

2026 Annual REPORT

2025-2026 TROY SCHOOL DISTRICT

Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2026

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Troy School District

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Dan Trudel, CPA
Assistant Superintendent for Business Services

Kyle Anderson
Finance Director

October 12, 2026

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

The Annual Comprehensive Financial Report of Troy School District (the "School District") for the fiscal year ended June 30, 2026 is 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.

The 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 Annual Comprehensive 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 the 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 intended to complement the management's discussion and analysis and should be read in conjunction with it. The management's discussion and analysis is included in the financial section of this document.

In accordance with State of Michigan Uniform Budgeting and Accounting Act, the Board is required to adopt a budget prior to July 1 of each year, to be in place for the ensuing school year. The budget is a formalized statement of anticipated revenues

and expenditures of the District and includes all district fund categories that are used to carry out the District's educational goals and objectives. The budget will be prepared and published in conformity with the most recent, applicable GASB requirements. The Board will endeavor to maintain a minimum year-end general fund balance of fifteen (15) percent.

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 and the board are responsible for the financial information and representations contained in the financial statements and other sections of the annual report. While 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, including budgetary comparisons for the General, Special Revenue, 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 certain nonaccounting data, compare 10 years of data, and they are included to reflect economic data, financial trends, and the fiscal capabilities of the school district.

District Overview

A Troy School District education means that graduates have an edge in admissions to higher education and in the competitive job market. It means that students have access to innovative technology in award-winning schools and programs; and it means that our students receive the finest education available in a safe and nurturing environment.

Quality education is a top priority of the Troy School District community. The rigorous, highly comprehensive curricular offerings throughout a student's elementary, middle, and high school years enable students to prepare for future successes, whether in a competitive university environment or in the job market.

Located 20 minutes north of Detroit, Troy School District enrolls more than 12,000 students in twelve elementary schools, four middle schools, two traditional and one non-traditional high school, and one International Academy. The Troy community is in suburban Oakland County and is conveniently located near major business, recreational, and cultural facilities. The combination of an exemplary school district, award winning city services, and a perfect location, makes the Troy community an ideal place to raise a family!

Our awards and honors include:

- The Troy community has been named Michigan's best place to raise a family by *CNN Money* Magazine.
- All Troy School District buildings are accredited by the North Central Association.
- Troy has been named one of the best communities for music education in America.
- Athens High School, Troy High, and the International Academy were named among the top five percent of all U.S. high schools by *U.S. News and World Report*.
- Troy has been identified as a "top district" by School Match, a national education consulting and research firm.
- The Troy School District has been named one of the 25 best places for new families seeking to relocate to a new home by *Relocate: America*.
- Test scores are well over state and national averages.
- Athens and Troy High schools have a graduation rate over 99%.
- More than 600 students and staff members annually earn the top awards at state and national tournaments.
- The Troy School District has been awarded a Gold Star Status from *Expansion Management* magazine, placing it among the top 16 percent of school districts across the nation.
- The Troy Board of Education provides strong leadership for our students and have been recognized for their efforts. Following are just a few of the recognitions they have received:
    - Visionary Leadership Award from the Michigan Association of School Boards.
    - School Board of the Year by ArtServe of Michigan for its support of the Fine Arts.
    - Honored as a top ten tech-savvy board in the country by the Center for Digital Education
    - 2023/2024 MASB Standard of Excellence Award

Troy makes up just over 26.61 square miles, is the largest city in Oakland County and the 13th largest city in the State of Michigan, with a population of approximately 80,000. 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.

The Troy School District strategically maintains its facilities, infrastructure, and technology to ensure safe and secure environments that are conducive to teaching and learning primarily through voter approved bond issues and sinking funds. Over the past decade, bond dollars have funded significant mechanical and electrical upgrades, technology purchases and improvements, secure front entries at all the school 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 anticipate exhausting all available bond funds from the 2019 voter approved bonds in the next fiscal year. The school district put another bond program before the voters in November 2022 which generated $555 million that will allow us to continue to maintain and enhance our educational spaces. Additionally, we will continue to use the building site and sinking fund millage to make improvements and repairs to the school district's facilities.

District's Academic Focus

The School District's academic focus continues to be guided by its vision, mission, core values and strategic direction.

Our Vision

The Troy School District will become an exemplary learning community that supports 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.

Goals

Our Goals are focused around four areas: Literacy, Mathematics, Science, and Social Studies.

- Literacy: All students will be on track to be college/career ready in literacy.
- Mathematics: All students will be on track to be college/career ready in mathematics.
- Science: All students will be on track to be college/career ready in science.
- Social Studies: All students will be on track to be college/career ready in social studies.

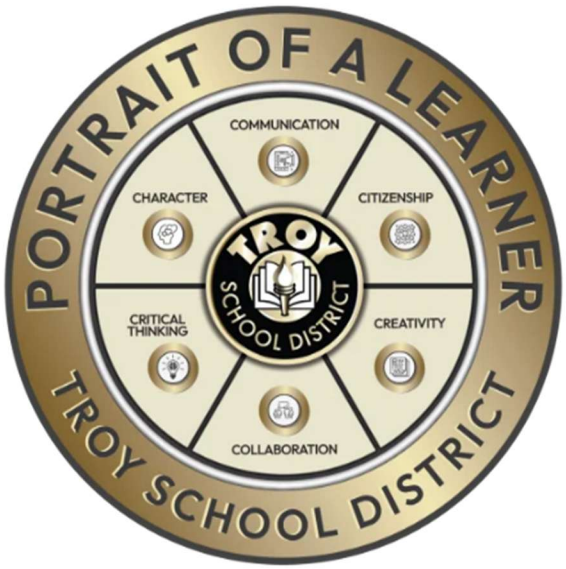
Strategic Direction

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 continues our journey to become a World Class School District.

The Six C's that make up the TSD Portrait of a Learner seek to tie together the mission, vision, and core values of the Troy School District. They are intended to guide our planning, influence the goals we set, and frame our interactions with one another. The Troy School District staff, students, and community will work together to model, enable, and celebrate the Six C's on our journey together.

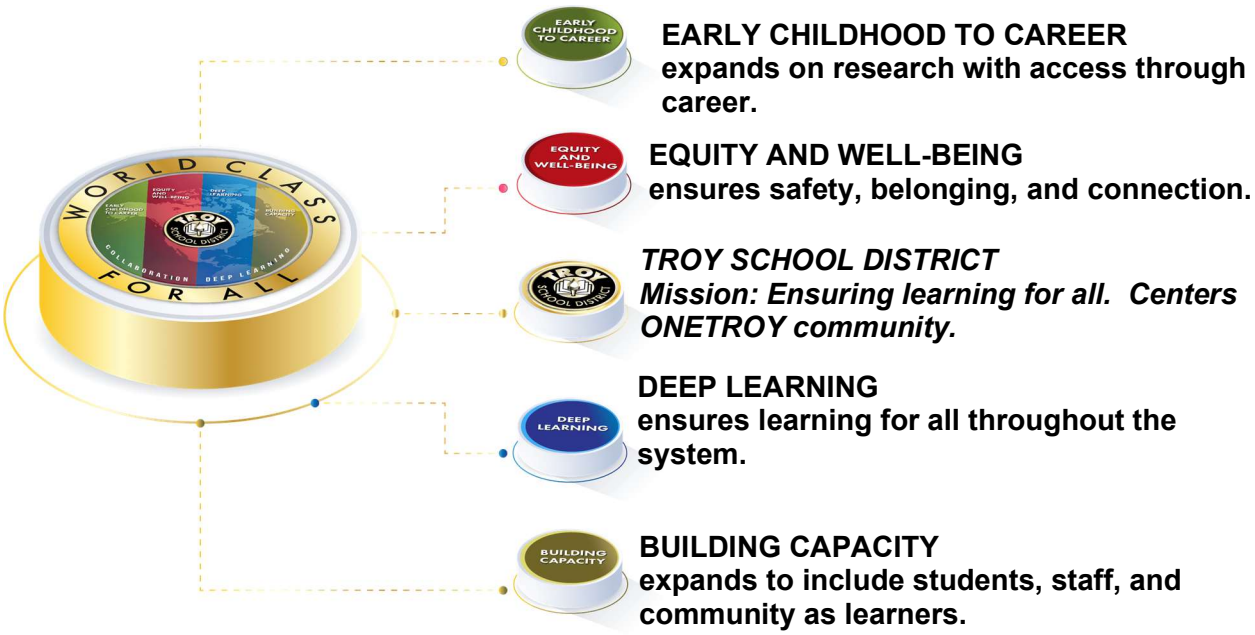
Four years ago, Troy School District embarked on a journey to answer the question – "What do we want our students to be like as adults, after they graduate?" Our community, teachers, and students came together and charted a course to make it a reality and their dreams for the future helped us identify our destination and provided us the knowledge to bring the vision of the Six C's. Over the four years, the outcomes we identified proved that maximizing every student's learning is marked by more than acquiring knowledge but also developing the key elements of a learner along the way. When we aspire to have

communication, citizenship, creativity, collaboration, character and critical thinking, we can achieve more, we feel better, we care for those around us - we truly learn to flourish.



Information-gathering sessions were held with key stakeholders, including the Board of Education, central office administration, building administrators, teachers, professional and support staff, students, parents, and community members to help support and define the school district's values and vision moving forward. This collaborative process culminated with the Troy School Board passing a resolution approving our 2026 Strategic Plan.

The 2026 Strategic Plan is outlined in the following graphic:



Teachers and administrators in the 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 are integrated into our curriculum. The curriculum of the Troy School District meets or exceeds all standards required for school accreditation by the Michigan Department of Education.

Written curriculum and pacing guides function as systematic outlines for instruction. These documents identify what our teachers teach and what students should learn. Many of such documents are uploaded to 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 are infused in the curriculum.

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 everyone.

All Troy School District K-12 schools have earned the prestigious Blue-Ribbon award from the Michigan Department of Education, and fourteen of our schools have received the National Blue-Ribbon Award (Barnard, Bemis, Hamilton, Leonard, Martell, Schroeder, Troy Union, Wass, Wattles, Larson, Boulan Park, Athens, Troy High, and the International Academy).

Troy School District's parents value and support education. The School District enjoys the active support and participation of parents in PTO/PTA groups, booster clubs, and building and district-level committees.

Economic Condition and Outlook

The Troy School District continues to be dependent on three primary factors as it relates to the financial stability and outlook of the school district:

Foundation Allowance: The State of Michigan has seen increased revenues for the School Aid Fund for the last few years, with a slowdown projected in the next few years. There have been significant levels of one-time funding available to the School Aid Fund. The legislation for the 2025-2026 school year includes a foundation allowance increase of $442 per pupil. Unfortunately, reductions to other categorical funding sources will reduce the net amount of revenue received by our district. There are concerns that the growth of the school aid fund is slowing down, which could affect future school year funding.

Student Enrollment: Enrollment projections are done annually and, if necessary, adjustments are made. A five-year projection of enrollment is prepared 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 are used in the enrollment projections. Historically, this method has proven to be accurate, within a reasonable variance, for planning future facility needs and staffing requirements. Enrollment as of Spring 2026 was 12,090.

Labor Market: The labor market continues to be challenging, and upward pressure on wages have affected all areas of our operations. Our custodial, food service, transportation, and special education support services have struggled to staff to appropriate levels necessitating increases in wage rates to compete for workers which consequently has put pressure on our annual operating budget.

The minimal increase in funding and a one-time reduction of retirement expenditures has allowed us to maintain programming for the 2025-2026 school year. Beyond that, the School District is expected to make difficult decisions to maintain a balanced budget. The School District's prudent fiscal management and solid fund balance will allow us to strategically right-size the district over the next couple of years and continue providing a world-class education to our students.

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 designed 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 is 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, and Capital Projects Funds/Capital Maintenance Fund. 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 fiscal 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 2025-2026 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. The school district's auditors perform tests 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, 2026.

Other Information

Building Information

	Acreage	Square Footage	Year Built	Student Count
High Schools				
Athens High School	50.00	398,426	1974	1,432
International Academy East	(Included with Baker)	81,455	1952	544
Troy High School	73.13	343,207	1992	1,982
Troy College and Career High School	4.21	37,520	1978	191
Middle Schools				
Baker Middle School	40.00	128,458	2000	608
Boulan Middle School	16.00	111,190	1971	823
Larson Middle School	31.94	111,190	1971	859
Smith Middle School	13.79	101,094	1967	587
Elementary Schools				
Barnard Elementary School	15.01	64,312	1978	404
Bemis Elementary School	15.38	64,312	1978	409
Costello Elementary School	22.95	52,175	1972	400
Hamilton Elementary School	14.83	64,312	1983	462
Hill Elementary School	12.94	54,456	1967	366
Leonard Elementary School	11.76	59,340	1959	425
Martell Elementary School	14.20	52,919	1972	339
Morse Elementary School	6.64	54,636	1956	392
Schroeder Elementary School	10.00	61,989	1970	421
Troy Union Elementary School	21.78	68,777	1925	384
Wass Elementary School	20.14	64,312	1978	394
Wattles Elementary School	19.00	59,270	1967	404
VLAC (K-8)	N/A	N/A	N/A	8
Administration Building	15.00	12,000	1973	0
Services Building	(Included with Administration Building)	29,263	2000	0
Preschool (Early 5's & ECP)	13.60	72,000	2019	201
Troy Center for Transitions	(Included in Baker)	(Included in Baker)	2007	55
Transportation Building	4.85	13,728	1964	0
Rankin (Warehouse)	1.59	24,840	Unknown	0
Total	**448.74**	**2,185,181**		**12,090**

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 Annual Comprehensive Financial Report for the fiscal years ended June 30, 1989-2025. To be awarded a Certificate of Excellence, the school district must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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.

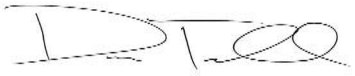
Acknowledgments

This report was prepared through the commitment and dedication of the business office. The Annual Comprehensive Financial Report was prepared by the Troy School District's Business Services Department.

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

For the community to know the content of this report, copies will be available on the school district's website.

Respectfully submitted,



Dan Trudel, CPA
Assistant Superintendent for Business Services



Kyle Anderson
Finance Director

Troy School District

District Officials

Board of Education

Vital Anne, President

Emina Alic, Esq., Vice President

Matt Haupt, Esq., Secretary

Dr. Nancy Philippart, Trustee

Dr. Audra Melton, Board Member

Ayesha Potts, Board Member

Stephanie Zendler, Board Member

Administration

Richard Machesky, Ed.D., Superintendent

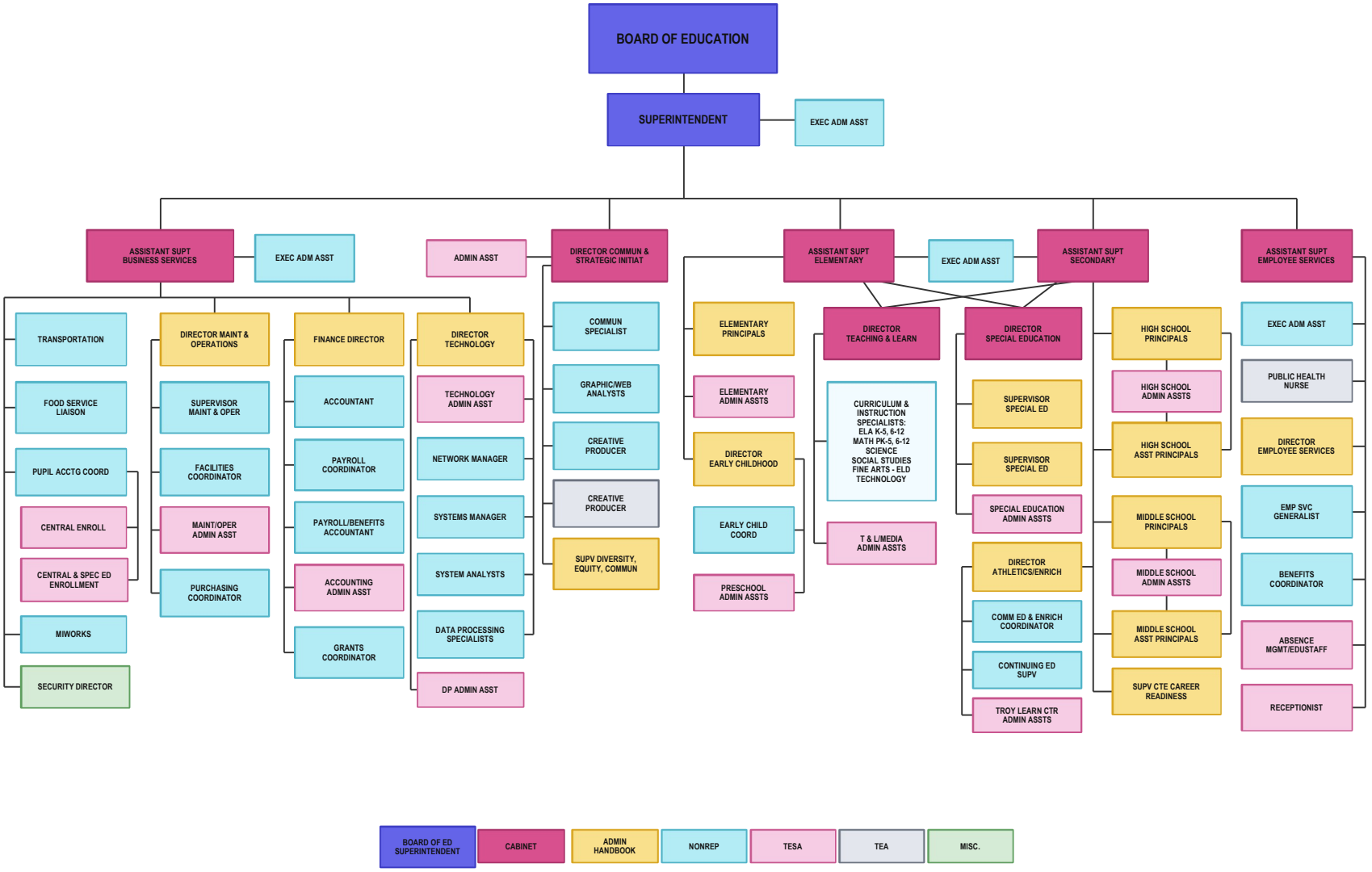
Dan Trudel, CPA, Assistant Superintendent for Business Services

Christine DiPilato, Assistant Superintendent Secondary Instruction

Kristine Griffor, Assistant Superintendent Elementary Instruction

John Pagel, Assistant Superintendent Employee Services

TROY SCHOOL DISTRICT
2025-2026 ORGANIZATIONAL CHART



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Troy School District

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.

The district report meets the criteria established for ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Lynn Knight
President

James M. Rowan, CAE, SFO
CEO/Executive Director

Plante & Moran, PLLC
Suite 300
19176 Hall Road
Clinton Township, MI 48038
Tel: 586.416.4900
Fax: 586.416.4901
plantemoran.com

Independent Auditor's Report

To the Board of Education
Troy School District

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2026 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.

In our opinion, the accompanying 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, 2026 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

PRAXITY™
Empowering Business Globally

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary 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.

Supplementary 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 supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Education
Troy School District

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2026 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 solely 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 effectiveness of Troy School District's 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.

Plante & Moran, PLLC

October 20, 2026

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, 2026. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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, the 2023 Capital Projects Fund, the 2026 Capital Projects Fund, and the Debt Service Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the statement of fiduciary net position and the 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 Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Basic Financial Statements

Required Supplementary 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 (Asset)

Schedule of OPEB Contributions

Notes to Required Supplementary Information

Other Supplementary Information

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

One of the most important questions asked about the School District is, "What is the School District's financial condition as a result of the year's activities?" The statement of net 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 like 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 the School District's services, including instruction, support services, community services, athletics, food services, and debt retirement. 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 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.

Overall Financial Summary

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, 2026 and 2025:

	Governmental Activities	
	2026	2025
	(in millions)	
Assets		
Current and other assets	$ 406.8	$ 256.2
Capital assets	323.4	269.3
Total assets	730.2	525.5
Deferred Outflows of Resources	54.5	71.1
Liabilities		
Current liabilities	41.7	43.5
Noncurrent liabilities	439.3	267.2
Net pension liability	172.2	211.6
Total liabilities	653.2	522.3
Deferred Inflows of Resources	122.9	129.0
Net Position (Deficit)		
Net investment in capital assets	142.8	125.1
Restricted	80.7	56.4
Unrestricted	(214.9)	(236.2)
Total net position (deficit)	**$ 8.6**	**$ (54.7)**

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 $8.6 million at June 30, 2026. Net investment in capital assets totaling $142.8 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position ($(214.9) million) was unrestricted.

The $(214.9) 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 liability and OPEB asset). 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 liability and OPEB asset will have a significant impact on the change in unrestricted net position from year to year.

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, 2026 and 2025.

	Governmental Activities	
	2026	2025
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 5.4	$ 5.8
Operating grants	73.6	76.0
General revenue:		
Taxes	84.1	80.3
State aid not restricted to specific purposes	87.9	85.7
Other	13.5	14.5
Total revenue	264.5	262.3
Expenses		
Instruction	109.9	107.6
Support services	66.8	67.1
Athletics	2.2	2.5
Food services	6.4	6.6
Community services	4.5	4.6
Debt service	11.4	11.9
Total expenses	201.2	200.3
Change in Net Position	63.3	62.0
Net Position (Deficit) - Beginning of year	(54.7)	(116.7)
Net Position (Deficit) - End of year	**$ 8.6**	**$ (54.7)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $201.2 million. Certain activities were partially funded from those who benefited from the programs ($5.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($73.6 million). We paid for the remaining public benefit portion of our governmental activities with $84.1 million in taxes, $87.9 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of $63.3 million. Operating grants and contributions decreased by $2.5 million as a result of a decreased allocation of state aid categoricals and other federal and local grants. Property tax revenue increased by $3.8 million, primarily due to increased taxable values. State aid not restricted to specific purposes increased by $2.2 million, in part driven by an increase of $442 per pupil in foundation allowance funding, partially offset by a decrease in enrollment of approximately 205 FTE pupils from the prior year.

Total expenses increased by approximately $1 million during fiscal year 2025-2026, from $200.3 million to $201.2 million. The increase was primarily attributable to increased spending on instruction, which was offset by favorable pension and OPEB accounting adjustments, required under GASB 68 and GASB 75, respectively. These accounting adjustments reduced reported expenses in both instructional and support service functions. These reductions were largely accounting driven and do not necessarily reflect decreases in program offerings or services provided to students. The School District continued to maintain educational programs, support services, and facility operations while investing in voter-approved capital improvements throughout the year.

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.

Financial Summary of Individual Funds

As we noted earlier, the School District uses funds to help it control and manage money for certain 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 $312.8 million, which is an increase of $135.2 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance decreased by $2.4 million to $31.3 million, consistent with the final adopted budget. Troy School District continues to have good General Fund reserves; the total available fund balance is 15.5 percent of 2026 general operating expenditures.

The 2023 Capital Projects Fund reported a decrease of fund balance of $57.8 million as a result of the continued spend of the bond proceeds on voter-approved capital projects.

The 2026 Capital Projects Fund reported an increase in fund balance of $194.1 million as a result of the proceeds received on the issuance of the voter-approved bonds to be used for capital projects in the coming years. There were no capital expenditures from these newly issued bond funds during the year.

The fund balance of our Debt Service Fund decreased by $0.4 million. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Fund balances are restricted since they can only be used to pay debt service obligations.

Fund balance of our special revenue funds increased from $10.0 million last year to $10.3 million this year. In 2025-2026, the Food Service Fund realized a fund balance decrease of $600 thousand, primarily due to significant planned capital expenditures during the year. The Community Service Fund experienced an increase of $184 thousand, and the Troy School District Preschool Fund added $566 thousand of fund balance.

Capital Assets and Debt Administration

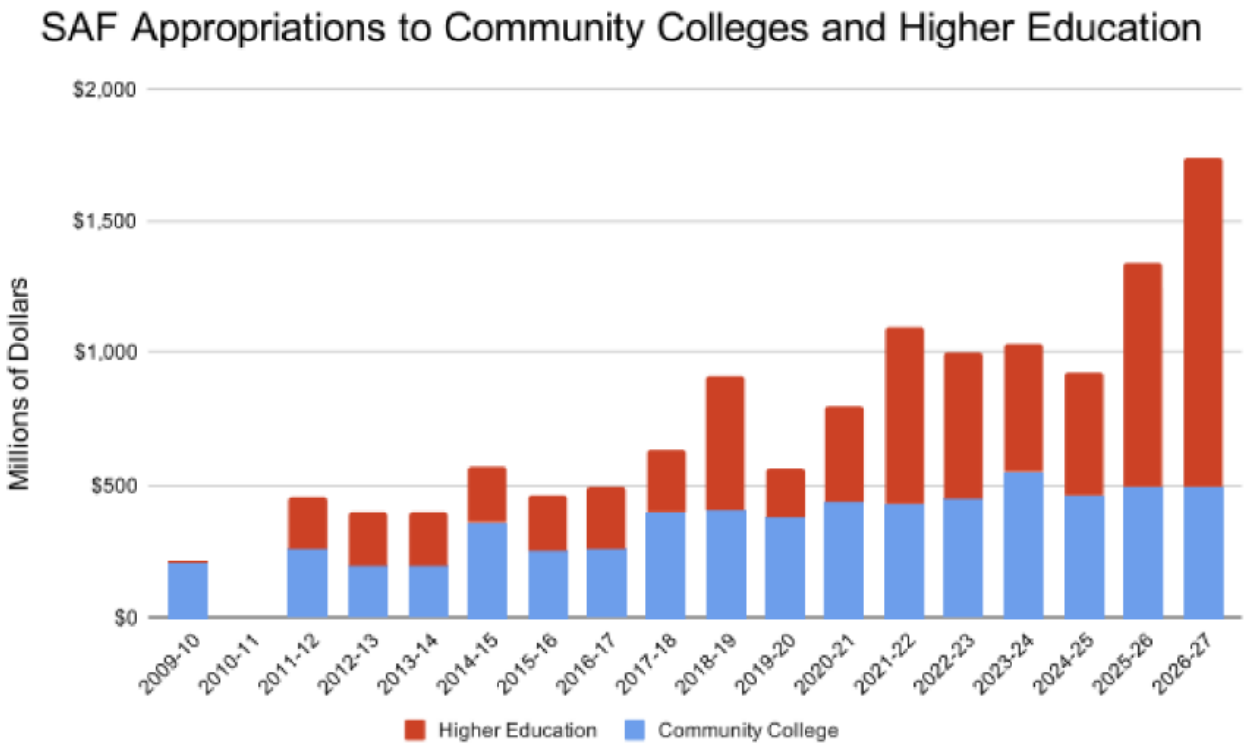
Capital Assets

As of June 30, 2026 and 2025, the School District had $323.4 million and $269.3 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, equipment, and leased buildings. This represents a net increase (including additions, disposals, and depreciation) of approximately $54.1 million from 2025 to 2026.

	2026	2025
Land	$ 1,861,010	$ 1,861,010
Construction in progress	55,222,555	25,973,665
Buildings and improvements	433,182,880	404,736,902
Furniture and equipment	79,471,330	69,200,671
Lease asset - Building	530,288	530,288
Lease assets - Equipment	527,110	527,110
Total capital assets	570,795,173	502,829,646
Less - Accumulated depreciation	247,409,907	233,540,622
Total capital assets - Net of accumulated depreciation	**$ 323,385,266**	**$ 269,289,024**

This year's additions of $68.0 million included building renovations, site work, furniture, equipment, and technology infrastructure. We present more detailed information about our capital assets in the notes to the basic financial statements.

The 2026-2027 state budget appropriates approximately $1.75 billion from the SAF for higher education, consisting of approximately $497 million for community colleges and $1.25 billion for universities. This represents an increase of approximately $403 million over 2025-2026, driven almost entirely by a $399 million increase in university funding. On a statewide basis, these appropriations equate to approximately $1,276 per K-12 pupil, compared to the $250 per pupil increase in the foundation allowance provided to K-12 districts for 2026-2027. Since 2009-2010, cumulative SAF appropriations to community colleges and universities have totaled approximately $13.0 billion.



Source: Michigan School Business Officials (MSBO), FY2026-27 School Finance Update, October 2026; data compiled by the House Fiscal Agency.

Because the School District's operating revenue is heavily dependent on state funding, SAF resources directed outside of K-12 education reduce the funding available to support the School District's students and programs. The School District will continue to monitor this trend as part of its long-range financial planning.

On November 8, 2022, voters in Troy School District passed a bond proposal. The proposal was for $555 million that will be used to address infrastructure upgrades district-wide and provide modern learning environments for all students.

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.

Debt

At the end of this year, the School District had $381.8 million in bonds outstanding versus $230.1 million in the previous year.

Those bonds consisted of the following:

	2026	2025
General obligation bonds	$ 381,820,000	$ 230,080,000
Bond premium	35,252,705	21,275,050
Total	**$ 417,072,705**	**$ 251,355,050**

The School District's general obligation bond rating is AA/Stable, as affirmed by Standard & Poor's in January 2026. 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 $9 million is significantly below this $1.0 billion 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 issued qualified debt totaling $373 million.

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

Currently Known Facts, Decisions, or Conditions

Our elected officials and administration consider many factors when setting the School District's 2026-2027 fiscal year budget. One of the key 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 2026-2027 budget was adopted in June 2026 based on an estimate of students who will enroll in September 2026. The estimated count is expected to be 11,869. Approximately 67.0 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. Based on early enrollment data at the start of the 2027 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2026-2027 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 State of Michigan has seen and continues to project modest increases in revenue for the school aid budget for the next two years. As a result, the Legislature passed and the governor signed an educational budget that will provide for a $250 per pupil increase for the School District for 2026-2027. There were also some reductions to various categorical funding sources that will lower the total per pupil increase.

One issue the School District continues to monitor is the amount of School Aid Fund (SAF) resources appropriated to community colleges and universities. Although the SAF exists primarily to fund K-12 education, a growing share of its resources has been directed to higher education over the past decade and a half, as illustrated in the chart below.

Troy School District

Statement of Net Position

June 30, 2026

	Governmental Activities
Assets	
Cash and cash equivalents (Note 4)	$ 38,592,211
Receivables:	
Other receivables	736,401
Due from other governments	25,559,785
Inventory	80,096
Prepaid expenses	1,111,542
Restricted assets (Note 6)	285,042,827
Net OPEB asset (Note 13)	55,701,658
Capital assets:	
Capital assets not being depreciated or amortized (Note 7)	57,083,565
Capital assets - Net of accumulated depreciation and amortization (Note 7)	266,301,701
Total assets	730,209,786
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 10)	296,425
Deferred pension costs (Note 13)	44,072,918
Deferred OPEB costs (Note 13)	10,166,065
Total deferred outflows of resources	54,535,408
Liabilities	
Accounts payable	14,262,474
Due to other governmental units	2,511,183
Accrued liabilities:	
Accrued salaries and wages	10,062,505
Accrued payroll taxes and fringe benefits	6,887,446
Accrued interest payable	3,338,968
Unearned revenue (Note 9)	4,603,943
Noncurrent liabilities:	
Due within one year (Note 10)	24,658,637
Due in more than one year (Note 10)	414,701,867
Net pension liability (Note 13)	172,171,957
Total liabilities	653,198,980
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 13)	13,805,287
Deferred pension cost reductions (Note 13)	60,724,483
Deferred OPEB cost reductions (Note 13)	48,411,017
Total deferred inflows of resources	122,940,787
Net Position	
Net investment in capital assets	142,784,189
Restricted:	
Capital projects	22,597,308
Food service	2,103,814
Debt service	287,442
Net OPEB asset	55,701,658
Unrestricted	(214,868,984)
Total net position	**$ 8,605,427**

See notes to financial statements.

Troy School District

Statement of Activities

Year Ended June 30, 2026

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 109,889,877	$ 524,823	$ 46,954,912	$ (62,410,142)
Support services	66,791,098	-	20,108,177	(46,682,921)
Athletics	2,228,839	750,402	-	(1,478,437)
Food services	6,444,439	391,382	6,493,214	440,157
Community services	4,505,290	3,730,346	-	(774,944)
Interest	10,322,409	-	-	(10,322,409)
Other debt costs	1,116,186	-	-	(1,116,186)
Total primary government	**$ 201,298,138**	**$ 5,396,953**	**$ 73,556,303**	(122,344,882)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				44,874,505
Property taxes, levied for debt service				33,911,857
Property taxes, levied for capital projects				5,309,327
State aid not restricted to specific purposes				87,914,541
Federal grants and contributions not restricted to specific purposes				123,169
Interest and investment earnings				8,590,705
Student activities				3,732,346
Other				1,233,638
Total general revenue				185,690,088
Change in Net Position				63,345,206
Net Position (Deficit) - Beginning of year				(54,739,779)
Net Position - End of year				**$ 8,605,427**

See notes to financial statements.

Troy School District

Governmental Funds
Balance Sheet

June 30, 2026

	General Fund	2023 Capital Projects Fund	2026 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents (Note 4)	$ 26,961,890	$ -	$ 1,882	$ -	$ 11,628,439	$ 38,592,211
Receivables:						
Other receivables	709,989	-	-	-	26,412	736,401
Due from other governments	23,935,743	-	-	-	1,624,042	25,559,785
Due from other funds (Note 8)	2,830,551	-	-	-	12,546	2,843,097
Inventory	7,700	-	-	-	72,396	80,096
Prepaid expenses	1,094,718	-	-	-	16,824	1,111,542
Restricted assets (Note 6)	-	81,884,213	194,111,918	5,835,943	3,210,753	285,042,827
Total assets	**$ 55,540,591**	**$ 81,884,213**	**$ 194,113,800**	**$ 5,835,943**	**$ 16,591,412**	**$ 353,965,959**
Liabilities						
Accounts payable	$ 1,980,120	$ 12,030,208	$ -	$ 54,384	$ 197,762	$ 14,262,474
Due to other governmental units	2,511,183	-	-	-	-	2,511,183
Due to other funds (Note 8)	-	246,039	-	2,155,149	441,909	2,843,097
Accrued liabilities	16,949,951	-	-	-	-	16,949,951
Unearned revenue (Note 9)	2,771,133	-	-	-	1,832,810	4,603,943
Total liabilities	24,212,387	12,276,247	-	2,209,533	2,472,481	41,170,648
Fund Balances						
Nonspendable:						
Inventory	7,700	-	-	-	72,396	80,096
Prepaids	1,094,718	-	-	-	16,824	1,111,542
Restricted:						
Debt service	-	-	-	3,626,410	-	3,626,410
Capital projects	-	69,607,966	194,113,800	-	3,175,062	266,896,828
Food service	-	-	-	-	2,024,118	2,024,118
Committed:						
Community service	-	-	-	-	5,513,988	5,513,988
Student activities	-	-	-	-	2,644,418	2,644,418
Assigned:						
Subsequent year's budget	2,286,579	-	-	-	-	2,286,579
Capital maintenance	-	-	-	-	672,125	672,125
Unassigned	27,939,207	-	-	-	-	27,939,207
Total fund balances	31,328,204	69,607,966	194,113,800	3,626,410	14,118,931	312,795,311
Total liabilities and fund balances	**$ 55,540,591**	**$ 81,884,213**	**$ 194,113,800**	**$ 5,835,943**	**$ 16,591,412**	**$ 353,965,959**

See notes to financial statements.

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2026

Fund Balances Reported in Governmental Funds	$ 312,795,311
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and leased assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	570,795,173
Accumulated depreciation and amortization	(247,409,907)
Net capital assets and lease assets used in governmental activities	323,385,266
Deferred outflows related to bond refundings are not reported in the funds	296,425
Bonds payable, including bond premiums, and lease liabilities are not due and payable in the current period and are not reported in the funds	(417,293,013)
Accrued interest is not due and payable in the current period and is not reported in the funds	(3,338,968)
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	(7,151,076)
Other termination benefits	(165,000)
Early retirement incentive obligations	(6,847,406)
Net pension liability and related deferred inflows and outflows	(188,823,522)
Net OPEB asset and related deferred inflows and outflows	17,456,706
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	(13,805,287)
Arbitrage liabilities do not present a claim on current financial resources and are not reported as fund liabilities	(7,904,009)
Net Position of Governmental Activities	**$ 8,605,427**

Troy School District

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2026

	General Fund	2023 Capital Projects Fund	2026 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Local sources	$ 48,323,181	$ 5,185,523	$ 1,699,816	$ 34,235,424	$ 13,605,387	$ 103,049,331
State sources	133,896,818	-	-	141,242	8,472,852	142,510,912
Federal sources	3,925,396	-	-	-	3,887,467	7,812,863
Interdistrict sources	13,664,385	-	-	-	-	13,664,385
Total revenue	199,809,780	5,185,523	1,699,816	34,376,666	25,965,706	267,037,491
Expenditures						
Current:						
Instruction	130,732,404	-	-	-	2,796,583	133,528,987
Support services	66,378,317	201,835	-	-	4,588,474	71,168,626
Athletics	2,924,174	-	-	-	-	2,924,174
Food services	-	-	-	-	6,322,138	6,322,138
Community services	52,600	-	-	-	4,911,211	4,963,811
Debt service:						
Principal	39,000	-	-	22,480,000	760,218	23,279,218
Interest	161,825	-	-	9,189,516	273,796	9,625,137
Other debt costs	-	-	996,501	119,185	500	1,116,186
Capital outlay	1,907,051	62,738,521	-	-	4,780,654	69,426,226
Total expenditures	202,195,371	62,940,356	996,501	31,788,701	24,433,574	322,354,503
Other Financing Sources (Uses)						
Face value of debt issued	-	-	179,470,000	21,015,000	-	200,485,000
Premium on debt issued	-	-	13,940,485	1,916,144	-	15,856,629
Payment to bond refunding escrow agent	-	-	-	(25,871,425)	-	(25,871,425)
Total other financing sources (uses)	-	-	193,410,485	(2,940,281)	-	190,470,204
Net Change in Fund Balances	(2,385,591)	(57,754,833)	194,113,800	(352,316)	1,532,132	135,153,192
Fund Balances - Beginning of year, as previously reported	33,713,795	127,362,799	-	-	16,565,525	177,642,119
Change in Reporting Entity (Note 2)	-	-	-	3,978,726	(3,978,726)	-
Fund Balances - Beginning of year, as adjusted	33,713,795	127,362,799	-	3,978,726	12,586,799	177,642,119
Fund Balances - End of year	**$ 31,328,204**	**$ 69,607,966**	**$ 194,113,800**	**$ 3,626,410**	**$ 14,118,931**	**$ 312,795,311**

See notes to financial statements.

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

Year Ended June 30, 2026

Net Change in Fund Balances Reported in Governmental Funds	$ 135,153,192
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 and amortization:	
Capitalized capital outlay	67,965,527
Depreciation and amortization expense	(13,869,285)
Revenue in support of pension contributions made subsequent to the measurement date	(2,394,147)
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(216,341,629)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and changes in deferred inflows/outflows related to bond refundings are not proceeds/expenses in the governmental funds	51,060,185
Interest expense is recognized in the government-wide statements as it accrues	(1,692,068)
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	44,378,177
The change in the arbitrage liability does not use current financial resources and is, therefore, not reported as an expenditure in the governmental funds	(914,746)
Change in Net Position of Governmental Activities	**$ 63,345,206**

Troy School District

Statement of Fiduciary Net Position

June 30, 2026

	Custodial Funds
Assets	
Cash and cash equivalents (Note 4)	$ 207,960
Receivables	630
Total assets	208,590
Liabilities - Accounts payable	707
Net Position - Unrestricted	**$ 207,883**

See notes to financial statements.

Troy School District

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2026

	Custodial Funds
Additions - Fundraising and contributions	$ 549,242
Deductions - Disbursements for scholarships and other activities	441,779
Net Increase in Fiduciary Net Position	107,463
Net Position - Beginning of year	100,420
Net Position - End of year	**$ 207,883**

See notes to financial statements.

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 two 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 2023 Capital Projects Fund and the 2026 Capital Projects Fund are used to record bond proceeds or other revenue and disbursement of invoices specifically designated for the purpose of remodeling, equipping, re-equipping, furnishing, and refurnishing school buildings, athletic fields, playgrounds, and other facilities; erecting and completing, equipping, and furnishing a replacement middle school and classroom additions and other additions to existing school buildings and other facilities; acquiring and installing instructional technology infrastructure and equipment in school buildings and other facilities; and acquiring, preparing, developing, and improving sites at school buildings and other facilities and the purchase of school buses and paying the costs of issuing the bonds. The funds operate until the purpose for which they were created, is accomplished.
- The Debt Service Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

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, Community Service Fund, Troy School District Preschool Fund, Troy School and Student Activities Fund, and the Facility Rentals Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.
    - The Food Service Fund accounts for the moneys 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 moneys 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 Community Service Fund accounts for the moneys 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 and grants from federal sources.

Note 2 - Significant Accounting Policies (Continued)

- The Troy School District Preschool Fund accounts for all the moneys 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, state aid following developmental kindergarten students, and preschool and child care grants from federal sources.
- 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.
- The Facility Rentals Fund is used to account for revenue and expenditures associated with the rental and use of School District-owned facilities by outside organizations. Revenue typically consists of facility user fees charged to community groups, athletic organizations, and other third parties. Expenditures include custodial services, utilities, security, maintenance, and other direct costs incurred in operating and maintaining facilities made available for rental.

- Capital projects funds are used to record bond proceeds or other revenue and for the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and technology upgrades and for 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 2019 Capital Projects Fund; the Capital Maintenance Fund; and the Sinking Fund, which is used to record related tax revenue and the disbursement of invoices specifically designated for approved sinking fund projects. The funds operate until the purpose for which they were created is accomplished.

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.

Note 2 - Significant Accounting Policies (Continued)

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.

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 Cash Equivalents

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 consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, 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 and 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, other vehicles, and leased buildings, 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.

Note 2 - Significant Accounting Policies (Continued)

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

	Depreciable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Lease asset - Building	5
Lease assets - Equipment	4

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 bond 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 pension costs, 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.

Note 2 - Significant Accounting Policies (Continued)

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.

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 exist only 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 of expenditures 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 50 percent are due on or before September 14 and the remaining 50 percent are due on or before 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.

Note 2 - Significant Accounting Policies (Continued)

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.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from the MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS 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

In accordance with GASB Statement No. 101, *Compensated Absences*, the School District has accrued a liability for future absences, recognizing the obligation relating to compensation for absences attributable to services already rendered. Teachers and other employees receive compensation for vacations, holidays, illnesses, and certain other qualifying absences. The number of days compensated for annual and sick leave is based on years of service to the School District. It is the policy of the School District to accumulate earned but unused annual leave benefits, which will be paid to employees upon separation from the School District. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Other Termination Benefits

Termination benefits include longevity incentive payments to members of certain employee groups upon separation from the School District. The benefit, ranging from $7,500 to $35,000 per eligible employee, is based on years of service with the School District and employees' status of eligibility for retirement into MPSERS. Because the termination benefits do not have determinable payment dates, the cost of these benefits are calculated at the undiscounted total of estimated future benefit payments at current cost levels.

Early Retirement Incentives

The School District offers early retirement incentive programs to eligible employees, as approved by the Board of Education. The annual benefit to employees enrolling in the early retirement incentive plan is based on 100 percent of the employees' base salary as of July 1, 2025, up to certain dollar thresholds. The early retirement incentive is payable to employees over a period of 60 months commencing in October 2026. A liability for the full unpaid balance is reported in the government-wide financial statements. A liability in the governmental funds is only reported each period for the amount due and payable that period.

Note 2 - Significant Accounting Policies (Continued)

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.

Leases

The School District is a lessee for the noncancelable lease of a building and certain equipment. The School District recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of $0 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Accounting Changes

Adoption of New Accounting Pronouncements

During the current year, the School District adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The implementation of this standard established new accounting and financial reporting requirements or modified existing requirements related to management's discussion and analysis and the budgetary comparison schedules reported as required supplementary information.

The implementation of this standard did not result in a change to the School District's total net position or fund balances; however, management's discussion and analysis and budgetary comparison schedules were modified to conform to the new presentation requirements of GASB Statement No. 103.

During the current year, the School District adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which requires expanded disclosures of certain types of capital assets by major category and assets held for sale by the School District.

Note 2 - Significant Accounting Policies (Continued)

Changes to or within the Financial Reporting Entity

Change in Major Funds

As of July 1, 2025, the School District has combined all of its debt service funds into a singular debt service fund for the purposes of financial reporting. Previously, the individual debt service funds were classified as nonmajor governmental funds. The combined Debt Service Fund qualifies as a major governmental fund as of and for the year ended June 30, 2026. The effects of this change in major funds are shown in the table below:

	June 30, 2025 As Previously Reported	Change to or within the Financial Reporting Entity	June 30, 2025 As Adjusted
Governmental funds:			
Major funds:			
General Fund	$ 33,713,795	$ -	$ 33,713,795
2023 Capital Projects Fund	127,362,799	-	127,362,799
New major fund - Debt Service Fund	-	3,978,726	3,978,726
Nonmajor funds	16,565,525	(3,978,726)	12,586,799
Total governmental funds	$ 177,642,119	$ -	$ 177,642,119

Upcoming Accounting Pronouncement

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2027.

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 except that transfers in and transfers out are reported net and capital outlay expenditures are reported in other functional expenditure categories. Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for all special revenue funds except that expenditures are budgeted by object rather than functional categories. 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. The required supplementary information - budgetary comparison schedules are presented on the same basis of accounting used to prepare the budget, which includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balances. During the year, the budget was amended in a legally permissible manner. The School District amended the General Fund budgeted amounts during the year to reflect changes in funding from the state and federal sources.

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

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.

Capital Projects Fund Compliance

The capital projects funds include capital project activities funded with bonds. For both the 2023 Capital Projects Fund and the 2026 Capital Projects Fund, the School District has complied with the applicable provisions of §1351a of the Revised School Code. The funds are not yet considered substantially complete, and subsequent year audits are expected.

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212 of the 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 no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated nine financial institutions and utilized three 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 1-day minimum investment period on MILAF Cash Management funds and a 14-day redemption limitation on MILAF MAX Class funds. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

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 bank deposits of $43,856,774 (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.

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, 2026, the School District does not have investments with custodial credit risk.

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

At year end, the School District had the following investments with interest rate risk:

Investment	Carrying Value	Maturity Date
Primary Government		
U.S. agency bonds or notes	$ 4,282,238	7/31/2026
U.S. agency bonds or notes	4,749,349	8/31/2026
U.S. agency bonds or notes	5,025,483	9/30/2026
U.S. agency bonds or notes	5,162,905	10/31/2026
U.S. agency bonds or notes	5,327,022	11/30/2026
U.S. agency bonds or notes	5,527,331	12/31/2026
U.S. agency bonds or notes	5,643,519	1/31/2027
U.S. agency bonds or notes	5,739,236	2/28/2027
U.S. agency bonds or notes	5,948,690	3/31/2027
U.S. agency bonds or notes	6,399,510	4/30/2027
U.S. agency bonds or notes	6,842,968	5/31/2027
U.S. agency bonds or notes	7,170,470	6/30/2027
U.S. agency bonds or notes	2,384,552	7/31/2027
Total	$ 70,203,273	

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, 2026, the credit quality ratings of investments are as follows:

Investment	Amortized Cost	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund Cash Management Money Market Fund	$ 100,216,146	AAm	S&P
Michigan Liquid Asset Fund MAX Class Money Market	115,888,899	AAm	S&P
U.S. agency bonds and notes	70,203,273	AA+	S&P
Total	$ 286,308,318		

Concentration of Credit Risk

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

Note 4 - Deposits and Investments (Continued)

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 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The School District has the following recurring fair value measurements as of June 30, 2026:

- U.S. federal agency securities of $70,203,273 are valued using quoted market prices (Level 1 inputs).

Note 6 - Restricted Assets

At June 30, 2026, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds and related interest	$ 275,998,795
Unspent sinking fund property taxes levied	3,208,089
Unspent debt service property taxes levied	5,835,943
Total	$ 285,042,827

Note 7 - Capital Assets

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

	Balance July 1, 2025	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2026
Capital assets not being depreciated or amortized:					
Land	$ 1,861,010	$ -	$ -	$ -	$ 1,861,010
Construction in progress	25,973,665	(9,707,950)	38,956,840	-	55,222,555
Subtotal	27,834,675	(9,707,950)	38,956,840	-	57,083,565
Capital assets being depreciated or amortized:					
Buildings and improvements	404,736,902	10,730,976	17,715,002	-	433,182,880
Furniture and equipment	69,200,671	(1,023,026)	11,293,685	-	79,471,330
Lease asset - Building	530,288	-	-	-	530,288
Lease assets - Equipment	527,110	-	-	-	527,110
Subtotal	474,994,971	9,707,950	29,008,687	-	513,711,608
Accumulated depreciation and amortization:					
Buildings and improvements	183,857,344	-	10,594,475	-	194,451,819
Furniture and equipment	49,053,796	-	3,044,468	-	52,098,264
Lease asset - Building	398,871	-	98,564	-	497,435
Lease assets - Equipment	230,611	-	131,778	-	362,389
Subtotal	233,540,622	-	13,869,285	-	247,409,907
Net capital assets being depreciated and amortized	241,454,349	9,707,950	15,139,402	-	266,301,701
Net governmental activities capital assets	$ 269,289,024	$ -	$ 54,096,242	$ -	$ 323,385,266

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

Governmental activities:	
Instruction	$ 8,202,482
Support services	5,306,103
Community services	105,450
Food services	141,975
Athletics	113,275
Total governmental activities	$ 13,869,285

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:

	Remaining Commitment
2023 Capital Projects Fund	$ 21,115,582
Sinking Fund	986,347
Total	$ 22,101,929

Note 7 - Capital Assets (Continued)

As of June 30, 2026, the School District had certain capital assets classified as held for sale in accordance with GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Capital assets are classified as held for sale when management has committed to a plan to sell the asset and it is probable that the sale will be completed within one year of the financial statement date.

The School District's Board of Education approved the sale of an unused parcel of land that is no longer needed for educational purposes and actively marketed the property for sale during the fiscal year. Management expects the sale to be completed during fiscal year 2027. The land had a carrying value of $192,530 as of June 30, 2026. No debt was pledged or collateralized by the capital assets held for sale at June 30, 2026.

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Fund Due From			
Fund Due To	2023 Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total
General Fund	$ 246,039	$ 2,155,149	$ 429,363	$ 2,830,551
Nonmajor funds	-	-	12,546	12,546
Total	$ 246,039	$ 2,155,149	$ 441,909	$ 2,843,097

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.

Note 9 - Unearned Revenue

Governmental funds report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2026, the various components of unearned revenue were as follows:

	Governmental Funds
	Liability - Unearned
Student lunch accounts	$ 4,116
Tuition/Fees received in advance	646,972
Grant and categorical aid payment received prior to meeting all eligibility requirements	3,952,855
Total	$ 4,603,943

Note 10 - Long-term Debt

Long-term debt activity for the year ended June 30, 2026 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation bonds	$ 230,080,000	$ 200,485,000	$ (48,745,000)	$ 381,820,000	$ 19,510,000
Unamortized bond premiums	21,275,050	15,856,629	(1,878,974)	35,252,705	1,986,294
Total bonds payable	251,355,050	216,341,629	(50,623,974)	417,072,705	21,496,294
Leases	463,666	-	(243,358)	220,308	182,374
Compensated absences	8,156,977	-	(1,005,901)	7,151,076	715,000
Early retirement incentive	-	6,847,406	-	6,847,406	2,257,469
Other termination benefits	172,500	-	(7,500)	165,000	7,500
Arbitrage liability	6,989,263	914,746	-	7,904,009	-
Total governmental activities long-term debt	$ 267,137,456	$ 224,103,781	$ (51,880,733)	$ 439,360,504	$ 24,658,637

The School District had deferred outflows of $296,425, net of current year amortization of $103,572, related to deferred charges on bond refundings at June 30, 2026.

The change in the compensated absences balance is reported as the net change.

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 School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment for qualified bonds is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2026 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
$7,125,000 general obligation unqualified bond - 2018	$310,000 - $485,000	3.00% - 3.75%	May 1, 2040	$ 5,470,000
$22,630,000 general obligation qualified bond - 2019	$1,050,000 - $2,525,000	5.00%	May 1, 2034	15,475,000
$6,100,000 general obligation unqualified bond - 2020	$400,000 - $460,000	2.00%	May 1, 2035	3,870,000
$33,315,000 refunding qualified bond - 2021	$6,730,000 - $6,790,000	0.50% - 1.56%	May 1, 2028	13,520,000
$171,370,000 general obligation qualified bond - 2023	$1,925,000 - $9,500,000	2.75% - 5.00%	May 1, 2052	143,000,000
$179,470,000 general obligation qualified bond - 2026	$2,050,000 - $12,825,000	5.00%	May 1, 2055	179,470,000
$21,015,000 refunding qualified bond - 2026	$2,810,000 - $3,865,000	5.00%	May 1, 2032	21,015,000
Total governmental activities				$ 381,820,000

Note 10 - Long-term Debt (Continued)

Other Long-term Liabilities

Compensated absences, early retirement incentives, and other termination benefits attributable to governmental activities will be liquidated primarily by the General Fund.

The arbitrage liability will be liquidated primarily by the 2023 Capital Projects Fund.

Debt Service Requirements to Maturity

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

	Governmental Activities		
	Other Debt		
Years Ending June 30	Principal	Interest	Total
2027	$ 19,510,000	$ 19,198,454	$ 38,708,454
2028	19,830,000	17,694,285	37,524,285
2029	21,380,000	16,955,115	38,335,115
2030	11,360,000	15,905,165	27,265,165
2031	11,825,000	15,356,665	27,181,665
2032-2036	50,030,000	68,757,240	118,787,240
2037-2041	52,350,000	56,881,288	109,231,288
2042-2046	64,390,000	42,759,250	107,149,250
2047-2051	82,150,000	24,968,500	107,118,500
2052-2055	48,995,000	5,532,000	54,527,000
Total	$ 381,820,000	$ 284,007,962	$ 665,827,962

Current Bond Refunding

During the year, the School District issued $21,015,000 in general obligation bonds, with a premium on issuance of $1,916,144. The proceeds of these bonds (after payment of $119,719 in underwriting fees, insurance, and other issuance costs) plus an additional $3,060,000 contributed from the 2016 Debt Service Fund, were used to refund $25,575,000 from the 2016 Building and Site bonds, representing 100 percent of the remaining principal balance of those bonds. A total of $25,871,425 was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds, which were paid in full from the escrow account on the May 1, 2026 call date. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next six years by approximately $2,121,265, which represents an economic gain of approximately $1,517,557.

Note 11 - Leases

The School District leases certain assets, including the Troy Career Center building and certain equipment from various third parties with fixed monthly payments. The lease assets are included in Note 7.

Future principal and interest payment requirements related to the School District's lease liabilities at June 30, 2026 are as follows:

Years Ending	Principal	Interest	Total
2027	$ 182,374	$ 9,429	$ 191,803
2028	37,934	492	38,426
Total	$ 220,308	$ 9,921	$ 230,229

Note 12 - 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 13 - 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 supplementary information for the pension and postemployment health care plans. That report is available on the web at http://www.michigan.gov/orsschools.

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.

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 percent 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 by 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.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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, requires 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 participants 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 accounts as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

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 ranges of rates are as follows:

	Pension	OPEB
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2025 - September 30, 2026	15.21% - 26.08%	0.00% - 3.83%

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, 2026 were $38,592,217, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2026, the School District's required and actual pension contributions include an allocation of $13,805,287 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2026 were $3,050,751, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2026, the School District reported a liability of $172,171,957 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. 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, 2025 and 2024, the School District's proportion was approximately 0.86 percent.

Net OPEB Asset

At June 30, 2026, the School District reported an asset of $55,701,658 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2026 was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. The School District's proportion of the net OPEB asset 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, 2025 and 2024, the School District's proportion was approximately 0.92 and 0.85 percent, respectively, representing a change of 7.70 percent.

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

For 2026, the School District recognized pension expense of $5,145,835, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2026, 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	$ 6,668,714	$ (1,533,521)
Changes in assumptions	6,179,745	(9,099,703)
Net difference between projected and actual earnings on pension plan investments	-	(41,145,411)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	384,634	(8,945,848)
The School District's contributions to the plan subsequent to the measurement date	30,839,825	-
Total	$ 44,072,918	$ (60,724,483)

Note 13 - Michigan Public School Employees' Retirement System (Continued)

The $13,805,287 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, 2027. 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
2027	$ (5,700,617)
2028	(21,653,794)
2029	(15,664,800)
2030	(4,472,179)
Total	$ (47,491,390)

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, 2026, the School District recognized an OPEB recovery of $18,103,552.

At June 30, 2026, 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	$ -	$ (38,135,995)
Changes in assumptions	7,433,983	(590,765)
Net difference between projected and actual earnings on OPEB plan investments	-	(7,827,298)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	637,627	(1,856,959)
Employer contributions to the plan subsequent to the measurement date	2,094,455	-
Total	$ 10,166,065	$ (48,411,017)

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 increase the net OPEB asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2027	$ (10,744,644)
2028	(10,469,408)
2029	(9,838,039)
2030	(6,436,877)
2031	(2,190,944)
Thereafter	(659,495)
Total	$ (40,339,407)

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2025 are based on the results of an actuarial valuation as of September 30, 2024 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%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.50% - 7.75%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
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 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension liability and OPEB liability as of September 30, 2025 are based on the results of an actuarial valuation date of September 30, 2024 and rolled forward using generally accepted actuarial procedures, including experience study.

Significant assumption changes since the prior measurement date, September 30, 2024, for the OPEB plans include an increase in the health care cost trend rate of 0.50 percentage points for members under 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2024.

Discount Rate

The discount rate used to measure the total pension liability and OPEB liability was 6.00 percent as of September 30, 2025. 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.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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 (Pension)	Target Allocation (OPEB)	Long-term Expected Real Rate of Return
Domestic equity pools	21.00 %	16.00 %	5.80 %
Private equity pools	16.00	16.00	9.30
International equity pools	14.00	11.00	5.60
Fixed-income pools	15.00	26.00	2.50
Real estate and infrastructure pools	8.00	5.00	7.00
Absolute return pools	13.00	15.00	4.40
Real return/opportunistic pools	9.00	7.00	7.00
Short-term investment pools	4.00	4.00	1.30
Total	100.00 %	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.4 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%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	$ 271,696,844	$ 172,171,957	$ 89,280,466

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB asset 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%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	$ (47,990,503)	$ (55,701,658)	$ (62,450,590)

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB asset 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	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	$ (62,389,005)	$ (55,701,658)	$ (48,680,163)

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, 2026, the School District reported a payable of $5,901,027 and $369,526 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2026.

Note 14 - 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, 2026, the School District's property tax revenue was reduced by $472,000 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 $339,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - (Under) Over Actual Amounts
Revenue					
Local sources	$ 47,484,756	$ 48,704,090	$ 1,219,334	$ 48,323,181	$ (380,909)
State sources	123,879,792	133,367,860	9,488,068	133,896,818	528,958
Federal sources	4,617,113	4,676,822	59,709	3,925,396	(751,426)
Incoming transfer and other	14,564,324	15,404,272	839,948	13,664,385	(1,739,887)
Total revenue	190,545,985	202,153,044	11,607,059	199,809,780	(2,343,264)
Expenditures					
Current:					
Instruction:					
Basic programs	91,715,371	94,747,995	3,032,624	97,733,274	2,985,279
Added needs	30,930,228	35,030,795	4,100,567	32,533,924	(2,496,871)
Adult/Continuing education	969,620	791,262	(178,358)	584,215	(207,047)
Support services:					
Pupil	15,850,349	17,687,060	1,836,711	15,885,712	(1,801,348)
Instructional staff	10,854,009	13,610,397	2,756,388	10,931,367	(2,679,030)
General administration	2,321,066	2,274,158	(46,908)	2,374,504	100,346
School administration	10,316,176	10,485,508	169,332	10,603,206	117,698
Business	1,771,358	1,802,622	31,264	1,800,167	(2,455)
Operations and maintenance	15,811,567	16,251,052	439,485	15,824,582	(426,470)
Pupil transportation services	6,244,591	7,461,949	1,217,358	6,716,954	(744,995)
Central	3,723,546	4,319,120	595,574	4,010,161	(308,959)
Athletics and other	2,927,106	2,833,200	(93,906)	2,943,880	110,680
Community services	196,143	130,787	(65,356)	52,600	(78,187)
Debt service	650,497	215,617	(434,880)	200,825	(14,792)
Total expenditures	194,281,627	207,641,522	13,359,895	202,195,371	(5,446,151)
Excess of Expenditures Over Revenue	(3,735,642)	(5,488,478)	(1,752,836)	(2,385,591)	3,102,887
Other Financing Uses - Transfers out	(3,986)	-	3,986	-	-
Net Change in Fund Balance	(3,739,628)	(5,488,478)	(1,748,850)	(2,385,591)	3,102,887
Fund Balance - Beginning of year	33,713,795	33,713,795	-	33,713,795	-
Fund Balance - End of year	**$ 29,974,167**	**$ 28,225,317**	**$ (1,748,850)**	**$ 31,328,204**	**$ 3,102,887**

See notes to required supplementary information.

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

Last Ten Plan Years
Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School District's proportion of the net pension liability	0.85944 %	0.86448 %	0.89246 %	0.90524 %	0.89067 %	0.89690 %	0.88088 %	0.86640 %	0.86890 %	0.85150 %
School District's proportionate share of the net pension liability	$ 172,171,957	$ 211,642,114	$ 288,852,665	$ 340,447,659	$ 210,869,230	$ 308,094,061	$ 291,719,442	$ 260,469,817	$ 225,168,031	$ 212,452,257
School District's covered payroll	$ 94,105,395	$ 89,368,202	$ 86,571,618	$ 88,069,428	$ 79,799,032	$ 79,440,906	$ 78,153,384	$ 77,188,924	$ 73,207,364	$ 72,136,475
School District's proportionate share of the net pension liability as a percentage of its covered payroll	182.96 %	236.82 %	333.66 %	386.57 %	264.25 %	387.83 %	373.27 %	337.44 %	307.58 %	294.51 %
Plan fiduciary net position as a percentage of total pension liability	79.44 %	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	62.12 %	62.12 %	63.96 %	63.01 %

See notes to required supplementary information.

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

Last Ten Fiscal Years
Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 37,601,993	$ 37,490,675	$ 36,615,148	$ 41,845,623	$ 30,532,065	$ 27,148,826	$ 24,922,031	$ 23,851,102	$ 22,141,167	$ 19,127,812
Contributions in relation to the statutorily required contribution	37,601,993	37,490,675	36,615,148	41,845,623	30,532,065	27,148,826	24,922,031	23,851,102	22,141,167	19,127,812
Contribution Excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 97,218,696	$ 92,923,328	$ 88,371,160	$ 86,081,809	$ 83,641,260	$ 79,444,904	$ 79,542,529	$ 73,305,657	$ 73,147,546	$ 75,447,606
Contributions as a Percentage of Covered Payroll	38.68 %	40.35 %	41.43 %	48.61 %	36.50 %	34.17 %	31.33 %	32.54 %	30.27 %	25.35 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees' Retirement System

Last Nine Plan Years
Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.91628 %	0.85075 %	0.86911 %	0.90842 %	0.88509 %	0.89764 %	0.89492 %	0.86170 %	0.86740 %
School District's proportionate share of the net OPEB (asset) liability	$ (55,701,658)	$ (36,619,750)	$ (4,916,519)	$ 19,240,985	$ 13,509,781	$ 48,088,931	$ 64,235,041	$ 68,498,169	$ 76,809,462
School District's covered payroll	$ 94,105,395	$ 89,368,202	$ 86,571,618	$ 88,069,428	$ 79,799,032	$ 79,440,906	$ 78,153,384	$ 77,188,924	$ 73,207,364
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(59.19)%	(40.98)%	(5.68)%	21.85 %	16.93 %	60.53 %	82.19 %	88.74 %	104.92 %
Plan fiduciary net position as a percentage of total OPEB liability	164.94 %	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

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

Last Nine Fiscal Years
Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 2,322,312	$ 2,766,792	$ 7,260,066	$ 6,928,897	$ 6,816,094	$ 6,611,206	$ 6,391,719	$ 6,319,573	$ 5,503,226
Contributions in relation to the statutorily required contribution	2,322,312	2,766,792	7,260,066	6,928,897	6,816,094	6,611,206	6,391,719	6,319,573	5,503,226
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 97,218,696	$ 92,923,328	$ 88,371,160	$ 86,081,809	$ 83,641,260	$ 79,444,904	$ 79,542,529	$ 73,305,657	$ 73,147,546
Contributions as a Percentage of Covered Payroll	2.39 %	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	8.62 %	7.52 %

See notes to required supplementary information.

Budgetary Information

Significant variances between original and amended budget - The School District had a significant variance between the original and amended budget, with total budgeted revenue increasing by approximately $11.6 million, or 6.1 percent. The majority of the change related to state-sourced revenue, which increased by approximately $9.5 million. When the Board of Education adopted the original budget in June 2025, the State of Michigan had not yet passed its 2025-2026 school aid budget, which was not enacted until October 2025. The original budget assumed an increase in the foundation allowance of $200 per pupil, and the actual increase was $442 per pupil. Foundation allowance revenue, including hold harmless and Sec. 29 enrollment stabilization funding, was essentially unchanged from the original budget, as the per pupil increase was largely offset by lower pupil membership.

The increase in state-sourced revenue was primarily driven by new and expanded categorical funding in the final state budget, along with the budgeting of prior year carryover allocations. This included approximately $3.8 million of Sec. 31aa school safety and mental health funding, $1.8 million of new Sec. 27l educator compensation funding, $1.0 million of Sec. 74b Michigan Clean School Bus grant funding, $0.8 million of Sec. 31a At-Risk funding, $0.6 million of Sec. 41a bilingual education funding, and $0.5 million of Sec. 22i transportation funding. Other state categorical and payments in lieu of taxes increased by a combined $1.3 million, including Sec. 27h funding of $0.4 million and Sec. 23g MI Kids Back on Track funding of $0.3 million. MPSERS-related funding was essentially unchanged in total, as new Sec. 27l(4) MPSERS health care offset funding of $1.3 million and a $0.5 million Sec. 147a(2) prior year adjustment were offset by the elimination of Sec. 147a(1) MPSERS cost offset funding of $1.0 million and a $0.6 million reduction in Sec. 147g funding.

Significant variances between original and amended budget (expenditures) - General Fund appropriations increased by approximately $13.4 million, or 6.9 percent, from $194.3 million in the original budget to $207.6 million in the final amended budget. Approximately $12.5 million of the increase occurred in the first budget amendment, which updated the budget for the State's 2025-2026 school aid budget enacted in October 2025 and appropriated the new and expanded categorical funding provided under that budget. The final budget amendment added approximately $0.8 million. By object, the increase was driven by salaries ($4.6 million), retirement ($4.6 million), purchased services ($2.3 million), other benefits and payroll taxes ($1.8 million), and capital outlay ($1.0 million).

Added needs increased by $4.1 million (13.3 percent), primarily for Sec. 31a at-risk staffing, special education resource room staffing, and English learner programming, along with the related retirement and benefit costs. Basic programs increased by $3.0 million (3.3 percent), primarily due to $1.8 million of one-time Sec. 27l educator compensation payments funded by the State and the related payroll taxes. Instructional staff increased by $2.8 million (25.4 percent), primarily due to $1.4 million of additional professional development, curriculum, and assessment services, including Sec. 41a bilingual and Title III programming, along with related retirement costs. Pupil services increased by $1.8 million (11.6 percent), primarily due to Sec. 31aa mental health and school safety grant funding, which supported additional counseling and nursing services. Pupil transportation services increased by $1.2 million (19.5 percent), primarily due to $1.0 million of bus purchases funded by the Sec. 74b Michigan Clean School Bus grant and higher special education contracted transportation costs. Central services increased by $0.6 million (16.0 percent), primarily due to technology software licensing and professional services. These increases were partially offset by a $0.4 million reduction in debt service in the final amendment and a $0.2 million reduction in adult education consistent with lower Sec. 107 adult education funding.

Pension Information

Benefit Changes

There were no changes of benefit terms in 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:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate used in the September 30, 2022 actuarial valuation decreased by 0.80 percentage points.
- 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 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 changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2025 - The health care cost trend rate used in the September 30, 2025 actuarial valuation increased by 0.50 percentage points for members under 65.
- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional $1.8 billion in 2020.
- 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 periods from 2012 to 2017. This resulted in a 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 periods from 2012 to 2017. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

Other Supplementary Information

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2026

	Special Revenue Funds						Capital Project Funds			
	Food Service Fund	Community Service Fund	Troy Career Center Fund	Troy School District Preschool Fund	Facility Rentals Fund	Troy School and Student Activities Fund	2019 Capital Projects Fund	Capital Maintenance Fund	Sinking Fund	Total
Assets										
Cash and cash equivalents	$ 1,587,200	$ 2,355,219	$ 24,555	$ 4,309,149	$ 906	$ 2,679,285	$ -	$ 672,125	$ -	$ 11,628,439
Receivables:										
Other receivables	4,256	-	-	21,509	-	647	-	-	-	26,412
Due from other governments	532,814	-	464,299	626,929	-	-	-	-	-	1,624,042
Due from other funds	-	-	-	-	12,546	-	-	-	-	12,546
Inventory	72,396	-	-	-	-	-	-	-	-	72,396
Prepaid expenses	7,300	-	9,524	-	-	-	-	-	-	16,824
Restricted assets	-	-	-	-	-	-	2,664	-	3,208,089	3,210,753
Total assets	**$ 2,203,966**	**$ 2,355,219**	**$ 498,378**	**$ 4,957,587**	**$ 13,452**	**$ 2,679,932**	**$ 2,664**	**$ 672,125**	**$ 3,208,089**	**$ 16,591,412**
Liabilities										
Accounts payable	$ 96,036	$ 15,832	$ 14,689	$ -	$ -	$ 35,514	$ -	$ -	$ 35,691	$ 197,762
Due to other funds	-	-	441,909	-	-	-	-	-	-	441,909
Unearned revenue	4,116	122,125	-	1,706,569	-	-	-	-	-	1,832,810
Total liabilities	100,152	137,957	456,598	1,706,569	-	35,514	-	-	35,691	2,472,481
Fund Balances										
Nonspendable:										
Inventory	72,396	-	-	-	-	-	-	-	-	72,396
Prepaids	7,300	-	9,524	-	-	-	-	-	-	16,824
Restricted:										
Capital projects	-	-	-	-	-	-	2,664	-	3,172,398	3,175,062
Food service	2,024,118	-	-	-	-	-	-	-	-	2,024,118
Committed:										
Community service	-	2,217,262	32,256	3,251,018	13,452	-	-	-	-	5,513,988
Student activities	-	-	-	-	-	2,644,418	-	-	-	2,644,418
Assigned - Capital maintenance	-	-	-	-	-	-	-	672,125	-	672,125
Total fund balances	2,103,814	2,217,262	41,780	3,251,018	13,452	2,644,418	2,664	672,125	3,172,398	14,118,931
Total liabilities and fund balances	**$ 2,203,966**	**$ 2,355,219**	**$ 498,378**	**$ 4,957,587**	**$ 13,452**	**$ 2,679,932**	**$ 2,664**	**$ 672,125**	**$ 3,208,089**	**$ 16,591,412**

Troy School District

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

Year Ended June 30, 2026

	Special Revenue Funds						Debt Service Funds	Capital Project Funds			
	Food Service Fund	Community Service Fund	Troy Career Center Fund	Troy School District Preschool Fund	Facility Rentals Fund	Troy School and Student Activities Fund	Formerly Nonmajor - Debt Service Funds	2019 Capital Projects Fund	Capital Maintenance Fund	Sinking Fund	Total
Revenue											
Local sources	$ 372,153	$ 2,290,234	$ -	$ 1,440,112	$ 37,737	$ 3,732,346	$ -	$ 41,347	$ -	$ 5,691,458	$ 13,605,387
State sources	4,509,840	-	929,252	3,033,760	-	-	-	-	-	-	8,472,852
Federal sources	1,983,374	-	1,904,093	-	-	-	-	-	-	-	3,887,467
Total revenue	6,865,367	2,290,234	2,833,345	4,473,872	37,737	3,732,346	-	41,347	-	5,691,458	25,965,706
Expenditures											
Current:											
Instruction	-	418	-	2,796,165	-	-	-	-	-	-	2,796,583
Support services	-	-	140,588	761,799	-	3,685,557	-	-	-	530	4,588,474
Food services	6,322,138	-	-	-	-	-	-	-	-	-	6,322,138
Community services	-	2,106,246	2,507,752	272,928	24,285	-	-	-	-	-	4,911,211
Debt service:											
Principal	-	-	109,218	30,000	-	-	-	-	-	621,000	760,218
Interest	-	-	4,151	19,297	-	-	-	-	-	250,348	273,796
Other debt costs	-	-	-	500	-	-	-	-	-	-	500
Capital outlay	1,122,519	-	29,856	27,114	-	-	-	1,074,766	-	2,526,399	4,780,654
Total expenditures	7,444,657	2,106,664	2,791,565	3,907,803	24,285	3,685,557	-	1,074,766	-	3,398,277	24,433,574
Net Change in Fund Balances	(579,290)	183,570	41,780	566,069	13,452	46,789	-	(1,033,419)	-	2,293,181	1,532,132
Fund Balances - Beginning of year, as previously reported	2,683,104	2,033,692	-	2,684,949	-	2,597,629	3,978,726	1,036,083	672,125	879,217	16,565,525
Change in Reporting Entity	-	-	-	-	-	-	(3,978,726)	-	-	-	(3,978,726)
Fund Balances - Beginning of year, as adjusted	2,683,104	2,033,692	-	2,684,949	-	2,597,629	-	1,036,083	672,125	879,217	12,586,799
Fund Balances - End of year	**$ 2,103,814**	**$ 2,217,262**	**$ 41,780**	**$ 3,251,018**	**$ 13,452**	**$ 2,644,418**	**$ -**	**$ 2,664**	**$ 672,125**	**$ 3,172,398**	**$ 14,118,931**

Year Ended June 30	2018 Debt Fund		2019 Debt Fund		2020 Debt Fund		2021 Refunding Series B Debt Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2027	$ 310,000	$ 183,965	$ 1,050,000	$ 773,750	$ 400,000	$ 77,400	$ 6,730,000	$ 197,046
2028	320,000	174,665	1,100,000	721,250	405,000	69,400	6,790,000	105,720
2029	330,000	165,065	1,900,000	666,250	415,000	61,300	-	-
2030	345,000	155,165	2,000,000	571,250	420,000	53,000	-	-
2031	355,000	144,815	2,100,000	471,250	430,000	44,600	-	-
2032	370,000	133,810	2,300,000	366,250	440,000	36,000	-	-
2033	380,000	121,970	2,500,000	251,250	445,000	27,200	-	-
2034	395,000	109,810	2,525,000	126,250	455,000	18,300	-	-
2035	410,000	96,775	-	-	460,000	9,200	-	-
2036	420,000	82,425	-	-	-	-	-	-
2037	435,000	67,725	-	-	-	-	-	-
2038	450,000	52,500	-	-	-	-	-	-
2039	465,000	35,625	-	-	-	-	-	-
2040	485,000	18,188	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-
2053	-	-	-	-	-	-	-	-
2054	-	-	-	-	-	-	-	-
2055	-	-	-	-	-	-	-	-
Total remaining payments	**$ 5,470,000**	**$ 1,542,503**	**$ 15,475,000**	**$ 3,947,500**	**$ 3,870,000**	**$ 396,400**	**$ 13,520,000**	**$ 302,766**
Principal payments due	May		May		May		May	
Interest payments due	May and November		May and November		May and November		May and November	
Interest rate	3.00% - 3.75%		5.00%		2.00%		0.50% - 1.56%	
Original issue	$ 7,125,000		$ 22,630,000		$ 6,100,000		$ 33,315,000	

Other Supplementary Information
Schedule of Bonded Indebtedness

June 30, 2026

Year Ended June 30	2023 Debt Fund Principal	2023 Debt Fund Interest	2026 Debt Fund Principal	2026 Debt Fund Interest	2026 Refunding Debt Fund Principal	2026 Refunding Debt Fund Interest	Total
2027	$ 1,925,000	$ 7,106,688	$ 6,285,000	$ 9,721,292	$ 2,810,000	$ 1,138,313	$ 38,708,454
2028	2,025,000	7,053,750	6,285,000	8,659,250	2,905,000	910,250	37,524,285
2029	2,175,000	6,952,500	12,825,000	8,345,000	3,735,000	765,000	38,335,115
2030	2,725,000	6,843,750	2,050,000	7,703,750	3,820,000	578,250	27,265,165
2031	2,900,000	6,707,500	2,160,000	7,601,250	3,880,000	387,250	27,181,665
2032	3,050,000	6,562,500	2,310,000	7,493,250	3,865,000	193,250	27,120,060
2033	3,900,000	6,410,000	2,445,000	7,377,750	-	-	23,858,170
2034	4,075,000	6,215,000	2,670,000	7,255,500	-	-	23,844,860
2035	4,300,000	6,011,250	3,615,000	7,122,000	-	-	22,024,225
2036	4,500,000	5,796,250	4,200,000	6,941,250	-	-	21,939,925
2037	4,725,000	5,571,250	4,410,000	6,731,250	-	-	21,940,225
2038	4,975,000	5,335,000	4,630,000	6,510,750	-	-	21,953,250
2039	5,225,000	5,086,250	4,860,000	6,279,250	-	-	21,951,125
2040	5,475,000	4,825,000	5,105,000	6,036,250	-	-	21,944,438
2041	5,750,000	4,551,250	5,360,000	5,781,000	-	-	21,442,250
2042	6,025,000	4,263,750	5,625,000	5,513,000	-	-	21,426,750
2043	6,325,000	3,962,500	5,905,000	5,231,750	-	-	21,424,250
2044	6,650,000	3,646,250	6,205,000	4,936,500	-	-	21,437,750
2045	6,975,000	3,313,750	6,515,000	4,626,250	-	-	21,430,000
2046	7,325,000	2,965,000	6,840,000	4,300,500	-	-	21,430,500
2047	7,700,000	2,598,750	7,180,000	3,958,500	-	-	21,437,250
2048	8,075,000	2,213,750	7,540,000	3,599,500	-	-	21,428,250
2049	8,475,000	1,810,000	7,915,000	3,222,500	-	-	21,422,500
2050	8,900,000	1,386,250	8,310,000	2,826,750	-	-	21,423,000
2051	9,325,000	941,250	8,730,000	2,411,250	-	-	21,407,500
2052	9,500,000	475,000	9,165,000	1,974,750	-	-	21,114,750
2053	-	-	9,620,000	1,516,500	-	-	11,136,500
2054	-	-	10,105,000	1,035,500	-	-	11,140,500
2055	-	-	10,605,000	530,250	-	-	11,135,250
Total remaining payments	**$ 143,000,000**	**$ 118,604,188**	**$ 179,470,000**	**$ 155,242,292**	**$ 21,015,000**	**$ 3,972,313**	**$ 665,827,962**
Principal payments due	May		May		May		
Interest payments due	May and November		May and November		May and November		
Interest rate	2.75% - 5.00%		5.00%		5.00%		
Original issue	$ 171,370,000		$ 179,470,000		$ 21,015,000		

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds - Special Revenue Funds
Year Ended June 30, 2026

	Food Service Fund		Community Service Fund		Troy Career Center Fund		Troy School District Preschool Fund		Troy School and Student Activities Fund	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenue										
Local sources	$ 324,450	$ 372,153	$ 2,285,912	$ 2,290,234	$ -	$ -	$ 1,256,765	$ 1,440,112	$ 3,400,000	$ 3,732,346
State sources	5,140,699	4,509,840	4,500	-	946,840	929,252	4,744,540	3,033,760	-	-
Federal sources	2,218,476	1,983,374	-	-	2,170,271	1,904,093	-	-	-	-
Interdistrict sources	718	-	-	-	-	-	-	-	-	-
Total revenue	7,684,343	6,865,367	2,290,412	2,290,234	3,117,111	2,833,345	6,001,305	4,473,872	3,400,000	3,732,346
Expenditures										
Current:										
Instruction	-	-	-	418	-	-	3,862,508	2,796,165	-	-
Support services	-	-	-	-	-	140,588	1,150,659	761,799	3,400,000	3,685,557
Food services	8,829,243	6,322,138	-	-	-	-	-	-	-	-
Community services	-	-	2,555,806	2,106,246	2,933,452	2,507,752	270,503	272,928	-	-
Debt service	-	-	-	-	113,659	113,369	49,796	49,797	-	-
Capital outlay	-	1,122,519	-	-	70,000	29,856	-	27,114	-	-
Total expenditures	8,829,243	7,444,657	2,555,806	2,106,664	3,117,111	2,791,565	5,333,466	3,907,803	3,400,000	3,685,557
Excess of Revenue (Under) Over Expenditures	(1,144,900)	(579,290)	(265,394)	183,570	-	41,780	667,839	566,069	-	46,789
Other Financing Sources (Uses)										
Transfers out	-	-	(800,000)	-	-	-	(1,200,000)	-	-	-
Total other financing sources (uses)	-	-	(800,000)	-	-	-	(1,200,000)	-	-	-
Net Change in Fund Balances	(1,144,900)	(579,290)	(1,065,394)	183,570	-	41,780	(532,161)	566,069	-	46,789
Fund Balances - Beginning of year	2,683,104	2,683,104	2,033,692	2,033,692	-	-	2,684,949	2,684,949	2,597,629	2,597,629
Fund Balances - End of year	**$ 1,538,204**	**$ 2,103,814**	**$ 968,298**	**$ 2,217,262**	**$ -**	**$ 41,780**	**$ 2,152,788**	**$ 3,251,018**	**$ 2,597,629**	**$ 2,644,418**

*The Facility Rentals Fund, a new nonmajor special revenue fund created in 2026, did not have a formal budget resolution for 2026.

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

Year Ended June 30, 2026

	2023 Capital Projects Fund		2019 Capital Projects Fund		Capital Maintenance Fund		Sinking Fund	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenue - Local sources	$ 3,916,447	$ 5,185,523	$ 43,917	$ 41,347	$ -	$ -	$ 5,339,034	$ 5,691,458
Expenditures								
Instructional Services	2,567,704	-	-	-	-	-	-	-
Support Services	4,345,490	201,835	-	-	-	-	-	530
Capital outlay	62,616,252	62,738,521	1,080,000	1,074,766	-	-	3,529,187	2,526,399
Debt service	-	-	-	-	-	-	871,349	871,348
Total expenditures	69,529,446	62,940,356	1,080,000	1,074,766	-	-	4,400,536	3,398,277
Excess of Revenue (Under) Over Expenditures	(65,612,999)	(57,754,833)	(1,036,083)	(1,033,419)	-	-	938,498	2,293,181
Net Change in Fund Balances	(65,612,999)	(57,754,833)	(1,036,083)	(1,033,419)	-	-	938,498	2,293,181
Fund Balances - Beginning of year	127,362,799	127,362,799	1,036,083	1,036,083	672,125	672,125	879,217	879,217
Fund Balances - End of year	**$ 61,749,800**	**$ 69,607,966**	**$ -**	**$ 2,664**	**$ 672,125**	**$ 672,125**	**$ 1,817,715**	**$ 3,172,398**

* The 2023 Capital Projects Funds is considered a major fund. The 2026 Capital Projects Fund, newly created in 2026, did not have a formal budget resolution and had no expenditures in 2026 other than debt issuance costs for the voter-approved bonds.

Statistical Section

Statistical Section

This part of the annual comprehensive 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 School District's financial activities take place.

Operating information

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

	As of June 30,			
	2017	2018	2019	2020
Governmental Activities:				
Net investment in capital assets	$ 52,187,495	$ 64,080,214	$ 68,823,977	$ 76,314,228
Restricted	2,806,234	1,701,818	1,999,716	2,418,462
Unrestricted	(238,084,097)	(245,531,896)	(252,731,885)	(274,892,344)
Total net position	**$ (183,090,368)**	**$ (179,749,864)**	**$ (181,908,192)**	**$ (196,159,654)**

Source: Troy School District audited financial reports

Net Position by Component

Last Ten Fiscal Years
June 30, 2026

As of June 30,					
2021	2022	2023	2024	2025	2026
$ 82,174,848	$ 82,106,682	$ 92,427,309	$ 106,575,930	$ 125,135,054	$ 142,784,189
805,107	6,299,942	8,787,783	19,636,540	56,362,342	80,690,222
(284,037,913)	(266,630,339)	(263,687,169)	(242,917,050)	(236,237,175)	(214,868,984)
$ (201,057,958)	**$ (178,223,715)**	**$ (162,472,077)**	**$ (116,704,580)**	**$ (54,739,779)**	**$ 8,605,427**

	For the year ended June 30,			
	2017	2018	2019	2020
Expenses				
Governmental activities:				
Instruction	$ 101,201,673	$ 110,991,618	$ 111,616,317	$ 126,101,286
Support services	58,358,918	58,770,663	61,412,099	67,789,772
Athletics	1,758,020	1,843,331	1,931,128	2,215,582
Food services	3,993,896	3,928,310	3,905,867	3,000,067
Community services	2,715,707	3,483,990	3,888,821	4,375,699
Interest on long-term debt	4,469,693	5,069,657	4,591,605	5,026,646
Other	-	-	-	115,825
Total governmental activities	172,497,907	184,087,569	187,345,837	208,624,877
Program revenue				
Charges for services:				
Instruction	462,953	568,971	603,071	465,827
Support services	111,728	113,563	116,643	-
Athletics	622,554	639,532	636,656	155,470
Food services	2,392,223	2,382,497	2,273,020	1,667,850
Community services	3,909,779	4,087,294	4,223,836	3,633,369
Operating grants and contributions	30,632,594	34,244,702	35,392,379	36,975,323
Total program revenue	38,131,831	42,036,559	43,245,605	42,897,839
Net (expense) revenue	(134,366,076)	(142,051,010)	(144,100,232)	(165,727,038)
General Revenue				
Property taxes	53,098,343	54,637,309	57,266,919	59,108,800
State aid not restricted to specific purposes	79,978,729	81,468,745	82,083,583	82,536,248
Federal sources - unrestricted	-	-	-	29,868
Investment earnings	221,146	460,082	851,252	929,117
Gain/loss on sale of capital assets	1,200	8,352,188	212,049	2,278,502
Student Activities/Other	1,171,586	473,190	1,528,100	4,621,697
Total general revenue	134,471,004	145,391,514	141,941,903	149,504,232
Change in Net Position	**$ 104,928**	**$ 3,340,504**	**$ (2,158,329)**	**$ (16,222,806)**

Source: Troy School District audited financial reports

Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2026

	For the year ended June 30,					
	2021	2022	2023	2024	2025	2026
	$ 120,915,752	$ 102,842,242	$ 123,107,488	$ 121,913,991	$ 107,575,936	$ 109,889,877
	67,702,339	67,319,848	69,275,079	73,052,121	67,108,862	66,791,098
	1,700,708	2,222,512	2,361,149	2,523,754	2,463,706	2,228,839
	2,416,697	4,355,229	4,175,797	6,085,533	6,554,386	6,444,439
	6,324,376	7,238,912	4,687,389	4,674,327	4,643,839	4,505,290
	4,533,849	3,036,029	4,392,161	13,816,434	11,956,905	10,322,409
	281,108	3,151	836,634	2,625	2,800	1,116,186
	203,874,829	187,017,923	208,835,697	222,068,785	200,306,434	201,298,138
	436,849	426,467	474,025	498,259	475,704	524,823
	-	-	-	-	-	-
	319,969	626,913	658,905	656,112	805,174	750,402
	35,261	72,956	2,390,639	455,524	361,676	391,382
	1,010,456	3,732,076	4,540,948	4,304,449	4,119,749	3,730,346
	52,855,894	60,219,352	60,617,779	79,485,003	76,046,945	73,556,303
	54,658,429	65,077,764	68,682,296	85,399,347	81,809,248	78,953,256
	(149,216,400)	(121,940,159)	(140,153,401)	(136,669,438)	(118,497,186)	(122,344,882)
	60,806,414	57,518,838	61,365,284	75,937,488	80,325,755	84,095,689
	81,687,900	82,313,714	86,465,321	89,468,641	85,745,593	87,914,541
	23,088	47,907	41,954	63,966	87,600	123,169
	97,442	112,766	4,143,480	12,502,005	9,242,345	8,590,705
	(708,156)	1,122,207	(305,026)	100,755	-	-
	2,411,408	3,658,970	4,194,026	4,364,080	5,060,694	4,965,984
	144,318,096	144,774,402	155,905,039	182,436,935	180,461,987	185,690,088
	$ (4,898,304)	**$ 22,834,243**	**$ 15,751,638**	**$ 45,767,497**	**$ 61,964,801**	**$ 63,345,206**

	As of June 30,			
	2017	2018	2019	2020
General Fund:				
Nonspendable	489,092	455,901	782,875	622,620
Assigned	-	-	-	9,971,143
Unassigned	23,716,299	24,789,571	24,623,618	15,415,947
Total general fund	**$ 24,205,391**	**$ 25,245,472**	**$ 25,406,493**	**$ 26,009,710**
All other governmental funds:				
Nonspendable	34,918	41,549	36,024	64,194
Restricted	41,786,386	39,840,906	41,849,992	34,628,627
Committed	1,090,947	1,198,112	841,222	2,676,305
Assigned	2,174,557	686,469	967,974	682,939
Unassigned	-	-	-	-
Total all other governmental funds	45,086,808	41,767,036	43,695,212	38,052,065
Total of all governmental funds	**$ 69,292,199**	**$ 67,012,508**	**$ 69,101,705**	**$ 64,061,775**

Source: Troy School District audited financial reports

Fund Balances, Governmental Funds

Last Ten Fiscal Years
June 30, 2026

As of June 30,					
2021	2022	2023	2024	2025	2026
219,859	883,006	585,726	232,103	255,153	1,102,418
706,368	3,361,479	-	3,940,833	3,739,629	2,286,579
31,807,875	28,736,352	32,034,595	32,601,591	29,719,013	27,939,207
$ 32,734,102	**$ 32,980,837**	**$ 32,620,321**	**$ 36,774,527**	**$ 33,713,795**	**$ 31,328,204**
38,824	49,978	62,873	56,676	102,275	89,220
21,548,642	13,096,116	197,676,719	185,157,738	135,847,022	272,547,356
2,842,274	3,855,030	6,656,424	6,832,510	7,316,270	8,158,406
680,536	672,125	672,125	672,125	672,125	672,125
-	-	-	-	(9,368)	-
25,110,276	17,673,249	205,068,141	192,719,049	143,928,324	281,467,107
$ 57,844,378	**$ 50,654,086**	**$ 237,688,462**	**$ 229,493,576**	**$ 177,642,119**	**$ 312,795,311**

Troy School District

	For the year ended June 30,			
	2017	2018	2019	2020
Revenue				
Local revenue	$ 61,515,660	$ 63,195,894	$ 67,185,641	$ 70,582,130
State revenue	97,409,955	102,218,608	102,991,529	104,617,684
Federal revenue	5,834,392	6,111,461	6,993,508	6,775,053
Interdistrict revenue	7,610,128	7,537,593	7,817,110	8,485,720
Total revenue	172,370,135	179,063,556	184,987,788	190,460,587
Expenditures				
Current:				
Instruction	99,214,158	104,214,738	105,006,674	108,084,602
Support services	44,755,225	47,337,756	49,348,852	51,059,745
Athletics	1,758,020	1,843,331	1,931,128	1,865,512
Food services	3,553,109	3,502,376	3,681,063	2,929,564
Community services	2,672,036	3,329,338	3,539,897	3,925,250
Other	14,656,965	17,761,742	-	-
Debt service:				
Principal	11,310,000	13,105,000	10,565,000	12,235,000
Interest	4,430,246	5,665,142	5,054,648	5,736,725
Other	144,555	64,012	212,698	115,825
Capital Outlay	619,824	-	31,063,786	20,966,707
Total expenditures	183,114,138	196,823,435	210,403,746	206,918,930
Excess of Revenue (Under) Over Expenditures	(10,744,003)	(17,759,879)	(25,415,958)	(16,458,343)
Other Financing Sources (Uses)				
Leases entered into	-	-	-	-
Debt issuance	40,000,000	7,125,000	22,630,000	6,100,000
Debt premium or discount	-	-	4,453,291	117,488
Proceeds from sale of capital assets	232,700	8,352,188	424,864	3,229,580
Transfers in	802,379	5,472,872	943,902	748,351
Transfers out	(802,379)	(5,472,872)	(943,902)	(748,351)
Debt defeasance	-	-	-	-
Total other financing sources (uses)	40,232,700	15,477,188	27,508,155	9,447,068
Net change in fund balances	29,488,697	(2,282,691)	2,092,197	(7,011,275)
Fund Balances - Beginning of year	39,803,502	69,292,199	67,009,508	71,073,050
Fund Balances - End of year	**$ 69,292,199**	**$ 67,009,508**	**$ 69,101,705**	**$ 64,061,775**
Debt service as a percentage of noncapital expenditures	9.60%	10.08%	8.09%	9.97%

Source: Troy School District audited financial reports

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
June 30, 2026

For the year ended June 30,					
2021	2022	2023	2024	2025	2026
$ 65,117,799	$ 66,148,986	$ 77,767,307	$ 98,717,917	$ 100,391,097	$ 103,049,331
110,743,625	113,606,709	129,932,089	136,583,025	134,479,405	142,510,912
15,532,995	21,112,713	16,849,413	12,574,899	8,650,528	7,812,863
10,098,231	10,126,058	11,082,213	12,319,670	13,039,991	13,664,385
201,492,650	210,994,466	235,631,022	260,195,511	256,561,021	267,037,491
110,296,670	115,847,916	127,082,439	127,256,676	127,248,872	133,528,987
51,263,342	58,900,439	64,776,167	66,750,475	70,116,421	71,168,626
1,593,596	2,188,989	2,381,909	2,580,048	2,664,534	2,924,174
2,355,746	4,293,308	4,114,838	6,032,043	6,457,869	6,322,138
3,400,743	4,339,915	4,772,649	4,814,471	5,243,340	4,963,811
-	-	-	-	-	-
12,850,000	14,115,000	15,965,000	19,505,606	22,193,128	23,279,218
5,517,016	3,801,552	3,424,055	12,543,260	10,754,582	9,625,137
281,108	3,151	836,634	2,625	2,800	1,116,186
19,015,185	16,624,808	15,590,049	29,533,058	63,730,932	69,426,226
206,573,406	220,115,078	238,943,740	269,018,262	308,412,478	322,354,503
(5,080,756)	(9,120,612)	(3,312,718)	(8,822,751)	(51,851,457)	(55,317,012)
-	492,818	-	527,110	-	-
40,425,000	-	171,370,000			200,485,000
-	-	18,977,094			15,856,629
9,401	1,437,502	-	100,755	-	-
1,847,391	1,208,411	-			-
(1,847,391)	(1,208,411)	-			-
(41,571,042)	-	-	-	-	(25,871,425)
(1,136,641)	1,930,320	190,347,094	627,865	-	190,470,204
(6,217,397)	(7,190,292)	187,034,376	(8,194,886)	(51,851,457)	135,153,192
64,061,775	57,844,378	50,654,086	237,688,462	229,493,576	177,642,119
$ 57,844,378	**$ 50,654,086**	**$ 237,688,462**	**$ 229,493,576**	**$ 177,642,119**	**$ 312,795,311**
9.86%	8.61%	8.83%	12.57%	10.68%	12.93%

Taxable Value and Estimated Actual Value of Taxable Property

June 30, 2026

		Taxable Value by Property Type								
		Real Property								
Tax Year	Fiscal year	Residential	Commercial	Industrial	Agricultural & other	Personal property	Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
2016	2017	2,343,454,337	748,668,967	195,013,921	-	343,574,846	3,630,712,071	28.2114	7,261,424,142	50.00%
2017	2018	2,417,387,678	772,288,628	201,166,390	-	354,414,244	3,745,256,940	28.3320	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	28.3242	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	27.9694	8,184,346,700	50.00%
2020	2021	2,844,690,690	858,127,640	231,241,050	-	302,226,740	4,236,286,120	27.7576	8,472,572,240	50.00%
2021	2022	2,940,233,950	861,405,040	237,085,580	-	287,180,690	4,329,890,930	26.4658	8,659,781,860	50.00%
2022	2023	3,099,545,240	979,250,150	255,866,910	-	289,273,640	4,627,921,610	26.1344	9,255,843,220	50.00%
2023	2024	4,113,587,760	1,305,736,060	411,040,030		364,598,800	5,013,961,530	27.8415	10,027,923,060	50.00%
2024	2025	4,422,115,610	1,372,140,290	445,619,610		367,090,833	5,350,643,690	27.7900	10,701,287,380	50.00%
2025	2026	4,663,110,810	1,439,219,190	473,864,480		383,696,960	5,631,607,860	27.6336	11,263,215,720	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

Direct and Overlapping Property Tax Rates

June 30, 2026

	Millage rates - direct school district taxes						Overlapping taxes							
	Operating				Total Direct Taxes									
Tax Year	Homestead	Non-homestead	Debt*	Sinking Fund*	Homestead	Non-homestead	County	Community college	Intermediate school district	State Education	City of Troy	Zoo	Art	SMART**
2016	5.6320	17.8794	4.7000	-	10.3320	22.5794	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	0.0980	0.1961	-
2018	5.2320	18.0000	4.1000	0.9922	10.3242	23.0922	4.0400	1.5431	3.2813	6.0000	10.2964	0.0982	0.1945	-
2019	4.8836	18.0000	4.1000	0.9858	9.9694	23.0858	4.0400	1.5303	3.2539	6.0000	10.2437	0.0973	0.1929	-
2020	4.6750	18.0000	4.1000	0.9826	9.7576	23.0826	4.0200	1.5184	3.2280	6.0000	9.9991	0.0965	0.1913	-
2021	3.3878	18.0000	4.1000	0.9780	8.4658	23.0780	4.0132	1.5057	3.2012	6.0000	10.0154	0.0956	0.1897	-
2022	3.0693	18.0000	4.1000	0.9651	8.1344	23.0651	3.9686	1.4891	3.1658	6.0000	9.8966	0.0945	0.1945	-
2023	2.7764	18.0000	6.1000	0.9651	9.8415	25.0651	3.9686	1.4891	3.1658	6.0000	9.8966	0.0945	0.1945	-
2024	2.7294	18.0000	6.1000	0.9606	9.7900	25.0606	5.5503	1.4836	3.1541	6.0000	9.8640	0.0941	0.1937	-
2025	2.5796	18.0000	6.1000	0.9540	9.6336	25.0540	5.5169	1.4747	3.1349	6.0000	9.7919	0.0935	0.1925	-

* 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, 2026

	Taxpayer	2025 Taxable Value	% of total	2016 Rank	Taxpayer	2016 Taxable Value	% of total
1	Somerset Collections	$ 69,196,660	0.99%	*	Frankel Forbes Cohen	$ 52,530,410	1.46%
2	DTE Electric Co.	53,815,330	0.77%	2	Detroit Edison	36,502,710	1.01%
3	Lithia Real Estate Inc	43,330,690	0.62%	*	Troy APTS I - IV LLC	28,654,450	0.80%
4	Troy Apts I-IV LLC	36,657,520	0.53%	3	Urbancal	23,302,960	0.65%
5	Zen Troy LLC	33,314,920	0.48%	*	CC Troy ASSOC	20,406,560	0.57%
6	Midtown Place Troy LLC	30,990,680	0.48%	*	Osprey Troy Officentre LLC	20,342,940	0.56%
7	Consumers Energy	24,634,130	0.45%	*	Kelly Services	19,210,410	0.53%
8	Pentrecentre LLC	24,228,500	0.35%		Macy's	16,142,270	0.45%
9	LREH Michigan LLC	23,834,540	0.35%	*	755 Tower Assoc	14,313,840	0.40%
10	Wilshire Plaza MI Realty	19,668,580	0.34%	*	Delphi	13,457,190	0.37%
	Total	$ 359,671,550	5.37%			$ 244,863,740	6.80%
	Taxable Value	$ 6,959,891,440				$ 3,603,511,590	

* Data not available

Source: City of Troy- Assessing Deparment

Property Tax Levies and Collections

Last Ten Fiscal Years
June 30, 2026

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
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%
2020	2021	60,779,142	59,706,892	98.24%	857,619	60,564,511	99.65%
2021	2022	57,806,243	56,864,080	98.37%	654,758	57,518,838	99.50%
2022	2023	61,388,795	60,092,817	97.89%	1,099,008	61,191,825	99.68%
2023	2024	76,169,213	73,660,971	96.71%	2,311,543	75,972,515	99.74%
2024	2025	80,953,671	78,491,305	96.96%	2,460,842	80,952,147	100.00%
2025	2026	82,313,461	80,067,422	97.27%	2,247,292	82,314,714	100.00%

(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

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
June 30, 2026

Fiscal Year	Tax-limited General obligation bonds (LTGO)	Less: pledged debt service funds	Other general obligation debt	Lease Liability	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
2017	140,615,000	2,643,654	10,353,730	201,979	148,325,076	3,630,712,070	4.09%	84,187	1,762	36.96
2018	134,635,000	1,535,463	9,723,801	243,881	142,823,338	3,745,256,940	3.81%	84,111	1,698	Not available
2019	146,700,000	2,392,659	13,352,886	258,403	157,660,227	3,903,455,940	4.04%	84,092	1,875	Not available
2020	140,565,000	1,591,710	12,429,510	250,251	151,402,800	4,325,905,260	3.50%	87,076	1,739	Not available
2021	130,280,000	343,339	7,678,963	211,916	137,615,624	4,623,935,940	2.98%	87,592	1,571	Not available
2022	116,165,000	1,470,298	6,970,845	422,874	121,665,547	5,378,572,670	2.26%	87,201	1,395	Not available
2023	271,570,000	2,430,698	25,179,340	333,527	294,318,642	5,754,238,160	5.11%	87,830	3,351	Not available
2024	252,170,000	2,625,343	23,229,081	763,090	272,773,738	6,194,962,650	4.40%	88,051	3,098	Not available
2025	230,080,000	3,978,726	21,275,050	463,666	247,376,324	6,606,965,990	3.74%	89,209	2,773	Not available
2026	381,820,000	3,735,328	31,590,176	220,308	409,895,156	6,959,891,440	5.89%	88,733	4,619	Not available

Source: City of Troy and Troy School District

Troy School District

Direct and Overlapping Governmental Activities Debt

June 30, 2026

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Troy	$ 10,073,323	80.98%	$ 8,157,377
Oakland County	119,765,128	6.66%	7,976,358
Oakland ISD	36,680,000	6.69%	2,453,892
Total overlapping debt			18,587,627
Direct district debt			378,084,672
Total direct and overlapping debt			$ 396,672,299

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

	As of June 30,			
	2017	2018	2019	2020
Calculation of debt limit				
Taxable assessed value (TAV)	$ 3,630,712,070	$ 3,745,256,940	$ 3,903,455,940	$ 4,092,173,350
15% of taxable assessed value (TAV)	544,606,811	561,788,541	585,518,391	613,826,003
Calculation of debt subject to limit				
Debt Subject to Limit	140,615,000	134,635,000	144,307,341	138,973,290
Less debt not subject to limit:				
State qualified debt issuance	140,615,000	127,510,000	137,182,341	125,748,290
Net debt subject to limit	-	7,125,000	7,125,000	13,225,000
Legal debt margin	$ 544,606,811	$ 554,663,541	$ 578,393,391	$ 600,601,003
Net debt subject to limit as a percentage of debt limit	0.00%	1.27%	1.22%	2.15%

Legal Debt Margin

June 30, 2026

As of June 30,					
2021	2022	2023	2024	2025	2026
$ 4,233,432,812	$ 4,325,905,260	$ 4,623,935,940	$ 6,194,962,650	$ 6,606,966,343	$ 6,959,891,440
635,014,922	648,885,789	693,590,391	929,244,398	991,044,951	1,043,983,716
129,936,661	114,694,702	269,139,302	249,544,657	226,101,274	$ 381,820,000
117,316,661	102,694,702	257,779,302	238,839,657	220,050,000	372,480,000
12,620,000	12,000,000	11,360,000	10,705,000	6,051,274	9,340,000
$ 622,394,922	$ 636,885,789	$ 682,230,391	$ 918,539,398	$ 984,993,677	$ 1,034,643,716
1.99%	1.85%	1.64%	1.15%	0.61%	0.90%

Demographic and Economic Statistics

June 30, 2026

Fiscal year	Population	Total Personal Income (in thousands)	City of Troy Per Capita Personal Income	City of Troy Unemployment Rate*
2017	84,187	4,013,037	43,640	2.90%
2018	84,111	Not available	45,888	2.80%
2019	84,092	Not available	47,871	2.90%
2020	87,076	Not available	49,211	7.70%
2021	87,592	Not available	51,031	4.80%
2022	87,201	Not available	Not available	2.10%
2023	87,830	Not available	Not available	2.50%
2024	88,051	Not available	Not available	3.50%
2025	89,209	Not available	Not available	3.20%
2026	88,733	Not available	Not available	3.40%

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

Source: City of Troy and SEMCOG

Principal Employers

June 30, 2026

	Employer	2026 Employees	Percentage of total	2017 Employees	Percentage of total	2017 rank
1	Corewell Health Beaumont Troy Hospital	3,260	2.51%		*	
2	Troy School District	1,078	0.83%	1,235	1.31%	4
3	Flagstar Bank, HQ	1,000	0.77%	1,600	1.69%	2
4	Meritor, Inc. (HQ)	900	0.69%		*	
5	Magna International of America, Inc.	500	0.39%		*	
6	Mahle Industries, Inc. (HQ)	470	0.36%		*	
7	Plex, by Rockwell Automation	350	0.27%		*	
8	Inteva Products, LLC (HQ)	350	0.27%		*	
9	Utica International	308	0.24%		*	
10	Toyoda Gosei North America Corporation	300	0.23%		*	
	Wm Beaumont Hospital		*	2,300	2.43%	1
	Kelly Services	*	*	1,245	1.32%	3
	SERPEO		*	1,100	1.16%	5
	Arvin Meritor Automotive		*	1,000	1.06%	6
	City of Troy		*	791	0.84%	7
	ThyssenKrupp Automotive Sales and Tech Center		*	450	0.48%	8
	Systems Technology Group, Inc.		*	375	0.40%	9
	Magna International of America, Inc.		*	300	0.32%	10
	Total principal employers	8,729	6.73%	10,396	11.00%	
	Total employment	129,642		94,504		

Source: PFM and State of Michigan

Full-Time Equivalent School District Employees

Last Ten Fiscal Years

June 30, 2026

Function/ program:	As of June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General government										
Instruction	848	840	887	925	862	891	882	879	869	872
Support services	308	153	162	171	107	164	177	175	178	181
Community service	79	27	29	18	14	15	20	20	21	21
Athletics	-	1	1	1	1	1	2	3	3	3
Food service	-	-	1	1	1	1	1	1	1	1
Total	**1,235**	**1,021**	**1,080**	**1,116**	**985**	**1,072**	**1,082**	**1,078**	**1,072**	**1,078**

Operating Indicators

Last Ten Fiscal Years
June 30, 2026

Year	Enrollment	Operating expenditures	Cost per pupil	Operating revenue	Revenue per pupil	Total teaching staff	Percentage of students qualifying for free/reduced meals	Average teacher salary
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	837	14.00	74,442
2020	13,073	156,870,348	12,000	157,221,916	12,026	836	14.00	74,314
2021	12,723	164,655,892	12,942	171,189,282	13,455	813	11.00	75,918
2022	12,519	172,507,660	13,780	170,116,893	13,589	850	11.00	76,031
2023	12,540	189,410,093	15,104	189,049,577	15,076	855	16.00	77,080
2024	12,436	191,488,055	15,398	194,996,044	15,680	887	17.51	78,145
2025	12,393	193,633,993	15,624	190,573,261	15,377	885	14.32	78,446
2026	12,094	202,195,371	16,719	199,809,780	16,521	881	14.40	81,669

Source: Troy School District

Capital Asset Information

Last Ten Fiscal Years
June 30, 2026

Function/ program	As of June 30,				As of June 30,					
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Instructional buildings:										
Early Childhood:										
Number of buildings	-	-	-	1	1	1	1	1	1	1
Square footage	-	-	-	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Capacity	-	-	-	528	528	528	528	528	528	528
Enrollment (Early 5's & ECP)	-	-	-	110	135	197	208	222	242	205
Elementary:										
Number of buildings	12	12	12	12	12	12	12	12	12	12
Square footage	717,462	717,462	717,462	717,462	717,462	717,462	717,462	717,462	717,462	717,462
Capacity	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400
Enrollment	5,609	5,647	5,603	5,457	5,198	5,047	5,071	5,005	4,914	4,803
Middle:										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Square footage	450,492	450,492	450,492	450,492	450,492	450,492	450,492	450,492	450,492	450,492
Capacity	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885
Enrollment	2,988	2,995	3,065	3,087	2,906	2,812	2,835	2,945	2,955	2,882
High:										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Square footage	851,426	851,426	851,426	851,426	851,426	851,426	851,426	851,426	851,426	851,426
Capacity	4,596	4,596	4,596	4,596	4,596	4,596	4,596	4,596	4,596	4,596
Enrollment	4,334	4,392	4,393	4,407	4,484	4,463	4,426	4,130	4,221	4,204
Total enrollment*	12,931	13,034	13,061	13,061	12,723	12,519	12,540	12,302	12,332	12,094
Administrative:										
Number of buildings	2	2	2	2	2	2	2	2	2	2
Square footage	41,143	41,143	41,143	41,143	41,143	41,143	41,143	41,143	41,143	41,143
Transportation/Maintenance:										
Number of buildings	2	2	2	2	2	2	2	2	2	2
Buses	65	69	69	69	71	74	74	74	74	74

* - Per February Count Day

Source: Troy School District

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Education
Troy School District

We have audited, 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 (*Government Auditing Standards*), the 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, 2026 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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To Management and the Board of Education
Troy School District

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 20, 2026