



2024

Annual REPORT

2023-2024 TROY SCHOOL DISTRICT

Annual Comprehensive Financial Report
for Fiscal Year Ending June 30, 2024

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Troy School District

(a school district in the state of Michigan)

Annual Comprehensive Financial Report with Supplementary Information

June 30, 2024

Report Prepared by the Business Office

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Issued Under
Separate
Cover



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October 28, 2024

To the Citizens of Troy and the
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, 2024 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.

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 East. 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
 - 2022/2023 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 2013 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 Troy School District's academic focus continues to be guided by its vision, mission, core values and strategic direction.

Our Vision

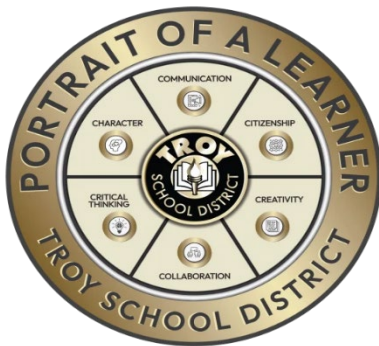
The Troy School District will become an exemplary learning community that supports innovation and is committed to continuous improvement. The school district will be a place where a collaborative community develops curriculum, instructional strategies, and assessment to ensure all students learn.

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 the six C's:



- Communication: Confident Communicator
- Character: Tenacious & Self-Starter
- Citizenship: Kind, Compassionate, and Inclusive
- Collaboration: Good Team Player
- Creativity: Adaptable
- Critical Thinking: Visionary, Intellectual, Eager for a Challenge, and Results Oriented

Strategic Direction

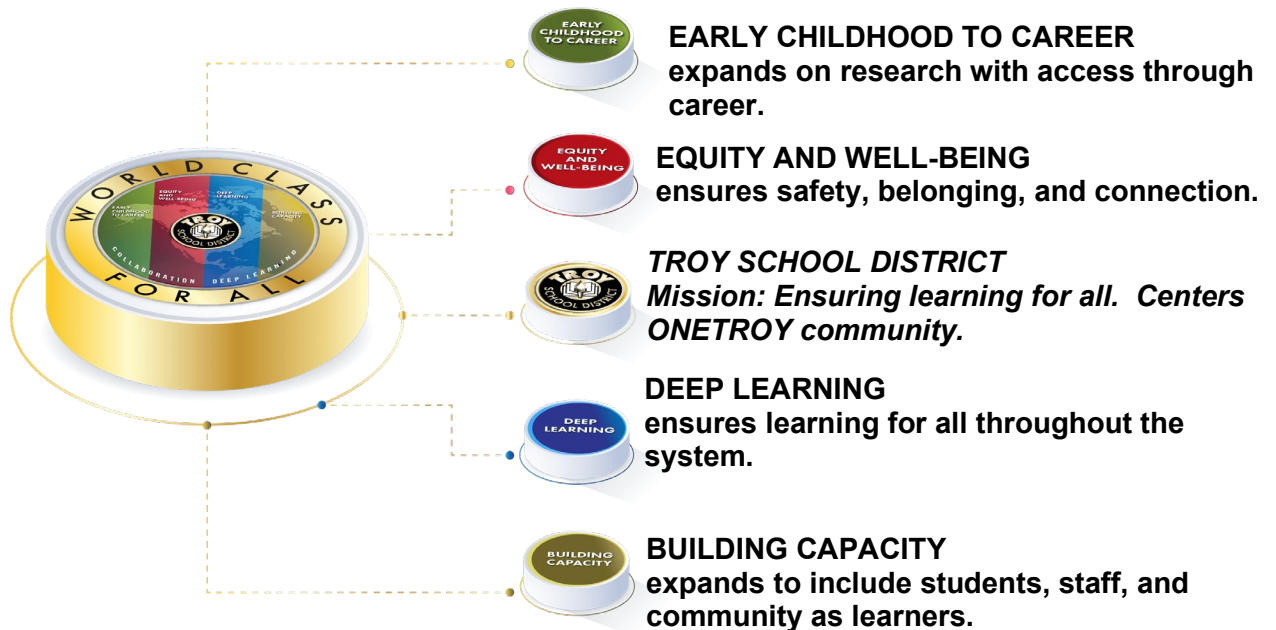
The Troy School District is a dynamic, challenging, and diverse organization where deep learning is the focus. Student achievement historically is near the top of the state and the county, but in the spirit of continuous improvement, our district continues our journey to become a World Class School District.

Three 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 three 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.

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.

The Troy School District has again engaged in an inclusive strategic planning process over the course of the past year to create the 2026 Strategic Plan. 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 succinctly outlined in the following two graphics:



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.

Our system goals are as follows:

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

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

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

All Troy School District K-12 schools have earned the prestigious Blue-Ribbon award from the Michigan Department of Education, and thirteen of our schools have received the National Blue-Ribbon Award (Barnard, Bemis, 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. The school district has enhanced our investment in our work of Equity and Inclusion through our continued involvement in the BELE Network and the hiring of a Supervisor of Equity, Inclusion, and Community Relationships in 2020-2021. The BELE Network supports leaders to transform their systems into equitable, resilient, and liberation environments through consulting and coaching to help make informed decisions and take more effective action. Moving forward, our work will be focused on building culture, conditions, and competencies for excellence and equity.

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 and continues to project increased revenues for the School Aid Fund for the next two years. However, the legislation passed for the 2024-2025 school year does not include an increase to the per pupil foundation allowance. The legislation includes changes to the retirement rates school districts pay which resulted in a projected increase in funding of approximately \$4.7 million. The concern is that this funding is one-time in nature since the foundation allowance did not change and may impact funding in future school years.

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 2024 was 12,447.

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 increased funding coupled with the continued use of ESSER funding has allowed us to maintain programming for the 2023-24 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

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.

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 2023-24 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, 2024.

Other Information

Building Information

	<u>Acreage</u>	<u>Square Footage</u>	<u>Year Built</u>	<u>Student Count</u>
<u>High Schools</u>				
Athens High School	50.00	398,426	1974	1,476
International Academy East	(included with Baker)	81,455	1952	539
Troy High School	73.13	343,207	1992	2,030
Troy College and Career High School	4.21	37,520	1978	160
<u>Middle Schools</u>				
Baker Middle School	40.00	128,458	2006	643
Boulan Middle School	16.00	111,190	1971	832
Larson Middle School	31.94	111,190	1971	821
Smith Middle School	13.79	101,094	1967	644
<u>Elementary Schools</u>				
Barnard Elementary School	15.01	64,312	1978	425
Bemis Elementary School	15.38	64,312	1978	453
Costello Elementary School	22.95	52,175	1972	405
Hamilton Elementary School	14.83	64,312	1983	457
Hill Elementary School	12.94	54,456	1967	350
Leonard Elementary School	11.76	59,340	1959	413
Martell Elementary School	14.20	52,919	1972	373
Morse Elementary School	6.64	54,636	1956	421
Schroeder Elementary School	10.00	61,989	1970	452
Troy Union Elementary School	21.78	68,777	1925	405
Wass Elementary School	20.14	64,312	1978	435
Wattles Elementary School	19.00	59,270	1967	410
VLAC (K-8) Administration Building	15.00	12,000	1973	11 0
Services Building	(Included with Administration Building)	29,263	2000	0

Preschool (Early 5's & ECP)	13.60	72,000	2019	222
Troy Center for Transitions	(Included in Baker)	(Included in Baker)	2007	70
Transportation Building Rankin (Warehouse)	4.85	13,728	1964	0
	1.59	24,840	Unknown	0
	<u>448.74</u>	<u>2,185,181</u>		<u>12,447</u>
Total				
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, 1989-2023. 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, Assistant Superintendent Business Services



Aurel Malutan, Director of Finance

Troy School District

District Officials

Board of Education

Karl Schmidt, President

Vital Anne, Vice President

Gary Hauff, Secretary

Dr. Nicole Wilson, Trustee

Emina Alic, Esq., Trustee

Matt Haupt, Esq., Trustee

Dr. Nancy Philippart, Trustee

Administration

Richard Machesky, Ed.D., Superintendent

Dan Trudel, Assistant Superintendent Business Services

Christine DiPilato, Assistant Superintendent Secondary Instruction

Kristine Griffor, Assistant Superintendent Elementary Instruction

John Pagel, Assistant Superintendent Employee Services



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, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'. The signature is written in a cursive style and is positioned above a horizontal line.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'. The signature is written in a cursive style and is positioned above a horizontal line.

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

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, 2024 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, 2024 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.

To the Board of Education
Troy School District

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 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 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 28, 2024 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.

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is written in a cursive, flowing style.

October 28, 2024

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, 2024. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Troy School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the 2023 Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the statement of fiduciary net position and statement of changes in fiduciary net position, present financial information about custodial accounts for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

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, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

Fiduciary Funds

The School District has certain fiduciary responsibility for its custodial funds. All the School District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Troy School District

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Assets		
Current and other assets	\$ 276.9	\$ 270.6
Capital assets	217.4	202.5
Total assets	494.3	473.1
Deferred Outflows of Resources	101.4	131.9
Liabilities		
Current liabilities	44.3	35.2
Noncurrent liabilities	287.8	305.6
Net pension liability	288.9	340.4
Net OPEB liability	-	19.2
Total liabilities	621.0	700.4
Deferred Inflows of Resources	91.4	67.1
Net Position (Deficit)		
Net investment in capital assets	106.6	92.4
Restricted	19.6	8.8
Unrestricted	(242.9)	(263.7)
Total net position (deficit)	\$ (116.7)	\$ (162.5)

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 \$(116.7) million at June 30, 2024. Net investment in capital assets totaling \$106.6 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 (\$(242.9) million) was unrestricted.

The \$(242.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities (assets)). The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension and OPEB liabilities (assets) will have a significant impact on the change in unrestricted net position from year to year.

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	2024	2023
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 5.9	\$ 8.1
Operating grants	79.5	60.6
General revenue:		
Taxes	75.9	61.4
State aid not restricted to specific purposes	89.5	86.5
Other	17.1	8.0
Total revenue	267.9	224.6
Expenses		
Instruction	121.9	123.1
Support services	73.1	69.3
Athletics	2.5	2.3
Food services	6.1	4.2
Community services	4.7	4.7
Debt service	13.8	5.2
Total expenses	222.1	208.8
Change in Net Position	45.8	15.8
Net Position (Deficit) - Beginning of year	(162.5)	(178.3)
Net Position (Deficit) - End of year	<u>\$ (116.7)</u>	<u>\$ (162.5)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$222.1 million. Certain activities were partially funded from those who benefited from the programs (\$5.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$79.5 million). We paid for the remaining public benefit portion of our governmental activities with \$75.9 million in taxes, \$89.5 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$45.8 million.

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 most district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for 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 \$229.5 million, which is a decrease of \$8.2 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, fund balance increased by \$4.2 million to \$36.8 million, consistent with the final adopted budget. Troy School District continues to have good General Fund reserves; the total available fund balance is 19.2 percent of 2024 general operating expenditures.

Fund balance of our special revenue funds increased from \$9.7 million last year to \$10.4 million this year. In 2023-2024, the Food Service Fund realized a fund balance increase of \$0.6 million, primarily due to the receipt of federal supply chain assistance funds. The Community Service Fund experienced a decrease of \$0.2 million, and the Troy School District Preschool Fund added \$0.4 million of fund balance.

Combined, fund balance of our debt service funds increased by \$0.2 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.

In November 2022, the voters approved a \$555 million bond issue to be issued in three series over 6 years, with projects planned for 10 to 12 years. The first series was issued during March 2023. In 2024, the School District collected \$4.9 million in voter-approved sinking fund millage. This millage is available to fund specific capital projects allowed by state law and approved by the voters. Combined, fund balance of our capital project funds decreased by \$13.3 million due in large part to ongoing capital improvement projects work.

Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2024. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements.

There were revisions made to the 2023-2024 General Fund original budget. Budgeted revenue was increased by \$5.0 million, primarily related to state and federal sources. The 2024 State School Aid Act included increases to state categorical revenue, including fully funding Section 31a At-Risk revenue for hold harmless school districts. There were no significant variances between the final budget and actual revenue amounts.

Budgeted expenditures were also amended. Salaries and benefits were adjusted to reflect 2023-2024 staffing levels, and benefits were adjusted to reflect an increase in certain retirement costs passed through the State of Michigan (Section 147c). There were no significant variances between the final budget and actual expenditure amounts.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024 and 2023, the School District had \$217.4 million and \$202.5 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 \$14.6 million from 2023 to 2024.

	2024	2023
Land	\$ 1,861,010	\$ 1,861,010
Construction in progress	21,750,478	3,588,390
Buildings and improvements	358,803,377	356,601,423
Furniture and equipment	56,228,659	51,730,652
Lease asset - Building	530,288	530,288
Lease assets - Equipment	527,110	-
Total capital assets	439,700,922	414,311,763
Less accumulated depreciation and amortization	222,290,537	211,788,829
Total capital assets - Net of accumulated depreciation and amortization	\$ 217,410,385	\$ 202,522,934

This year's additions of \$25.4 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.

Debt

At the end of this year, the School District had \$252.2 million in bonds outstanding versus \$271.6 million in the previous year.

Troy School District

Management's Discussion and Analysis (Continued)

Those bonds consisted of the following:

	2024	2023
General obligation bonds	\$ 252,170,000	\$ 271,570,000
Bond premium	23,229,081	25,179,339
Total	\$ 275,399,081	\$ 296,749,339

The School District's general obligation bond rating is AA/Stable, as affirmed by Standard & Poor's in January 2024. 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 \$10.7 million is significantly below this \$1.1 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 \$241 million.

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

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2024-2025 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 2024-2025 budget was adopted in June 2024 based on an estimate of students who will enroll in September 2024. The estimated count is expected to be 12,297. Approximately 66.6 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 2025 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2024-2025 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 reduce expenditures for every school district in the State. Rather than a traditional increase to the foundation allowance, the budget passed will provide an offset to the MPERS UAAL expenditures that each district incurs. This will result in a \$498 per pupil equivalent for the School District in 2024-2025. The 2024-2025 budget was built, assuming a \$241 per pupil foundation allowance increase.

On November 8, 2022, voters in Troy School District passed a bond proposal. The proposal was for \$555 million and 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.

June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 4)	\$ 53,840,373
Receivables:	
Other receivables	942,375
Due from other governments	27,685,252
Inventory	64,534
Prepaid expenses	224,245
Restricted assets (Note 5)	189,182,996
Net OPEB asset (Note 12)	4,916,519
Capital assets:	
Capital assets not being depreciated or amortized (Note 6)	23,611,488
Capital assets - Net of accumulated depreciation and amortization (Note 6)	<u>193,798,897</u>
Total assets	494,266,679
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	207,144
Deferred pension costs (Note 12)	83,291,882
Deferred OPEB costs (Note 12)	<u>17,884,951</u>
Total deferred outflows of resources	101,383,977
Liabilities	
Accounts payable	12,134,183
Due to other governmental units	4,670,705
Accrued liabilities:	
Accrued salaries and wages	11,086,288
Accrued payroll taxes and fringe benefits	7,626,746
Accrued interest payable	1,765,863
Unearned revenue (Note 8)	6,928,277
Noncurrent liabilities:	
Due within one year (Note 9)	25,028,546
Due in more than one year (Note 9)	262,816,160
Net pension liability (Note 12)	<u>288,852,665</u>
Total liabilities	620,909,433
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	17,121,354
Deferred pension cost reductions (Note 12)	33,483,299
Deferred OPEB cost reductions (Note 12)	<u>40,841,150</u>
Total deferred inflows of resources	<u>91,445,803</u>
Net Position (Deficit)	
Net investment in capital assets	106,575,930
Restricted:	
Capital projects	10,260,374
Food service	3,600,167
Debt service	859,480
Net OPEB asset	4,916,519
Unrestricted	<u>(242,917,050)</u>
Total net position (deficit)	<u>\$ (116,704,580)</u>

Year Ended June 30, 2024

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 121,913,991	\$ 498,259	\$ 49,814,269	\$ (71,601,463)
Support services	73,052,121	-	23,329,798	(49,722,323)
Athletics	2,523,754	656,112	-	(1,867,642)
Food services	6,085,533	455,524	6,340,936	710,927
Community services	4,674,327	4,304,449	-	(369,878)
Interest	13,816,434	-	-	(13,816,434)
Other debt costs	2,625	-	-	(2,625)
Total primary government	\$ 222,068,785	\$ 5,914,344	\$ 79,485,003	(136,669,438)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				40,657,956
Property taxes, levied for debt service				30,460,375
Property taxes, levied for capital projects				4,819,157
State aid not restricted to specific purposes				89,468,641
Federal grants and contributions not restricted to specific purposes				63,966
Interest and investment earnings				12,502,005
Gain on sale of capital assets				100,755
Student activities				3,415,384
Other				948,696
Total general revenue				<u>182,436,935</u>
Change in Net Position				45,767,497
Net Position (Deficit) - Beginning of year				<u>(162,472,077)</u>
Net Position (Deficit) - End of year				<u>\$(116,704,580)</u>

Troy School District

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	2023 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 4)	\$ 38,171,993	\$ -	\$ 15,668,380	\$ 53,840,373
Receivables:				
Other receivables	929,020	-	9,212	938,232
Due from other governments	26,655,725	-	1,029,527	27,685,252
Due from other funds (Note 7)	2,657,910	2,378,054	668,798	5,704,762
Inventory	7,858	-	56,676	64,534
Prepaid expenses	224,245	-	-	224,245
Restricted assets (Note 5)	-	183,830,938	5,352,058	189,182,996
	<u>\$ 68,646,751</u>	<u>\$ 186,208,992</u>	<u>\$ 22,784,651</u>	<u>\$ 277,640,394</u>
Total assets				
Liabilities				
Accounts payable	\$ 1,798,420	\$ 8,311,457	\$ 2,024,306	\$ 12,134,183
Due to other governmental units	4,670,705	-	-	4,670,705
Due to other funds (Note 7)	29,599	-	5,671,020	5,700,619
Accrued liabilities	18,713,034	-	-	18,713,034
Unearned revenue (Note 8)	6,660,466	-	267,811	6,928,277
	<u>31,872,224</u>	<u>8,311,457</u>	<u>7,963,137</u>	<u>48,146,818</u>
Total liabilities				
Fund Balances				
Nonspendable:				
Inventory	7,858	-	56,676	64,534
Prepays	224,245	-	-	224,245
Restricted:				
Debt service	-	-	2,625,343	2,625,343
Capital projects	-	177,897,535	1,091,369	178,988,904
Food service	-	-	3,543,491	3,543,491
Committed:				
Community service	-	-	4,390,603	4,390,603
Student activities	-	-	2,441,907	2,441,907
Assigned:				
Subsequent year's budget	3,940,833	-	-	3,940,833
Capital maintenance	-	-	672,125	672,125
Unassigned	32,601,591	-	-	32,601,591
	<u>36,774,527</u>	<u>177,897,535</u>	<u>14,821,514</u>	<u>229,493,576</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 68,646,751</u>	<u>\$ 186,208,992</u>	<u>\$ 22,784,651</u>	<u>\$ 277,640,394</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 229,493,576
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	439,700,922
Accumulated depreciation and amortization	<u>(222,290,537)</u>
Net capital assets and lease assets used in governmental activities	217,410,385
Deferred outflows related to bond refundings are not reported in the funds	207,144
Bonds payable, including bond premiums, and lease liabilities are not due and payable in the current period and are not reported in the funds	(276,089,762)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,765,863)
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	(7,896,313)
Other termination benefits	(165,000)
Net pension liability and related deferred inflows and outflows	(239,044,082)
Net OPEB liability (asset) and related deferred inflows and outflows	(18,039,680)
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	(17,121,354)
Arbitrage liabilities do not present a claim on current financial resources and are not reported as fund liabilities	<u>(3,693,631)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (116,704,580)</u></u>

Troy School District

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

Year Ended June 30, 2024

	General Fund	2023 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Local sources	\$ 44,635,678	\$ 10,180,060	\$ 43,902,179	\$ 98,717,917
State sources	129,832,155	-	6,750,870	136,583,025
Federal sources	8,216,344	-	4,358,555	12,574,899
Interdistrict sources	12,311,867	-	7,803	12,319,670
Total revenue	194,996,044	10,180,060	55,019,407	260,195,511
Expenditures				
Current:				
Instruction	124,836,182	-	2,420,494	127,256,676
Support services	62,589,669	23,626	4,137,180	66,750,475
Athletics	2,580,048	-	-	2,580,048
Food services	-	-	6,032,043	6,032,043
Community services	139,673	-	4,674,798	4,814,471
Debt service:				
Principal	375,000	-	19,130,606	19,505,606
Interest	216,446	-	12,326,814	12,543,260
Other debt costs	300	-	2,325	2,625
Capital outlay	732,385	20,939,565	7,861,108	29,533,058
Total expenditures	191,469,703	20,963,191	56,585,368	269,018,262
Excess of Revenue Over (Under)				
Expenditures	3,526,341	(10,783,131)	(1,565,961)	(8,822,751)
Other Financing Sources				
Leases entered into	527,110	-	-	527,110
Proceeds from sale of capital assets	100,755	-	-	100,755
Total other financing sources	627,865	-	-	627,865
Net Change in Fund Balances	4,154,206	(10,783,131)	(1,565,961)	(8,194,886)
Fund Balances - Beginning of year	32,620,321	188,680,666	16,387,475	237,688,462
Fund Balances - End of year	\$ 36,774,527	\$ 177,897,535	\$ 14,821,514	\$ 229,493,576

Governmental Funds

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

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ (8,194,886)
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	25,389,159
Depreciation and amortization expense	(10,501,708)
Revenue in support of pension contributions made subsequent to the measurement date	7,540,016
Issuing debt and entering into leases, provide current financial resources to governmental funds, but increase long-term liabilities in the statement of net position	(527,110)
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 inflows/outflows related to bond refundings are not expenses in the governmental funds	21,416,642
Interest expense is recognized in the government-wide statements as it accrues	509,421
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	13,829,594
Arbitrage costs that do not use current financial resources are not reported as expenditures in the governmental funds	(3,693,631)
Change in Net Position of Governmental Activities	\$ 45,767,497

Troy School District

Statement of Fiduciary Net Position

June 30, 2024

Custodial Funds

Assets - Cash and cash equivalents (Note 4)

\$ 102,558

Liabilities

Accounts payable

7,491

Due to other funds (Note 7)

4,143

Total liabilities

11,634

Net Position - Unrestricted

\$ 90,924

Troy School District

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	<u>Custodial Funds</u>
Additions - Fundraising and contributions	\$ 186,787
Deductions - Disbursements for scholarships and other activities	<u>188,725</u>
Net Decrease in Fiduciary Net Position	(1,938)
Net Position - Beginning of year	<u>92,862</u>
Net Position - End of year	<u><u>\$ 90,924</u></u>

June 30, 2024

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 is used to record bond proceeds or other revenue and disbursement of invoices specifically designated for the purpose of remodeling, equipping, re-equipping, furnishing, and refurbishing 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 fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's special revenue funds are the Food Service Fund, Troy Career Center Fund, Community Service Fund, Troy School District Preschool Fund, and Troy School and Student Activities Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.
 - The Food Service Fund accounts for the 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.
 - 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.

Note 2 - Significant Accounting Policies (Continued)

- o The Troy School and Student Activities Fund accounts for the transactions of student groups for school and school-related purposes. Revenue sources for the Troy School and Student Activities Fund include fundraising revenue and donations earned and received by student groups.
- Capital projects funds are used to record bond proceeds or other revenue and 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 it was created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt. The School District currently has six debt service funds: the 2023 Debt Fund, 2015 Refunding Debt Fund, 2016 Debt Fund, 2019 Debt Fund, 2021 Refunding Series A Debt Fund, and 2021 Refunding Series B Debt Fund.

Fiduciary Funds

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

Interfund Activity

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

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

Basis of Accounting

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

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

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.

Note 2 - Significant Accounting Policies (Continued)

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 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.

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

Table with 2 columns: Asset Category and Depreciable Life - Years. Rows include Buildings and improvements (20 to 50), Furniture and equipment (5 to 10), Lease asset - Building (5), and Lease assets - Equipment (4).

Note 2 - Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the 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.

Fund Balance Flow Assumptions

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

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the superintendent to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally 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.

Grants and Contributions

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

Note 2 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (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 (Vacation and Sick Leave) and Other Termination Benefits

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

Use of Estimates

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

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-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of \$5,000 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.

Note 2 - Significant Accounting Policies (Continued)

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.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 28, 2024, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, all special revenue funds, and capital projects funds, except that capital outlay is classified within the related functions and other financing sources are classified as incoming transfers and other in the annual budgets. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

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

There were revisions made to the 2023-2024 General Fund original budget. Budgeted revenue was increased by \$5.0 million, primarily related to state and federal sources. The 2024 State School Aid Act included increases to state categorical revenue, including fully funding Section 31a At-Risk revenue for hold harmless school districts. There were no significant variances between the final budget and actual revenue amounts.

Budgeted expenditures were also amended. Salaries and benefits were adjusted to reflect 2023-2024 staffing levels, and benefits were adjusted to reflect an increase in certain retirement costs passed through the State of Michigan (Section 147c). Overall, there was not a significant variance in total expenditures between the final budget and actual.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District incurred expenditures in the General Fund, which were in excess of the amounts budgeted, as follows:

	Budget	Actual
Support services - General administration	\$ 2,424,946	\$ 2,635,590
Community services	147,065	163,173
Total	<u>\$ 2,572,011</u>	<u>\$ 2,798,763</u>

Capital Projects Fund Compliance

The capital projects funds include capital project activities funded with bonds. For the 2023 Capital Projects Fund and the 2019 Capital Projects Fund, the School District has complied with the applicable provisions of §1351a of the Revised School Code. The 2023 Capital Projects Fund is not yet considered substantially complete, and a subsequent year audit is expected.

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 2019 Capital Projects Fund. The projects for which the 2019 School Building and Site Bonds were issued were considered complete on June 30, 2024, and the cumulative expenditures recognized for the construction period were \$26,703,725 as of June 30, 2024.

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.

Note 4 - Deposits and Investments (Continued)

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 \$40,535,431 (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, 2024, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

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, 2024, the credit quality ratings of investments (other than the U.S. government) are as follows:

Investment	Amortized Cost	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund Cash Management Money Market Fund	\$ 90,570,752	AAA	S&P
Michigan Liquid Asset Fund MAX Class Money Market	<u>102,724,121</u>	AAA	S&P
Total	<u>\$ 193,294,873</u>		

Concentration of Credit Risk

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

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

June 30, 2024

Note 5 - Restricted Assets

At June 30, 2024, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds and related interest	\$ 184,841,180
Unspent sinking fund property taxes levied	1,716,473
Unspent debt service property taxes levied	<u>2,625,343</u>
Total	<u>\$ 189,182,996</u>

Note 6 - Capital Assets

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

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated or amortized:					
Land	\$ 1,861,010	\$ -	\$ -	\$ -	\$ 1,861,010
Construction in progress	<u>3,588,390</u>	<u>(1,472,429)</u>	<u>19,634,517</u>	-	<u>21,750,478</u>
Subtotal	5,449,400	(1,472,429)	19,634,517	-	23,611,488
Capital assets being depreciated or amortized:					
Buildings and improvements	356,601,423	1,472,429	729,525	-	358,803,377
Furniture and equipment	51,730,652	-	4,498,007	-	56,228,659
Lease asset - Building	530,288	-	-	-	530,288
Lease assets - Equipment	<u>-</u>	<u>-</u>	<u>527,110</u>	<u>-</u>	<u>527,110</u>
Subtotal	408,862,363	1,472,429	5,754,642	-	416,089,434
Accumulated depreciation and amortization:					
Buildings and improvements	165,534,395	-	9,079,815	-	174,614,210
Furniture and equipment	46,052,691	-	1,224,496	-	47,277,187
Lease asset - Building	201,743	-	98,564	-	300,307
Lease assets - Equipment	<u>-</u>	<u>-</u>	<u>98,833</u>	<u>-</u>	<u>98,833</u>
Subtotal	211,788,829	-	10,501,708	-	222,290,537
Net capital assets being depreciated and amortized	<u>197,073,534</u>	<u>1,472,429</u>	<u>(4,747,066)</u>	<u>-</u>	<u>193,798,897</u>
Net governmental activities capital assets	<u>\$ 202,522,934</u>	<u>\$ -</u>	<u>\$ 14,887,451</u>	<u>\$ -</u>	<u>\$ 217,410,385</u>

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

Governmental activities:	
Instruction	\$ 4,600,562
Support services	5,683,791
Community services	106,536
Food services	46,356
Athletics	<u>64,463</u>
Total governmental activities	<u>\$ 10,501,708</u>

June 30, 2024

Note 6 - Capital Assets (Continued)

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:

	<u>Remaining Commitment</u>
2023 Capital Projects Fund	\$ 38,591,768
Sinking Fund	<u>4,514,994</u>
Total	<u>\$ 43,106,762</u>

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Fiduciary Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 4,143	\$ 2,653,767	\$ 2,657,910
2023 Capital Projects Fund	-	-	2,378,054	2,378,054
Nonmajor funds	<u>29,599</u>	<u>-</u>	<u>639,199</u>	<u>668,798</u>
Total	<u>\$ 29,599</u>	<u>\$ 4,143</u>	<u>\$ 5,671,020</u>	<u>\$ 5,704,762</u>

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 8 - Unearned Revenue

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

At June 30, 2024, the various components of unearned revenue were as follows:

	<u>Governmental Funds Liability - Unearned</u>
Student lunch accounts	\$ 72,753
Tuition/Fees received in advance	418,825
Grant and categorical aid payment received prior to meeting all eligibility requirements	<u>6,436,699</u>
Total	<u>\$ 6,928,277</u>

June 30, 2024

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation bonds	\$ 271,570,000	\$ -	\$ (19,400,000)	\$ 252,170,000	\$ 22,090,000
Unamortized bond premiums	25,179,339	-	(1,950,258)	23,229,081	1,954,031
Total bonds payable	296,749,339	-	(21,350,258)	275,399,081	24,044,031
Leases	333,527	527,110	(169,956)	690,681	227,015
Compensated absences	8,262,756	543,540	(909,983)	7,896,313	750,000
Other termination benefits	152,500	70,000	(57,500)	165,000	7,500
Arbitrage liability	-	3,693,631	-	3,693,631	-
Total governmental activities long-term debt	<u>\$ 305,498,122</u>	<u>\$ 4,834,281</u>	<u>\$ (22,487,697)</u>	<u>\$ 287,844,706</u>	<u>\$ 25,028,546</u>

The School District had deferred outflows of \$207,144, net of current year amortization of \$103,572, related to deferred charges on bond refundings at June 30, 2024.

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, 2024 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
\$31,930,000 refunding qualified bond - 2015	\$3,210,000 - \$3,225,000	5.00%	May 1, 2026	\$ 6,435,000
\$40,000,000 general obligation qualified bond - 2016	\$1,650,000 - \$4,650,000	2.94% - 4.50%	May 1, 2032	29,150,000
\$7,125,000 general obligation unqualified bond - 2018	\$290,000 - \$485,000	3.00% - 3.75%	May 1, 2040	6,060,000
\$22,630,000 general obligation qualified bond - 2019	\$950,000 - \$2,525,000	5.00%	May 1, 2034	17,425,000
\$6,100,000 general obligation unqualified bond - 2020	\$385,000 - \$460,000	2.00%	May 1, 2035	4,645,000
\$33,315,000 refunding qualified bond - 2021	\$5,515,000 - \$6,790,000	0.50% - 1.56%	May 1, 2028	24,505,000
\$171,370,000 general obligation qualified bond - 2023	\$1,925,000 - \$10,875,000	2.75% - 5.00%	May 1, 2052	163,950,000
Total governmental activities				<u>\$ 252,170,000</u>

Note 9 - Long-term Debt (Continued)

Other Long-term Liabilities

Compensated absences and other termination benefits attributable to the governmental activities will be liquidated primarily by the General Fund. The arbitrage liability will be liquidated primarily by the 2023 Capital Projects Fund. The liability for compensated absences and other termination benefits reported in the government-wide statements consists of earned but unused accumulated vacation, sick leave, and severance obligations. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2025	\$ 22,090,000	\$ 10,595,180	\$ 32,685,180
2026	23,170,000	9,881,401	33,051,401
2027	14,015,000	9,489,724	23,504,724
2028	14,265,000	9,113,660	23,378,660
2029	9,295,000	8,670,865	17,965,865
2030-2034	45,985,000	36,621,795	82,606,795
2035-2039	26,365,000	28,144,250	54,509,250
2040-2044	30,710,000	21,266,938	51,976,938
2045-2049	38,550,000	12,901,250	51,451,250
2050-2052	27,725,000	2,802,500	30,527,500
Total	\$ 252,170,000	\$ 149,487,563	\$ 401,657,563

Note 10 - 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 6.

Future principal and interest payment requirements related to the School District's lease liabilities at June 30, 2024 are as follows:

Years Ending	Principal	Interest	Total
2025	\$ 227,015	\$ 38,479	\$ 265,494
2026	243,358	24,009	267,367
2027	182,373	9,429	191,802
2028	37,935	492	38,427
Total	\$ 690,681	\$ 72,409	\$ 763,090

Note 11 - 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.

Note 11 - Risk Management (Continued)

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 12 - 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.

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.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

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, 2024 were \$37,379,662, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the School District's required and actual pension contributions include an allocation of \$17,121,354 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$7,817,400, which includes the School District's contributions required for those members with a defined contribution benefit.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2024, the School District reported a liability of \$288,852,665 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. 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, 2023 and 2022, the School District's proportion was approximately 0.89 and 0.90 percent, respectively, representing a change of (1.41) percent.

Net OPEB Asset

At June 30, 2024, the School District reported an asset of \$(4,916,519) for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. 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, 2023 and 2022, the School District's proportion was approximately 0.87 and 0.90 percent, respectively, representing a change of (4.33) percent.

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

For 2024, the School District recognized pension expense of \$36,852,268, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, 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	\$ 9,118,197	\$ (442,476)
Changes in assumptions	39,140,851	(22,567,725)
Net difference between projected and actual earnings on pension plan investments	-	(5,910,861)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	2,829,108	(4,562,237)
The School District's contributions to the plan subsequent to the measurement date	32,203,726	-
Total	\$ 83,291,882	\$ (33,483,299)

The \$17,121,354 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, 2025. 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
2025	\$ 6,212,252
2026	4,103,836
2027	11,932,109
2028	(4,643,340)
Total	\$ 17,604,857

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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, 2024, the School District recognized an OPEB recovery of \$8,328,040.

At June 30, 2024, 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	\$ -	\$ (37,151,740)
Changes in assumptions	10,945,028	(1,317,988)
Net difference between projected and actual earnings on OPEB plan investments	14,990	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,442,055	(2,371,422)
Employer contributions to the plan subsequent to the measurement date	5,482,878	-
Total	\$ 17,884,951	\$ (40,841,150)

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

Years Ending	Amount
2025	\$ (8,843,953)
2026	(8,628,507)
2027	(3,564,396)
2028	(3,296,770)
2029	(2,704,279)
Thereafter	(1,401,172)
Total	\$ (28,439,077)

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2023 are based on the results of an actuarial valuation as of September 30, 2022 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	6.25% - 7.50%	Year 1, graded to 3.5 percent in year 15, 3.0 percent in year 120
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.

Significant assumption changes since the prior measurement date, September 30, 2022, for the pension and OPEB plans include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 1.0 percentage point for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2023. 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.

June 30, 2024

Note 12 - 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	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.80 %
Private equity pools	16.00	9.60
International equity pools	15.00	6.80
Fixed-income pools	13.00	1.30
Real estate and infrastructure pools	10.00	6.40
Absolute return pools	9.00	4.80
Real return/opportunistic pools	10.00	7.30
Short-term investment pools	2.00	0.30
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.7 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	\$ 390,239,103	\$ 288,852,665	\$ 204,444,788

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 liability (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 liability (asset) of the School District	\$ 5,096,955	\$ (4,916,519)	\$ (13,522,116)

Note 12 - 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 liability (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:

	<u>1 Percentage Point Decrease</u>	<u>Current Rate</u>	<u>1 Percentage Point Increase</u>
Net OPEB liability (asset) of the School District	\$ 13,543,572	\$ (4,916,519)	\$ 4,420,781

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, 2024, the School District reported a payable of \$7,976,870 and \$1,201,887 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Note 13 - Tax Abatements

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

For the fiscal year ended June 30, 2024, the School District's property tax revenue was reduced by \$922,000 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 \$662,000 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

Troy School District

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 43,788,278	\$ 44,487,819	\$ 44,635,678	\$ 147,859
State sources	123,125,300	128,542,649	129,832,155	1,289,506
Federal sources	7,980,072	7,900,438	8,216,344	315,906
Incoming transfers and other	12,137,782	12,117,843	12,939,732	821,889
Total revenue	187,031,432	193,048,749	195,623,909	2,575,160
Expenditures				
Current:				
Instruction:				
Basic programs	90,145,544	92,863,387	93,171,537	308,150
Added needs	30,445,199	31,838,016	30,881,608	(956,408)
Adult/Continuing education	945,357	968,562	866,055	(102,507)
Total instruction	121,536,100	125,669,965	124,919,200	(750,765)
Support services:				
Pupil	14,522,814	14,640,196	14,310,397	(329,799)
Instructional staff	11,599,560	12,185,150	12,237,984	52,834
General administration	1,719,578	2,424,946	2,635,590	210,644
School administration	9,708,700	9,687,606	9,542,513	(145,093)
Business	1,499,207	2,012,296	1,944,026	(68,270)
Operations and maintenance	14,159,333	14,110,660	14,402,719	292,059
Pupil transportation services	4,330,166	4,339,255	4,343,959	4,704
Central	3,781,018	3,856,691	3,797,743	(58,948)
Total support services	61,320,376	63,256,800	63,214,931	(41,869)
Athletics	2,444,783	2,510,160	2,580,653	70,493
Community services	204,481	147,065	163,173	16,108
Debt service:				
Principal	476,000	375,000	375,000	-
Interest	-	288,900	216,446	(72,454)
Other debt costs	-	600	300	(300)
Total expenditures	185,981,740	192,248,490	191,469,703	(778,787)
Net Change in Fund Balances - Excess of revenue over expenditures	1,049,692	800,259	4,154,206	3,353,947
Fund Balance - Beginning of year	32,620,321	32,620,321	32,620,321	-
Fund Balance - End of year	<u>\$ 33,670,013</u>	<u>\$ 33,420,580</u>	<u>\$ 36,774,527</u>	<u>\$ 3,353,947</u>

Troy School District

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.89246 %	0.90524 %	0.89067 %	0.89690 %	0.88088 %	0.86640 %	0.86890 %	0.85150 %	0.84400 %	0.85020 %
School District's proportionate share of the net pension liability	\$ 288,852,665	\$ 340,447,659	\$ 210,869,230	\$ 308,094,061	\$ 291,719,442	\$ 260,469,817	\$ 225,168,031	\$ 212,452,257	\$ 206,148,083	\$ 177,354,841
School District's covered payroll	\$ 86,571,618	\$ 88,069,428	\$ 79,799,032	\$ 79,440,906	\$ 78,153,384	\$ 77,188,924	\$ 73,207,364	\$ 72,136,475	\$ 73,470,015	\$ 71,628,110
School District's proportionate share of the net pension liability as a percentage of its covered payroll	333.66 %	386.57 %	264.25 %	387.83 %	373.27 %	337.44 %	307.58 %	294.51 %	280.59 %	247.61 %
Plan fiduciary net position as a percentage of total pension liability	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.36 %	64.21 %	63.27 %	63.17 %	66.20 %

Troy School District

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

	Last Ten Fiscal Years									
	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 36,615,148	\$ 41,845,623	\$ 30,532,065	\$ 27,148,826	\$ 24,922,031	\$ 23,851,102	\$ 22,141,167	\$ 19,127,812	\$ 16,281,923	\$ 12,505,055
Contributions in relation to the statutorily required contribution	36,615,148	41,845,623	30,532,065	27,148,826	24,922,031	23,851,102	22,141,167	19,127,812	16,281,923	12,505,055
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 88,371,160	\$ 86,081,809	\$ 83,641,260	\$ 79,444,904	\$ 79,542,529	\$ 73,305,657	\$ 73,147,546	\$ 75,447,606	\$ 71,360,808	\$ 70,933,761
Contributions as a Percentage of Covered Payroll	41.43 %	48.61 %	36.50 %	34.17 %	31.33 %	32.54 %	30.27 %	25.35 %	22.82 %	17.63 %

Troy School District

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

	Last Seven Plan Years						
	Plan Years Ended September 30						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB (asset) liability	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	\$ (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	\$ 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	(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	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	42.59 %	36.39 %

Troy School District

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

	Last Seven Fiscal Years						
	Years Ended June 30						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 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	<u>7,260,066</u>	<u>6,928,897</u>	<u>6,816,094</u>	<u>6,611,206</u>	<u>6,391,719</u>	<u>6,319,573</u>	<u>5,503,226</u>
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 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	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	8.62 %	7.52 %

June 30, 2024

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, all special revenue funds, and capital projects funds, except that capital outlay is classified within the related functions and other financing sources are classified as incoming transfers and other in the annual budgets.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the individual function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits school districts to amend their budgets during the year. During the year, the budgets were amended in a legally permissible manner. For budgeting purposes, capital outlay is classified within the related function.

There were revisions made to the 2023-2024 General Fund original budget. Budgeted revenue was increased by \$5.0 million, primarily related to state and federal sources. The 2024 State School Aid Act included increases to state categorical revenue, including fully funding Section 31a At-Risk revenue for hold harmless school districts. There were no significant variances between the final budget and actual revenue amounts.

Budgeted expenditures were also amended. Salaries and benefits were adjusted to reflect 2023-2024 staffing levels, and benefits were adjusted to reflect an increase in certain retirement costs passed through the State of Michigan (Section 147c). Overall, there was not a significant variance in total expenditures between the final budget and actual.

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

Pension Information

Benefit Changes

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

Changes in Assumptions

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

- 2023 - 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, 2021 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 the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

June 30, 2024

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The health care cost trend rate used in the September 30, 2022 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, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in a 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 the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

Troy School District

	Special Revenue Funds					Debt Service Funds	
	Food Service Fund	Community Service Fund	Troy Career Center Fund	Troy School District Preschool Fund	Troy School and Student Activities Fund	2023 Debt Fund	2015 Refunding Debt Fund
Assets							
Cash and cash equivalents	\$ 3,000,707	\$ 3,816,212	\$ 7,305	\$ 4,689,553	\$ 3,482,478	\$ -	\$ -
Receivables:							
Other receivables	8,902	-	-	-	310	-	-
Due from other governments	220,805	-	498,724	309,998	-	-	-
Due from other funds	564,882	-	-	-	-	-	-
Inventory	56,676	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	844,535	403,888
Total assets	\$ 3,851,972	\$ 3,816,212	\$ 506,029	\$ 4,999,551	\$ 3,482,788	\$ 844,535	\$ 403,888
Liabilities							
Accounts payable	\$ 179,052	\$ 30,524	\$ 63,983	\$ 99,151	\$ 161,057	\$ -	\$ -
Due to other funds	-	1,682,012	442,046	2,418,415	879,824	-	-
Unearned revenue	72,753	4,125	-	190,933	-	-	-
Total liabilities	251,805	1,716,661	506,029	2,708,499	1,040,881	-	-
Fund Balances							
Nonspendable - Inventory	56,676	-	-	-	-	-	-
Restricted:							
Debt service	-	-	-	-	-	844,535	403,888
Capital projects	-	-	-	-	-	-	-
Food service	3,543,491	-	-	-	-	-	-
Committed:							
Community service	-	2,099,551	-	2,291,052	-	-	-
Student activities	-	-	-	-	2,441,907	-	-
Assigned - Capital maintenance	-	-	-	-	-	-	-
Total fund balances	3,600,167	2,099,551	-	2,291,052	2,441,907	844,535	403,888
Total liabilities and fund balances	\$ 3,851,972	\$ 3,816,212	\$ 506,029	\$ 4,999,551	\$ 3,482,788	\$ 844,535	\$ 403,888

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

Debt Service Funds				Capital Project Funds			Total
2016 Debt Fund	2019 Debt Fund	2021 Refunding Series A Debt Fund	2021 Refunding Series B Debt Fund	2019 Capital Projects Fund	Capital Maintenance Fund	Sinking Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 672,125	\$ -	\$ 15,668,380
-	-	-	-	-	-	-	9,212
-	-	-	-	-	-	-	1,029,527
-	-	-	-	103,916	-	-	668,798
-	-	-	-	-	-	-	56,676
<u>233,051</u>	<u>520,105</u>	<u>1,167</u>	<u>622,597</u>	<u>1,010,242</u>	<u>-</u>	<u>1,716,473</u>	<u>5,352,058</u>
\$ 233,051	\$ 520,105	\$ 1,167	\$ 622,597	\$ 1,114,158	\$ 672,125	\$ 1,716,473	\$ 22,784,651
\$ -	\$ -	\$ -	\$ -	\$ 99,246	\$ -	\$ 1,391,293	\$ 2,024,306
-	-	-	-	-	-	248,723	5,671,020
-	-	-	-	-	-	-	267,811
-	-	-	-	99,246	-	1,640,016	7,963,137
-	-	-	-	-	-	-	56,676
233,051	520,105	1,167	622,597	-	-	-	2,625,343
-	-	-	-	1,014,912	-	76,457	1,091,369
-	-	-	-	-	-	-	3,543,491
-	-	-	-	-	-	-	4,390,603
-	-	-	-	-	-	-	2,441,907
-	-	-	-	-	672,125	-	672,125
<u>233,051</u>	<u>520,105</u>	<u>1,167</u>	<u>622,597</u>	<u>1,014,912</u>	<u>672,125</u>	<u>76,457</u>	<u>14,821,514</u>
\$ 233,051	\$ 520,105	\$ 1,167	\$ 622,597	\$ 1,114,158	\$ 672,125	\$ 1,716,473	\$ 22,784,651

Troy School District

	Special Revenue Funds				Debt Service Funds		
	Food Service Fund	Community Service Fund	Troy Career Center Fund	Troy School District Preschool Fund	Troy School and Student Activities Fund	2023 Debt Fund	2015 Refunding Debt Fund
Revenue							
Local sources	\$ 448,163	\$ 1,963,870	\$ -	\$ 2,340,579	\$ 3,415,384	\$17,574,561	\$ 3,330,640
State sources	4,309,844	-	325,011	1,836,720	-	168,035	30,219
Federal sources	2,023,289	-	2,335,266	-	-	-	-
Interdistrict sources	7,803	-	-	-	-	-	-
Total revenue	6,789,099	1,963,870	2,660,277	4,177,299	3,415,384	17,742,596	3,360,859
Expenditures							
Current:							
Instruction	-	-	-	2,420,494	-	-	-
Support services	-	-	183,241	534,076	3,419,863	-	-
Food services	6,032,043	-	-	-	-	-	-
Community services	-	2,076,289	2,353,743	244,766	-	-	-
Debt service:							
Principal	-	-	105,606	280,000	-	7,420,000	3,240,000
Interest	-	-	13,937	210,065	-	9,477,711	483,750
Other debt costs	-	-	-	500	-	350	500
Capital outlay	172,100	114,089	3,750	80,325	-	-	-
Total expenditures	6,204,143	2,190,378	2,660,277	3,770,226	3,419,863	16,898,061	3,724,250
Net Change in Fund Balances	584,956	(226,508)	-	407,073	(4,479)	844,535	(363,391)
Fund Balances - Beginning of year	3,015,211	2,326,059	-	1,883,979	2,446,386	-	767,279
Fund Balances - End of year	\$ 3,600,167	\$ 2,099,551	\$ -	\$ 2,291,052	\$ 2,441,907	\$ 844,535	\$ 403,888

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

Year Ended June 30, 2024

Debt Service Funds				Capital Project Funds			Total
2016 Debt Fund	2019 Debt Fund	2021 Refunding Series A Debt Fund	2021 Refunding Series B Debt Fund	2019 Capital Projects Fund	Capital Maintenance Fund	Sinking Fund	
\$ 2,015,705	\$ 1,992,378	\$ 1,167	\$ 5,850,536	\$ 77,114	\$ -	\$ 4,892,082	\$ 43,902,179
18,314	9,615	-	53,112	-	-	-	6,750,870
-	-	-	-	-	-	-	4,358,555
-	-	-	-	-	-	-	7,803
<u>2,034,019</u>	<u>2,001,993</u>	<u>1,167</u>	<u>5,903,648</u>	<u>77,114</u>	<u>-</u>	<u>4,892,082</u>	<u>55,019,407</u>
-	-	-	-	-	-	-	2,420,494
-	-	-	-	-	-	-	4,137,180
-	-	-	-	-	-	-	6,032,043
-	-	-	-	-	-	-	4,674,798
1,400,000	900,000	-	5,785,000	-	-	-	19,130,606
898,170	916,250	-	326,931	-	-	-	12,326,814
625	-	-	350	-	-	-	2,325
-	-	-	-	747,865	-	6,742,979	7,861,108
<u>2,298,795</u>	<u>1,816,250</u>	<u>-</u>	<u>6,112,281</u>	<u>747,865</u>	<u>-</u>	<u>6,742,979</u>	<u>56,585,368</u>
(264,776)	185,743	1,167	(208,633)	(670,751)	-	(1,850,897)	(1,565,961)
<u>497,827</u>	<u>334,362</u>	<u>-</u>	<u>831,230</u>	<u>1,685,663</u>	<u>672,125</u>	<u>1,927,354</u>	<u>16,387,475</u>
<u>\$ 233,051</u>	<u>\$ 520,105</u>	<u>\$ 1,167</u>	<u>\$ 622,597</u>	<u>\$ 1,014,912</u>	<u>\$ 672,125</u>	<u>\$ 76,457</u>	<u>\$ 14,821,514</u>

Troy School District

Years Ending June 30	2015 Refunding Debt Fund		2016 Debt Fund		2018 Debt Fund		2019 Debt Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 3,225,000	\$ 321,750	\$ 1,650,000	\$ 865,095	\$ 290,000	\$ 201,665	\$ 950,000	\$ 871,250
2026	3,210,000	160,500	1,925,000	823,200	300,000	192,965	1,000,000	823,750
2027	-	-	3,600,000	1,150,875	310,000	183,965	1,050,000	773,750
2028	-	-	3,625,000	988,875	320,000	174,665	1,100,000	721,250
2029	-	-	4,475,000	825,750	330,000	165,065	1,900,000	666,250
2030	-	-	4,575,000	624,375	345,000	155,165	2,000,000	571,250
2031	-	-	4,650,000	418,500	355,000	144,815	2,100,000	471,250
2032	-	-	4,650,000	209,250	370,000	133,810	2,300,000	366,250
2033	-	-	-	-	380,000	121,970	2,500,000	251,250
2034	-	-	-	-	395,000	109,810	2,525,000	126,250
2035	-	-	-	-	410,000	96,775	-	-
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	-	-	-	-	-	-	-	-
Total remaining payments	\$ 6,435,000	\$ 482,250	\$ 29,150,000	\$ 5,905,920	\$ 6,060,000	\$ 1,937,133	\$ 17,425,000	\$ 5,642,500
Principal payments due	May		May		May		May	
Interest payments due	May and November		May and November		May and November		May and November	
Interest rate	5.00%		2.94% - 4.50%		3.00% - 3.75%		5.00%	
Original issue	\$ 31,930,000		\$ 40,000,000		\$ 7,125,000		\$ 22,630,000	

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2024

2020 Debt Fund		2021 Refunding Series B Debt Fund		2023 Debt Fund		Total
Principal	Interest	Principal	Interest	Principal	Interest	
\$ 385,000	\$ 92,900	\$ 5,515,000	\$ 297,832	\$ 10,075,000	\$ 7,944,688	\$ 32,685,180
390,000	85,200	5,470,000	254,099	10,875,000	7,541,688	33,051,402
400,000	77,400	6,730,000	197,046	1,925,000	7,106,688	23,504,724
405,000	69,400	6,790,000	105,720	2,025,000	7,053,750	23,378,660
415,000	61,300	-	-	2,175,000	6,952,500	17,965,865
420,000	53,000	-	-	2,725,000	6,843,750	18,312,540
430,000	44,600	-	-	2,900,000	6,707,500	18,221,665
440,000	36,000	-	-	3,050,000	6,562,500	18,117,810
445,000	27,200	-	-	3,900,000	6,410,000	14,035,420
455,000	18,300	-	-	4,075,000	6,215,000	13,919,360
460,000	9,200	-	-	4,300,000	6,011,250	11,287,225
-	-	-	-	4,500,000	5,796,250	10,798,675
-	-	-	-	4,725,000	5,571,250	10,798,975
-	-	-	-	4,975,000	5,335,000	10,812,500
-	-	-	-	5,225,000	5,086,250	10,811,875
-	-	-	-	5,475,000	4,825,000	10,803,188
-	-	-	-	5,750,000	4,551,250	10,301,250
-	-	-	-	6,025,000	4,263,750	10,288,750
-	-	-	-	6,325,000	3,962,500	10,287,500
-	-	-	-	6,650,000	3,646,250	10,296,250
-	-	-	-	6,975,000	3,313,750	10,288,750
-	-	-	-	7,325,000	2,965,000	10,290,000
-	-	-	-	7,700,000	2,598,750	10,298,750
-	-	-	-	8,075,000	2,213,750	10,288,750
-	-	-	-	8,475,000	1,810,000	10,285,000
-	-	-	-	8,900,000	1,386,250	10,286,250
-	-	-	-	9,325,000	941,249	10,266,249
-	-	-	-	9,500,000	475,000	9,975,000
\$ 4,645,000	\$ 574,500	\$ 24,505,000	\$ 854,697	\$ 163,950,000	\$ 134,090,563	\$ 401,657,563
May		May		May		
May and November		May and November		May and November		
2.00%		0.50% - 1.56%		2.75% - 5.00%		
\$ 6,100,000		\$ 33,315,000		\$ 171,370,000		

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds -
 Special Revenue Funds

Year Ended June 30, 2024

	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	\$ 439,791	\$ 448,163	\$ 1,970,000	\$ 1,963,870	\$ -	\$ -	\$ 2,273,000	\$ 2,340,579	\$ 2,900,000	\$ 3,415,384
State sources	4,339,916	4,309,844	-	-	-	325,011	1,904,057	1,836,720	-	-
Federal sources	1,679,000	2,023,289	-	-	2,524,947	2,335,266	-	-	-	-
Interdistrict sources	-	7,803	-	-	-	-	-	-	-	-
Total revenue	6,458,707	6,789,099	1,970,000	1,963,870	2,524,947	2,660,277	4,177,057	4,177,299	2,900,000	3,415,384
Expenditures										
Current:										
Instruction	-	-	-	-	-	-	2,496,378	2,420,494	-	-
Support services	-	-	-	-	-	183,241	533,919	534,076	2,900,000	3,419,863
Food services	6,060,793	6,032,043	-	-	-	-	-	-	-	-
Community services	-	-	2,101,071	2,076,289	2,524,947	2,353,743	220,305	244,766	-	-
Debt service	-	-	-	-	-	119,543	490,065	490,565	-	-
Capital outlay	-	172,100	-	114,089	-	3,750	-	80,325	-	-
Total expenditures	6,060,793	6,204,143	2,101,071	2,190,378	2,524,947	2,660,277	3,740,667	3,770,226	2,900,000	3,419,863
Excess of Revenue (Under) Over Expenditures	397,914	584,956	(131,071)	(226,508)	-	-	436,390	407,073	-	(4,479)
Fund Balances - Beginning of year	3,015,211	3,015,211	2,326,059	2,326,059	-	-	1,883,979	1,883,979	2,446,386	2,446,386
Fund Balances - End of year	\$ 3,413,125	\$ 3,600,167	\$ 2,194,988	\$ 2,099,551	\$ -	\$ -	\$ 2,320,369	\$ 2,291,052	\$ 2,446,386	\$ 2,441,907

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

Year Ended June 30, 2024

	2023 Capital Projects Fund		2019 Capital Projects Fund		Capital Maintenance Fund		Sinking Fund	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenue - Local sources	\$ 10,200,000	\$ 10,180,060	\$ 80,000	\$ 77,114	\$ -	\$ -	\$ 4,875,000	\$ 4,892,082
Expenditures								
Support Services	5,760,000	23,626	220,000	-	-	-	-	-
Capital outlay	<u>59,567,399</u>	<u>20,939,565</u>	<u>486,200</u>	<u>747,865</u>	<u>-</u>	<u>-</u>	<u>5,800,000</u>	<u>6,742,979</u>
Total expenditures	<u>65,327,399</u>	<u>20,963,191</u>	<u>706,200</u>	<u>747,865</u>	<u>-</u>	<u>-</u>	<u>5,800,000</u>	<u>6,742,979</u>
Excess of Revenue (Under) Over Expenditures	<u>(55,127,399)</u>	<u>(10,783,131)</u>	<u>(626,200)</u>	<u>(670,751)</u>	<u>-</u>	<u>-</u>	<u>(925,000)</u>	<u>(1,850,897)</u>
Net Change in Fund Balances	(55,127,399)	(10,783,131)	(626,200)	(670,751)	-	-	(925,000)	(1,850,897)
Fund Balances - Beginning of year	<u>188,680,666</u>	<u>188,680,666</u>	<u>1,685,663</u>	<u>1,685,663</u>	<u>672,125</u>	<u>672,125</u>	<u>1,927,354</u>	<u>1,927,354</u>
Fund Balances - End of year	<u>\$ 133,553,267</u>	<u>\$ 177,897,535</u>	<u>\$ 1,059,463</u>	<u>\$ 1,014,912</u>	<u>\$ 672,125</u>	<u>\$ 672,125</u>	<u>\$ 1,002,354</u>	<u>\$ 76,457</u>

* The 2023 Capital Projects Fund is considered a major fund.

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.

Troy School District

	As of June 30,			
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:				
Net investment in capital assets	\$ 50,345,593	\$ 52,850,787	\$ 52,187,495	\$ 64,080,214
Restricted	1,525,050	2,110,382	2,806,234	1,701,818
Unrestricted	<u>(159,337,830)</u>	<u>(164,387,265)</u>	<u>(238,084,097)</u>	<u>(245,531,896)</u>
Total net position	<u>\$ (107,467,187)</u>	<u>\$ (109,426,096)</u>	<u>\$ (183,090,368)</u>	<u>\$ (179,749,864)</u>

Source: Troy School District audited financial reports

Net Position by Component

Last Ten Fiscal Years

June 30, 2024

As of June 30,

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 68,823,977	\$ 76,314,228	\$ 82,174,848	\$ 82,106,682	\$ 92,427,309	\$ 106,575,930
1,999,716	2,418,462	805,107	6,299,942	8,787,783	19,636,540
<u>(252,731,885)</u>	<u>(274,892,344)</u>	<u>(284,037,913)</u>	<u>(266,630,339)</u>	<u>(263,687,169)</u>	<u>(242,917,050)</u>
<u>\$ (181,908,192)</u>	<u>\$ (196,159,654)</u>	<u>\$ (201,057,958)</u>	<u>\$ (178,223,715)</u>	<u>\$ (162,472,077)</u>	<u>\$ (116,704,580)</u>

Troy School District

	For the year ended June 30,			
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses				
Governmental activities:				
Instruction	\$ 93,200,608	\$ 101,854,565	\$ 101,201,673	\$ 110,991,618
Support services	52,626,314	54,243,566	58,358,918	58,770,663
Athletics	1,739,618	1,636,069	1,758,020	1,843,331
Food services	3,421,925	3,379,220	3,993,896	3,928,310
Community services	2,270,469	2,706,054	2,715,707	3,483,990
Interest on long-term debt	4,889,258	4,627,733	4,469,693	5,069,657
Other	-	-	-	-
Total governmental activities	<u>158,148,192</u>	<u>168,447,207</u>	<u>172,497,907</u>	<u>184,087,569</u>
Program revenue				
Charges for services:				
Instruction	463,496	488,463	462,953	568,971
Support services	99,141	101,214	111,728	113,563
Athletics	617,879	640,163	622,554	639,532
Food services	2,301,069	2,408,187	2,392,223	2,382,497
Community services	3,341,922	3,970,320	3,909,779	4,087,294
Operating grants and contributions	<u>25,532,747</u>	<u>28,582,037</u>	<u>30,632,594</u>	<u>34,244,702</u>
Total program revenue	<u>32,356,254</u>	<u>36,190,384</u>	<u>38,131,831</u>	<u>42,036,559</u>
Net (expense) revenue	<u>(125,791,938)</u>	<u>(132,256,823)</u>	<u>(134,366,076)</u>	<u>(142,051,010)</u>
General Revenue				
Property taxes	49,975,301	50,777,589	53,098,343	54,637,309
State aid not restricted to specific purposes	77,093,615	78,611,473	79,978,729	81,468,745
Federal sources - unrestricted	-	-	-	-
Investment earnings	3,638	96,248	221,146	460,082
Gain/loss on sale of capital assets	-	(2,615)	1,200	8,352,188
Total general revenue	<u>127,072,554</u>	<u>129,482,695</u>	<u>133,299,418</u>	<u>144,918,324</u>
Other/Transfers	<u>336,164</u>	<u>815,219</u>	<u>1,171,586</u>	<u>473,190</u>
Change in Net Position	<u>\$ 1,616,780</u>	<u>\$ (1,958,909)</u>	<u>\$ 104,928</u>	<u>\$ 3,340,504</u>

Source: Troy School District audited financial reports

Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2024

For the year ended June 30,					
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 111,616,317	\$ 126,101,286	\$ 120,915,752	\$ 102,842,242	\$ 123,107,488	\$ 121,913,991
61,412,099	67,789,772	67,702,339	67,319,848	69,275,079	73,052,121
1,931,128	2,215,582	1,700,708	2,222,512	2,361,149	2,523,754
3,905,867	3,000,067	2,416,697	4,355,229	4,175,797	6,085,533
3,888,821	4,375,699	6,324,376	7,238,912	4,687,389	4,674,327
4,591,605	5,026,646	4,533,849	3,036,029	4,392,161	13,816,434
-	115,825	281,108	3,151	836,634	2,625
187,345,837	208,624,877	203,874,829	187,017,923	208,835,697	222,068,785
603,071	465,827	436,849	426,467	474,025	498,259
116,643	-	-	-	-	-
636,656	155,470	319,969	626,913	658,905	656,112
2,273,020	1,667,850	35,261	72,956	2,390,639	455,524
4,223,836	3,633,369	1,010,456	3,732,076	4,540,948	4,304,449
35,392,379	36,975,323	52,855,894	60,219,352	60,617,779	79,485,003
43,245,605	42,897,839	54,658,429	65,077,764	68,682,296	85,399,347
(144,100,232)	(165,727,038)	(149,216,400)	(121,940,159)	(140,153,401)	(136,669,438)
57,266,919	59,108,800	60,806,414	57,518,838	61,365,284	75,937,488
82,083,583	82,536,248	81,687,900	82,313,714	86,465,321	89,468,641
-	29,868	23,088	47,907	41,954	63,966
851,252	929,117	97,442	112,766	4,143,480	12,502,005
212,049	2,278,502	(708,156)	1,122,207	(305,026)	100,755
140,413,803	144,882,535	141,906,688	141,115,432	151,711,013	178,072,855
1,528,100	4,621,697	2,411,408	3,658,970	4,194,026	4,364,080
\$ (2,158,329)	\$ (16,222,806)	\$ (4,898,304)	\$ 22,834,243	\$ 15,751,638	\$ 45,767,497

Troy School District

	As of June 30,			
	2015	2016	2017	2018
General Fund:				
Nonspendable	470,218	493,772	489,092	455,901
Assigned	-	-	-	-
Unassigned	20,231,419	21,038,513	23,716,299	24,789,571
Total general fund	\$ 20,701,637	\$ 21,532,285	\$ 24,205,391	\$ 25,245,472
All other governmental funds:				
Nonspendable	55,497	43,359	34,918	41,549
Restricted	33,408,409	14,905,377	41,786,386	39,840,906
Committed	3,084,978	753,043	1,090,947	1,198,112
Assigned	-	-	2,174,557	686,469
Unassigned	(146,872)	2,569,438	-	-
Total all other governmental funds	36,402,012	18,271,217	45,086,808	41,767,036
Total of all governmental funds	\$ 57,103,649	\$ 39,803,502	\$ 69,292,199	\$ 67,012,508

Source: Troy School District audited financial reports

Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2024

As of June 30,					
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
782,875	622,620	219,859	883,006	585,726	232,103
-	9,971,143	706,368	3,361,479	-	3,940,833
<u>24,623,618</u>	<u>15,415,947</u>	<u>31,807,875</u>	<u>28,736,352</u>	<u>32,034,595</u>	<u>32,601,591</u>
<u>\$ 25,406,493</u>	<u>\$ 26,009,710</u>	<u>\$ 32,734,102</u>	<u>\$ 32,980,837</u>	<u>\$ 32,620,321</u>	<u>\$ 36,774,527</u>
36,024	64,194	38,824	49,978	62,873	56,676
41,849,992	34,628,627	21,548,642	13,096,116	197,676,719	185,157,738
841,222	2,676,305	2,842,274	3,855,030	6,656,424	6,832,510
967,974	682,939	680,536	672,125	672,125	672,125
-	-	-	-	-	-
<u>43,695,212</u>	<u>38,052,065</u>	<u>25,110,276</u>	<u>17,673,249</u>	<u>205,068,141</u>	<u>192,719,049</u>
<u>\$ 69,101,705</u>	<u>\$ 64,061,775</u>	<u>\$ 57,844,378</u>	<u>\$ 50,654,086</u>	<u>\$ 237,688,462</u>	<u>\$ 229,493,576</u>

Troy School District

	For the year ended June 30,			
	2015	2016	2017	2018
Revenue				
Local revenue	\$ 57,046,419	\$ 59,248,778	\$ 61,515,660	\$ 63,195,894
State revenue	90,333,958	94,448,980	97,409,955	102,218,608
Federal revenue	6,106,109	5,814,843	5,834,392	6,111,461
Interdistrict revenue	7,145,883	7,011,587	7,610,128	7,537,593
Total revenue	160,632,369	166,524,188	172,370,135	179,063,556
Expenditures				
Current:				
Instruction	93,935,867	97,217,899	99,214,158	104,214,738
Support services	42,810,578	42,865,952	44,755,225	47,337,756
Athletics	1,739,618	1,636,069	1,758,020	1,843,331
Food services	3,451,865	3,229,152	3,553,109	3,502,376
Community services	2,292,046	2,608,058	2,672,036	3,329,338
Other	19,724,689	19,149,741	14,656,965	17,761,742
Debt service:				
Principal	10,630,898	11,660,000	11,310,000	13,105,000
Interest	4,963,082	4,923,585	4,430,246	5,665,142
Other	1,055,059	37,516	144,555	64,012
Capital Outlay	691,641	502,348	619,824	-
Total expenditures	181,295,343	183,830,320	183,114,138	196,823,435
Excess of Revenue (Under) Over Expenditures	(20,662,974)	(17,306,132)	(10,744,003)	(17,759,879)
Other Financing Sources (Uses)				
Leases entered into	-	-	-	-
Debt issuance	31,930,000	-	40,000,000	7,125,000
Debt premium or discount	5,574,183	-	-	-
Proceeds from sale of capital assets	44,450	5,985	232,700	8,352,188
Transfers in	1,605,170	5,216,559	802,379	5,472,872
Transfers out	(1,580,263)	(5,216,559)	(802,379)	(5,472,872)
Debt defeasance	(37,202,726)	-	-	-
Total other financing sources (uses)	370,814	5,985	40,232,700	15,477,188
Net change in fund balances	(20,292,160)	(17,300,147)	29,488,697	(2,282,691)
Fund Balances - Beginning of year	77,395,809	57,103,649	39,803,502	69,292,199
Fund Balances - End of year	\$ 57,103,649	\$ 39,803,502	\$ 69,292,199	\$ 67,009,508
Debt service as a percentage of noncapital expenditures				
	10.14%	10.00%	9.17%	10.34%

Source: Troy School District audited financial reports

Changes in Fund Balances, Governmental Funds

**Last Ten Fiscal Years
June 30, 2024**

For the year ended June 30,					
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 67,185,641	\$ 70,582,130	\$ 65,117,799	\$ 66,148,986	\$ 77,767,307	\$ 98,717,917
102,991,529	104,617,684	110,743,625	113,606,709	129,932,089	136,583,025
6,993,508	6,775,053	15,532,995	21,112,713	16,849,413	12,574,899
<u>7,817,110</u>	<u>8,485,720</u>	<u>10,098,231</u>	<u>10,126,058</u>	<u>11,082,213</u>	<u>12,319,670</u>
184,987,788	190,460,587	201,492,650	210,994,466	235,631,022	260,195,511
105,006,674	108,084,602	110,296,670	115,847,916	127,082,439	127,256,676
49,348,852	51,059,745	51,263,342	58,900,439	64,776,167	66,750,475
1,931,128	1,865,512	1,593,596	2,188,989	2,381,909	2,580,048
3,681,063	2,929,564	2,355,746	4,293,308	4,114,838	6,032,043
3,539,897	3,925,250	3,400,743	4,339,915	4,772,649	4,814,471
-	-	-	-	-	-
10,565,000	12,235,000	12,850,000	14,115,000	15,965,000	19,505,606
5,054,648	5,736,725	5,517,016	3,801,552	3,424,055	12,543,260
212,698	115,825	281,108	3,151	836,634	2,625
<u>31,063,786</u>	<u>20,966,707</u>	<u>19,015,185</u>	<u>16,624,808</u>	<u>15,590,049</u>	<u>29,533,058</u>
210,403,746	206,918,930	206,573,406	220,115,078	238,943,740	269,018,262
(25,415,958)	(16,458,343)	(5,080,756)	(9,120,612)	(3,312,718)	(8,822,751)
-	-	-	492,818	-	527,110
22,630,000	6,100,000	40,425,000	-	171,370,000	-
4,453,291	117,488	-	-	18,977,094	-
424,864	3,229,580	9,401	1,437,502	-	100,755
943,902	748,351	1,847,391	1,208,411	-	-
(943,902)	(748,351)	(1,847,391)	(1,208,411)	-	-
-	-	(41,571,042)	-	-	-
<u>27,508,155</u>	<u>9,447,068</u>	<u>(1,136,641)</u>	<u>1,930,320</u>	<u>190,347,094</u>	<u>627,865</u>
2,092,197	(7,011,275)	(6,217,397)	(7,190,292)	187,034,376	(8,194,886)
67,009,508	71,073,050	64,061,775	57,844,378	50,654,086	237,688,462
<u>\$ 69,101,705</u>	<u>\$ 64,061,775</u>	<u>\$ 57,844,378</u>	<u>\$ 50,654,086</u>	<u>\$ 237,688,462</u>	<u>\$ 229,493,576</u>

8.56%

9.55%

9.58%

8.52%

8.99%

13.16%

Taxable Value and Estimated Actual Value of Taxable Property

June 30, 2024

		Taxable Value by Property Type					Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
Tax Year	Fiscal year	Real Property			Agricultural & other	Personal property				
		Residential	Commercial	Industrial						
2014	2015	2,237,229,620	731,677,310	191,295,720	-	332,280,180	3,492,482,830	27.9580	6,984,965,660	50.00%
2015	2016	2,325,897,703	743,060,107	193,552,920	-	341,000,860	3,603,511,590	27.5838	7,207,023,180	50.00%
2016	2017	2,343,454,337	748,668,967	195,013,921	-	343,574,846	3,630,712,071	28.2114	7,261,424,140	50.00%
2017	2018	2,417,387,678	772,288,628	201,166,390	-	354,414,244	3,745,256,940	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	4,325,905,260	26.4658	8,651,810,520	50.00%
2022	2023	3,099,545,240	979,250,150	255,866,910	-	289,273,640	4,623,935,940	26.1344	9,247,871,880	50.00%
2023	2024	4,113,587,760	1,305,736,060	411,040,030	-	364,598,800	6,194,962,650	27.8415	12,389,925,300	50.00%

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

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

Source: City of Troy - Assessing Department

Troy School District

Direct and Overlapping Property Tax Rates

June 30, 2024

Tax Year	Millage rates - direct school district taxes					Overlapping taxes								
	Operating		Debt*	Sinking Fund*	Total Direct Taxes		County	Community college	Intermediate school district	State Education	City of Troy	Zoo	Art	SMART**
	Homestead	Non-homestead			Homestead	Non-homestead								
2014	5.2580	18.0000	4.7000	-	9.9580	22.7000	4.6461	1.5844	3.3690	6.0000	10.5000	0.9980	0.1996	0.5950
2015	4.9918	17.8920	4.7000	-	9.6918	22.5920	4.5456	1.5819	3.3634	6.0000	10.4974	0.0998	0.1996	1.0000
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	-	-	-
2018	5.2320	18.0000	4.1000	0.9922	10.3242	23.0922	4.0400	1.5431	3.2813	6.0000	10.2964	-	-	-
2019	4.8836	18.0000	4.1000	0.9858	9.9694	23.0858	4.0400	1.5303	3.2539	6.0000	10.2437	-	-	-
2020	4.6750	18.0000	4.1000	0.9826	9.7576	23.0826	4.0200	1.5184	3.2280	6.0000	9.9991	-	-	-
2021	3.3878	18.0000	4.1000	0.9780	8.4658	23.0780	4.0132	1.5057	3.2012	6.0000	10.0154	-	-	-
2022	3.0693	18.0000	4.1000	0.9651	8.1344	23.0651	3.9686	1.4891	3.1658	6.0000	9.8966	-	-	-
2023	2.7764	18.0000	6.1000	0.9651	9.8415	25.0651	3.9686	1.4891	3.1658	6.0000	9.8966	-	-	-

* 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, 2024

		2023 Taxable			2014		2014 Taxable		
Taxpayer		Value	% of total	Rank	Taxpayer	Value	% of total		
1	Somerset Collections	\$ 63,920,120	1.03%	*	Frankel Forbes Cohen	\$ 51,579,130	1.48%		
2	DTE Electric Co.	50,052,990	0.81%	2	DTE Electric Co.	35,118,170	1.01%		
3	Lithia Real Estate Inc	44,085,040	0.71%	*	Nykel Management CO	25,451,950	0.73%		
4	Troy Apts I-IV LLC	33,682,460	0.54%	*	Urbanal	25,337,300	0.73%		
5	Zen Troy LLC	30,730,160	0.50%	*	755-900 Tower Assoc	20,025,150	0.57%		
6	Midtown Place Troy LLC	28,540,680	0.50%	6	CC Troy	19,962,720	0.57%		
7	Pentrecentre LLC	25,925,890	0.46%	*	Osprey Troy	19,696,840	0.56%		
8	MK Oakland Mall LLC	25,352,410	0.42%	*	Bank of America NA	17,840,330	0.51%		
9	CC Troy Associates LLC	24,043,020	0.41%	*	Kelly Services	17,480,210	0.50%		
10	Consumers Energy	23,419,270	0.38%	*	Macy's	17,010,500	0.49%		
Total		\$ 349,752,040	5.75%			\$ 249,502,300	7.14%		
Taxable Value		\$ 6,194,962,650				\$ 3,492,482,830			

* Data not available

Source: City of Troy- Assessing Department

Property Tax Levies and Collections

Last Ten Fiscal Years

June 30, 2024

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
2014	2015	49,928,293	48,917,135	97.97%	830,632	49,747,767	99.64%
2015	2016	50,867,677	49,811,759	97.92%	886,090	50,697,849	99.67%
2016	2017	52,985,629	51,980,465	98.10%	823,575	52,804,040	99.66%
2017	2018	54,512,259	53,587,874	98.30%	836,283	54,424,157	99.84%
2018	2019	57,508,396	56,473,447	98.20%	793,458	57,266,905	99.58%
2019	2020	59,256,610	58,039,040	97.95%	1,069,760	59,108,800	99.75%
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%

(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, 2024

Fiscal Year	Tax-limited General obligation bonds (LTGO)	Less: pledged debt service funds	Other general obligation debt	Net general bonded debt	Taxable value	Net general bonded debt as a percentage of taxable value	Population	Net general bonded debt per capita	Total outstanding debt to personal income
2015	123,585,000	1,054,935	11,173,189	133,703,254	3,492,482,830	3.83%	83,496	1,601	36.17
2016	111,925,000	1,221,661	10,897,023	121,600,362	3,603,511,590	3.37%	84,092	1,446	31.74
2017	140,615,000	2,643,654	10,353,730	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	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	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	151,402,800	4,092,173,350	3.70%	87,076	1,739	Not available
2021	130,280,000	343,339	7,678,963	137,615,624	4,236,286,120	3.25%	87,592	1,571	Not available
2022	116,165,000	1,470,298	6,970,845	121,665,547	4,325,905,260	2.81%	87,201	1,395	Not available
2023	271,570,000	2,430,698	25,179,340	294,318,642	4,623,935,940	6.37%	87,830	3,351	Not available
2024	252,170,000	2,625,343	23,229,081	272,773,738	6,194,962,650	4.40%	88,051	3,098	Not available

Source: City of Troy and Troy School District

Troy School District

Direct and Overlapping Governmental Activities Debt

June 30, 2024

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Troy	\$ 12,359,440	81.03%	\$ 10,014,855
Oakland County	144,919,913	6.70%	9,709,634
Oakland ISD	38,215,000	6.73%	2,571,870
Total overlapping debt			22,296,359
Direct district debt			249,544,657
Total direct and overlapping debt			<u>\$ 271,841,016</u>

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

Source: Municipal Advisory Council of Michigan and Troy School District

Troy School District

	As of June 30,			
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Calculation of debt limit				
Taxable assessed value (TAV)	\$ 3,492,482,830	\$ 3,603,511,590	\$ 3,630,712,070	\$ 3,745,256,940
15% of taxable assessed value (TAV)	523,872,425	540,526,739	544,606,811	561,788,541
Calculation of debt subject to limit				
Debt Subject to Limit	123,585,000	111,925,000	140,615,000	134,635,000
Less debt not subject to limit:				
State qualified debt issuance	<u>123,585,000</u>	<u>111,925,000</u>	<u>140,615,000</u>	<u>127,510,000</u>
Net debt subject to limit	-	-	-	7,125,000
Legal debt margin	<u>\$ 523,872,425</u>	<u>\$ 540,526,739</u>	<u>\$ 544,606,811</u>	<u>\$ 554,663,541</u>
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	0.00%	1.27%

Legal Debt Margin

June 30, 2024

As of June 30,

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 3,903,455,940	\$ 4,092,173,350	\$ 4,233,432,812	\$ 4,325,905,260	\$ 4,623,935,940	\$ 6,194,962,650
585,518,391	613,826,003	635,014,922	648,885,789	693,590,391	929,244,398
144,307,341	138,973,290	129,936,661	114,694,702	269,139,302	249,544,657
<u>137,182,341</u>	<u>125,748,290</u>	<u>117,316,661</u>	<u>102,694,702</u>	<u>257,779,302</u>	<u>238,839,657</u>
7,125,000	13,225,000	12,620,000	12,000,000	11,360,000	10,705,000
<u>\$ 578,393,391</u>	<u>\$ 600,601,003</u>	<u>\$ 622,394,922</u>	<u>\$ 636,885,789</u>	<u>\$ 682,230,391</u>	<u>\$ 918,539,398</u>
1.22%	2.15%	1.99%	1.85%	1.64%	1.15%

Demographic and Economic Statistics

June 30, 2024

Fiscal year	Population	Total Personal Income (in thousands)	City of Troy Per Capita Personal Income	City of Troy Unemployment Rate*
2015	83,496	3,696,092	44,361	3.80%
2016	84,092	3,830,797	46,525	3.40%
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%

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

Source: City of Troy and SEMCOG

Employer	2024 Employees	Percentage of total	2015 Employees	Percentage of total	2015 rank
1 Corewell Health Beaumont Troy Hospital	3,260	5.43%	2,300	5.89%	1
2 Troy School District	1,338	2.23%	1,218	3.12%	2
3 Meritor, Inc.	1,000	1.67%	1,000	2.56%	3
4 Magna International of America, Inc.	900	1.50%	400	1.02%	7
5 Mahle Industries, Inc.	500	0.83%	*	*	*
6 Plex Systems, Inc.	470	0.78%	*	*	*
7 Sodecia Automotive North America	380	0.63%	*	*	*
8 Inteva Products, LLC	350	0.58%	*	*	*
9 Utica Enterprises	350	0.58%	*	*	*
10 Toyoda Gosei North America Corporation	308	0.51%	*	*	*
Collins & Aikman Corp	*	*	750	1.92%	4
Behr America, Inc.	*	*	500	1.28%	5
Kamax L.P.	*	*	460	1.18%	6
City of Troy	*	*	300	0.77%	8
Cosma Engineering	*	*	300	0.77%	9
Entertainment Publications, Inc.	*	*	300	0.77%	10
Total principal employers	<u>8,856</u>	14.75%	<u>7,528</u>	19.28%	
Total employment	<u>60,058</u>		<u>39,054</u>		

Source: PFM and State of Michigan

Troy School District

Full-Time Equivalent School District Employees

**Last Ten Fiscal Years
June 30, 2024**

Function/ program:	As of June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government										
Instruction	787	825	848	840	887	925	862	891	882	879
Support services	276	249	308	153	162	171	107	164	177	175
Community service	9	53	79	27	29	18	14	15	20	20
Athletics	-	-	-	1	1	1	1	1	2	3
Food service	-	-	-	-	1	1	1	1	1	1
Total	1,072	1,127	1,235	1,021	1,080	1,116	985	1,072	1,082	1,078

Troy School District

Operating Indicators

Last Ten Fiscal Years

June 30, 2024

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
2015	12,563	137,233,758	10,924	135,821,734	10,811	787	14.00	72,769
2016	12,731	140,248,064	11,016	140,413,422	11,029	825	12.20	73,622
2017	12,932	143,554,320	11,101	146,167,117	11,303	848	11.37	73,603
2018	13,034	150,737,172	11,565	151,692,331	11,638	840	15.00	74,459
2019	13,061	153,676,834	11,766	153,796,953	11,775	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	12,447	191,469,703	15,383	194,996,044	15,666	887	17.51	78,145

Source: Troy School District

Troy School District

Function/ program	As of June 30,			
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instructional buildings:				
Early Childhood:				
Number of buildings	-	-	-	-
Square footage	-	-	-	-
Capacity	-	-	-	-
Enrollment (Early 5's & ECP)	-	-	-	-
Elementary:				
Number of buildings	12	12	12	12
Square footage	717,462	717,462	717,462	717,462
Capacity	6,400	6,400	6,400	6,400
Enrollment	5,534	5,591	5,609	5,647
Middle:				
Number of buildings	4	4	4	4
Square footage	450,492	450,492	450,492	450,492
Capacity	2,885	2,885	2,885	2,885
Enrollment	2,864	2,921	2,988	2,995
High:				
Number of buildings	4	4	4	4
Square footage	851,426	851,426	851,426	851,426
Capacity	4,596	4,596	4,596	4,596
Enrollment	4,197	4,219	4,334	4,392
 Total enrollment*	 12,595	 12,731	 12,931	 13,034
Administrative:				
Number of buildings	2	2	2	2
Square footage	41,143	41,143	41,143	41,143
Transportation/Maintenance:				
Number of buildings	2	2	2	2
Buses	55	56	65	69

* - Per February Count Day

Source: Troy School District

Capital Asset Information

Last Ten Fiscal Years

June 30, 2024

As of June 30,					
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
-	1	1	1	1	1
-	72,000	72,000	72,000	72,000	72,000
-	528	528	528	528	528
-	110	135	197	208	222
12	12	12	12	12	12
717,462	717,462	717,462	717,462	717,462	717,462
6,400	6,400	6,400	6,400	6,400	6,400
5,603	5,457	5,198	5,047	5,071	5,005
4	4	4	4	4	4
450,492	450,492	450,492	450,492	450,492	450,492
2,885	2,885	2,885	2,885	2,885	2,885
3,065	3,087	2,906	2,812	2,835	2,945
4	4	4	4	4	4
851,426	851,426	851,426	851,426	851,426	851,426
4,596	4,596	4,596	4,596	4,596	4,596
4,393	4,407	4,484	4,463	4,426	4,275
13,061	13,061	12,723	12,519	12,540	12,447
2	2	2	2	2	2
41,143	41,143	41,143	41,143	41,143	41,143
2	2	2	2	2	2
69	69	71	74	74	74