



# 2025

## Annual REPORT

2024-2025 TROY SCHOOL DISTRICT

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Annual Comprehensive Financial Report  
for Fiscal Year Ending June 30, 2025

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Administration Building  
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# Troy School District

(a school district in the state of Michigan)

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## **Annual Comprehensive Financial Report with Supplementary Information**

**June 30, 2025**

**Report Prepared by the Business Office**

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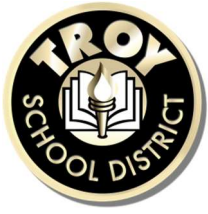
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Issued Under  
Separate  
Cover



**Dan Trudel, CPA**  
**Assistant Superintendent for Business Services**

**Aurel Malutan**  
**Director of Finance**

October 13, 2025

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

The Annual Comprehensive Financial Report of Troy School District (the "School District") for the fiscal year ended June 30, 2025 is hereby submitted. The report was prepared by the school district's Department of Business Services and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the school district. We believe the data, as presented, is accurate in all material respects. The information is presented in a manner designed to fairly set forth the financial position and the results of operations of the School District as measured by the financial activity of the school district's government-wide financial activity and the activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the school district's financial affairs have been included.

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

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

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

#### Introductory Section

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

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

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

### Financial Section

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

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

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

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

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

### Statistical Section

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

## District Overview

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

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

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

Our awards and honors include:

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

Troy makes up just over 26.61 square miles, is the largest city in Oakland County and the 13th largest city in the State of Michigan, with a population of approximately 80,000. The city is the home to over 6,000 businesses with a market value of over \$12 billion. Our residents are highly educated and motivated—more than 57% have obtained a bachelor’s degree or higher and continue to place a high priority on education. Four universities and colleges have campuses in Troy, and incoming residents report the excellence of the K-12 school system as a key factor in relocating to the area. The district’s proximity to Detroit, Ann Arbor, and Lansing makes museums, institutions of higher education, and cultural organizations available to classrooms, staff, and families. When Troy is compared to the State of Michigan, we are significantly above state averages in median household income, median house value, and foreign-born and minority populations. Unemployment is below the state average, and the percentage of population working in professional occupations is well above the state average. Troy’s population is stable with growth expected through 2035, though demographically the City’s residents are aging and becoming more diverse with a robust international community and culture.

The Troy School District strategically maintains its facilities, infrastructure, and technology to ensure safe and secure environments that are conducive to teaching and learning primarily through voter approved bond issues and sinking funds. Over the past decade, bond dollars have funded significant mechanical and electrical upgrades, technology purchases and improvements, secure front entries at all the school district’s elementary and middle school buildings, roof replacement, and parking lot and infrastructure improvements. Funds were also used to purchase flexible furniture for classrooms, equipment for our high school weight rooms, instruments for our instrumental music programs, and school buses. We anticipate exhausting all available bond funds from the 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 School District's academic focus continues to be guided by its vision, mission, core values and strategic direction.

### Our Vision

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

### Our Mission

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

### Goals

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

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

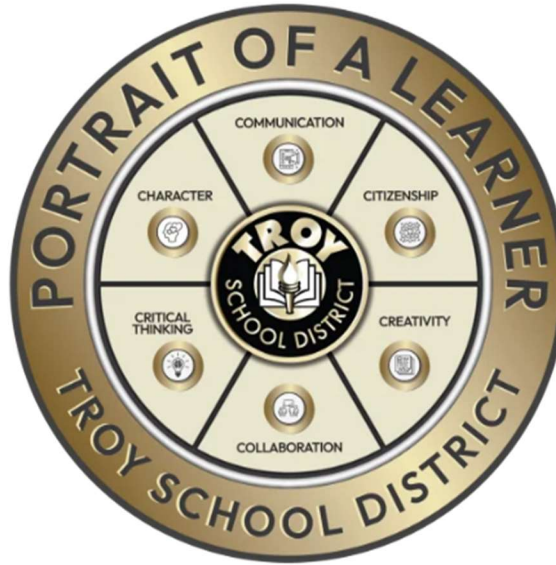
### Strategic Direction

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

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

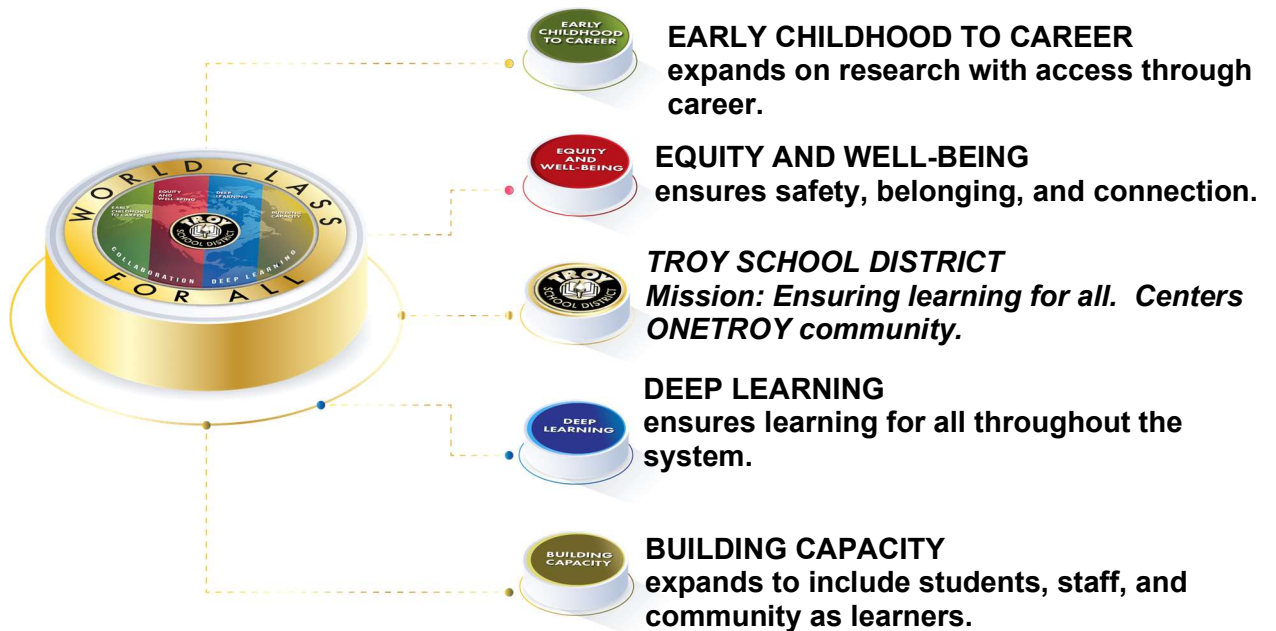
Four years ago, Troy School District embarked on a journey to answer the question – “What do we want our students to be like as adults, after they graduate?” Our community, teachers, and students came together and charted a course to make it a reality and their dreams for the future helped us identify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

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



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

The 2026 Strategic Plan is outlined in the following graphic:



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

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

Written curriculum and pacing guides function as systematic outlines for instruction. These documents identify what our teachers teach and what students should learn. Many of such documents are uploaded to Schoology, a web-based storage system, providing teachers access to this information from any computer. Class and course goals and objectives have been matched with state, national, and college readiness standards to ensure that we are preparing our students for today, as well as tomorrow. Throughout the Troy School District, high standards are infused in the curriculum.

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

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

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

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

## **Economic Condition and Outlook**

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

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

**Student Enrollment:** Enrollment projections are done annually and, if necessary, adjustments are made. A five-year projection of enrollment is prepared utilizing data from the county, city, and school district. Information such as live births, cohort survival ratios, residential building permits, and work force/economic statistics are used in the enrollment projections. Historically, this method has proven to be accurate, within a reasonable variance, for planning future facility needs and staffing requirements. Enrollment as of Spring 2025 was 12,393.

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

The minimal increase in funding and a one-time reduction of retirement expenditures has allowed us to maintain programming for the 2024-2025 school year. Beyond that, the School District is expected to make difficult decisions to maintain a balanced budget. The School District's prudent fiscal management and solid fund balance will allow us to strategically right-size the district over the next couple of years and continue providing a world-class education to our students.

## **Internal Controls**

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

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

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

### **Budgetary Controls**

The school district maintains budgetary controls to ensure that budgets follow legal provisions in the annual appropriation budget adopted by the Board of Education.

Formal budgetary integration is employed as a management controls device throughout the year for the General Fund, Special Revenue Funds, and Capital Projects Funds/Capital Maintenance Fund. Under the guidelines of Bulletin 1022 (Revised), the State of Michigan's School Accounting Manual, detailed budget information is provided, and appropriate administrators are delegated the responsibility for monitoring and controlling their respective budget allocations. The budget is amended during the year to appropriately address variances that occur.

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

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

### **Independent Audit**

State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran was appointed by the Troy Board of Education to perform this service for the 2024-2025 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, 2025.

## Other Information

### Building Information

	<u>Acreage</u>	<u>Square Footage</u>	<u>Year Built</u>	<u>Student Count</u>
<b><u>High Schools</u></b>				
Athens High School	50.00	398,426	1974	1,457
International Academy East	(included with Baker)	81,455	1952	541
Troy High School	73.13	343,207	1992	2,023
Troy College and Career High School	4.21	37,520	1978	200
<b><u>Middle Schools</u></b>				
Baker Middle School	40.00	128,458	200	630
Boulan Middle School	16.00	111,190	1971	849
Larson Middle School	31.94	111,190	1971	863
Smith Middle School	13.79	101,094	1967	605
<b><u>Elementary Schools</u></b>				
Barnard Elementary School	15.01	64,312	1978	401
Bemis Elementary School	15.38	64,312	1978	450
Costello Elementary School	22.95	52,175	1972	396
Hamilton Elementary	14.83	64,312	1983	464
Hill Elementary School	12.94	54,456	1967	365
Leonard Elementary School	11.76	59,340	1959	406
Martell Elementary School	14.20	52,919	1972	353
Morse Elementary School	6.64	54,636	1956	415

Schroeder Elementary School	10.00	61,989	1970	438
Troy Union Elementary School	21.78	68,777	1925	398
Wass Elementary School	20.14	64,312	1978	416
Wattles Elementary School	19.00	59,270	1967	408
VLAC (K-8)				12
Administration Building	15.00	12,000	1973	0
Services Building	(Included with Administration Building)	29,263	2000	0
Preschool (Early 5's & ECP)	13.60	72,000	2019	242
Troy Center for Transitions	(Included in Baker)	(Included in Baker)	2007	61
Transportation Building	4.85	13,728	1964	0
Rankin (Warehouse)	1.59	24,840	Unknown	0
<b>Total</b>	<b>448.74</b>	<b>2,185,181</b>		<b>12,393</b>
Vacant Property	128.30			

## **Awards**

This report has been prepared following the guidelines recommended by the Association of School Business Officials (ASBO). The ASBO awarded a Certificate of Excellence in Financial Reporting to the Troy School District for its Annual Comprehensive Financial Report for the fiscal years ended June 30, 1989-2024. To be awarded a Certificate of Excellence, the school district must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

## **Acknowledgments**

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

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

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

Respectfully submitted,



Dan Trudel, CPA  
Assistant Superintendent Business Services



Aurel Malutan  
Director of Finance

**Troy School District**

**District Officials**

**Board of Education**

Dr. Nancy Philippart, President

Vital Anne, Vice President

Emina Alic, Esq., Secretary

Ayesha Potts, Trustee

Dr. Audra Melton, Trustee

Matt Haupt, Esq., Trustee

Stephanie Zandler, Trustee

**Administration**

Richard Machesky, Ed.D., Superintendent

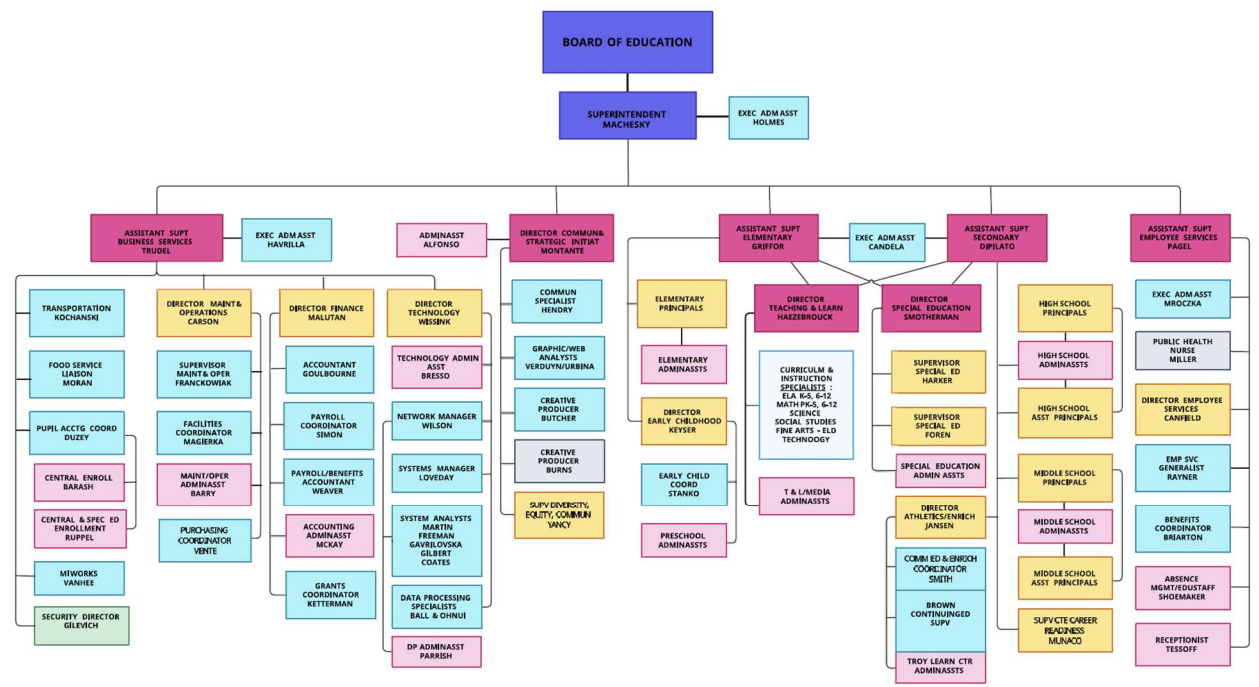
Dan Trudel, CPA, Assistant Superintendent Business Services

Christine DiPilato, Assistant Superintendent Secondary Instruction

Kristine Griffor, Assistant Superintendent Elementary Instruction

John Pagel, Assistant Superintendent Employee Services

# TROY SCHOOL DISTRICT 2024-2025 ORGANIZATIONAL CHART



BOARD OF ED SUPERINTENDENT	CABINET	ADMIN HANDBOOK	NONREP	TESA	TEA	MISC.
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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, 2024.

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'.

Ryan S. Stechschulte  
President

A handwritten signature in black ink, reading 'James M. Rowan'.

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, 2025 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, 2025 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 other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Other Information***

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

To the Board of Education  
Troy School District

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2025 on our consideration of Troy School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Troy School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Troy School District's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

October 13, 2025

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, 2025. 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 the statement of changes in fiduciary net position, present financial information about custodial accounts for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

**Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Basic Financial Statements

**Required Supplementary Information**

Budgetary Comparison Schedule - General Fund

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

Schedule of Pension Contributions

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

Schedule of OPEB Contributions

**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.

**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, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 256.2	\$ 276.9
Capital assets	269.3	217.4
Total assets	525.5	494.3
<b>Deferred Outflows of Resources</b>	71.1	101.4
<b>Liabilities</b>		
Current liabilities	43.5	44.3
Noncurrent liabilities	267.2	287.8
Net pension liability	211.6	288.9
Total liabilities	522.3	621.0
<b>Deferred Inflows of Resources</b>	129.0	91.4
<b>Net Position (Deficit)</b>		
Net investment in capital assets	125.1	106.6
Restricted	56.4	19.6
Unrestricted	(236.2)	(242.9)
Total net position (deficit)	<u>\$ (54.7)</u>	<u>\$ (116.7)</u>

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 \$(54.7) million at June 30, 2025. Net investment in capital assets totaling \$125.1 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 (\$(236.2) million) was unrestricted.

The \$(236.2) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension liability and OPEB asset). The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension liability and OPEB asset will have a significant impact on the change in unrestricted net position from year to year.

# Troy School District

## Management's Discussion and Analysis (Continued)

	Governmental Activities	
	2025	2024
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 5.8	\$ 5.9
Operating grants	76.0	79.5
General revenue:		
Taxes	80.3	75.9
State aid not restricted to specific purposes	85.7	89.5
Other	14.5	17.1
<b>Total revenue</b>	<b>262.3</b>	<b>267.9</b>
<b>Expenses</b>		
Instruction	107.6	121.9
Support services	67.1	73.1
Athletics	2.5	2.5
Food services	6.6	6.1
Community services	4.6	4.7
Debt service	11.9	13.8
<b>Total expenses</b>	<b>200.3</b>	<b>222.1</b>
<b>Change in Net Position</b>	<b>62.0</b>	<b>45.8</b>
<b>Net Position (Deficit) - Beginning of year</b>	<b>(116.7)</b>	<b>(162.5)</b>
<b>Net Position (Deficit) - End of year</b>	<b>\$ (54.7)</b>	<b>\$ (116.7)</b>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$200.3 million. Certain activities were partially funded from those who benefited from the programs (\$5.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$76.0 million). We paid for the remaining public benefit portion of our governmental activities with \$80.3 million in taxes, \$85.7 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$62.0 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 \$177.6 million, which is a decrease of \$51.9 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, fund balance decreased by \$3.1 million to \$33.7 million, consistent with the final adopted budget. Troy School District continues to have good General Fund reserves; the total available fund balance is 17.4 percent of 2025 general operating expenditures.

Fund balance of our special revenue funds decreased from \$10.4 million last year to \$10.0 million this year. In 2024-2025, the Food Service Fund realized a fund balance decrease of \$0.9 million, primarily due to significant capital expenditures during the year. The Community Service Fund experienced a decrease of \$66 thousand, and the Troy School District Preschool Fund added \$0.4 million of fund balance.

Combined, fund balance of our debt service funds increased by \$1.4 million. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are restricted since they can only be used to pay debt service obligations.

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. During the 2025 fiscal year, the 2023 Capital Projects Fund expended \$57.9 million on voter-approved construction projects and ended the year with \$127.4 million in remaining fund balance. In 2025, the School District collected \$5.1 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 \$49.7 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 2025. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

There were revisions made to the 2024-2025 General Fund original budget. Budgeted revenue was increased by \$3.3 million, primarily related to state and federal sources. The 2025 State School Aid Act included increases to state categorical revenue, including Section 147a(4) MPERS Reduced UAAL in the amount of approximately \$5.0 million. 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 2024-2025 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, 2025 and 2024, the School District had \$269.3 million and \$217.4 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 \$51.9 million from 2024 to 2025.

	2025	2024
Land	\$ 1,861,010	\$ 1,861,010
Construction in progress	25,973,665	21,750,478
Buildings and improvements	404,736,902	358,803,377
Furniture and equipment	69,200,671	56,228,659
Lease asset - Building	530,288	530,288
Lease assets - Equipment	527,110	527,110
	<hr/>	<hr/>
Total capital assets	502,829,646	439,700,922
	<hr/>	<hr/>
Less accumulated depreciation and amortization	233,540,622	222,290,537
	<hr/>	<hr/>
Total capital assets - Net of accumulated depreciation and amortization	<b><u>\$ 269,289,024</u></b>	<b><u>\$ 217,410,385</u></b>

This year's additions of \$63.1 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.

**Troy School District**

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

**Debt**

At the end of this year, the School District had \$230.1 million in bonds outstanding versus \$252.2 million in the previous year.

Those bonds consisted of the following:

	2025	2024
General obligation bonds	\$ 230,080,000	\$ 252,170,000
Bond premium	21,275,050	23,229,081
Total	<b>\$ 251,355,050</b>	<b>\$ 275,399,081</b>

The School District's general obligation bond rating is AA/Stable, as affirmed by Standard & Poor's in January 2025. 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 \$10.0 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 \$220 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 2025-2026 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 2025-2026 budget was adopted in June 2025 based on an estimate of students who will enroll in September 2025. The estimated count is expected to be 12,074. Approximately 66.5 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 2026 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2025-2026 budget.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State of Michigan has seen and continues to project modest increases in revenue for the school aid budget for the next two years. As a result, the Legislature passed and the governor signed an educational budget that will provide for a \$442 per pupil increase for the School District for 2025-2026. There were also some reductions to various categorical funding sources that will lower the total per pupil increase.

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

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

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

**June 30, 2025**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents (Note 4)	\$ 35,753,639
Receivables:	
Other receivables	643,482
Due from other governments	24,946,712
Inventory	92,650
Prepaid expenses	264,778
Restricted assets (Note 6)	157,861,718
Net OPEB asset (Note 13)	36,619,750
Capital assets:	
Capital assets not being depreciated or amortized (Note 7)	27,834,675
Capital assets - Net of accumulated depreciation and amortization (Note 7)	<u>241,454,349</u>
Total assets	525,471,753
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 10)	103,572
Deferred pension costs (Note 13)	61,376,530
Deferred OPEB costs (Note 13)	<u>9,632,860</u>
Total deferred outflows of resources	71,112,962
<b>Liabilities</b>	
Accounts payable	14,216,196
Due to other governmental units	3,112,959
Accrued liabilities:	
Accrued salaries and wages	11,489,101
Accrued payroll taxes and fringe benefits	6,600,256
Accrued interest payable	1,646,900
Unearned revenue (Note 9)	6,502,348
Noncurrent liabilities:	
Due within one year (Note 10)	26,115,832
Due in more than one year (Note 10)	241,021,624
Net pension liability (Note 13)	<u>211,642,114</u>
Total liabilities	522,347,330
<b>Deferred Inflows of Resources</b>	
Revenue in support of pension contributions made subsequent to the measurement date (Note 13)	11,411,140
Deferred pension cost reductions (Note 13)	68,593,731
Deferred OPEB cost reductions (Note 13)	<u>48,972,293</u>
Total deferred inflows of resources	<u>128,977,164</u>
<b>Net Position (Deficit)</b>	
Net investment in capital assets	125,135,054
Restricted:	
Capital projects	14,727,662
Food service	2,683,104
Debt service	2,331,826
Net OPEB asset	36,619,750
Unrestricted	<u>(236,237,175)</u>
Total net position (deficit)	<u><b>\$ (54,739,779)</b></u>

Year Ended June 30, 2025

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 107,575,936	\$ 475,704	\$ 48,526,723	\$ (58,573,509)
Support services	67,108,862	-	20,797,167	(46,311,695)
Athletics	2,463,706	805,174	-	(1,658,532)
Food services	6,554,386	361,676	6,718,253	525,543
Community services	4,643,839	4,119,749	4,802	(519,288)
Interest	11,956,905	-	-	(11,956,905)
Other debt costs	2,800	-	-	(2,800)
Total primary government	<b>\$ 200,306,434</b>	<b>\$ 5,762,303</b>	<b>\$ 76,046,945</b>	(118,497,186)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				42,989,827
Property taxes, levied for debt service				32,282,916
Property taxes, levied for capital projects				5,053,012
State aid not restricted to specific purposes				85,745,593
Federal grants and contributions not restricted to specific purposes				87,600
Interest and investment earnings				9,242,345
Student activities				3,837,861
Other				1,222,833
Total general revenue				180,461,987
<b>Change in Net Position</b>				61,964,801
<b>Net Position (Deficit) - Beginning of year</b>				(116,704,580)
<b>Net Position (Deficit) - End of year</b>				<b>\$ (54,739,779)</b>

# Troy School District

## Governmental Funds Balance Sheet

June 30, 2025

	General Fund	2023 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents (Note 4)	\$ 19,120,069	\$ -	\$ 16,633,570	\$ 35,753,639
Receivables:				
Other receivables	609,456	-	18,954	628,410
Due from other governments	23,932,674	6,825	1,007,213	24,946,712
Due from other funds (Note 8)	18,449,406	-	893,692	19,343,098
Inventory	7,043	-	85,607	92,650
Prepaid expenses	248,110	-	16,668	264,778
Restricted assets (Note 6)	-	151,991,234	5,870,484	157,861,718
	<b>\$ 62,366,758</b>	<b>\$ 151,998,059</b>	<b>\$ 24,526,188</b>	<b>\$ 238,891,005</b>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 1,621,992	\$ 11,936,297	\$ 657,907	\$ 14,216,196
Due to other governmental units	3,112,959	-	-	3,112,959
Due to other funds (Note 8)	29,598	12,698,963	6,599,465	19,328,026
Accrued liabilities	18,089,357	-	-	18,089,357
Unearned revenue (Note 9)	5,799,057	-	703,291	6,502,348
	<b>28,652,963</b>	<b>24,635,260</b>	<b>7,960,663</b>	<b>61,248,886</b>
Total liabilities				
<b>Fund Balances</b>				
Nonspendable:				
Inventory	7,043	-	85,607	92,650
Prepays	248,110	-	16,668	264,778
Restricted:				
Debt service	-	-	3,978,726	3,978,726
Capital projects	-	127,362,799	1,915,300	129,278,099
Food service	-	-	2,590,197	2,590,197
Committed:				
Community service	-	-	4,718,641	4,718,641
Student activities	-	-	2,597,629	2,597,629
Assigned:				
Subsequent year's budget	3,739,629	-	-	3,739,629
Capital maintenance	-	-	672,125	672,125
Unassigned	29,719,013	-	(9,368)	29,709,645
	<b>33,713,795</b>	<b>127,362,799</b>	<b>16,565,525</b>	<b>177,642,119</b>
Total fund balances				
Total liabilities and fund balances	<b>\$ 62,366,758</b>	<b>\$ 151,998,059</b>	<b>\$ 24,526,188</b>	<b>\$ 238,891,005</b>

**Governmental Funds**

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

**June 30, 2025**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 177,642,119</b>
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	502,829,646
Accumulated depreciation and amortization	<u>(233,540,622)</u>
Net capital assets and lease assets used in governmental activities	269,289,024
Deferred outflows related to bond refundings are not reported in the funds	103,572
Bonds payable, including bond premiums, and lease liabilities are not due and payable in the current period and are not reported in the funds	(251,818,716)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,646,900)
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	(8,156,977)
Other termination benefits	(172,500)
Net pension liability and related deferred inflows and outflows	(218,859,315)
Net OPEB asset and related deferred inflows and outflows	(2,719,683)
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	(11,411,140)
Arbitrage liabilities do not present a claim on current financial resources and are not reported as fund liabilities	<u>(6,989,263)</u>
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u><u>\$ (54,739,779)</u></u></b>

## Troy School District

### Governmental Funds

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

**Year Ended June 30, 2025**

	General Fund	2023 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Local sources	\$ 46,912,097	\$ 7,339,482	\$ 46,139,518	\$ 100,391,097
State sources	126,640,016	-	7,839,389	134,479,405
Federal sources	3,981,857	-	4,668,671	8,650,528
Interdistrict sources	13,039,291	-	700	13,039,991
Total revenue	190,573,261	7,339,482	58,648,278	256,561,021
<b>Expenditures</b>				
Current:				
Instruction	124,691,694	-	2,557,178	127,248,872
Support services	65,150,390	332,912	4,633,119	70,116,421
Athletics	2,664,534	-	-	2,664,534
Food services	-	-	6,457,869	6,457,869
Community services	166,605	-	5,076,735	5,243,340
Debt service:				
Principal	385,000	-	21,808,128	22,193,128
Interest	251,730	-	10,502,852	10,754,582
Other debt costs	300	-	2,500	2,800
Capital outlay	323,740	57,541,306	5,865,886	63,730,932
Total expenditures	193,633,993	57,874,218	56,904,267	308,412,478
<b>Net Change in Fund Balances</b>	(3,060,732)	(50,534,736)	1,744,011	(51,851,457)
<b>Fund Balances - Beginning of year</b>	36,774,527	177,897,535	14,821,514	229,493,576
<b>Fund Balances - End of year</b>	<b>\$ 33,713,795</b>	<b>\$ 127,362,799</b>	<b>\$ 16,565,525</b>	<b>\$ 177,642,119</b>

**Governmental Funds**

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

**Year Ended June 30, 2025**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (51,851,457)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation and amortization:	
Capitalized capital outlay	63,128,724
Depreciation and amortization expense	(11,250,085)
Revenue in support of pension contributions made subsequent to the measurement date	5,710,214
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	24,167,474
Interest expense is recognized in the government-wide statements as it accrues	118,963
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	35,236,600
The change in the arbitrage liability does not use current financial resources and is, therefore, not reported as an expenditure in the governmental funds	<u>(3,295,632)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 61,964,801</u></b>

## Troy School District

### Statement of Fiduciary Net Position

June 30, 2025

Custodial Funds

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

\$ 141,161

**Liabilities**

Accounts payable

25,669

Due to other funds (Note 8)

15,072

Total liabilities

40,741

**Net Position** - Unrestricted

\$ 100,420

## Troy School District

### Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	<u>Custodial Funds</u>
<b>Additions</b> - Fundraising and contributions	\$ 247,637
<b>Deductions</b> - Disbursements for scholarships and other activities	<u>238,141</u>
<b>Net Increase in Fiduciary Net Position</b>	9,496
<b>Net Position</b> - Beginning of year	<u>90,924</u>
<b>Net Position</b> - End of year	<u><u>\$ 100,420</u></u>

June 30, 2025

### 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.
  - o 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.
  - o 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.
  - o 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.
  - o 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 or net asset value.

**Inventories and Prepaid Items**

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable. The School District uses the consumption method to report prepaid costs in governmental funds.

**Restricted Assets**

The following amounts are reported as restricted assets:

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

**Capital Assets**

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

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

	<u>Depreciable Life - Years</u>
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Lease asset - Building	5
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 (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

**Compensated Absences**

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

**Other Termination Benefits**

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

**Use of Estimates**

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

**Leases**

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

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

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

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

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

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

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

**Upcoming Accounting Pronouncements**

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.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

**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.

There were revisions made to the 2024-2025 General Fund original budget. Budgeted revenue was increased by \$3.3 million, primarily related to state and federal sources. The 2025 State School Aid Act included increases to state categorical revenue. There were no significant variances between the final budget and actual revenue amounts.

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

Budgeted expenditures were also amended. Salaries and benefits were adjusted to reflect 2024-2025 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***

The School District did not have significant expenditure budget variances.

***Capital Projects Fund Compliance***

The capital projects funds include capital project activities funded with bonds. For the 2023 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.

The Sinking Fund records capital project activities funded with sinking fund millage. For this fund, the School District has complied with the applicable provisions of §1212 of the Revised School Code.

**Note 4 - Deposits and Investments**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated nine financial institutions and utilized three for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a 1-day minimum investment period on MILAF Cash Management funds and a 14-day redemption limitation on MILAF MAX Class funds. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

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

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

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits of \$42,256,631 (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.

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

***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, 2025, 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. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

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

Investment	Carrying Value	Maturity Date
<b>Primary Government</b>		
U.S. agency bonds or notes	\$ 2,666,639	4/30/2026
U.S. agency bonds or notes	3,178,636	5/31/2026
U.S. agency bonds or notes	3,822,154	6/30/2026
U.S. agency bonds or notes	4,297,052	7/31/2026
U.S. agency bonds or notes	4,738,496	8/31/2026
U.S. agency bonds or notes	5,004,065	9/30/2026
U.S. agency bonds or notes	5,174,107	10/31/2026
U.S. agency bonds or notes	5,347,015	11/30/2026
U.S. agency bonds or notes	5,551,696	12/31/2026
U.S. agency bonds or notes	5,665,555	1/31/2027
U.S. agency bonds or notes	5,640,855	2/28/2027
U.S. agency bonds or notes	5,777,365	3/31/2027
U.S. agency bonds or notes	6,213,138	4/30/2027
U.S. agency bonds or notes	6,649,943	5/31/2027
U.S. agency bonds or notes	6,972,007	6/30/2027
U.S. agency bonds or notes	2,372,546	7/31/2027
Commercial paper	5,162,600	10/14/2025
Commercial paper	5,163,449	11/14/2025
Commercial paper	441,932	11/25/2025
Total	<u>\$ 89,839,250</u>	

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

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2025, the credit quality ratings of investments are as follows:

Investment	Amortized Cost	Rating	Rating Organization
<b>Primary Government</b>			
Michigan Liquid Asset Fund Cash Management Money Market Fund	\$ 13,940,105	AAm	S&P
Michigan Liquid Asset Fund MAX Class Money Market	9,379,138	AAm	S&P
TERM - Michigan Term Series	39,895,000	AAAf	Fitch
Commercial paper	10,767,981	A1	S&P
U.S. agency bonds and notes	79,071,269	AA+	S&P
Total	<u>\$ 153,053,493</u>		

**Concentration of Credit Risk**

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

**Foreign Currency Risk**

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

**Note 5 - Fair Value Measurements**

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

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

The School District has the following recurring fair value measurements as of June 30, 2025:

- U.S. federal agency securities of \$79,071,269 are valued using quoted market prices (Level 1 inputs).
- Commercial paper securities of \$10,767,981 are valued using quoted market prices (Level 2 inputs).

**June 30, 2025**

**Note 6 - Restricted Assets**

At June 30, 2025, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds and related interest	\$ 152,736,952
Unspent sinking fund property taxes levied	1,203,857
Unspent debt service property taxes levied	<u>3,920,909</u>
Total	<u>\$ 157,861,718</u>

**Note 7 - Capital Assets**

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

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated or amortized:					
Land	\$ 1,861,010	\$ -	\$ -	\$ -	\$ 1,861,010
Construction in progress	<u>21,750,478</u>	<u>(9,707,950)</u>	<u>13,931,137</u>	-	<u>25,973,665</u>
Subtotal	23,611,488	(9,707,950)	13,931,137	-	27,834,675
Capital assets being depreciated or amortized:					
Buildings and improvements	358,803,377	9,707,950	36,225,575	-	404,736,902
Furniture and equipment	56,228,659	-	12,972,012	-	69,200,671
Lease asset - Building	530,288	-	-	-	530,288
Lease assets - Equipment	<u>527,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>527,110</u>
Subtotal	416,089,434	9,707,950	49,197,587	-	474,994,971
Accumulated depreciation and amortization:					
Buildings and improvements	174,614,210	-	9,243,134	-	183,857,344
Furniture and equipment	47,277,187	-	1,776,609	-	49,053,796
Lease asset - Building	300,307	-	98,564	-	398,871
Lease assets - Equipment	<u>98,833</u>	<u>-</u>	<u>131,778</u>	<u>-</u>	<u>230,611</u>
Subtotal	<u>222,290,537</u>	<u>-</u>	<u>11,250,085</u>	<u>-</u>	<u>233,540,622</u>
Net capital assets being depreciated and amortized	<u>193,798,897</u>	<u>9,707,950</u>	<u>37,947,502</u>	<u>-</u>	<u>241,454,349</u>
Net governmental activities capital assets	<u>\$ 217,410,385</u>	<u>\$ -</u>	<u>\$ 51,878,639</u>	<u>\$ -</u>	<u>\$ 269,289,024</u>

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

Governmental activities:	
Instruction	\$ 5,457,907
Support services	5,470,874
Community services	105,894
Food services	112,863
Athletics	<u>102,547</u>
Total governmental activities	<u>\$ 11,250,085</u>

**June 30, 2025**

**Note 7 - 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	\$ 31,947,589
Sinking Fund	<u>730,326</u>
Total	<u>\$ 32,677,915</u>

**Note 8 - 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>2023 Capital Projects Fund</u>	<u>Fiduciary Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 12,698,963	\$ 15,072	\$ 5,735,371	\$ 18,449,406
Nonmajor funds	<u>29,598</u>	<u>-</u>	<u>-</u>	<u>864,094</u>	<u>893,692</u>
Total	<u>\$ 29,598</u>	<u>\$ 12,698,963</u>	<u>\$ 15,072</u>	<u>\$ 6,599,465</u>	<u>\$ 19,343,098</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 9 - Unearned Revenue**

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

At June 30, 2025, the various components of unearned revenue were as follows:

	<u>Governmental Funds Liability - Unearned</u>
Student lunch accounts	\$ 53,670
Tuition/Fees received in advance	588,803
Grant and categorical aid payment received prior to meeting all eligibility requirements	<u>5,859,875</u>
Total	<u>\$ 6,502,348</u>

**June 30, 2025**

**Note 10 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation bonds	\$ 252,170,000	\$ -	\$ (22,090,000)	\$ 230,080,000	\$ 23,170,000
Unamortized bond premiums	23,229,081	-	(1,954,031)	21,275,050	1,878,974
Total bonds payable	275,399,081	-	(24,044,031)	251,355,050	25,048,974
Leases	690,681	-	(227,015)	463,666	243,358
Compensated absences	7,896,313	260,664	-	8,156,977	816,000
Other termination benefits	165,000	75,000	(67,500)	172,500	7,500
Arbitrage liability	3,693,631	3,295,632	-	6,989,263	-
Total governmental activities long-term debt	<u>\$ 287,844,706</u>	<u>\$ 3,631,296</u>	<u>\$ (24,338,546)</u>	<u>\$ 267,137,456</u>	<u>\$ 26,115,832</u>

The School District had deferred outflows of \$103,572, net of current year amortization of \$103,572, related to deferred charges on bond refundings at June 30, 2025.

**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, 2025 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
\$31,930,000 refunding qualified bond - 2015	\$3,210,000	5.00%	May 1, 2026	\$ 3,210,000
\$40,000,000 general obligation qualified bond - 2016	\$1,925,000 - \$4,650,000	2.94% - 4.50%	May 1, 2032	27,500,000
\$7,125,000 general obligation unqualified bond - 2018	\$300,000 - \$485,000	3.00% - 3.75%	May 1, 2040	5,770,000
\$22,630,000 general obligation qualified bond - 2019	\$1,000,000 - \$2,525,000	5.00%	May 1, 2034	16,475,000
\$6,100,000 general obligation unqualified bond - 2020	\$390,000 - \$460,000	2.00%	May 1, 2035	4,260,000
\$33,315,000 refunding qualified bond - 2021	\$5,470,000 - \$6,790,000	0.50% - 1.56%	May 1, 2028	18,990,000
\$171,370,000 general obligation qualified bond - 2023	\$1,925,000 - \$10,875,000	2.75% - 5.00%	May 1, 2052	153,875,000
Total governmental activities				<u>\$ 230,080,000</u>

**Other Long-term Liabilities**

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

**Note 10 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
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	10,065,000	8,247,540	18,312,540
2031-2035	41,090,000	34,491,480	75,581,480
2036-2040	27,155,000	26,870,213	54,025,213
2041-2045	31,725,000	19,737,500	51,462,500
2046-2050	40,475,000	10,973,750	51,448,750
2051-2052	18,825,000	1,416,250	20,241,250
Total	\$ 230,080,000	\$ 138,892,383	\$ 368,972,383

**Note 11 - Leases**

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

Future principal and interest payment requirements related to the School District's lease liabilities at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 243,358	\$ 24,009	\$ 267,367
2027	182,373	9,429	191,802
2028	37,935	492	38,427
Total	\$ 463,666	\$ 33,930	\$ 497,596

**Note 12 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property, general liability, employee medical, and workers' compensation claims. The School District participates in the SET-SEG shared-risk program for claims relating to property and general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 13 - Michigan Public School Employees' Retirement System**

***Plan Description***

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

***Benefits Provided***

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

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

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

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

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

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

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

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

**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, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

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, 2025 were \$38,371,759, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2025, the School District's required and actual pension contributions include an allocation of \$9,297,729 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate as well as \$2,113,411 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the system.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2025 were \$3,410,390, which includes the School District's contributions required for those members with a defined contribution benefit.

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

**Net Pension Liability**

At June 30, 2025, the School District reported a liability of \$211,642,114 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. 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, 2024 and 2023, the School District's proportion was approximately 0.86 and 0.89 percent, respectively, representing a change of (3.13) percent.

**Net OPEB Asset**

At June 30, 2025, the School District reported an asset of \$36,619,750 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. 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, 2024 and 2023, the School District's proportion was approximately 0.85 and 0.87 percent, respectively, representing a change of (2.11) percent.

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

For 2025, the School District recognized pension expense of \$15,138,956, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025, 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	\$ 5,741,999	\$ (2,299,521)
Changes in assumptions	22,064,945	(15,506,673)
Net difference between projected and actual earnings on pension plan investments	-	(40,390,287)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,365,342	(10,397,250)
The School District's contributions to the plan subsequent to the measurement date	32,204,244	-
Total	\$ 61,376,530	\$ (68,593,731)

The \$11,411,140 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, 2026. 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
2026	\$ (9,014,896)
2027	(1,441,630)
2028	(17,489,764)
2029	(11,475,155)
Total	\$ (39,421,445)

June 30, 2025

**Note 13 - 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, 2025, the School District recognized an OPEB recovery of \$13,191,754.

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (38,805,751)
Changes in assumptions	7,998,280	(919,336)
Net difference between projected and actual earnings on OPEB plan investments	-	(6,932,538)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	789,558	(2,314,668)
Employer contributions to the plan subsequent to the measurement date	845,022	-
Total	<u>\$ 9,632,860</u>	<u>\$ (48,972,293)</u>

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

Years Ending	Amount
2026	\$ (12,880,569)
2027	(7,924,544)
2028	(7,659,879)
2029	(7,082,515)
2030	(3,916,635)
Thereafter	(720,313)
Total	<u>\$ (40,184,455)</u>

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2024 are based on the results of an actuarial valuation as of September 30, 2023 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.50% - 7.25%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

Assumption changes as a result of an experience study for the periods from 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension liability and OPEB liability as of September 30, 2024 are based on the results of an actuarial valuation date of September 30, 2023 and rolled forward using generally accepted actuarial procedures, including experience study.

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plan include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 0.25 percentage points 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, 2023.

**Discount Rate**

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.30 %
Private equity pools	16.00	9.00
International equity pools	15.00	6.50
Fixed-income pools	13.00	2.20
Real estate and infrastructure pools	10.00	7.10
Absolute return pools	9.00	5.20
Real return/opportunistic pools	10.00	6.90
Short-term investment pools	2.00	1.40
Total	100.00 %	

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

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

***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	\$ 310,269,613	\$ 211,642,114	\$ 129,515,745

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	\$ (28,300,044)	\$ (36,619,750)	\$ (43,813,014)

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	\$ (43,813,092)	\$ (36,619,750)	\$ (28,904,929)

***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, 2025, the School District reported a payable of \$7,746,814 and \$188,318 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

**Note 14 - Tax Abatements**

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

For the fiscal year ended June 30, 2025, the School District's property tax revenue was reduced by \$471,000 under these programs.

**June 30, 2025**

**Note 14 - Tax Abatements (Continued)**

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 \$338,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.

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## Required Supplementary Information

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## Troy School District

### Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue</b>				
Local sources	\$ 47,455,345	\$ 46,923,372	\$ 46,912,097	\$ (11,275)
State sources	126,436,088	130,300,126	126,640,016	(3,660,110)
Federal sources	4,502,005	4,442,113	3,981,857	(460,256)
Incoming transfers and other	13,151,085	13,192,272	13,039,291	(152,981)
Total revenue	191,544,523	194,857,883	190,573,261	(4,284,622)
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	94,757,497	94,353,059	92,458,321	(1,894,738)
Added needs	32,343,750	31,596,467	31,461,953	(134,514)
Adult/Continuing education	983,206	969,531	942,062	(27,469)
Total instruction	128,084,453	126,919,057	124,862,336	(2,056,721)
Support services:				
Pupil	14,911,509	16,115,828	15,769,738	(346,090)
Instructional staff	12,379,366	12,106,174	12,047,754	(58,420)
General administration	2,496,767	2,295,983	2,242,553	(53,430)
School administration	9,925,447	10,152,976	10,004,291	(148,685)
Business	2,031,116	1,748,598	1,698,774	(49,824)
Operations and maintenance	14,134,448	16,334,847	15,025,625	(1,309,222)
Pupil transportation services	4,308,072	5,248,527	4,543,302	(705,225)
Central	3,877,086	3,977,068	3,913,008	(64,060)
Total support services	64,063,811	67,980,001	65,245,045	(2,734,956)
Athletics	2,521,508	2,907,538	2,689,271	(218,267)
Community services	172,084	196,140	200,311	4,171
Debt service:				
Principal	385,000	385,000	385,000	-
Interest	92,900	260,697	251,730	(8,967)
Other debt costs	-	300	300	-
Total expenditures	195,319,756	198,648,733	193,633,993	(5,014,740)
<b>Excess of Expenditures Over Revenue</b>	(3,775,233)	(3,790,850)	(3,060,732)	730,118
<b>Other Financing Uses - Transfers out</b>	(165,600)	(3,986)	-	3,986
<b>Net Change in Fund Balance</b>	(3,940,833)	(3,794,836)	(3,060,732)	734,104
<b>Fund Balance - Beginning of year</b>	36,774,527	36,774,527	36,774,527	-
<b>Fund Balance - End of year</b>	<b>\$ 32,833,694</b>	<b>\$ 32,979,691</b>	<b>\$ 33,713,795</b>	<b>\$ 734,104</b>

## 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

	<b>Last Ten Plan Years</b>									
	<b>Plan Years Ended September 30</b>									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.86448 %	0.89246 %	0.90524 %	0.89067 %	0.89690 %	0.88088 %	0.86640 %	0.86890 %	0.85150 %	0.84400 %
School District's proportionate share of the net pension liability	\$ 211,642,114	\$ 288,852,665	\$ 340,447,659	\$ 210,869,230	\$ 308,094,061	\$ 291,719,442	\$ 260,469,817	\$ 225,168,031	\$ 212,452,257	\$ 206,148,083
School District's covered payroll	\$ 89,368,202	\$ 86,571,618	\$ 88,069,428	\$ 79,799,032	\$ 79,440,906	\$ 78,153,384	\$ 77,188,924	\$ 73,207,364	\$ 72,136,475	\$ 73,470,015
School District's proportionate share of the net pension liability as a percentage of its covered payroll	236.82 %	333.66 %	386.57 %	264.25 %	387.83 %	373.27 %	337.44 %	307.58 %	294.51 %	280.59 %
Plan fiduciary net position as a percentage of total pension liability	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	62.12 %	62.12 %	63.96 %	63.01 %	62.92 %

## Troy School District

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

**Last Ten Fiscal Years  
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 37,490,675	\$ 36,615,148	\$ 41,845,623	\$ 30,532,065	\$ 27,148,826	\$ 24,922,031	\$ 23,851,102	\$ 22,141,167	\$ 19,127,812	\$ 16,281,923
Contributions in relation to the statutorily required contribution	37,490,675	36,615,148	41,845,623	30,532,065	27,148,826	24,922,031	23,851,102	22,141,167	19,127,812	16,281,923
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 92,923,328</b>	<b>\$ 88,371,160</b>	<b>\$ 86,081,809</b>	<b>\$ 83,641,260</b>	<b>\$ 79,444,904</b>	<b>\$ 79,542,529</b>	<b>\$ 73,305,657</b>	<b>\$ 73,147,546</b>	<b>\$ 75,447,606</b>	<b>\$ 71,360,808</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>40.35 %</b>	<b>41.43 %</b>	<b>48.61 %</b>	<b>36.50 %</b>	<b>34.17 %</b>	<b>31.33 %</b>	<b>32.54 %</b>	<b>30.27 %</b>	<b>25.35 %</b>	<b>22.82 %</b>

## 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

	<b>Last Eight Plan Years</b>							
	<b>Plan Years Ended September 30</b>							
	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.85075 %	0.86911 %	0.90842 %	0.88509 %	0.89764 %	0.89492 %	0.86170 %	0.86740 %
School District's proportionate share of the net OPEB (asset) liability	\$ (36,619,750)	\$ (4,916,519)	\$ 19,240,985	\$ 13,509,781	\$ 48,088,931	\$ 64,235,041	\$ 68,498,169	\$ 76,809,462
School District's covered payroll	\$ 89,368,202	\$ 86,571,618	\$ 88,069,428	\$ 79,799,032	\$ 79,440,906	\$ 78,153,384	\$ 77,188,924	\$ 73,207,364
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(40.98)%	(5.68)%	21.85 %	16.93 %	60.53 %	82.19 %	88.74 %	104.92 %
Plan fiduciary net position as a percentage of total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

**Troy School District**

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

	<b>Last Eight Fiscal Years Years Ended June 30</b>							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 2,766,792	\$ 7,260,066	\$ 6,928,897	\$ 6,816,094	\$ 6,611,206	\$ 6,391,719	\$ 6,319,573	\$ 5,503,226
Contributions in relation to the statutorily required contribution	<u>2,766,792</u>	<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>
<b>Contribution Excess</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>School District's Covered Payroll</b>	\$ 92,923,328	\$ 88,371,160	\$ 86,081,809	\$ 83,641,260	\$ 79,444,904	\$ 79,542,529	\$ 73,305,657	\$ 73,147,546
<b>Contributions as a Percentage of Covered Payroll</b>	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	8.62 %	7.52 %

***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 2024-2025 General Fund original budget. Budgeted revenue was increased by \$3.3 million, primarily related to state and federal sources. The 2025 State School Aid Act included increases to state categorical revenue. 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 2024-2025 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***

The required contributions for the year ended June 30, 2025 include a one-time contribution of \$2,113,411, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

**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.

### ***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:

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 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.

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## Other Supplementary Information

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# 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
<b>Assets</b>							
Cash and cash equivalents	\$ 2,374,969	\$ 4,091,987	\$ 363,699	\$ 5,544,856	\$ 3,585,934	\$ -	\$ -
Receivables:							
Other receivables	3,548	3,072	-	1,215	11,119	-	-
Due from other governments	111,955	-	339,687	481,821	-	29,278	6,539
Due from other funds	284,435	-	-	-	-	222,400	-
Inventory	85,607	-	-	-	-	-	-
Prepaid expenses	7,300	-	9,368	-	-	-	-
Restricted assets	-	-	-	-	-	1,336,022	369,814
<b>Total assets</b>	<b>\$ 2,867,814</b>	<b>\$ 4,095,059</b>	<b>\$ 712,754</b>	<b>\$ 6,027,892</b>	<b>\$ 3,597,053</b>	<b>\$ 1,587,700</b>	<b>\$ 376,353</b>
<b>Liabilities</b>							
Accounts payable	\$ 131,040	\$ 50,053	\$ 24,747	\$ 235,537	\$ 97,153	\$ -	\$ 3,793
Due to other funds	-	1,863,692	688,007	2,605,407	902,271	-	102,056
Unearned revenue	53,670	147,622	-	501,999	-	-	-
<b>Total liabilities</b>	<b>184,710</b>	<b>2,061,367</b>	<b>712,754</b>	<b>3,342,943</b>	<b>999,424</b>	<b>-</b>	<b>105,849</b>
<b>Fund Balances</b>							
Nonspendable:							
Inventory	85,607	-	-	-	-	-	-
Prepays	7,300	-	9,368	-	-	-	-
Restricted:							
Debt service	-	-	-	-	-	1,587,700	270,504
Capital projects	-	-	-	-	-	-	-
Food service	2,590,197	-	-	-	-	-	-
Committed:							
Community service	-	2,033,692	-	2,684,949	-	-	-
Student activities	-	-	-	-	2,597,629	-	-
Assigned - Capital maintenance	-	-	-	-	-	-	-
Unassigned	-	-	(9,368)	-	-	-	-
<b>Total fund balances</b>	<b>2,683,104</b>	<b>2,033,692</b>	<b>-</b>	<b>2,684,949</b>	<b>2,597,629</b>	<b>1,587,700</b>	<b>270,504</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,867,814</b>	<b>\$ 4,095,059</b>	<b>\$ 712,754</b>	<b>\$ 6,027,892</b>	<b>\$ 3,597,053</b>	<b>\$ 1,587,700</b>	<b>\$ 376,353</b>

Other Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2025

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	\$ -	\$ 16,633,570
-	-	-	-	-	-	-	18,954
1,700	-	-	13,140	-	-	23,093	1,007,213
-	26,761	-	69,731	290,365	-	-	893,692
-	-	-	-	-	-	-	85,607
-	-	-	-	-	-	-	16,668
680,709	678,111	1,167	855,086	745,718	-	1,203,857	5,870,484
<b>\$ 682,409</b>	<b>\$ 704,872</b>	<b>\$ 1,167</b>	<b>\$ 937,957</b>	<b>\$ 1,036,083</b>	<b>\$ 672,125</b>	<b>\$ 1,226,950</b>	<b>\$ 24,526,188</b>
\$ 3,070	\$ 2,227	\$ -	\$ 6,803	\$ -	\$ -	\$ 103,484	\$ 657,907
193,783	-	-	-	-	-	244,249	6,599,465
-	-	-	-	-	-	-	703,291
196,853	2,227	-	6,803	-	-	347,733	7,960,663
-	-	-	-	-	-	-	85,607
-	-	-	-	-	-	-	16,668
485,556	702,645	1,167	931,154	-	-	-	3,978,726
-	-	-	-	1,036,083	-	879,217	1,915,300
-	-	-	-	-	-	-	2,590,197
-	-	-	-	-	-	-	4,718,641
-	-	-	-	-	-	-	2,597,629
-	-	-	-	-	672,125	-	672,125
-	-	-	-	-	-	-	(9,368)
485,556	702,645	1,167	931,154	1,036,083	672,125	879,217	16,565,525
<b>\$ 682,409</b>	<b>\$ 704,872</b>	<b>\$ 1,167</b>	<b>\$ 937,957</b>	<b>\$ 1,036,083</b>	<b>\$ 672,125</b>	<b>\$ 1,226,950</b>	<b>\$ 24,526,188</b>

# 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
<b>Revenue</b>							
Local sources	\$ 331,105	\$ 1,928,813	\$ -	\$ 2,190,936	\$ 3,837,861	\$18,558,909	\$ 3,376,668
State sources	4,569,675	4,802	567,480	2,337,263	-	204,293	37,198
Federal sources	2,147,878	-	2,520,793	-	-	-	-
Interdistrict sources	700	-	-	-	-	-	-
<b>Total revenue</b>	<b>7,049,358</b>	<b>1,933,615</b>	<b>3,088,273</b>	<b>4,528,199</b>	<b>3,837,861</b>	<b>18,763,202</b>	<b>3,413,866</b>
<b>Expenditures</b>							
Current:							
Instruction	-	-	-	2,557,178	-	-	-
Support services	-	-	197,199	753,781	3,682,139	-	-
Food services	6,457,869	-	-	-	-	-	-
Community services	-	1,999,474	2,772,078	305,183	-	-	-
Debt service:							
Principal	-	-	103,128	290,000	-	10,075,000	3,225,000
Interest	-	-	8,658	201,665	-	7,944,687	321,750
Other debt costs	-	-	-	500	-	350	500
Capital outlay	1,508,552	-	7,210	25,995	-	-	-
<b>Total expenditures</b>	<b>7,966,421</b>	<b>1,999,474</b>	<b>3,088,273</b>	<b>4,134,302</b>	<b>3,682,139</b>	<b>18,020,037</b>	<b>3,547,250</b>
<b>Net Change in Fund Balances</b>	<b>(917,063)</b>	<b>(65,859)</b>	<b>-</b>	<b>393,897</b>	<b>155,722</b>	<b>743,165</b>	<b>(133,384)</b>
<b>Fund Balances - Beginning of year</b>	<b>3,600,167</b>	<b>2,099,551</b>	<b>-</b>	<b>2,291,052</b>	<b>2,441,907</b>	<b>844,535</b>	<b>403,888</b>
<b>Fund Balances - End of year</b>	<b>\$ 2,683,104</b>	<b>\$ 2,033,692</b>	<b>\$ -</b>	<b>\$ 2,684,949</b>	<b>\$ 2,597,629</b>	<b>\$ 1,587,700</b>	<b>\$ 270,504</b>

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

**Year Ended June 30, 2025**

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		
\$ 2,729,903	\$ 1,982,244	\$ -	\$ 6,055,019	\$ 52,016	\$ -	\$ 5,096,044	\$46,139,518	
30,112	21,846	-	66,720	-	-	-	7,839,389	
-	-	-	-	-	-	-	4,668,671	
-	-	-	-	-	-	-	700	
<u>2,760,015</u>	<u>2,004,090</u>	<u>-</u>	<u>6,121,739</u>	<u>52,016</u>	<u>-</u>	<u>5,096,044</u>	<u>58,648,278</u>	
-	-	-	-	-	-	-	2,557,178	
-	-	-	-	-	-	-	4,633,119	
-	-	-	-	-	-	-	6,457,869	
-	-	-	-	-	-	-	5,076,735	
1,650,000	950,000	-	5,515,000	-	-	-	21,808,128	
857,010	871,250	-	297,832	-	-	-	10,502,852	
500	300	-	350	-	-	-	2,500	
-	-	-	-	30,845	-	4,293,284	5,865,886	
<u>2,507,510</u>	<u>1,821,550</u>	<u>-</u>	<u>5,813,182</u>	<u>30,845</u>	<u>-</u>	<u>4,293,284</u>	<u>56,904,267</u>	
252,505	182,540	-	308,557	21,171	-	802,760	1,744,011	
<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>	
<b><u>\$ 485,556</u></b>	<b><u>\$ 702,645</u></b>	<b><u>\$ 1,167</u></b>	<b><u>\$ 931,154</u></b>	<b><u>\$ 1,036,083</u></b>	<b><u>\$ 672,125</u></b>	<b><u>\$ 879,217</u></b>	<b><u>\$16,565,525</u></b>	

# 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
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	-	-	-	-	-	-	-	-
<b>Total remaining payments</b>	<b>\$ 3,210,000</b>	<b>\$ 160,500</b>	<b>\$ 27,500,000</b>	<b>\$ 5,040,825</b>	<b>\$ 5,770,000</b>	<b>\$ 1,735,468</b>	<b>\$ 16,475,000</b>	<b>\$ 4,771,250</b>
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	<b>\$ 31,930,000</b>		<b>\$ 40,000,000</b>		<b>\$ 7,125,000</b>		<b>\$ 22,630,000</b>	

## Other Supplementary Information Schedule of Bonded Indebtedness

**June 30, 2025**

2020 Debt Fund		2021 Refunding Series B Debt Fund		2023 Debt Fund		Total
Principal	Interest	Principal	Interest	Principal	Interest	
\$ 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
<b>\$ 4,260,000</b>	<b>\$ 481,600</b>	<b>\$ 18,990,000</b>	<b>\$ 556,865</b>	<b>\$ 153,875,000</b>	<b>\$ 126,145,875</b>	<b>\$ 368,972,383</b>
May		May		May		
May and November		May and November		May and November		
2.00%		0.50% - 1.56%		2.75% - 5.00%		
<b>\$ 6,100,000</b>		<b>\$ 33,315,000</b>		<b>\$ 171,370,000</b>		

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

Year Ended June 30, 2025

	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
<b>Revenue</b>										
Local sources	\$ 315,940	\$ 331,105	\$ 2,203,063	\$ 1,928,813	\$ -	\$ -	\$ 1,937,756	\$ 2,190,936	\$ 3,000,000	\$ 3,837,861
State sources	5,952,389	4,569,675	5,885	4,802	570,426	567,480	2,997,555	2,337,263	-	-
Federal sources	2,177,051	2,147,878	-	-	2,614,512	2,520,793	-	-	-	-
Interdistrict sources	700	700	-	-	-	-	-	-	-	-
Total revenue	<u>8,446,080</u>	<u>7,049,358</u>	<u>2,208,948</u>	<u>1,933,615</u>	<u>3,184,938</u>	<u>3,088,273</u>	<u>4,935,311</u>	<u>4,528,199</u>	<u>3,000,000</u>	<u>3,837,861</u>
<b>Expenditures</b>										
Current:										
Instruction	-	-	-	-	-	-	3,228,853	2,557,178	-	-
Support services	-	-	-	-	-	197,199	835,970	753,781	3,000,000	3,682,139
Food services	8,195,798	6,457,869	-	-	-	-	-	-	-	-
Community services	-	-	2,227,143	1,999,474	3,184,938	2,772,078	328,194	305,183	-	-
Debt service	-	-	-	-	-	111,786	492,165	492,165	-	-
Capital outlay	-	1,508,552	-	-	-	7,210	-	25,995	-	-
Total expenditures	<u>8,195,798</u>	<u>7,966,421</u>	<u>2,227,143</u>	<u>1,999,474</u>	<u>3,184,938</u>	<u>3,088,273</u>	<u>4,885,182</u>	<u>4,134,302</u>	<u>3,000,000</u>	<u>3,682,139</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	250,282	(917,063)	(18,195)	(65,859)	-	-	50,129	393,897	-	155,722
<b>Fund Balances - Beginning of year</b>	<u>3,600,167</u>	<u>3,600,167</u>	<u>2,099,551</u>	<u>2,099,551</u>	<u>-</u>	<u>-</u>	<u>2,291,052</u>	<u>2,291,052</u>	<u>2,441,907</u>	<u>2,441,907</u>
<b>Fund Balances - End of year</b>	<u>\$ 3,850,449</u>	<u>\$ 2,683,104</u>	<u>\$ 2,081,356</u>	<u>\$ 2,033,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,341,181</u>	<u>\$ 2,684,949</u>	<u>\$ 2,441,907</u>	<u>\$ 2,597,629</u>

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

Year Ended June 30, 2025

	2023 Capital Projects Fund		2019 Capital Projects Fund		Capital Maintenance Fund		Sinking Fund	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenue - Local sources</b>	\$ 7,932,749	\$ 7,339,482	\$ 50,000	\$ 52,016	\$ -	\$ -	\$ 5,119,133	\$ 5,096,044
<b>Expenditures</b>								
Support Services	8,732,416	332,912	-	-	200,000	-	-	-
Capital outlay	<u>75,097,468</u>	<u>57,541,306</u>	<u>60,000</u>	<u>30,845</u>	<u>-</u>	<u>-</u>	<u>5,119,133</u>	<u>4,293,284</u>
Total expenditures	<u>83,829,884</u>	<u>57,874,218</u>	<u>60,000</u>	<u>30,845</u>	<u>200,000</u>	<u>-</u>	<u>5,119,133</u>	<u>4,293,284</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	<u>(75,897,135)</u>	<u>(50,534,736)</u>	<u>(10,000)</u>	<u>21,171</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>802,760</u>
<b>Net Change in Fund Balances</b>	(75,897,135)	(50,534,736)	(10,000)	21,171	(200,000)	-	-	802,760
<b>Fund Balances - Beginning of year</b>	<u>177,897,535</u>	<u>177,897,535</u>	<u>1,014,912</u>	<u>1,014,912</u>	<u>672,125</u>	<u>672,125</u>	<u>76,457</u>	<u>76,457</u>
<b>Fund Balances - End of year</b>	<u>\$ 102,000,400</u>	<u>\$ 127,362,799</u>	<u>\$ 1,004,912</u>	<u>\$ 1,036,083</u>	<u>\$ 472,125</u>	<u>\$ 672,125</u>	<u>\$ 76,457</u>	<u>\$ 879,217</u>

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

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## Statistical Section

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# 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

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	As of June 30,			
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 52,850,787	\$ 52,187,495	\$ 64,080,214	\$ 68,823,977
Restricted	2,110,382	2,806,234	1,701,818	1,999,716
Unrestricted	<u>(164,387,265)</u>	<u>(238,084,097)</u>	<u>(245,531,896)</u>	<u>(252,731,885)</u>
Total net position	<b><u>\$ (109,426,096)</u></b>	<b><u>\$ (183,090,368)</u></b>	<b><u>\$ (179,749,864)</u></b>	<b><u>\$ (181,908,192)</u></b>

Source: Troy School District audited financial reports

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## Net Position by Component

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Last Ten Fiscal Years

June 30, 2025

As of June 30,

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<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 76,314,228	\$ 82,174,848	\$ 82,106,682	\$ 92,427,309	\$ 106,575,930	\$ 125,135,054
2,418,462	805,107	6,299,942	8,787,783	19,636,540	56,362,342
<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>(236,237,175)</u>
<b><u>\$ (196,159,654)</u></b>	<b><u>\$ (201,057,958)</u></b>	<b><u>\$ (178,223,715)</u></b>	<b><u>\$ (162,472,077)</u></b>	<b><u>\$ (116,704,580)</u></b>	<b><u>\$ (54,739,779)</u></b>

## Troy School District

	For the year ended June 30,			
	2016	2017	2018	2019
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 101,854,565	\$ 101,201,673	\$ 110,991,618	\$ 111,616,317
Support services	54,243,566	58,358,918	58,770,663	61,412,099
Athletics	1,636,069	1,758,020	1,843,331	1,931,128
Food services	3,379,220	3,993,896	3,928,310	3,905,867
Community services	2,706,054	2,715,707	3,483,990	3,888,821
Interest on long-term debt	4,627,733	4,469,693	5,069,657	4,591,605
Other	-	-	-	-
Total governmental activities	168,447,207	172,497,907	184,087,569	187,345,837
<b>Program revenue</b>				
Charges for services:				
Instruction	488,463	462,953	568,971	603,071
Support services	101,214	111,728	113,563	116,643
Athletics	640,163	622,554	639,532	636,656
Food services	2,408,187	2,392,223	2,382,497	2,273,020
Community services	3,970,320	3,909,779	4,087,294	4,223,836
Operating grants and contributions	28,582,037	30,632,594	34,244,702	35,392,379
Total program revenue	36,190,384	38,131,831	42,036,559	43,245,605
Net (expense) revenue	(132,256,823)	(134,366,076)	(142,051,010)	(144,100,232)
<b>General Revenue</b>				
Property taxes	50,777,589	53,098,343	54,637,309	57,266,919
State aid not restricted to specific purposes	78,611,473	79,978,729	81,468,745	82,083,583
Federal sources - unrestricted	-	-	-	-
Investment earnings	96,248	221,146	460,082	851,252
Gain/loss on sale of capital assets	(2,615)	1,200	8,352,188	212,049
Total general revenue	129,482,695	133,299,418	144,918,324	140,413,803
Other/Transfers	815,219	1,171,586	473,190	1,528,100
<b>Change in Net Position</b>	<b>\$ (1,958,909)</b>	<b>\$ 104,928</b>	<b>\$ 3,340,504</b>	<b>\$ (2,158,329)</b>

Source: Troy School District audited financial reports

## Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2025

For the year ended June 30,					
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 126,101,286	\$ 120,915,752	\$ 102,842,242	\$ 123,107,488	\$ 121,913,991	\$ 107,575,936
67,789,772	67,702,339	67,319,848	69,275,079	73,052,121	67,108,862
2,215,582	1,700,708	2,222,512	2,361,149	2,523,754	2,463,706
3,000,067	2,416,697	4,355,229	4,175,797	6,085,533	6,554,386
4,375,699	6,324,376	7,238,912	4,687,389	4,674,327	4,643,839
5,026,646	4,533,849	3,036,029	4,392,161	13,816,434	11,956,905
115,825	281,108	3,151	836,634	2,625	2,800
<u>208,624,877</u>	<u>203,874,829</u>	<u>187,017,923</u>	<u>208,835,697</u>	<u>222,068,785</u>	<u>200,306,434</u>
465,827	436,849	426,467	474,025	498,259	475,704
-	-	-	-	-	-
155,470	319,969	626,913	658,905	656,112	805,174
1,667,850	35,261	72,956	2,390,639	455,524	361,676
3,633,369	1,010,456	3,732,076	4,540,948	4,304,449	4,119,749
<u>36,975,323</u>	<u>52,855,894</u>	<u>60,219,352</u>	<u>60,617,779</u>	<u>79,485,003</u>	<u>76,046,945</u>
<u>42,897,839</u>	<u>54,658,429</u>	<u>65,077,764</u>	<u>68,682,296</u>	<u>85,399,347</u>	<u>81,809,248</u>
(165,727,038)	(149,216,400)	(121,940,159)	(140,153,401)	(136,669,438)	(118,497,186)
59,108,800	60,806,414	57,518,838	61,365,284	75,937,488	80,325,755
82,536,248	81,687,900	82,313,714	86,465,321	89,468,641	85,745,593
29,868	23,088	47,907	41,954	63,966	87,600
929,117	97,442	112,766	4,143,480	12,502,005	9,242,345
<u>2,278,502</u>	<u>(708,156)</u>	<u>1,122,207</u>	<u>(305,026)</u>	<u>100,755</u>	<u>-</u>
144,882,535	141,906,688	141,115,432	151,711,013	178,072,855	175,401,293
4,621,697	2,411,408	3,658,970	4,194,026	4,364,080	5,060,694
<b><u>\$ (16,222,806)</u></b>	<b><u>\$ (4,898,304)</u></b>	<b><u>\$ 22,834,243</u></b>	<b><u>\$ 15,751,638</u></b>	<b><u>\$ 45,767,497</u></b>	<b><u>\$ 61,964,801</u></b>

## Troy School District

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	As of June 30,			
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund:				
Nonspendable	493,772	489,092	455,901	782,875
Assigned	-	-	-	-
Unassigned	21,038,513	23,716,299	24,789,571	24,623,618
Total general fund	<b><u>\$ 21,532,285</u></b>	<b><u>\$ 24,205,391</u></b>	<b><u>\$ 25,245,472</u></b>	<b><u>\$ 25,406,493</u></b>
All other governmental funds:				
Nonspendable	43,359	34,918	41,549	36,024
Restricted	14,905,377	41,786,386	39,840,906	41,849,992
Committed	753,043	1,090,947	1,198,112	841,222
Assigned	-	2,174,557	686,469	967,974
Unassigned	2,569,438	-	-	-
Total all other governmental funds	<u>18,271,217</u>	<u>45,086,808</u>	<u>41,767,036</u>	<u>43,695,212</u>
Total of all governmental funds	<b><u>\$ 39,803,502</u></b>	<b><u>\$ 69,292,199</u></b>	<b><u>\$ 67,012,508</u></b>	<b><u>\$ 69,101,705</u></b>

Source: Troy School District audited financial reports

## Fund Balances, Governmental Funds

**Last Ten Fiscal Years**

**June 30, 2025**

As of June 30,

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
622,620	219,859	883,006	585,726	232,103	255,153
9,971,143	706,368	3,361,479	-	3,940,833	3,739,629
15,415,947	31,807,875	28,736,352	32,034,595	32,601,591	29,719,013
<b>\$ 26,009,710</b>	<b>\$ 32,734,102</b>	<b>\$ 32,980,837</b>	<b>\$ 32,620,321</b>	<b>\$ 36,774,527</b>	<b>\$ 33,713,795</b>
64,194	38,824	49,978	62,873	56,676	102,275
34,628,627	21,548,642	13,096,116	197,676,719	185,157,738	135,847,022
2,676,305	2,842,274	3,855,030	6,656,424	6,832,510	7,316,270
682,939	680,536	672,125	672,125	672,125	672,125
-	-	-	-	-	(9,368)
38,052,065	25,110,276	17,673,249	205,068,141	192,719,049	143,928,324
<b>\$ 64,061,775</b>	<b>\$ 57,844,378</b>	<b>\$ 50,654,086</b>	<b>\$ 237,688,462</b>	<b>\$ 229,493,576</b>	<b>\$ 177,642,119</b>

# Troy School District

	For the year ended June 30,			
	2016	2017	2018	2019
<b>Revenue</b>				
Local revenue	\$ 59,248,778	\$ 61,515,660	\$ 63,195,894	\$ 67,185,641
State revenue	94,448,980	97,409,955	102,218,608	102,991,529
Federal revenue	5,814,843	5,834,392	6,111,461	6,993,508
Interdistrict revenue	7,011,587	7,610,128	7,537,593	7,817,110
Total revenue	166,524,188	172,370,135	179,063,556	184,987,788
<b>Expenditures</b>				
Current:				
Instruction	97,217,899	99,214,158	104,214,738	105,006,674
Support services	42,865,952	44,755,225	47,337,756	49,348,852
Athletics	1,636,069	1,758,020	1,843,331	1,931,128
Food services	3,229,152	3,553,109	3,502,376	3,681,063
Community services	2,608,058	2,672,036	3,329,338	3,539,897
Other	19,149,741	14,656,965	17,761,742	-
Debt service:				
Principal	11,660,000	11,310,000	13,105,000	10,565,000
Interest	4,923,585	4,430,246	5,665,142	5,054,648
Other	37,516	144,555	64,012	212,698
Capital Outlay	502,348	619,824	-	31,063,786
Total expenditures	183,830,320	183,114,138	196,823,435	210,403,746
<b>Excess of Revenue (Under) Over Expenditures</b>	(17,306,132)	(10,744,003)	(17,759,879)	(25,415,958)
<b>Other Financing Sources (Uses)</b>				
Leases entered into	-	-	-	-
Debt issuance	-	40,000,000	7,125,000	22,630,000
Debt premium or discount	-	-	-	4,453,291
Proceeds from sale of capital assets	5,985	232,700	8,352,188	424,864
Transfers in	5,216,559	802,379	5,472,872	943,902
Transfers out	(5,216,559)	(802,379)	(5,472,872)	(943,902)
Debt defeasance	-	-	-	-
Total other financing sources (uses)	5,985	40,232,700	15,477,188	27,508,155
<b>Net change in fund balances</b>	(17,300,147)	29,488,697	(2,282,691)	2,092,197
<b>Fund Balances - Beginning of year</b>	57,103,649	39,803,502	69,292,199	67,009,508
<b>Fund Balances - End of year</b>	<b>\$ 39,803,502</b>	<b>\$ 69,292,199</b>	<b>\$ 67,009,508</b>	<b>\$ 69,101,705</b>
<b>Debt service as a percentage of noncapital expenditures</b>	9.97%	9.60%	10.08%	8.09%

Source: Troy School District audited financial reports

## Changes in Fund Balances, Governmental Funds

**Last Ten Fiscal Years**

**June 30, 2025**

For the year ended June 30,					
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 70,582,130	\$ 65,117,799	\$ 66,148,986	\$ 77,767,307	\$ 98,717,917	\$ 100,391,097
104,617,684	110,743,625	113,606,709	129,932,089	136,583,025	134,479,405
6,775,053	15,532,995	21,112,713	16,849,413	12,574,899	8,650,528
8,485,720	10,098,231	10,126,058	11,082,213	12,319,670	13,039,991
190,460,587	201,492,650	210,994,466	235,631,022	260,195,511	256,561,021
108,084,602	110,296,670	115,847,916	127,082,439	127,256,676	127,248,872
51,059,745	51,263,342	58,900,439	64,776,167	66,750,475	70,116,421
1,865,512	1,593,596	2,188,989	2,381,909	2,580,048	2,664,534
2,929,564	2,355,746	4,293,308	4,114,838	6,032,043	6,457,869
3,925,250	3,400,743	4,339,915	4,772,649	4,814,471	5,243,340
-	-	-	-	-	-
12,235,000	12,850,000	14,115,000	15,965,000	19,505,606	22,193,128
5,736,725	5,517,016	3,801,552	3,424,055	12,543,260	10,754,582
115,825	281,108	3,151	836,634	2,625	2,800
20,966,707	19,015,185	16,624,808	15,590,049	29,533,058	63,730,932
206,918,930	206,573,406	220,115,078	238,943,740	269,018,262	308,412,478
(16,458,343)	(5,080,756)	(9,120,612)	(3,312,718)	(8,822,751)	(51,851,457)
-	-	492,818	-	527,110	-
6,100,000	40,425,000	-	171,370,000	-	-
117,488	-	-	18,977,094	-	-
3,229,580	9,401	1,437,502	-	100,755	-
748,351	1,847,391	1,208,411	-	-	-
(748,351)	(1,847,391)	(1,208,411)	-	-	-
-	(41,571,042)	-	-	-	-
9,447,068	(1,136,641)	1,930,320	190,347,094	627,865	-
(7,011,275)	(6,217,397)	(7,190,292)	187,034,376	(8,194,886)	(51,851,457)
71,073,050	64,061,775	57,844,378	50,654,086	237,688,462	229,493,576
<b>\$ 64,061,775</b>	<b>\$ 57,844,378</b>	<b>\$ 50,654,086</b>	<b>\$ 237,688,462</b>	<b>\$ 229,493,576</b>	<b>\$ 177,642,119</b>

9.97%

9.86%

8.61%

8.83%

12.57%

10.68%

Taxable Value and Estimated Actual Value of Taxable Property

June 30, 2025

		Taxable Value by Property Type							Estimated	Taxable Value
		Real Property			Agricultural &	Personal	Total Value	Tax rate (mills)	Actual Value	as a % of Actual
Tax Year	Fiscal year	Residential	Commercial	Industrial	other	property				
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%
2024	2025	4,422,115,610	1,372,140,290	445,619,610	-	367,090,833	6,606,966,343	27.7900	13,213,932,686	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, 2025**

Tax Year	Millage rates - direct school district taxes					Overlapping taxes								
	Operating		Total Direct Taxes			County	Community college	Intermediate school district	State Education	City of Troy	Zoo	Art	SMART**	
	Homestead	Non-homestead	Debt*	Sinking Fund*	Homestead									Non-homestead
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	-	-	-
2024	2.7294	18.0000	6.1000	0.9606	9.7900	25.0606	5.5503	1.4836	3.1541	6.0000	9.8640	-	-	-

\* 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, 2025

		2024 Taxable			2015 Taxable		
Taxpayer		Value	% of total	Rank	Taxpayer	Value	% of total
1	Somerset Collections	\$ 67,116,100	1.02%	*	Frankel Forbes Cohen	\$ 52,400,450	1.20%
2	DTE Electric Co.	51,339,510	0.78%	5	755-900 Tower Assoc	21,086,680	0.48%
3	Lithia Real Estate Inc	46,054,000	0.70%	*	Urbanical Oakland Mall	23,040,370	0.53%
4	Troy Apts I-IV LLC	35,555,440	0.54%	*	Nykel Management	25,436,450	0.58%
5	Zen Troy LLC	32,286,660	0.49%	*	Detroit Edison	33,131,780	0.76%
6	Midtown Place Troy LLC	30,070,050	0.49%	*	CC Troy ASSOC	20,345,530	0.47%
7	Pentrecentre LLC	27,222,180	0.46%	*	Osprey Troy Officentre LLC	20,282,110	0.46%
8	Consumers Energy	23,794,460	0.41%	*	Kelly Services	16,811,060	0.38%
9	GLF Troy Office LLC	20,595,470	0.36%	*	Macy's	15,764,770	0.36%
10	Wilshire Plaza MI LP	19,077,200	0.29%	*	Bank of America	18,046,910	0.41%
Total		<u>\$ 353,111,070</u>	5.52%			<u>\$ 246,346,110</u>	5.64%
Taxable Value		<u>\$ 6,606,965,990</u>				<u>\$ 4,371,625,870</u>	

\* Data not available

Source: City of Troy- Assessing Department

**Property Tax Levies and Collections**

**Last Ten Fiscal Years  
June 30, 2025**

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
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%
2024	2025	80,953,671	78,491,305	96.96%	2,460,842	80,952,147	100.00%

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

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

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

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30, 2025

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
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	4,236,286,120	3.57%	87,076	1,739	Not available
2021	130,280,000	343,339	7,678,963	137,615,624	4,325,905,260	3.18%	87,592	1,571	Not available
2022	116,165,000	1,470,298	6,970,845	121,665,547	4,623,935,940	2.63%	87,201	1,395	Not available
2023	271,570,000	2,430,698	25,179,340	294,318,642	6,194,962,650	4.75%	87,830	3,351	Not available
2024	252,170,000	2,625,343	23,229,081	272,773,738	6,606,966,343	4.13%	88,051	3,098	Not available
2025	230,080,000	3,978,726	21,275,050	247,376,324	6,606,966,343	3.74%	89,209	2,773	Not available

Source: City of Troy and Troy School District

## Troy School District

# Direct and Overlapping Governmental Activities Debt

June 30, 2025

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Troy	\$ 11,213,323	81.00%	\$ 9,082,792
Oakland County	123,902,591	6.63%	8,214,742
Oakland ISD	36,680,000	6.67%	2,446,556
Total overlapping debt			19,744,090
Direct district debt			226,101,274
Total direct and overlapping debt			<u>\$ 245,845,364</u>

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

Source: Municipal Advisory Council of Michigan and Troy School District

## Troy School District

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	As of June 30,			
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Calculation of debt limit</b>				
Taxable assessed value (TAV)	\$ 3,603,511,590	\$ 3,630,712,070	\$ 3,745,256,940	\$ 3,903,455,940
15% of taxable assessed value (TAV)	540,526,739	544,606,811	561,788,541	585,518,391
<b>Calculation of debt subject to limit</b>				
<b>Debt Subject to Limit</b>	111,925,000	140,615,000	134,635,000	144,307,341
Less debt not subject to limit:				
State qualified debt issuance	<u>111,925,000</u>	<u>140,615,000</u>	<u>127,510,000</u>	<u>137,182,341</u>
Net debt subject to limit	-	-	7,125,000	7,125,000
<b>Legal debt margin</b>	<u>\$ 540,526,739</u>	<u>\$ 544,606,811</u>	<u>\$ 554,663,541</u>	<u>\$ 578,393,391</u>
<b>Net debt subject to limit as a percentage of debt limit</b>	0.00%	0.00%	1.27%	1.22%

## Legal Debt Margin

**June 30, 2025**

As of June 30,

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 4,092,173,350	\$ 4,233,432,812	\$ 4,325,905,260	\$ 4,623,935,940	\$ 6,194,962,650	\$ 6,606,966,343
613,826,003	635,014,922	648,885,789	693,590,391	929,244,398	991,044,951
138,973,290	129,936,661	114,694,702	269,139,302	249,544,657	\$ 226,101,274
<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>	<u>220,050,000</u>
13,225,000	12,620,000	12,000,000	11,360,000	10,705,000	6,051,274
<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>	<u>\$ 984,993,677</u>

2.15%

1.99%

1.85%

1.64%

1.15%

0.61%

**Demographic and Economic Statistics**

**June 30, 2025**

Fiscal year	Population	Total Personal Income (in thousands)	City of Troy Per Capita Personal Income	City of Troy Unemployment Rate*
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%
2025	89,209	Not available	Not available	3.20%

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

Source: City of Troy and SEMCOG

Employer	2025	Percentage	2016	Percentage of total	2016 rank
	Employees	of total	Employees		
1 Corewell Health Beaumont Troy Hospital	3,260	3.30%	2,300	5.89%	1
2 Troy School District	1,302	1.32%	1,218	3.12%	2
3 Flagstar Bank, HQ	1,148	1.16%	*	*	1
4 Meritor, Inc.	1,000	1.01%	400	1.02%	7
5 Magna International of America, Inc.	900	0.91%	*	*	*
6 Mahle Industries, Inc.	500	0.51%	*	*	*
7 Kamax L.P.	480	0.49%	*	*	*
8 Plex Systems, Inc	470	0.48%	*	*	*
9 Sodecia Automotive North America	380	0.38%	*	*	*
10 Inteva Prodiucts, LLC	350	0.35%	*	*	*
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
<b>Total principal employers</b>	<u>9,790</u>	9.91%	<u>6,528</u>	16.72%	
<b>Total employment</b>	<u>98,808</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, 2025**

Function/ program:	As of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government										
Instruction	825	848	840	887	925	862	891	882	879	869
Support services	249	308	153	162	171	107	164	177	175	178
Community service	53	79	27	29	18	14	15	20	20	21
Athletics	-	-	1	1	1	1	1	2	3	3
Food service	-	-	-	1	1	1	1	1	1	1
<b>Total</b>	<b>1,127</b>	<b>1,235</b>	<b>1,021</b>	<b>1,080</b>	<b>1,116</b>	<b>985</b>	<b>1,072</b>	<b>1,082</b>	<b>1,078</b>	<b>1,072</b>

Operating Indicators

Last Ten Fiscal Years

June 30, 2025

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
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	12,436	191,488,055	15,398	194,996,044	15,680	887	17.51	78,145
2025	12,393	193,633,993	15,624	190,573,261	15,377	869	14.32	83,536

Source: Troy School District

Function/ program	As of June 30,				As of June 30,					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instructional buildings:										
Early Childhood:										
Number of buildings	-	-	-	-	1	1	1	1	1	1
Square footage	-	-	-	-	72,000	72,000	72,000	72,000	72,000	72,000
Capacity	-	-	-	-	528	528	528	528	528	528
Enrollment (Early 5's & ECP)	-	-	-	-	110	135	197	208	222	242
Elementary:										
Number of buildings	12	12	12	12	12	12	12	12	12	12
Square footage	717,462	717,462	717,462	717,462	717,462	717,462	717,462	717,462	717,462	717,462
Capacity	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400
Enrollment	5,591	5,609	5,647	5,603	5,457	5,198	5,047	5,071	5,005	4,914
Middle:										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Square footage	450,492	450,492	450,492	450,492	450,492	450,492	450,492	450,492	450,492	450,492
Capacity	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885
Enrollment	2,921	2,988	2,995	3,065	3,087	2,906	2,812	2,835	2,945	2,955
High:										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Square footage	851,426	851,426	851,426	851,426	851,426	851,426	851,426	851,426	851,426	851,426
Capacity	4,596	4,596	4,596	4,596	4,596	4,596	4,596	4,596	4,596	4,596
Enrollment	4,219	4,334	4,392	4,393	4,407	4,484	4,463	4,426	4,130	4,221
Total enrollment*	12,731	12,931	13,034	13,061	13,061	12,723	12,519	12,540	12,302	12,332
Administrative:										
Number of buildings	2	2	2	2	2	2	2	2	2	2
Square footage	41,143	41,143	41,143	41,143	41,143	41,143	41,143	41,143	41,143	41,143
Transportation/Maintenance:										
Number of buildings	2	2	2	2	2	2	2	2	2	2
Buses	56	65	69	69	69	71	74	74	74	74

\* - Per February Count Day

Source: Troy School District