	\$ 2,290,183	\$ -	\$ 87,438	\$ 1,348,748	\$ 2,810,572	\$ 4,398,748
State sources	151,430	-	79,291	-	-	-	43,962
Federal sources	1,203,603	-	1,934,539	-	-	-	-
<b>Total revenue</b>	<b>3,014,381</b>	<b>2,290,183</b>	<b>2,013,830</b>	<b>87,438</b>	<b>1,348,748</b>	<b>2,810,572</b>	<b>4,442,710</b>
<b>Expenditures</b>							
Current:							
Instruction	-	20,642	-	-	788,828	-	-
Support services	-	-	226,568	161,600	481,384	2,705,910	-
Food services	2,929,564	-	-	-	-	-	-
Community services	-	1,936,029	1,768,975	-	93,546	-	-
Debt service:							
Principal	-	-	-	-	-	-	4,310,000
Interest	-	-	-	-	233,615	-	397,656
Debt issuance costs and other debt costs	-	-	-	-	-	-	300
Capital outlay	206,340	-	18,287	-	-	-	-
<b>Total expenditures</b>	<b>3,135,904</b>	<b>1,956,671</b>	<b>2,013,830</b>	<b>161,600</b>	<b>1,597,373</b>	<b>2,705,910</b>	<b>4,707,956</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(121,523)</b>	<b>333,512</b>	<b>-</b>	<b>(74,162)</b>	<b>(248,625)</b>	<b>104,662</b>	<b>(265,246)</b>
<b>Other Financing Sources (Uses)</b>							
Face value of debt issued	-	-	-	-	-	-	-
Proceeds from sale of capital assets	1,500	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-
Transfers in	-	-	-	-	248,351	-	-
Transfers out	-	(500,000)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,500</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>248,351</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(120,023)</b>	<b>(166,488)</b>	<b>-</b>	<b>(74,162)</b>	<b>(274)</b>	<b>104,662</b>	<b>(265,246)</b>
<b>Fund Balances - Beginning of year - As restated</b>	<b>210,668</b>	<b>557,372</b>	<b>-</b>	<b>283,576</b>	<b>274</b>	<b>1,971,345</b>	<b>683,120</b>
<b>Fund Balances - End of year</b>	<b>\$ 90,645</b>	<b>\$ 390,884</b>	<b>\$ -</b>	<b>\$ 209,414</b>	<b>\$ -</b>	<b>\$ 2,076,007</b>	<b>\$ 417,874</b>

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds

Year Ended June 30, 2020

Debt Service Funds				Capital Project Funds						
2014 Debt Fund	2015 Refunding Debt Fund	2016 Debt Fund	2019 Debt Fund	2016 Capital Projects Fund	2020 Capital Projects Fund	Early Childhood Learning Center Capital Projects Fund	Capital Maintenance Fund	Sinking Fund	Total	
\$ 3,508,101	\$ 4,228,861	\$ 2,392,181	\$ 2,243,696	\$ 221,444	\$ 21,019	\$ 41,171	\$ -	\$ 4,019,336	\$ 29,270,846	
35,062	42,266	23,909	22,425	-	-	-	-	-	398,345	
-	-	-	-	-	-	-	-	-	3,138,142	
3,543,163	4,271,127	2,416,090	2,266,121	221,444	21,019	41,171	-	4,019,336	32,807,333	
-	-	-	-	-	-	-	-	-	809,470	
-	-	-	-	-	-	-	285,035	-	3,860,497	
-	-	-	-	-	-	-	-	-	2,929,564	
-	-	-	-	-	-	-	-	-	3,798,550	
2,000,000	3,270,000	1,625,000	1,030,000	-	-	-	-	-	12,235,000	
1,877,500	1,137,750	1,046,640	1,043,564	-	-	-	-	-	5,736,725	
250	500	500	500	-	113,775	-	-	-	115,825	
-	-	-	-	6,930,842	4,946,523	4,100,573	-	3,684,872	19,887,437	
3,877,750	4,408,250	2,672,140	2,074,064	6,930,842	5,060,298	4,100,573	285,035	3,684,872	49,373,068	
(334,587)	(137,123)	(256,050)	192,057	(6,709,398)	(5,039,279)	(4,059,402)	(285,035)	334,464	(16,565,735)	
-	-	-	-	-	6,100,000	-	-	-	6,100,000	
-	-	-	-	-	-	3,228,080	-	-	3,229,580	
-	-	-	-	-	117,488	-	-	-	117,488	
-	-	-	-	-	-	-	-	-	248,351	
-	-	-	-	-	-	-	-	-	(500,000)	
-	-	-	-	-	6,217,488	3,228,080	-	-	9,195,419	
(334,587)	(137,123)	(256,050)	192,057	(6,709,398)	1,178,209	(831,322)	(285,035)	334,464	(7,370,316)	
685,024	531,338	493,177	-	11,238,933	-	832,206	967,974	271,527	18,726,534	
<b>\$ 350,437</b>	<b>\$ 394,215</b>	<b>\$ 237,127</b>	<b>\$ 192,057</b>	<b>\$ 4,529,535</b>	<b>\$ 1,178,209</b>	<b>\$ 884</b>	<b>\$ 682,939</b>	<b>\$ 605,991</b>	<b>\$ 11,356,218</b>	

# Troy School District

Years Ending June 30	2012 Refunding Debt Fund		2014 Debt Fund		2015 Refunding Debt Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 4,260,000	\$ 316,197	\$ 2,000,000	\$ 1,777,500	\$ 3,285,000	\$ 974,250
2022	4,160,000	235,683	2,000,000	1,677,500	3,270,000	810,000
2023	4,155,000	157,059	2,000,000	1,577,500	3,255,000	646,500
2024	4,155,000	78,529	2,000,000	1,477,500	3,240,000	483,750
2025	-	-	5,900,000	1,377,500	3,225,000	321,750
2026	-	-	6,100,000	1,082,500	3,210,000	160,500
2027	-	-	7,600,000	777,500	-	-
2028	-	-	7,950,000	397,500	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
Total remaining payments	<b>\$ 16,730,000</b>	<b>\$ 787,468</b>	<b>\$ 35,550,000</b>	<b>\$ 10,145,000</b>	<b>\$ 19,485,000</b>	<b>\$ 3,396,750</b>
Principal payments due	May		May		May	
Interest payments due	May and November		May and November		May and November	
Interest rate	1.89%		4.00% - 5.00%		5.00%	
Original issue	<b>\$ 43,580,000</b>		<b>\$ 52,710,000</b>		<b>\$ 31,930,000</b>	

## Other Supplemental Information Schedule of Bonded Indebtedness

**June 30, 2020**

2016 Debt Fund		2018 Debt Fund		2019 Debt Fund		2020 Debt Fund		Total
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
\$ 1,075,000	\$ 998,865	\$ 255,000	\$ 233,615	\$ 1,625,000	\$ 1,063,750	\$ 350,000	\$ 152,839	\$ 18,367,016
1,100,000	967,260	260,000	225,965	800,000	998,750	360,000	115,000	16,980,158
1,250,000	934,920	270,000	218,165	850,000	958,750	370,000	107,800	16,750,694
1,400,000	900,375	280,000	210,065	900,000	916,250	375,000	100,400	16,516,869
1,650,000	865,095	290,000	201,665	950,000	871,250	385,000	92,900	16,130,160
1,925,000	823,200	300,000	192,965	1,000,000	823,750	390,000	85,200	16,093,115
3,600,000	1,150,875	310,000	183,965	1,050,000	773,750	400,000	77,400	15,923,490
3,625,000	988,875	320,000	174,665	1,100,000	721,250	405,000	69,400	15,751,690
4,475,000	825,750	330,000	165,065	1,900,000	666,250	415,000	61,300	8,838,365
4,575,000	624,375	345,000	155,165	2,000,000	571,250	420,000	53,000	8,743,790
4,650,000	418,500	355,000	144,815	2,100,000	471,250	430,000	44,600	8,614,165
4,650,000	209,250	370,000	133,810	2,300,000	366,250	440,000	36,000	8,505,310
-	-	380,000	121,970	2,500,000	251,250	445,000	27,200	3,725,420
-	-	395,000	109,810	2,525,000	126,250	455,000	18,300	3,629,360
-	-	410,000	96,775	-	-	460,000	9,200	975,975
-	-	420,000	82,425	-	-	-	-	502,425
-	-	435,000	67,725	-	-	-	-	502,725
-	-	450,000	52,500	-	-	-	-	502,500
-	-	465,000	35,625	-	-	-	-	500,625
-	-	485,000	18,188	-	-	-	-	503,188
<b>\$ 33,975,000</b>	<b>\$ 9,707,340</b>	<b>\$ 7,125,000</b>	<b>\$ 2,824,943</b>	<b>\$ 21,600,000</b>	<b>\$ 9,580,000</b>	<b>\$ 6,100,000</b>	<b>\$ 1,050,539</b>	<b>\$ 178,057,040</b>
May		May		May		May		
May and November		May and November		May and November		May and November		
2.94% - 4.50%		3.00% - 3.75%		4.00% - 5.00%		2%		
<b>\$ 40,000,000</b>		<b>\$ 7,125,000</b>		<b>\$ 22,630,000</b>		<b>\$ 6,100,000</b>		

## Troy School District

	Food Service Fund		Adult Education and Community Service Fund	
	Budget	Actual	Budget	Actual
<b>Revenue</b>				
Local sources	\$ 1,657,615	\$ 1,659,348	\$ 2,298,000	\$ 2,290,183
State sources	151,430	151,430	-	-
Federal sources	<u>1,201,037</u>	<u>1,203,603</u>	<u>-</u>	<u>-</u>
Total revenue	3,010,082	3,014,381	2,298,000	2,290,183
<b>Expenditures</b>				
Current:				
Instruction	-	-	-	20,642
Support services	-	-	-	-
Food services	2,982,632	2,929,564	-	-
Community services	-	-	2,009,783	1,936,029
Debt service - Interest	-	-	-	-
Capital outlay	<u>235,247</u>	<u>206,340</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,217,879</u>	<u>3,135,904</u>	<u>2,009,783</u>	<u>1,956,671</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	(207,797)	(121,523)	288,217	333,512
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	1,500	-	-
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,500</u>	<u>(500,000)</u>	<u>(500,000)</u>
<b>Net Change in Fund Balances</b>	(207,797)	(120,023)	(211,783)	(166,488)
<b>Fund Balances - Beginning of year, as restated</b>	<u>210,668</u>	<u>210,668</u>	<u>557,372</u>	<u>557,372</u>
<b>Fund Balances - End of year</b>	<u>\$ 2,871</u>	<u>\$ 90,645</u>	<u>\$ 345,589</u>	<u>\$ 390,884</u>

**Other Supplemental Information**

**Budgetary Comparison Schedule - Nonmajor Governmental Funds -**

**Special Revenue Funds**

**Year Ended June 30, 2020**

Troy Career Center Fund		Facility Rentals Fund		Preschool Fund		Troy Student Activities Fund	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 87,378	\$ 87,438	\$ 1,345,000	\$ 1,348,748	\$ 2,500,000	\$ 2,810,572
50,000	79,291	-	-	-	-	-	-
2,178,200	1,934,539	-	-	-	-	-	-
2,228,200	2,013,830	87,378	87,438	1,345,000	1,348,748	2,500,000	2,810,572
-	-	-	-	-	788,828	-	-
2,213,000	226,568	161,788	161,600	1,372,003	481,384	2,100,000	2,705,910
-	-	-	-	-	-	-	-
-	1,768,975	-	-	-	93,546	-	-
-	-	-	-	233,615	233,615	-	-
15,200	18,287	-	-	-	-	-	-
2,228,200	2,013,830	161,788	161,600	1,605,618	1,597,373	2,100,000	2,705,910
-	-	(74,410)	(74,162)	(260,618)	(248,625)	400,000	104,662
-	-	-	-	-	-	-	-
-	-	-	-	300,000	248,351	-	-
-	-	-	-	-	-	-	-
-	-	-	-	300,000	248,351	-	-
-	-	(74,410)	(74,162)	39,382	(274)	400,000	104,662
-	-	283,576	283,576	274	274	1,971,345	1,971,345
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 209,166</b>	<b>\$ 209,414</b>	<b>\$ 39,656</b>	<b>\$ -</b>	<b>\$ 2,371,345</b>	<b>\$ 2,076,007</b>

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 Debt Service Funds

Year Ended June 30, 2020

	Total	2012 Refunding Debt Fund	2014 Debt Fund	2015 Debt Fund	2016 Debt Fund	2019 Debt Fund	Total
	Budget	Actual	Actual	Actual	Actual	Actual	Actual
<b>Revenue</b>							
Local sources	\$ 16,780,468	\$ 4,398,748	\$ 3,508,101	\$ 4,228,861	\$ 2,392,181	\$ 2,243,696	\$ 16,771,587
State sources	<u>167,625</u>	<u>43,962</u>	<u>35,062</u>	<u>42,266</u>	<u>23,909</u>	<u>22,425</u>	<u>167,624</u>
Total revenue	16,948,093	4,442,710	3,543,163	4,271,127	2,416,090	2,266,121	16,939,211
<b>Expenditures - Debt Service</b>	<u>17,856,697</u>	<u>4,707,956</u>	<u>3,877,750</u>	<u>4,408,250</u>	<u>2,672,140</u>	<u>2,074,064</u>	<u>17,740,160</u>
<b>Net Change in Fund Balances</b>	(908,604)	(265,246)	(334,587)	(137,123)	(256,050)	192,057	(800,949)
<b>Fund Balances - Beginning of year</b>	<u>2,392,659</u>	<u>683,120</u>	<u>685,024</u>	<u>531,338</u>	<u>493,177</u>	<u>-</u>	<u>2,392,659</u>
<b>Fund Balances - End of year</b>	<b>\$ 1,484,055</b>	<b>\$ 417,874</b>	<b>\$ 350,437</b>	<b>\$ 394,215</b>	<b>\$ 237,127</b>	<b>\$ 192,057</b>	<b>\$ 1,591,710</b>

## Troy School District

	2016 Capital Projects Fund		2019 Capital Projects Fund	
	Budget	Actual	Budget	Actual
<b>Revenue - Local sources</b>	\$ 215,000	\$ 221,444	\$ 470,000	\$ 431,338
<b>Expenditures</b>				
Current - Support services	-	-	-	-
Debt service - Debt issuance costs	-	-	-	-
Capital outlay	7,500,000	6,930,842	2,500,000	675,514
Total expenditures	7,500,000	6,930,842	2,500,000	675,514
<b>Excess of Revenue (Under) Over Expenditures</b>	(7,285,000)	(6,709,398)	(2,030,000)	(244,176)
<b>Other Financing Sources (Uses)</b>				
Face value of debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Premium on debt issued	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>Net Change in Fund Balances</b>	(7,285,000)	(6,709,398)	(2,030,000)	(244,176)
<b>Fund Balances - Beginning of year</b>	11,238,933	11,238,933	26,940,023	26,940,023
<b>Fund Balances - End of year</b>	<b>\$ 3,953,933</b>	<b>\$ 4,529,535</b>	<b>\$ 24,910,023</b>	<b>\$ 26,695,847</b>

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 Capital Project Funds

Year Ended June 30, 2020

2020 Capital Projects Fund		Early Childhood Learning Center Capital Projects		Capital Maintenance Fund		Sinking Fund	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ 23,000	\$ 21,019	\$ 40,000	\$ 41,171	\$ -	\$ -	\$ 4,020,681	\$ 4,019,336
-	-	-	-	500,000	285,035	-	-
113,775	113,775	-	-	-	-	-	-
5,100,000	4,946,523	4,900,286	4,100,573	-	-	3,690,420	3,684,872
<u>5,213,775</u>	<u>5,060,298</u>	<u>4,900,286</u>	<u>4,100,573</u>	<u>500,000</u>	<u>285,035</u>	<u>3,690,420</u>	<u>3,684,872</u>
(5,190,775)	(5,039,279)	(4,860,286)	(4,059,402)	(500,000)	(285,035)	330,261	334,464
6,100,000	6,100,000	-	-	-	-	-	-
-	-	3,228,080	3,228,080	-	-	-	-
117,488	117,488	-	-	-	-	-	-
-	-	800,000	-	-	-	-	-
<u>6,217,488</u>	<u>6,217,488</u>	<u>4,028,080</u>	<u>3,228,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,026,713	1,178,209	(832,206)	(831,322)	(500,000)	(285,035)	330,261	334,464
-	-	832,206	832,206	996,469	967,974	271,527	271,527
<b>\$ 1,026,713</b>	<b>\$ 1,178,209</b>	<b>\$ -</b>	<b>\$ 884</b>	<b>\$ 496,469</b>	<b>\$ 682,939</b>	<b>\$ 601,788</b>	<b>\$ 605,991</b>

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## Statistical Section

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# Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health

The statistical section is organized into the following main categories:

## Financial trends

*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

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

## Debt capacity

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

## - Demographic and economic information

*These schedules help the reader understand the environment within which the government'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

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	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 42,262,738	\$ 44,635,062	\$ 49,650,160	\$ 48,963,971
Restricted	254,502	964,489	1,098,915	1,325,280
Unrestricted	<u>12,808,528</u>	<u>14,978,449</u>	<u>14,608,921</u>	<u>(159,373,218)</u>
Total net position	<u><b>\$ 55,325,768</b></u>	<u><b>\$ 60,578,000</b></u>	<u><b>\$ 65,357,996</b></u>	<u><b>\$ (109,083,967)</b></u>

Source: Troy School District audited financial reports

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## Net Position by Component

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Last Ten Fiscal Years

June 30, 2020

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 50,345,593	\$ 52,850,787	\$ 52,187,495	\$ 64,080,214	\$ 68,823,977	\$ 76,314,228
1,525,050	2,110,382	2,806,234	1,701,818	1,999,716	2,418,462
<u>(159,337,830)</u>	<u>(164,387,265)</u>	<u>(238,084,097)</u>	<u>(245,531,896)</u>	<u>(252,731,885)</u>	<u>(274,892,344)</u>
<b><u>\$ (107,467,187)</u></b>	<b><u>\$ (109,426,096)</u></b>	<b><u>\$ (183,090,368)</u></b>	<b><u>\$ (179,749,864)</u></b>	<b><u>\$ (181,908,192)</u></b>	<b><u>\$ (196,159,654)</u></b>

## Troy School District

	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 91,898,069	\$ 83,976,599	\$ 87,870,523	\$ 91,406,718
Support services	50,536,487	52,377,200	51,272,032	51,044,441
Food services	3,188,874	3,200,155	3,165,119	3,251,038
Athletics	1,940,250	1,933,989	1,946,554	1,991,675
Community services	3,009,115	3,023,284	2,000,169	2,135,687
Interest on long-term debt	6,647,705	6,137,988	4,738,351	3,846,343
Other	-	73,880	91,187	416,246
Total governmental activities	<u>157,220,500</u>	<u>150,723,095</u>	<u>151,083,935</u>	<u>154,092,148</u>
<b>Program revenue</b>				
Charges for services:				
Instruction	2,106,145	1,903,679	663,813	784,889
Support services	177,094	-	-	-
Food services	2,428,530	2,437,770	2,286,324	2,325,177
Athletics	576,170	628,042	636,055	624,520
Community services	2,100,225	2,386,819	2,572,614	2,737,638
Operating grants and contributions	<u>23,888,708</u>	<u>22,809,337</u>	<u>23,286,360</u>	<u>21,234,000</u>
Total program revenue	<u>31,276,872</u>	<u>30,165,647</u>	<u>29,445,166</u>	<u>27,706,224</u>
Net (expense) revenue	(125,943,628)	(120,557,448)	(121,638,769)	(126,385,924)
<b>General Revenue</b>				
Property taxes	58,211,136	53,454,199	51,280,806	49,347,295
State aid not restricted to specific purposes	68,168,710	71,495,549	74,507,547	80,048,303
Federal sources - unrestricted	2,748,170	101,652	-	-
Investment earnings	375,274	22,832	17,303	11,718
Gain/loss on sale of capital assets	<u>(4,791,748)</u>	-	-	<u>14,282</u>
Total general revenue	<u>124,711,542</u>	<u>125,074,232</u>	<u>125,805,656</u>	<u>129,421,598</u>
Other/Transfers	<u>403,786</u>	<u>735,448</u>	<u>613,109</u>	<u>398,539</u>
<b>Change in Net Position</b>	<b><u>\$ (828,300)</u></b>	<b><u>\$ 5,252,232</u></b>	<b><u>\$ 4,779,996</u></b>	<b><u>\$ 3,434,213</u></b>

Source: Troy School District audited financial reports

# Changes in Governmental Net Position

**Last Ten Fiscal Years**

**June 30, 2020**

As of June 30,					
2015	2016	2017	2018	2019	2020
\$ 93,200,608	\$ 101,854,565	\$ 101,201,673	\$ 110,991,618	\$ 111,616,317	\$ 126,101,286
52,626,314	54,243,566	58,358,918	58,770,663	61,412,099	67,789,772
3,421,925	3,379,220	3,993,896	3,928,310	3,905,867	3,000,067
1,739,618	1,636,069	1,758,020	1,843,331	1,931,128	2,215,582
2,270,469	2,706,054	2,715,707	3,483,990	3,888,821	4,375,699
4,889,258	4,627,733	4,469,693	5,069,657	4,591,605	5,026,646
-	-	-	-	-	115,825
158,148,192	168,447,207	172,497,907	184,087,569	187,345,837	208,624,877
463,496	488,463	462,953	568,971	603,071	465,827
99,141	101,214	111,728	113,563	116,643	-
2,301,069	2,408,187	2,392,223	2,382,497	2,273,020	1,667,850
617,879	640,163	622,554	639,532	636,656	155,470
3,341,922	3,970,320	3,909,779	4,087,294	4,223,836	3,633,369
25,532,747	28,582,037	30,632,594	34,244,702	35,392,379	36,975,323
32,356,254	36,190,384	38,131,831	42,036,559	43,245,605	42,897,839
(125,791,938)	(132,256,823)	(134,366,076)	(142,051,010)	(144,100,232)	(165,727,038)
49,975,301	50,777,589	53,098,343	54,637,309	57,266,919	59,108,800
-	-	-	-	-	-
77,093,615	78,611,473	79,978,729	81,468,745	82,083,583	82,536,248
-	-	-	-	-	29,868
3,638	96,248	221,146	460,082	851,252	929,117
-	(2,615)	1,200	8,352,188	212,049	2,278,502
127,072,554	129,482,695	133,299,418	144,918,324	140,413,803	144,882,535
336,164	815,219	1,171,586	473,190	1,528,100	4,621,697
<b>\$ 1,616,780</b>	<b>\$ (1,958,909)</b>	<b>\$ 104,928</b>	<b>\$ 3,340,504</b>	<b>\$ (2,158,329)</b>	<b>\$ (16,222,806)</b>

## Troy School District

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	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:				
Nonspendable	631,500	553,640	636,986	379,313
Assigned	1,106,970	3,163,998	-	-
Unassigned	18,018,367	19,360,943	21,433,250	21,000,702
Total general fund	<b><u>\$ 19,756,837</u></b>	<b><u>\$ 23,078,581</u></b>	<b><u>\$ 22,070,236</u></b>	<b><u>\$ 21,380,015</u></b>
All other governmental funds:				
Nonspendable	68,060	54,510	138,930	95,318
Restricted	5,242,648	1,160,639	1,043,418	52,935,633
Committed	1,340,428	1,870,844	2,411,625	3,024,664
Assigned				
Unassigned	-	(1,859,077)	(3,022,218)	(39,821)
Total all other governmental funds	<u>6,651,136</u>	<u>1,226,916</u>	<u>571,755</u>	<u>56,015,794</u>
Total of all governmental funds	<b><u>\$ 26,407,973</u></b>	<b><u>\$ 24,305,497</u></b>	<b><u>\$ 22,641,991</u></b>	<b><u>\$ 77,395,809</u></b>

Source: Troy School District audited financial reports

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2020

As of June 30,					
2015	2016	2017	2018	2019	2020
470,218	493,772	489,092	455,901	782,875	622,620
-	-	-	-	-	9,971,143
20,231,419	21,038,513	23,716,299	24,789,571	24,623,618	15,415,947
<b>\$ 20,701,637</b>	<b>\$ 21,532,285</b>	<b>\$ 24,205,391</b>	<b>\$ 25,245,472</b>	<b>\$ 25,406,493</b>	<b>\$ 26,009,710</b>
55,497	43,359	34,918	41,549	36,024	64,194
33,408,409	14,905,377	41,786,386	39,840,906	41,849,992	34,628,627
3,084,978	753,043	1,090,947	1,198,112	841,222	2,676,305
		2,174,557	686,469	967,974	682,939
(146,872)	2,569,438	-	-	-	-
36,402,012	18,271,217	45,086,808	41,767,036	43,695,212	38,052,065
<b>\$ 57,103,649</b>	<b>\$ 39,803,502</b>	<b>\$ 69,292,199</b>	<b>\$ 67,012,508</b>	<b>\$ 69,101,705</b>	<b>\$ 64,061,775</b>

# Troy School District

	As of June 30,			
	2011	2012	2013	2014
<b>Revenue</b>				
Local revenue	\$ 65,740,243	\$ 61,234,662	\$ 57,865,103	\$ 56,158,802
State revenue	74,091,437	79,208,070	83,608,210	87,337,983
Federal revenue	12,777,299	6,490,527	6,491,677	5,847,491
Interdistrict revenue	8,247,213	8,696,443	7,684,248	7,143,518
Total revenue	160,856,192	155,629,702	155,649,238	156,487,794
<b>Expenditures</b>				
Current:				
Instruction	91,406,553	85,883,693	88,303,787	90,372,588
Support services	42,611,688	40,711,527	43,470,086	42,601,282
Food services	3,162,503	3,179,306	3,145,374	3,231,293
Athletics	1,651,659	1,657,870	1,696,702	1,759,847
Community services	3,007,782	3,021,951	1,998,836	2,134,354
Other	-	73,880	91,187	-
Debt service:				
Principal	11,925,000	12,490,900	13,085,900	8,690,900
Interest	6,350,200	5,795,891	4,470,151	3,327,532
Other	394,033	437,583	577,214	416,246
Capital Outlay	3,849,476	4,479,577	625,155	7,461,887
Total expenditures	164,358,894	157,732,178	157,464,392	159,995,929
<b>Excess of Revenue (Under) Over Expenditures</b>	(3,502,702)	(2,102,476)	(1,815,154)	(3,508,135)
<b>Other Financing Sources (Uses)</b>				
Debt issuance	-	-	43,580,000	52,710,000
Debt premium or discount	-	-	-	5,510,442
Proceeds from sale of capital assets	-	-	-	41,511
Transfers in	752,058	1,320,236	1,345,540	107,708
Transfers out	(752,058)	(1,320,236)	(1,345,540)	(107,708)
Debt defeasance	-	-	(43,428,352)	-
Total other financing sources (uses)	-	-	151,648	58,261,953
<b>Net change in fund balances</b>	(3,502,702)	(2,102,476)	(1,663,506)	54,753,818
<b>Fund Balances - Beginning of year</b>	29,910,675	26,407,973	24,305,497	22,641,991
<b>Fund Balances - End of year</b>	<b>\$ 26,407,973</b>	<b>\$ 24,305,497</b>	<b>\$ 22,641,991</b>	<b>\$ 77,395,809</b>
<b>Debt service as a percentage of noncapital expenditures</b>	11.55%	12.02%	11.53%	8.16%

Source: Troy School District audited financial reports

## Changes in Fund Balances, Governmental Funds

**Last Ten Fiscal Years  
June 30, 2020**

As of June 30,					
2015	2016	2017	2018	2019	2020
\$ 57,046,419	\$ 59,248,778	\$ 61,515,660	\$ 63,195,894	\$ 67,185,641	\$ 70,582,130
90,333,958	94,448,980	97,409,955	102,218,608	102,991,529	104,617,684
6,106,109	5,814,843	5,834,392	6,111,461	6,993,508	6,775,053
7,145,883	7,011,587	7,610,128	7,537,593	7,817,110	8,485,720
160,632,369	166,524,188	172,370,135	179,063,556	184,987,788	190,460,587
93,935,867	97,217,899	99,214,158	104,214,738	105,006,674	108,084,602
42,810,578	42,865,952	44,755,225	47,337,756	49,348,852	51,059,745
3,451,865	3,229,152	3,553,109	3,502,376	3,681,063	2,929,564
1,739,618	1,636,069	1,758,020	1,843,331	1,931,128	1,865,512
2,292,046	2,608,058	2,672,036	3,329,338	3,539,897	3,925,250
19,724,689	19,149,741	14,656,965	17,761,742	-	-
10,630,898	11,660,000	11,310,000	13,105,000	10,565,000	12,235,000
4,963,082	4,923,585	4,430,246	5,665,142	5,054,648	5,736,725
1,055,059	37,516	144,555	64,012	212,698	115,825
691,641	502,348	619,824	-	31,063,786	20,966,707
181,295,343	183,830,320	183,114,138	196,823,435	210,403,746	206,918,930
(20,662,974)	(17,306,132)	(10,744,003)	(17,759,879)	(25,415,958)	(16,458,343)
31,930,000	-	40,000,000	7,125,000	22,630,000	6,100,000
5,574,183	-	-	-	4,453,291	117,488
44,450	5,985	232,700	8,352,188	424,864	3,229,580
1,605,170	5,216,559	802,379	5,472,872	943,902	748,351
(1,580,263)	(5,216,559)	(802,379)	(5,472,872)	(943,902)	(748,351)
(37,202,726)	-	-	-	-	-
370,814	5,985	40,232,700	15,477,188	27,508,155	9,447,068
(20,292,160)	(17,300,147)	29,488,697	(2,282,691)	2,092,197	(7,011,275)
77,395,809	57,103,649	39,803,502	69,292,199	67,009,508	71,073,050
<b>\$ 57,103,649</b>	<b>\$ 39,803,502</b>	<b>\$ 69,292,199</b>	<b>\$ 67,009,508</b>	<b>\$ 69,101,705</b>	<b>\$ 64,061,775</b>

10.14%

10.00%

9.17%

10.34%

8.56%

9.55%

Taxable Value and Estimated Actual Value of Taxable Property

June 30, 2020

Taxable Value by Property Type											
Tax Year	Fiscal year	Real Property					Personal property	Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
		Residential	Commercial	Industrial	Agricultural & other						
2010	2011	2,228,267,664	1,031,219,807	304,152,000	-	322,755,150	3,886,394,621	22.7000	7,772,789,242	50.00%	
2011	2012	2,102,682,450	995,799,580	163,123,060	-	301,376,730	3,562,981,820	22.7000	7,125,963,640	50.00%	
2012	2013	2,116,563,380	825,249,420	205,855,470	-	311,243,810	3,458,912,080	22.9500	6,917,824,160	50.00%	
2013	2014	2,167,941,140	761,103,818	194,670,340	-	323,806,650	3,447,521,948	22.7000	6,895,043,896	50.00%	
2014	2015	2,237,229,620	731,677,310	191,295,720	-	332,280,180	3,492,482,830	22.5920	6,984,965,660	50.00%	
2015	2016	2,325,897,703	743,060,107	193,552,920	-	341,000,860	3,603,511,590	22.5794	7,207,023,180	50.00%	
2016	2017	2,343,454,337	748,668,967	195,013,921	-	343,574,846	3,630,712,071	22.7000	7,261,424,140	50.00%	
2017	2018	2,417,387,678	772,288,628	201,166,390	-	354,414,244	3,745,256,940	22.7000	7,490,513,880	50.00%	
2018	2019	2,596,222,560	795,084,260	212,890,030	-	299,259,090	3,903,455,940	23.0922	7,806,911,880	50.00%	
2019	2020	2,723,376,740	840,995,420	222,805,950	-	304,995,240	4,092,173,350	23.0858	8,184,346,700	50.00%	

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

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

Source: City of Troy - Assessing Department

**Troy School District**

**Direct and Overlapping Property Tax Rates**

**June 30, 2020**

Tax Year	Millage rates - direct school district taxes					Overlapping taxes								
	Operating			Total Direct Taxes		County	Community college	Intermediate school district	State Education	City of Troy	Zoo	Art	SMART**	
	Homestead	Non-homestead	Debt*	Sinking Fund*	Homestead									Non-homestead
2010	5.0381	18.0000	4.7000	-	9.7381	22.7000	4.6461	1.5844	3.3690	6.0000	9.4900	0.0998	-	0.5950
2011	5.4608	18.0000	4.7000	-	10.1608	22.7000	4.6461	1.5844	3.3690	6.0000	9.4900	0.0998	-	0.5950
2012	5.5563	18.0000	4.9500	-	10.5063	22.9500	4.6461	1.5844	3.3690	6.0000	10.5200	0.9980	0.1996	0.5950
2013	5.3741	18.0000	4.7000	-	10.0741	22.7000	4.6461	1.5844	3.3690	6.0000	10.5000	0.0998	0.1996	0.5950
2014	5.2580	17.8920	4.7000	-	9.9580	22.5920	4.6461	1.5844	3.3690	6.0000	10.5000	0.9980	0.1996	0.5950
2015	4.9918	17.8794	4.7000	-	9.6918	22.5794	4.5456	1.5819	3.3634	6.0000	10.4974	0.0998	0.1996	1.0000
2016	5.6320	18.0000	4.7000	-	10.3320	22.7000	4.0400	1.5707	3.3398	6.0000	10.3989	0.0990	0.1981	1.0000
2017	5.6320	18.0000	4.7000	-	10.3320	22.7000	4.0400	1.5550	3.3079	6.0000	10.3582	-	-	-
2018	5.2320	18.0000	4.1000	0.9922	10.3242	23.0922	4.0400	1.5431	3.2813	6.0000	10.2964	-	-	-
2019	4.8836	18.0000	4.1000	0.9858	9.9694	23.0858	4.0400	1.5303	3.2539	6.0000	10.2437	-	-	-

\* Debt and sinking fund millages apply to homestead and non-homestead property

\*\* Suburban Mobility Authority Regional Transportation

Source: City of Troy - Assessing Department

Principal Property Taxpayers

Current and Nine Years Ago  
June 30, 2020

	2019 Taxable	% of	2010		2010 Taxable	% of
Taxpayer	Value	total	Rank	Taxpayer	Value	total
1 Somerset Collections	\$ 56,656,730	1.38%	1	1 Somerset Collections	\$ 62,780,180	1.62%
2 DTE	44,744,250	1.09%	9	9 Emmes Asset Management Co LLC	41,207,320	1.06%
3 Troy Apts	30,222,270	0.74%	3	3 Nykel Management Co. (Troy Apts)	29,800,130	0.77%
4 Troy Officentre	28,899,610	0.71%	6	6 Troy Industrial LLC	28,326,390	0.73%
5 Bostick	27,183,590	0.66%	*	* Nemer Troy Place Realty LLC	27,992,000	0.72%
6 Urbanca Oakland	24,192,760	0.59%	*	* Troy Officentre	27,381,260	0.70%
7 Columbia Center Troy	21,791,170	0.53%	*	* 888 W Big Beaver Assoc LLC	26,332,930	0.68%
8 Kelly Services	19,960,800	0.49%	*	* Bank of America	24,467,460	0.63%
9 Consumers Energy	18,299,180	0.45%	*	* DTE	23,094,720	0.59%
10 Wilshire Plaza	17,149,890	0.42%	*	* 755 Tower Associates	19,819,590	0.51%
	<b>Total \$ 289,100,250</b>	<b>7.06%</b>			<b>\$ 311,201,980</b>	<b>8.01%</b>
Taxable Value	<u>\$ 4,092,173,350</u>				<u>\$ 3,886,394,621</u>	

\* Data not available

Source: City of Troy- Assessing Department

**Property Tax Levies and Collections**

**Last Ten Fiscal Years  
June 30, 2020**

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
2010	2011	\$ 58,130,197	\$ 55,664,986	95.76%	\$ 172,543	\$ 55,837,529	96.06%
2011	2012	53,411,375	53,294,220	99.78%	150,362	53,444,582	100.06%
2012	2013	51,334,635	51,107,593	99.56%	173,214	51,280,807	99.90%
2013	2014	49,457,295	49,116,127	99.31%	231,168	49,347,295	99.78%
2014	2015	49,928,293	48,917,135	97.97%	830,632	49,747,767	99.64%
2015	2016	50,867,677	49,811,759	97.92%	886,090	50,697,849	99.67%
2016	2017	52,985,629	51,980,465	98.10%	823,575	52,804,040	99.66%
2017	2018	54,512,259	53,587,874	98.30%	836,283	54,424,157	99.84%
2018	2019	57,508,396	56,473,447	98.20%	793,458	57,266,905	99.58%
2019	2020	59,256,610	58,039,040	97.95%	1,069,760	59,108,800	99.75%

(1) Represents collections through the final distribution of taxes, including delinquent real taxes purchased by the county

(2) Represents all collections after the final distribution date, through the current date

Source: City of Troy - Treasurer's Office and Troy School District

**Troy School District**

**Ratios of General Bonded Debt Outstanding**

**Last Ten Fiscal Years**

**June 30, 2020**

Fiscal Year	Tax-limited General obligation bonds (LTGO)	Less: pledged debt service funds	Other general obligation debt	Net general bonded debt	Taxable value	Net general bonded debt as a percentage of taxable value	Population	Net general bonded debt per capita	Total outstanding debt to personal income
2011	116,040,000	233,719	6,229,553	122,035,834	3,866,394,621	3.16%	80,980	1,507	45.85
2012	103,580,000	-	5,766,546	109,346,546	3,562,981,820	3.07%	81,151	1,347	38.56
2013	93,605,000	-	5,312,567	98,917,567	3,458,912,080	2.86%	81,945	1,207	31.51
2014	137,655,000	853,935	10,369,030	147,170,095	3,447,521,948	4.27%	83,270	1,767	46.65
2015	123,585,000	1,054,935	11,173,189	133,703,254	3,492,482,830	3.83%	83,319	1,605	36.17
2016	111,925,000	1,221,661	10,897,023	121,600,362	3,603,511,590	3.37%	82,339	1,477	31.74
2017	140,615,000	2,643,654	10,353,730	148,325,076	3,630,712,070	4.09%	83,181	1,783	36.96
2018	134,635,000	1,535,463	9,723,801	142,823,338	3,745,256,940	3.81%	87,177	1,638	Not available
2019	146,700,000	2,392,659	13,352,886	157,660,227	3,903,455,940	4.04%	85,584	1,842	Not available
2020	140,565,000	1,591,710	12,429,510	151,402,800	4,092,173,350	3.70%	84,547	1,791	Not available

Source: City of Troy and Troy School District

## Troy School District

# Direct and Overlapping Governmental Activities Debt

June 30, 2020

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Troy	\$ 9,861,530	80.38%	\$ 7,926,698
Oakland County	317,015,768	6.79%	21,525,371
Oakland ISD	42,970,000	6.82%	2,930,554
Total overlapping debt			32,382,622
Direct district debt			138,973,290
Total direct and overlapping debt			<u>\$ 171,355,912</u>

Note: The method used to compute the overlapping debt percentages is Troy School District's taxable value in each community compared to that community's taxable value.

Source: Municipal Advisory Council of Michigan and Troy School District

## Troy School District

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	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Calculation of debt limit</b>				
Taxable assessed value (TAV)	\$ 3,886,394,621	\$ 3,562,981,820	\$ 3,458,912,080	\$ 3,447,521,948
15% of taxable assessed value (TAV)	582,959,193	534,447,273	518,836,812	517,128,292
<b>Debt Subject to Limit</b>	<u>116,040,000</u>	<u>103,580,000</u>	<u>93,605,000</u>	<u>137,655,000</u>
<b>Legal debt margin</b>	<u>\$ 466,919,193</u>	<u>\$ 430,867,273</u>	<u>\$ 425,231,812</u>	<u>\$ 379,473,292</u>
<b>Net debt subject to limit as a percentage of debt limit</b>	19.91%	19.38%	18.04%	26.62%

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## Legal Debt Margin

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June 30, 2020

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 3,492,482,830	\$ 3,603,511,590	\$ 3,630,712,070	\$ 3,745,256,940	\$ 3,903,455,940	\$4,092,173,350
523,872,425	540,526,739	544,606,811	561,788,541	585,518,391	613,826,003
<u>123,585,000</u>	<u>111,925,000</u>	<u>140,615,000</u>	<u>134,635,000</u>	<u>144,307,341</u>	<u>138,973,290</u>
<u>\$ 400,287,425</u>	<u>\$ 428,601,739</u>	<u>\$ 403,991,811</u>	<u>\$ 427,153,541</u>	<u>\$ 441,211,050</u>	<u>\$ 474,852,713</u>
23.59%	20.71%	25.82%	23.97%	24.65%	22.64%

## Troy School District

# Demographic and Economic Statistics

June 30, 2020

Fiscal year	Population	Total Personal Income (in thousands)	City of Troy Per Capita Personal Income	City of Troy Unemployment Rate*
2011	80,980	2,661,920	32,871	7.90%
2012	81,151	2,835,993	34,947	6.80%
2013	81,945	3,139,525	38,313	6.40%
2014	83,270	3,154,588	37,884	5.30%
2015	83,319	3,696,092	44,361	3.80%
2016	82,339	3,830,797	46,525	3.40%
2017	83,181	4,013,037	Not Available	2.90%
2018	87,177	Not Available	45,888	2.70%
2019	85,584	Not Available	Not Available	2.80%
2020	84,547	Not Available	Not Available	5.80%

\* Represents annual unemployment rate per the Michigan Labor Market Information database

Source: State of Michigan and SEMCOG

Employer	2020 Employees	Percentage of total	2012 Employees**	Percentage of total	2012 rank
1 William Beaumont Hospital	2,300	5.67%	840	0.89%	7
2 Troy School District	1,116	2.75%	1,173	1.24%	3
3 Meritor, Inc.	1,000	2.47%	900	0.95%	6
4 Magna International of America, Inc.	900	2.22%	1,055	1.12%	4
5 Mahle Industries, Inc.	500	1.23%	*	*	*
6 Plex Systems, Inc.	470	1.16%	*	*	*
7 Inteva Products, LLC	350	0.86%	*	*	*
8 Utica Enterprises	350	0.86%	*	*	*
9 Toyoda Gosei North America Corporation	308	0.76%	*	*	*
10 Altair Engineering, Inc.	300	0.74%	*	*	*
Flagstar Bank FSB	*	*	2,119	2.24%	1
Kelly Services	*	*	1,276	1.35%	2
SERPEO	*	*	1,000	1.06%	5
City of Troy	*	*	534	0.57%	8
ThyssenKrupp	*	*	420	0.44%	9
Systems Technology Group, Inc.	*	*	375	0.40%	10
Total principal employers	<u>7,594</u>	18.73%	<u>9,692</u>	10.26%	
Total employment	<u>40,541</u>		<u>94,504</u>		

\* Information is not available for the corresponding year

\*\* 2011 information is not available; 2012 is presented

Source: PFM and State of Michigan

## Troy School District

# Full-Time Equivalent School District Employees

Last Ten Fiscal Years

June 30, 2020

Function/ program:	As of June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Instruction	855	785	771	776	787	825	848	840	887	925
Support services	241	216	215	243	276	249	308	153	162	171
Community service	50	36	42	9	9	53	79	27	29	18
Athletics	-	-	-	-	-	-	-	1	1	1
Food service	-	-	-	-	-	-	-	-	1	1
<b>Total</b>	<b><u>1,146</u></b>	<b><u>1,037</u></b>	<b><u>1,028</u></b>	<b><u>1,028</u></b>	<b><u>1,072</u></b>	<b><u>1,127</u></b>	<b><u>1,235</u></b>	<b><u>1,021</u></b>	<b><u>1,080</u></b>	<b><u>1,116</u></b>

**Operating Indicators**

**Last Ten Fiscal Years**

**June 30, 2020**

Year	Enrollment	Operating expenditures	Cost per pupil	Operating revenue	Revenue per pupil	Total teaching staff	Percentage of	Average teacher salary
							students	
2011	12,032	\$137,073,866	\$ 11,392	\$ 137,351,598	\$ 11,416	742	14.00	\$ 77,324
2012	12,312	127,464,365	10,353	130,865,059	10,629	736	15.00	76,574
2013	12,438	132,351,755	10,641	131,343,410	10,560	762	16.00	73,683
2014	12,591	133,270,712	10,585	132,538,980	10,526	756	15.00	75,505
2015	12,563	137,233,758	10,924	135,821,734	10,811	787	14.00	72,769
2016	12,731	140,248,064	11,016	140,413,422	11,029	825	12.20	73,622
2017	12,932	143,554,320	11,101	146,167,117	11,303	848	11.37	73,603
2018	13,034	150,737,172	11,565	151,692,331	11,638	840	15.00	74,459
2019	13,061	153,676,834	11,766	153,796,953	11,775	875	14.00	74,442
2020	13,073	156,870,348	12,000	157,221,916	12,026	925	14.00	74,314

Source: Troy School District

## Troy School District

Function/ program	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instructional buildings:				
Elementary:				
Number of buildings	12	12	12	12
Square footage	717,462	717,462	717,462	717,462
Capacity	6,400	6,400	6,400	6,400
Enrollment	5,204	5,344	5,462	5,588
Middle:				
Number of buildings	4	4	4	4
Square footage	450,492	450,492	450,492	450,492
Capacity	2,885	2,885	2,885	2,885
Enrollment	2,831	2,873	2,806	2,821
High:				
Number of buildings	4	4	4	4
Square footage	851,426	851,426	851,426	851,426
Capacity	4,596	4,596	4,596	4,596
Enrollment	4,047	4,123	4,158	4,182
Total enrollment*	12,082	12,340	12,426	12,591
Administrative:				
Number of buildings	2	2	2	2
Square footage	41,143	41,143	41,143	41,143
Transportation/Maintenance:				
Number of buildings	2	2	2	2
Buses	81	79	68	68

\* - Per February Count Day

Source: Troy School District

# Capital Asset Information

Last Ten Fiscal Years

June 30, 2020

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
12	12	12	12	12	12
717,462	717,462	717,462	717,462	717,462	717,462
6,400	6,400	6,400	6,400	6,400	6,400
5,534	5,591	5,609	5,647	5,603	5,533
4	4	4	4	4	4
450,492	450,492	450,492	450,492	450,492	450,492
2,885	2,885	2,885	2,885	2,885	2,885
2,864	2,921	2,988	2,995	3,065	3,079
4	4	4	4	4	4
851,426	851,426	851,426	851,426	851,426	851,426
4,596	4,596	4,596	4,596	4,596	4,596
4,197	4,219	4,334	4,392	4,393	4,461
12,595	12,731	12,931	13,034	13,061	13,073
2	2	2	2	2	2
41,143	41,143	41,143	41,143	41,143	41,143
2	2	2	2	2	2
55	56	65	69	69	69