



CITY OF TROY | 2019/2020

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



City of Troy,
Michigan



Year Ended
June 30, 2020

Comprehensive Annual Financial Report

City Council

Mayor
Mayor Pro Tem
Council Members

Ethan Baker
Theresa Brooks
Edna Abraham
Rebecca Chamberlain Creanga
David Hamilton
Ellen Hodorek
Ann Erickson Gault

Prepared by:
The Department of Financial Services
City of Troy, Michigan

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CITY OF TROY, MICHIGAN

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INTRODUCTORY SECTION

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December 9, 2020

Dear Honorable Mayor and City Council Members:

The *Comprehensive Annual Financial Report* (CAFR) for the City of Troy, Michigan for the year ended June 30, 2020 is hereby submitted. The report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2019/20 and the financial condition of the various funds as of fiscal year end. This report was prepared by a team comprised of executive members, financial staff and department leaders of the City. Troy's staff is responsible for the accuracy of data and completeness and fairness of the presentation, including all disclosures.

A *Management's Discussion and Analysis Report* (MD&A), as well as entity-wide, full accrual financial statements are included in the front of the financial statement section. The fund statements are presented under the "Major/Nonmajor Fund" concept. Reconciliation between the two presentations is included and the note disclosures have been expanded to provide appropriate information on both the entity-wide and fund financial statements.

The information presented is accurate in all material respects. Financial data presented is designed to provide the reader with information to assist in determining both the long-term fiscal health of the City of Troy and the City of Troy's ability to meet obligations on a short-term basis.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the City of Troy and related component units. The individual component units are included in the City of Troy's reporting entity because of the significance of their operational or financial relationships with the City of Troy.

The financial reporting entity includes all of the primary government (the City of Troy as legally defined). The criteria used in determining the reporting entity are consistent with current GAAP guidelines. Based on these criteria, the various funds of the City are shown in the table of contents and are included in this report. We have addressed all component units.

The City of Troy was incorporated in 1955 and has always operated under the Council-Manager form of government. The Mayor and six members of the City Council are elected to staggered four-year terms.

The City Manager is appointed by a majority vote of the City Council and is responsible for all administrative functions. The City provides a full range of municipal services, including police, fire, water distribution, wastewater collection, street maintenance, public improvements, planning, zoning, recreation and general administration.

ECONOMIC CONDITION AND OUTLOOK

The economic condition of the City of Troy continued to show steady improvement through the beginning of the fiscal year. COVID-19 has now brought the City some uncertainty as no one knows how long and the extent to which this pandemic will impact the City. Our community has been very resourceful in obtaining Cares Act funding and has worked tirelessly to maintain our financial stability. Residential housing remains strong during this time and will continue to benefit City revenues into the future.

The City reached the low point in taxable value in the 2013 fiscal year at \$4.219 billion after Michigan Tax Tribunal and Board of Review adjustments. Since then, the City has experienced modest annual growth in taxable value averaging 2.4%. The City experienced growth in net taxable value for fiscal 2020 at 4.8% and was comprised of growth in residential properties of 4.9%, and growth in both commercial properties (4.8%) and industrial properties (4.5%). For Michigan cities, Troy ranked third for the largest taxable values in the state. However, in this era of competition for business retention and attraction, we need to advance a preferred future in which residents and businesses continue to aspire to locate here.

The City adopts a three year budget that is nationally recognized. Our approach to funding major capital projects is to accumulate funds over a number of years to avoid the issuance of debt. The City has adopted a policy to maintain our unassigned fund balance of the general fund at a minimum 20% to 30% of general fund expenditures. Actual results outside these parameters requires a financial plan proposed by the city manager.

Other significant economic events occurring during the fiscal year include the following major initiatives, which more often than not span several years:

Troy City Center

The transformation of 888 W. Big Beaver Road into a vibrant mixed use development has been substantially completed. Façade and interior renovations for the 298,000 square foot office tower have been completed, a new 1600-space parking deck has been built and several new retail and restaurant establishments have opened. New retail tenants include Condado Tacos, City BBQ, Red Effect, Great Greek Mediterranean, and Pokeworks. In addition, a 272-unit luxury apartment building is nearing completion. The Troy Downtown Development Authority supported the construction of the parking structure through its Quality Development Initiative.

Seven Co

Based in Irvine, California, Seven Co has opened its second national co-working office location in Troy. Seven Co now occupies the entire 21,000 square foot second floor of the Troy City Center project at 888 W. Big Beaver Road.

Beet Analytics

Beet Analytics is a software company for manufacturing productivity and optimization. The company has moved its headquarters from Plymouth to 1742 Crooks Road. The company employs about 40 people.

Detroit Flex Defense

This growing flexible hose assembly company for the defense and aeronautics industries is located at 2921 Industrial Row. The company purchased a 14,800 square foot building on the same block to house its welding and clean room operations. The project represents a \$2.5 million investment. The company employs 48 people.

Flex N Gate

Flex N Gate purchased the former AxleTech site at 1400 Rochester Road. Flex N Gate invested approximately \$52 million in the 210,000 square foot building and 9-acre property for its assembly, welding and sequencing operations. The company expects to employ 245 people at the location over the next three years. The City of Troy transferred an existing Industrial Facilities Tax Exemption Program abatement to the new owners.

IAC

International Automotive Components (IAC) Group is a leading global supplier of innovative and sustainable instrument panels, consoles, door panels, overhead systems, bumper fascias and exterior ornamentation for Original Equipment Manufacturers. They are located at 750, 800 and 850 Chicago Road. This attraction project involves the renovation of existing space adding 80 professionals to the 40 currently housed at the Troy location.

Pulte Group

Located at 2800 Livernois, this national home builder has relocated 130 employees from Bloomfield Hills to the 21,400 square foot Troy office.

Somerset Shoppes

The Troy Brownfield Redevelopment Authority approved a plan for the renovation and expansion of the retail center located at the corner of Maple Road and Coolidge. The project has been completed and new tenants have moved in. New tenants include Planet Fitness, First Watch, SVS Vision, Duck Donuts, Detroit Wing Company, Clean Juice and Profile by Sanford.

Troy MarketPlace

Located on the south side of Big Beaver Road and west of Rochester Road, the Troy Marketplace has expanded its retail center by constructing 27,000 square feet of new retail buildings. The new retail buildings include tenants such as Mission BBQ, MOD Pizza, Beyond Juicery, First Watch, Donut Bar + Coffee, Nothing Bundt Cakes, Sports Clips, Mattress Firm, Barry Bagels and Pearle Vision.

Uptown Apartments

The Troy Brownfield Redevelopment Authority approved a plan for Uptown Apartments located at 205 Park Street. This \$55 million development includes 383 residential rental units. The project is nearing completion. The project is located on a parcel just south of the MJR movie theaters.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived; and 2) The valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

The object of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

Activities of the general and special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) are established at the functional level for the general fund and fund level for special revenue funds.

General Government Functions

Generally accepted accounting standards require that management provide a narrative introduction, overview and analysis to accompany these basic financial statements in the form of the MD&A.

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Troy's MD&A can be found immediately following the Independent Auditors' Report.

Tax Rate Limitations

The City Charter provides tax rate limitations for general operations. In addition, the City of Troy may levy taxes in excess of the Charter limitation for refuse collection, library operations and debt service.

Purpose	Authority	Rate Per \$1,000 of Taxable Value
General operating	City Charter	\$8.10
Refuse collection and disposal	Act 298, P.A. of Michigan 1917 as Amended Article IX, Section 56 of Michigan Constitution	\$3.00
Library operations	Voter approved - 5 years	\$0.70
Debt service	City Charter	Amount necessary for debt payment

Long-Term Financial Planning

Unassigned fund balance for the General Fund at year end was \$17.5 million or 29.6% of total general fund expenditures. This is within the general fund unassigned fund balance policy of 20%-30% of annual general fund expenditures.

The City's policy in restoring unassigned general fund balance to target levels includes using surplus unassigned fund balance for one-time purchases. The City maintains a 5 year capital improvement program. Typically specific projects are identified and funded through transfers from the general fund to the capital projects fund for these projects.

OTHER INFORMATION

Independent Audit

The City Charter and State statutes require an annual audit of all accounts of the City by certified public accountants. The accounting firm of Rehmann Robson, was selected by the City Council. The City received an "unmodified opinion" from Rehmann Robson, which is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Troy, Michigan for its CAFR for the fiscal year ended June 30, 2019.

This was the twenty third consecutive year that the City has achieved this prestigious award. In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City has also received the GFOA *Award for Outstanding Achievement in Popular Annual Financial Reporting* (PAFR) and the GFOA *Distinguished Budget Presentation Award* for the City's three year budget.

Acknowledgements

The timely preparation of the CAFR was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report.

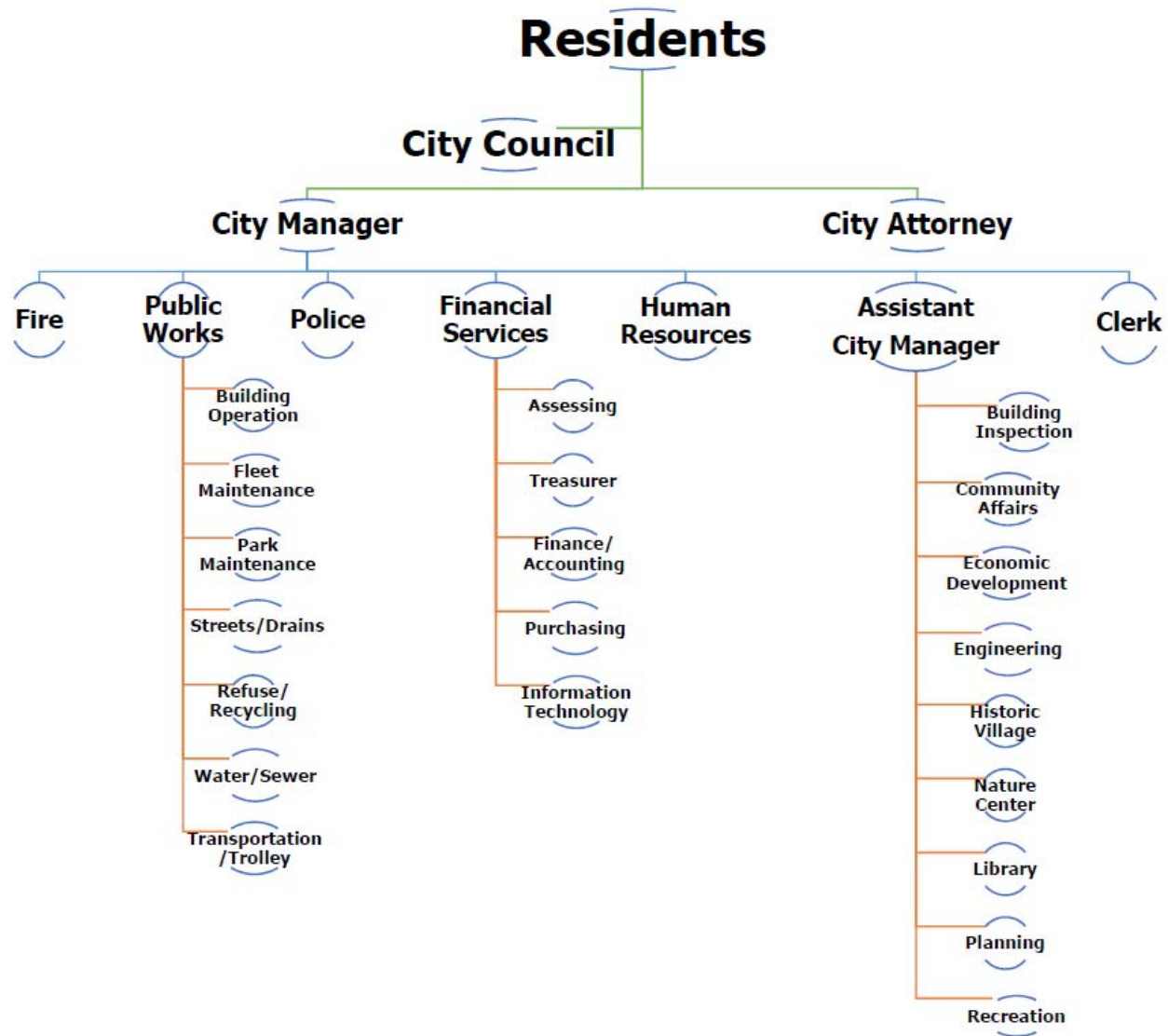


Mark F. Miller
City Manager



Robert C. Maleszyk
Chief Financial Officer

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Troy
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF TROY, MICHIGAN
PRINCIPAL OFFICIALS

City Manager	Mark Miller
City Attorney	Lori Grigg Bluhm
Assistant City Manager	Robert Bruner
Chief Financial Officer	Robert Maleszyk
Community Development Director	Brent Savidant
City Assessor	Leger (Nino) Licari
City Clerk	Aileen Dickson
City Engineer	William Huotari
City Treasurer	Sandra Kasperek
Community Affairs Director	Cynthia Stewart
Controller	Lisa Burnham
Purchasing Manager	MaryBeth Murz
Fire Chief	Dave Roberts
Human Resources Director	Jeanette Menig
Information Technology Director	Gertrude Paraskevin
Library Director	Cathleen Russ
Recreation Director	Elaine Bo
Police Chief	Frank Natasi
Public Works Director	Kurt Bovensiep
Facilities and Grounds	Dennis Trantham
Fleet Operations Manager	Brian Varney
Streets and Drains Operations Manager	Scott Carruthers
Water and Sewer Operations Manager	Paul Trosper

CITY OF TROY, MICHIGAN

FUND ORGANIZATION CHART

Governmental Funds

■ General Fund*

Special Revenue Funds

- Major Streets
- Local Streets
- Refuse
- Transit Center
- Drug Forfeiture
- Library
- Community Development Block Grant

Debt Service Funds

- General Debt Service
- Proposal A
- Proposal B
- Proposal C
- Series 2013*

■ Capital Projects Fund*

Permanent Fund

- Cemetery Perpetual Care

Proprietary Funds

Enterprise Funds

- Water*
- Sanitary Sewer*
- Sanctuary Lake Golf Course*
- Sylvan Glen Golf Course
- Aquatic Center

Internal Service

- Compensated Absences
- Unemployment Compensation
- Custodial Services
- Information Technology
- Motor Equipment
- Workers' Compensation

Fiduciary Component Units

Pension and OPEB Trust

- Employee Retirement System
- Volunteer Firefighter Incentive Plan
- Retiree Health Care Trust

Component Units

- Downtown Development Authority
- Local Development Financing Authority
- Brownfield Redevelopment Authority

*Major funds under GASB No. 34

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 9, 2020

To the Honorable Mayor and City Council of the
City of Troy, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Troy, Michigan* (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

Rehmann is an independent member of Nexia International.



📍 675 Robinson Road, Jackson, MI 49203

📞 517.787.6503

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Troy, Michigan, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules for the pension and other postemployment benefit plans listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the City of Troy, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

As management of the City of Troy, Michigan (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found as listed in the table of contents of this report.

Financial Highlights

· Total net position	\$ 456,025,194
· Change in total net position	21,618,925
· Fund balances, governmental funds	59,768,224
· Change in fund balances, governmental funds	3,219,746
· Unassigned fund balance, general fund	17,486,669
· Change in fund balance, general fund	(1,374,103)
· Installment debt outstanding	23,775,737
· Change in installment debt	(3,944,119)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the City assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, community and economic development, and recreation and culture. The business-type activities of the City include water and sewer services, the aquatic center and golf courses.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate entities of the *Downtown Development Authority*, *Local Development Financing Authority* and the *Brownfield Redevelopment Authority* for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Troy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long term impact of the government's near term financing decisions. Following both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances are reconciliations to facilitate this comparison between *governmental funds* and *governmental activities*.

Information for each of the City's individual governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service series 2013 fund and capital projects fund, which are considered to be the City's major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparisons statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer, golf courses (sanctuary lake and sylvan glen), and aquatic center operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its compensated absences, unemployment compensation, custodial services, information technology, motor equipment, and workers' compensation functions. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water, sanitary sewer, and Sanctuary Lake golf course funds, which are considered to be major funds of the City as well as the aggregate of the nonmajor enterprise funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes this management's discussion and analysis and the schedules for the City's pension and other postemployment benefits plans.

The *combining statements* referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

The City's combined net position increased \$21.6 million over the course of the fiscal year to a total of \$456.0 million. Net position of governmental activities increased \$23.4 million or 8.8%, and business-type activities decreased \$1.8 million or 1.0%. Explanations for those changes are described below under the *governmental activities* and *business-type activities* sections of this Management's Discussion and Analysis.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 138,928,987	\$ 131,005,213	\$ 40,489,622	\$ 46,283,415	\$ 179,418,609	\$ 177,288,628
Capital assets, net	229,127,908	231,668,553	138,746,578	135,428,548	367,874,486	367,097,101
	<u>368,056,895</u>	<u>362,673,766</u>	<u>179,236,200</u>	<u>181,711,963</u>	<u>547,293,095</u>	<u>544,385,729</u>
Deferred outflows of resources						
	<u>1,502,081</u>	<u>996,103</u>	<u>525,072</u>	<u>590,707</u>	<u>2,027,153</u>	<u>1,586,810</u>
Liabilities						
Long-term debt	23,530,709	26,732,089	6,882,148	7,702,575	30,412,857	34,434,664
Other liabilities	46,029,093	45,022,642	6,121,145	5,428,447	52,150,238	50,451,089
	<u>69,559,802</u>	<u>71,754,731</u>	<u>13,003,293</u>	<u>13,131,022</u>	<u>82,563,095</u>	<u>84,885,753</u>
Deferred inflows of resources						
	<u>10,305,883</u>	<u>25,608,663</u>	<u>426,076</u>	<u>1,071,854</u>	<u>10,731,959</u>	<u>26,680,517</u>
Net position						
Net investment in capital assets	211,643,485	211,012,892	132,389,502	128,316,680	344,032,987	339,329,572
Restricted	71,427,127	49,675,789	1,334,545	1,194,908	72,761,672	50,870,697
Unrestricted	<u>6,622,679</u>	<u>5,617,794</u>	<u>32,607,856</u>	<u>38,588,206</u>	<u>39,230,535</u>	<u>44,206,000</u>
Total net position	<u>\$ 289,693,291</u>	<u>\$ 266,306,475</u>	<u>\$ 166,331,903</u>	<u>\$ 168,099,794</u>	<u>\$ 456,025,194</u>	<u>\$ 434,406,269</u>

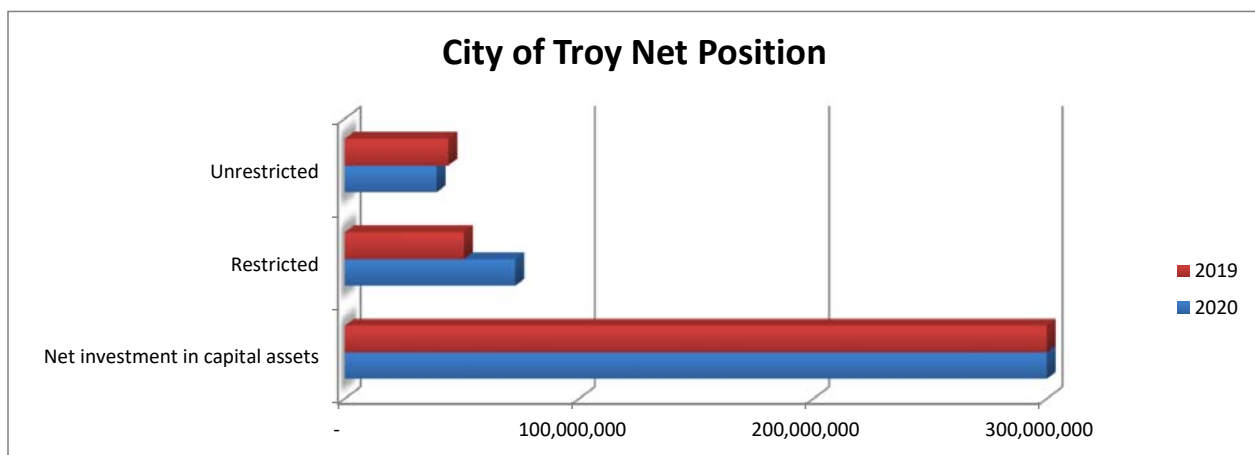
CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

The largest portion of the City's net position (75.4%) reflects its investment in capital assets of \$344 million (e.g., land, museum artifacts, construction in progress, infrastructure, land improvements, buildings and improvements, miscellaneous equipment, office equipment, vehicles, library books, and the water and sewer system), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its residents. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$72.8 million (16.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$39.2 million (8.6%) is unrestricted and may be used to meet the City's ongoing obligations to its residents and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

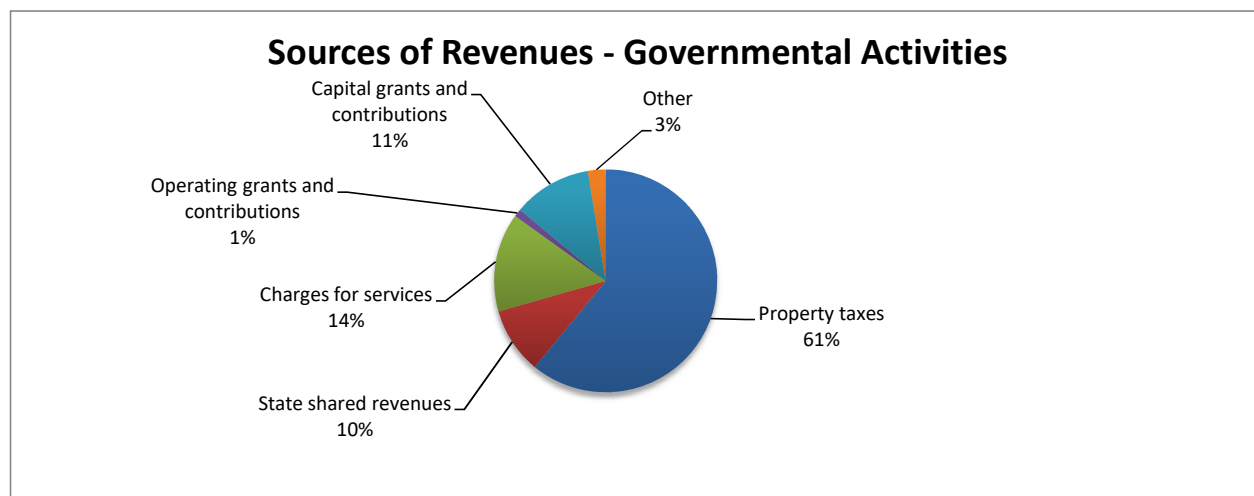
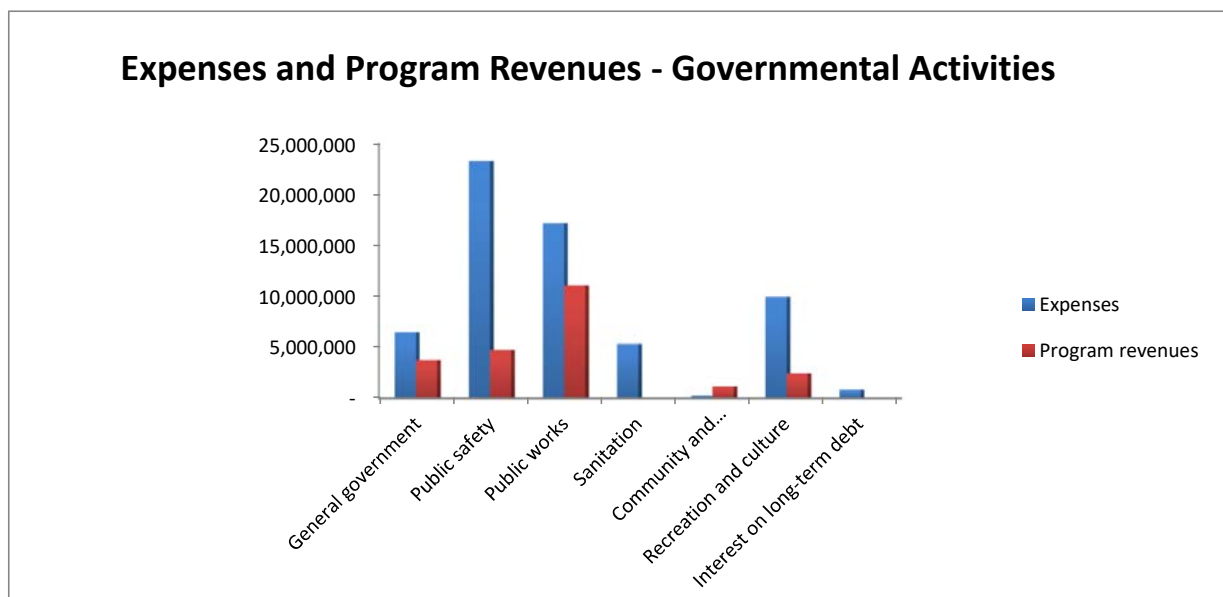
The following condensed financial information was derived from the government-wide statement of activities and reflects how the City's net position changed during the fiscal year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 12,425,214	\$ 15,001,153	\$ 35,221,470	\$ 36,408,602	\$ 47,646,684	\$ 51,409,755
Operating grants and contributions	964,952	810,436	-	-	964,952	810,436
Capital grants and contributions	9,903,857	11,438,685	196,436	1,064,065	10,100,293	12,502,750
General revenues						
Property taxes	52,975,285	51,108,963	-	-	52,975,285	51,108,963
State-shared revenues	8,346,267	8,535,476	-	-	8,346,267	8,535,476
Interest earnings	2,003,122	2,635,494	949,431	1,466,100	2,952,553	4,101,594
Other revenue	253,253	433,958	-	40,466	253,253	474,424
Total revenues	<u>86,871,950</u>	<u>89,964,165</u>	<u>36,367,337</u>	<u>38,979,233</u>	<u>123,239,287</u>	<u>128,943,398</u>
Expenses						
General government	6,511,152	9,161,093	-	-	6,511,152	9,161,093
Public safety	23,297,176	23,995,136	-	-	23,297,176	23,995,136
Public works	17,216,100	17,532,358	-	-	17,216,100	17,532,358
Sanitation	5,358,719	5,250,265	-	-	5,358,719	5,250,265
Community and economic development	275,784	305,789	-	-	275,784	305,789
Recreation and culture	9,982,617	11,114,884	-	-	9,982,617	11,114,884
Interest expense	843,586	975,567	-	-	843,586	975,567
Water	-	-	19,914,841	20,163,346	19,914,841	20,163,346
Sanitary sewer	-	-	14,590,131	14,545,633	14,590,131	14,545,633
Aquatic center	-	-	515,238	699,130	515,238	699,130
Golf courses	-	-	3,115,018	3,072,516	3,115,018	3,072,516
Total expenses	<u>63,485,134</u>	<u>68,335,092</u>	<u>38,135,228</u>	<u>38,480,625</u>	<u>101,620,362</u>	<u>106,815,717</u>
Change in net position	23,386,816	21,629,073	(1,767,891)	498,608	21,618,925	22,127,681
Net position, beginning of year	266,306,475	244,677,402	168,099,794	167,601,186	434,406,269	412,278,588
Net position, end of year	<u>\$ 289,693,291</u>	<u>\$ 266,306,475</u>	<u>\$ 166,331,903</u>	<u>\$ 168,099,794</u>	<u>\$ 456,025,194</u>	<u>\$ 434,406,269</u>

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

Governmental Activities. The following chart presents revenues and expenses of governmental activities for the fiscal year:



Total governmental revenue is reported at approximately \$86.9 million, a decrease of \$3.1 million from the prior year. The decrease is primarily due to capital grants and contributions of approximately \$1.5 million, a decrease in charges for services of \$2.6 million and a decrease in investment earnings of \$632,372. The capital contributions are received primarily from the Road Commission of Oakland County, Oakland County, Michigan Department of Transportation and the Federal Department of Transportation for street improvements. Charges for services include building permit fees, recreation fees, and engineering fees charged to the capital projects fund. These were all lower due to the COVID-19 impact in the last quarter of the fiscal year.

Total governmental expenses are reported at \$63.5 million, a decrease of \$4.8 million from the prior year. The decrease is primarily due to lower expenditures in recreation and culture of \$1.1 million due to COVID-19 and lower general government and public safety of \$3.3 million due to the change in net pension liability and related deferred amounts in the current year.

CITY OF TROY, MICHIGAN

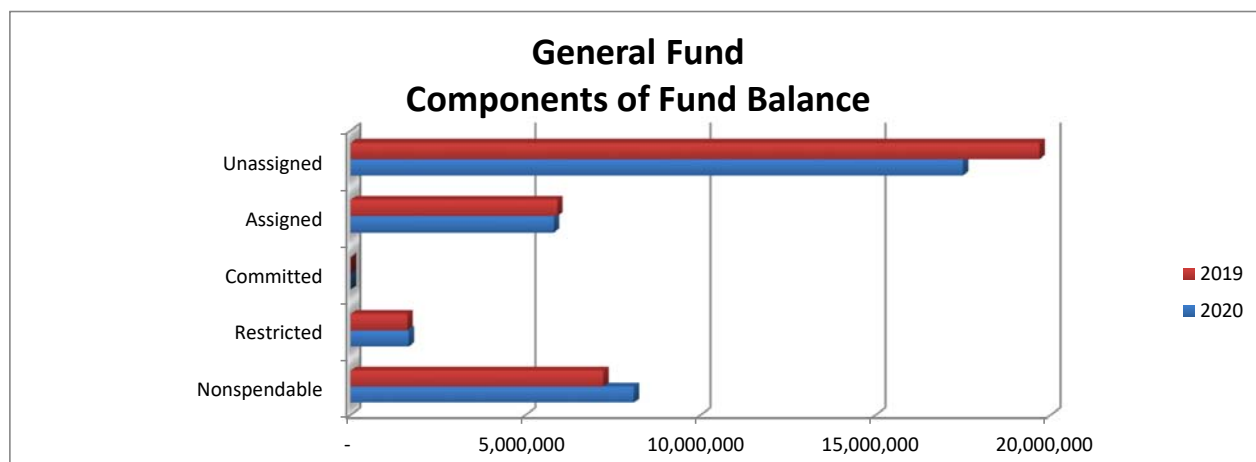
Management's Discussion and Analysis

Business-type Activities. The City of Troy's business-type activities consist of water supply, sanitary sewer, aquatic center, and two municipal golf courses. Water and sanitary sewer services, classified as major funds, are provided to City residents through the Great Lakes Water Authority (GLWA) and Oakland County Water Resource Commission (OCWRC), respectively. Change in net position for business-type activities decreased by \$1.8 million. This decrease is due to lower water and sewer sales of \$1.2 million and lower developer and capital grant contributions of \$0.9 million.

Financial Analysis of the City's Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City Council or management.

The City's governmental funds reported combined fund balances of \$59.8 million, an increase of \$3.2 million compared to the prior year. Approximately 29.3% of this amount (\$17.5 million) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact/restricted for particular purposes, 3) committed for particular purposes, or 4) assigned for particular purposes.



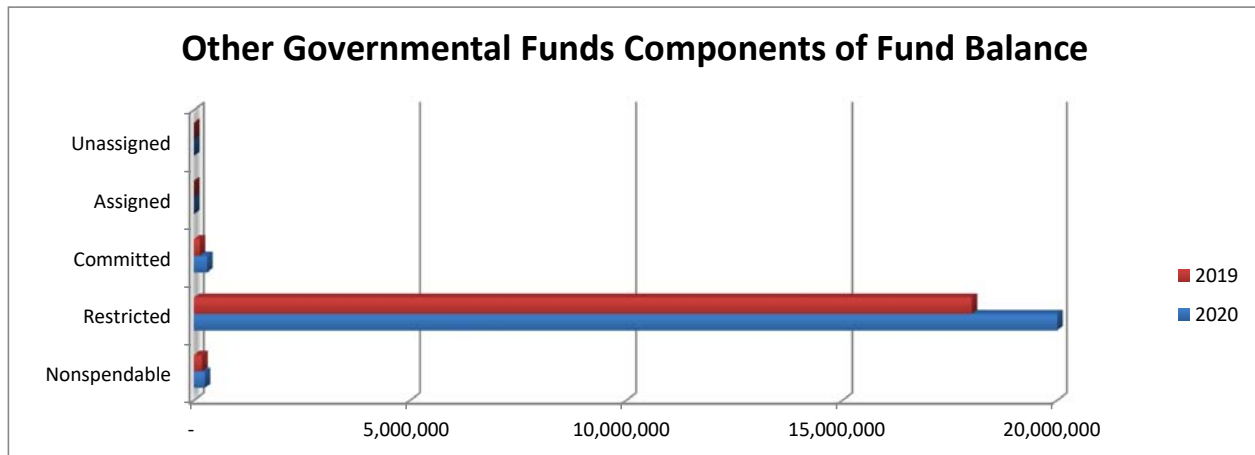
The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17.5 million, while total general fund balance decreased \$1.4 million to \$33.0 million. A decrease in general fund balance was budgeted at \$3.4 million however unfavorable results in revenues of \$2.0 million offset by favorable results with expenditures of \$5.4 million and transfers net of \$1.3 million offset the budgeted decrease. The general fund unassigned fund balance has a target limits of 20% to 30% of annual expenditures. As a measure of the general funds liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 29.6% of total general fund expenditures, while total general fund balance represents approximately 56.0% of the same amount.

As mentioned, total general fund balance decreased by \$1.4 million in the current fiscal year. Total revenues of \$55.8 million had a decrease of \$2.1 million or 3.6% compared to the prior year. The decrease was primarily due to the decrease in charges for services in recreation and engineering fees due to COVID-19 in the last quarter of the fiscal year.

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

General fund expenditures (before transfers) of \$59.0 million decreased \$0.3 million or 0.6%. The decrease was more than explained by the \$0.8 million decrease in recreation expenditures due to the community center and other programs being closed during the last quarter due to COVID-19.



The Series 2013 debt service fund, a major fund, was issued by the City to advance refund prior debt issuance of the Troy Downtown Development Authority (TDDA), a discrete component unit of the City. The debt was issued by the City to mitigate the financial impact of debt burden on the TDDA that was facing decreased tax capture from the district due to the 2008 recession and to take advantage of the City's AAA bond rating to receive favorable rates. Restructure of the TDDA district provides funding for debt service payments that are derived through charges from the City to the TDDA for reimbursement purposes. The fund maintains a zero fund balance.

The capital projects fund, a major fund, had an increase in fund balance of \$3.7 million during the current year for a total of \$13.7 million. Major capital projects included major street improvements of \$3.2 million and local street improvements of \$2.8 million. It should be noted that the general fund contributed \$2.0 million towards the library roof replacement. The major streets fund contributed \$3.0 million and the local streets fund contributed \$1.5 million.

Financial Analysis of the City's Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the water fund was \$13.0 million and the sanitary sewer fund was \$25.3 million at the end of the current fiscal year. The Sanctuary Lake Golf Course had an unrestricted net deficit of \$8.9 million. The water fund total net position decreased by \$0.2 million while the sanitary sewer fund decreased by \$1.3 million, and the Sanctuary Lake Golf Course decreased by \$0.2 million. This was primarily due to lower water and sewer sales of \$1.2 million and lower developer and capital grant contributions of \$0.9 million.

General Fund Budgetary Highlights

Over the course of the year, City Council amended the budget to take into account events during the year. City Council appropriated \$2.0 million to the capital projects fund to help fund library roof expenditures of \$1.2 million.

Revenues of \$55.8 million were \$2.0 million less than amended budget amounts. The unfavorable variance was more than explained by fewer charges for services of \$2.6 million due to the impact of COVID-19 on recreation and engineering revenues.

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

Expenditures of \$59.0 million were \$5.4 million under amended budget amounts. The expenditures by function contributing to a majority of the expenditures under the amended budget include recreation and culture expenditures were \$1.1 million under budget primarily for personnel costs due to closing of community center due to COVID-19. Public safety expenditures were under budget by \$1.5 million primarily from police personnel service costs. Public works expenditures were under budget by \$1.6 million primarily from personnel service costs and supplies.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2020, the City had invested \$367.9 million, net of accumulated depreciation, in a broad range of capital assets (see the table below). Additional information regarding the City's capital assets can be found in Note 6 to the financial statements.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 37,462,124	\$ 37,462,124	\$ 6,738,504	\$ 6,738,504	\$ 44,200,628	\$ 44,200,628
Museum artifacts	2,082,845	2,082,845	-	-	2,082,845	2,082,845
Construction in progress	4,559,191	3,375,541	7,175,009	6,078,745	11,734,200	9,454,286
Infrastructure	139,724,946	144,261,025	-	-	139,724,946	144,261,025
Land improvements	3,108,519	3,214,646	5,614,077	5,875,156	8,722,596	9,089,802
Buildings and improvements	29,023,398	28,534,755	984,125	1,272,330	30,007,523	29,807,085
Miscellaneous equipment	3,570,969	2,620,085	1,005,102	986,388	4,576,071	3,606,473
Office equipment	303,601	497,300	-	-	303,601	497,300
Vehicles	6,653,288	7,845,861	756,061	840,067	7,409,349	8,685,928
Library books/audio visual	2,639,027	1,774,371	-	-	2,639,027	1,774,371
Water and sewer transmission and distribution system	-	-	116,473,700	113,637,358	116,473,700	113,637,358
Total capital assets, net	\$ 229,127,908	\$ 231,668,553	\$ 138,746,578	\$ 135,428,548	\$ 367,874,486	\$ 367,097,101

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$23,298,323. Of this amount, \$22,450,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources. Additional information on the City's long-term debt can be found in Note 9 to the financial statements.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 16,145,000	\$ 19,035,000	\$ 6,305,000	\$ 7,020,000	\$ 22,450,000	\$ 26,055,000
Public drains	848,323	1,094,482	-	-	848,323	1,094,482
Capital leases	-	-	477,414	570,374	477,414	570,374
Deferred amounts - for issuance premiums	491,100	526,179	99,734	112,201	590,834	638,380
Compensated absences	4,864,256	4,658,355	-	-	4,864,256	4,658,355
Estimated self-insurance claims	1,182,030	1,418,073	-	-	1,182,030	1,418,073
Total long-term debt	\$ 23,530,709	\$ 26,732,089	\$ 6,882,148	\$ 7,702,575	\$ 30,412,857	\$ 34,434,664

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

Economic Condition and Outlook

The following economic factors currently affect the City and were considered in developing the 2020/2021 through 2022/2023 three year fiscal budget.

- The millage rate for the 2020/2021 fiscal year decreased to 9.9991 mills compared to the 10.2437 mills for the 2019/2020 fiscal year. This is due to the lower debt millage (.20 mills) and limitations on local taxation as established in Article IC Sections 25 through 33 of the State of Michigan constitution also known as the *Headlee Amendment*. The total millage of 9.9991 mills includes general operating millage of 6.5 mills, capital projects of 1.3486 mills, refuse of 1.09 mills, debt service of 0.38 mills and library operations of 0.6805 mills.
- Total general fund revenues and other sources are expected to generate approximately \$65.1 million. This is an increase of \$2.1 million or 3.3% compared to the fiscal 2019/2020 budget of \$63.0 million. Property tax revenues which accounts for approximately 55.04% of total general fund revenues is expected to generate \$35.8 million. This is an increase of \$1.5 million or 4.4%.
- General fund expenditures and other uses are budgeted at \$67.8 million. This is an increase of \$1.8 million or 2.9% compared to fiscal 2019/2020 budget. The increase is primarily due to increases in public safety of \$1.6 million.
- The City purchases its water and sanitary sewer services from the Great Lakes Water Authority (GLWA) and Oakland County Water Resource Commission (OCWRC), respectively. The 2020/2021 budget recognizes a stabilized sales volume of approximately 470,000 mcf. This is a leveling of sales volume compared to a steady decrease over the last several years. Rates for the systems are developed based on estimated sales volume to cover estimated costs and capital requirements. Water rates were established at \$41.50 per mcf. Sanitary sewer rates increased to \$29.10 per mcf. The City delayed the rate increase until October 1st due to COVID-19. The City prides itself on having one of the lowest combined water and sewer rates of any Southeastern Michigan community.
- The City maintains a long and established practice of using a conservative approach in developing its three-year budget.

Requests for Information

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the City of Troy's financial condition.

If you have questions about this report or need additional information, we welcome you to contact the administrative offices at City Hall, 500 W. Big Beaver, Troy, MI. 48084. Additional information can be obtained at the City of Troy's web site, www.troymi.gov.

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BASIC FINANCIAL STATEMENTS

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CITY OF TROY, MICHIGAN

Statement of Net Position

June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 78,564,306	\$ 35,641,408	\$ 114,205,714	\$ 2,638,700
Receivables, net	17,639,091	8,908,909	26,548,000	170,971
Internal balances	6,017,062	(6,017,062)	-	-
Other assets	2,206,396	500,050	2,706,446	-
Net pension asset	34,502,132	1,456,317	35,958,449	-
Capital assets not being depreciated	44,104,160	13,913,513	58,017,673	-
Capital assets being depreciated, net	185,023,748	124,833,065	309,856,813	-
Total assets	368,056,895	179,236,200	547,293,095	2,809,671
Deferred outflows of resources				
Deferred charge on refunding	-	525,072	525,072	-
Deferred pension amounts	1,502,081	-	1,502,081	-
Total deferred outflows of resources	1,502,081	525,072	2,027,153	-
Liabilities				
Accounts payable	3,279,943	4,061,306	7,341,249	140,508
Accrued payroll	1,668,861	-	1,668,861	-
Accrued liabilities	7,857,017	1,255,812	9,112,829	109,107
Long-term debt:				
Due within one year	7,228,298	808,575	8,036,873	375,000
Due in more than one year	16,302,411	6,073,573	22,375,984	13,010,000
Net pension liability (due in more than one year)	14,174,790	-	14,174,790	-
Net other postemployment benefit liability (due in more than one year)	19,048,482	804,027	19,852,509	-
Total liabilities	69,559,802	13,003,293	82,563,095	13,634,615
Deferred inflows of resources				
Deferred pension amounts	3,096,501	121,772	3,218,273	-
Deferred other postemployment benefit amounts	7,209,382	304,304	7,513,686	-
Deferred gain on refunding	-	-	-	330,227
Total deferred inflows of resources	10,305,883	426,076	10,731,959	330,227
Net position				
Net investment in capital assets	211,643,485	132,389,502	344,032,987	-
Restricted for:				
Debt service	14,278,604	-	14,278,604	-
Capital projects	13,444,790	-	13,444,790	-
Highways and streets	8,906,346	-	8,906,346	-
Sanitation services	928,308	-	928,308	-
Library services	668,937	-	668,937	-
Other services	1,342,894	-	1,342,894	-
Perpetual care:				
Nonexpendable	164,000	-	164,000	-
Expendable	76,058	-	76,058	-
Pension	31,617,190	1,334,545	32,951,735	-
Unrestricted (deficit)	6,622,679	32,607,856	39,230,535	(11,155,171)
Total net position (deficit)	\$ 289,693,291	\$ 166,331,903	\$ 456,025,194	\$ (11,155,171)

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2020

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues
Primary government					
Governmental activities:					
General government	\$ 6,511,152	\$ 3,792,227	\$ 2,500	\$ -	\$ (2,716,425)
Public safety	23,297,176	4,370,991	386,900	-	(18,539,285)
Public works	17,216,100	2,077,937	149,108	8,894,512	(6,094,543)
Sanitation	5,358,719	940	-	-	(5,357,779)
Community and economic development	275,784	-	171,248	1,009,295	904,759
Recreation and culture	9,982,617	2,183,119	255,196	50	(7,544,252)
Interest on long-term debt	843,586	-	-	-	(843,586)
Total governmental activities	63,485,134	12,425,214	964,952	9,903,857	(40,191,111)
Business-type activities:					
Water	19,914,841	19,189,709	-	174,685	(550,447)
Sanitary sewer	14,590,131	12,702,238	-	21,751	(1,866,142)
Sanctuary Lake golf course	1,908,982	1,684,938	-	-	(224,044)
Sylvan Glen golf course	1,206,036	1,339,293	-	-	133,257
Aquatic center	515,238	305,292	-	-	(209,946)
Total business-type activities	38,135,228	35,221,470	-	196,436	(2,717,322)
Total primary government	\$ 101,620,362	\$ 47,646,684	\$ 964,952	\$ 10,100,293	\$ (42,908,433)
Component units					
Downtown development authority	\$ 857,832	\$ -	\$ -	\$ -	\$ (857,832)
Local development financing authority	145,891	-	-	-	(145,891)
Brownfield redevelopment authority	12,139	-	-	-	(12,139)
Total component units	\$ 1,015,862	\$ -	\$ -	\$ -	\$ (1,015,862)

continued...

CITY OF TROY, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net expenses	\$ (40,191,111)	\$ (2,717,322)	\$ (42,908,433)	\$ (1,015,862)
General revenues:				
Property taxes	34,363,615	-	34,363,615	-
Property taxes for refuse purposes	5,416,656	-	5,416,656	-
Property taxes for community and economic development	-	-	-	1,924,105
Property taxes for library	3,397,872	-	3,397,872	-
Property taxes for capital projects	6,908,413	-	6,908,413	-
Property taxes for debt service	2,888,729	-	2,888,729	-
State shared revenue, unrestricted	8,346,267	-	8,346,267	59,109
Grants and contributions not restricted to specific programs	18,210	-	18,210	-
Unrestricted investment earnings	2,003,122	949,431	2,952,553	66,017
Gain on sale of capital assets	235,043	-	235,043	-
Total general revenues	63,577,927	949,431	64,527,358	2,049,231
Change in net position	23,386,816	(1,767,891)	21,618,925	1,033,369
Net position (deficit), beginning of year	266,306,475	168,099,794	434,406,269	(12,188,540)
Net position (deficit), end of year	<u>\$ 289,693,291</u>	<u>\$ 166,331,903</u>	<u>\$ 456,025,194</u>	<u>\$ (11,155,171)</u>
				concluded

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2020

	General	Debt Service Series 2013	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 32,817,674	\$ -	\$ 15,508,383	\$ 11,969,389	\$ 60,295,446
Receivables:					
Accounts receivable, net	1,087,636	-	102,641	200,544	1,390,821
Taxes-delinquent, net	236,032	-	-	-	236,032
Special assessments	-	-	1,724	-	1,724
Interest	93,958	-	-	-	93,958
Due from component units	-	13,494,107	-	-	13,494,107
Due from other governments	1,156,990	-	-	1,230,651	2,387,641
Inventories	437,748	-	-	-	437,748
Prepaid items	1,368,304	-	-	85,339	1,453,643
Advances to other funds	6,278,384	-	-	-	6,278,384
Total assets	<u>\$ 43,476,726</u>	<u>\$ 13,494,107</u>	<u>\$ 15,612,748</u>	<u>\$ 13,485,923</u>	<u>\$ 86,069,504</u>
Liabilities					
Accounts payable	\$ 1,243,179	\$ -	\$ 1,444,157	490,016	\$ 3,177,352
Accrued payroll	1,668,861	-	-	-	1,668,861
Other liabilities	7,313,384	-	419,638	872	7,733,894
Total liabilities	<u>10,225,424</u>	<u>-</u>	<u>1,863,795</u>	<u>490,888</u>	<u>12,580,107</u>
Deferred inflows of resources					
Unavailable revenue - property tax and long-term receivables	222,483	13,494,107	4,583	-	13,721,173
Fund balances					
Nonspendable	8,084,436	-	-	249,339	8,333,775
Restricted	1,656,276	-	13,440,207	12,745,696	27,842,179
Committed	-	-	304,163	-	304,163
Assigned	5,801,438	-	-	-	5,801,438
Unassigned	17,486,669	-	-	-	17,486,669
Total fund balances	<u>33,028,819</u>	<u>-</u>	<u>13,744,370</u>	<u>12,995,035</u>	<u>59,768,224</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,476,726</u>	<u>\$ 13,494,107</u>	<u>\$ 15,612,748</u>	<u>\$ 13,485,923</u>	<u>\$ 86,069,504</u>

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2020

Fund balances - total governmental funds	\$ 59,768,224
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets not being depreciated	44,093,912
Capital assets being depreciated, net	179,918,584

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, not included in fund balance.

Deferred inflows from DDA debt reimbursements and personal property tax receivables	13,721,173
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Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit assets/liabilities and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension asset	34,502,132
Deferred outflow related to the net pension asset/liability	1,502,081
Net pension liability	(14,174,790)
Deferred inflow related to the net pension asset/liability	(3,096,501)
Net other postemployment benefit liability	(19,048,482)
Deferred inflow related to the net other postemployment benefit liability	(7,209,382)

Internal service funds are used by management to charge equipment usage and other services to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position of governmental internal service funds.	18,768,110
Portion of internal service funds accumulated operating income attributed to business-type activities	(261,322)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable	(123,995)
Bonds payable and related premiums	(17,484,423)
Claims incurred but not reported	(1,182,030)

Net position of governmental activities	<u>\$ 289,693,291</u>
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The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	General	Debt Service Series 2013	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 34,236,297	\$ -	\$ 6,908,413	\$ 11,703,257	\$ 52,847,967
Licenses and permits	2,684,369	-	-	-	2,684,369
Intergovernmental:					
Federal sources	39,698	-	15,835	354,636	410,169
State sources	8,437,382	-	81,081	8,942,817	17,461,280
Local sources	204,669	-	274,880	-	479,549
Charges for services	6,361,046	-	298,227	103,789	6,763,062
Fines and forfeitures	853,060	-	-	244,905	1,097,965
Investment earnings	931,276	-	344,486	332,231	1,607,993
Other	2,068,659	914,613	10,000	28,788	3,022,060
Total revenues	55,816,456	914,613	7,932,922	21,710,423	86,374,414
Expenditures					
Current:					
General government	8,348,808	-	-	87,975	8,436,783
Public safety	33,828,164	-	-	5,749	33,833,913
Public works	5,946,118	-	-	-	5,946,118
Sanitation	-	-	-	5,359,069	5,359,069
Community and economic development	3,790,678	-	-	63,466	3,854,144
Recreation and culture	7,079,538	-	-	3,114,340	10,193,878
Debt service:					
Principal	-	260,000	246,159	2,630,000	3,136,159
Interest	-	654,613	26,910	228,975	910,498
Capital outlay	-	-	11,596,804	-	11,596,804
Total expenditures	58,993,306	914,613	11,869,873	11,489,574	83,267,366
Revenues over (under) expenditures	(3,176,850)	-	(3,936,951)	10,220,849	3,107,048
Other financing sources (uses)					
Proceeds from sale of capital assets	-	-	112,698	-	112,698
Transfers in	3,802,747	-	7,551,452	4,295,025	15,649,224
Transfers out	(2,000,000)	-	-	(13,649,224)	(15,649,224)
Total other financing sources (uses)	1,802,747	-	7,664,150	(9,354,199)	112,698
Net change in fund balances	(1,374,103)	-	3,727,199	866,650	3,219,746
Fund balances, beginning of year	34,402,922	-	10,017,171	12,128,385	56,548,478
Fund balances, end of year	\$ 33,028,819	\$ -	\$ 13,744,370	\$ 12,995,035	\$ 59,768,224

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$ 3,219,746
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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, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Acquisition/construction of capital assets	11,667,654
Depreciation expense	(14,054,719)
Proceeds from sale of capital assets	(112,698)
Gain on sale of capital assets	11,499

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather deferred to subsequent fiscal years.

Change in deferred inflows for property taxes	127,318
Change in long-term receivable	(259,954)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	3,136,159
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Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenues (expense) attributable to those funds is reported with governmental activities.

Net income from governmental activities in the internal service funds	978,296
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in the net pension liability/asset and related deferred amounts	75,661
Change in the net OPEB liability and related deferred amounts	18,294,899
Change in accrued interest payable and amortization of bond premiums	66,912
Change in accrued claims payable	236,043

Change in net position of governmental activities	\$ 23,386,816
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The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 34,283,700	\$ 34,283,700	\$ 34,236,297	\$ (47,403)
Licenses and permits	2,989,550	2,989,550	2,684,369	(305,181)
Intergovernmental:				
Federal sources	11,500	11,500	39,698	28,198
State sources	7,947,190	7,947,190	8,437,382	490,192
Local sources	273,050	273,050	204,669	(68,381)
Charges for services	8,962,420	8,962,420	6,361,046	(2,601,374)
Fines and forfeitures	1,036,500	1,036,500	853,060	(183,440)
Investment earnings	74,000	74,000	931,276	857,276
Other	2,278,680	2,278,680	2,068,659	(210,021)
Total revenues	57,856,590	57,856,590	55,816,456	(2,040,134)
Expenditures				
General government:				
Council and executive administration	4,758,390	4,789,990	4,362,369	(427,621)
Finance	3,026,630	3,026,630	2,654,606	(372,024)
Other	1,332,840	1,391,603	1,331,833	(59,770)
Total general government	9,117,860	9,208,223	8,348,808	(859,415)
Public safety:				
Police	27,493,450	27,493,450	26,084,800	(1,408,650)
Fire	5,548,570	5,548,574	5,548,574	-
Building inspection	2,278,250	2,278,250	2,194,790	(83,460)
Total public safety	35,320,270	35,320,274	33,828,164	(1,492,110)
Public works -				
Roads and streets	7,523,770	7,523,770	5,946,118	(1,577,652)
Community and economic development:				
Engineering	2,897,880	3,197,880	2,938,368	(259,512)
Planning	930,770	930,770	852,310	(78,460)
Total community and economic development	3,828,650	4,128,650	3,790,678	(337,972)
Recreation and culture:				
Parks	3,115,770	3,115,770	2,849,090	(266,680)
Recreation	4,533,010	4,533,010	3,775,586	(757,424)
Historic village and nature center	420,590	520,590	454,862	(65,728)
Total recreation and culture	8,069,370	8,169,370	7,079,538	(1,089,832)
Total expenditures	63,859,920	64,350,287	58,993,306	(5,356,981)

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CITY OF TROY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues over (under) expenditures	\$ (6,003,330)	\$ (6,493,697)	\$ (3,176,850)	\$ 3,316,847
Other financing sources (uses)				
Transfers in	5,115,910	5,115,910	3,802,747	(1,313,163)
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Total other financing sources	<u>3,115,910</u>	<u>3,115,910</u>	<u>1,802,747</u>	<u>(1,313,163)</u>
Net change in fund balance	(2,887,420)	(3,377,787)	(1,374,103)	2,003,684
Fund balance, beginning of year	<u>34,402,922</u>	<u>34,402,922</u>	<u>34,402,922</u>	<u>-</u>
Fund balance, end of year	<u>\$ 31,515,502</u>	<u>\$ 31,025,135</u>	<u>\$ 33,028,819</u>	<u>\$ 2,003,684</u>

concluded.

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$ 10,722,703	\$ 24,548,122	\$ 80,478	\$ 290,105	\$ 35,641,408	\$ 18,268,860
Accounts receivable:						
Billed	3,432,769	20,848	1,081	167,200	3,621,898	34,808
Unbilled	2,895,273	2,015,968	-	-	4,911,241	-
Due from other funds	-	-	-	10,879	10,879	-
Inventories	327,611	42,946	37,762	26,242	434,561	315,005
Prepaid items	-	-	36,210	29,279	65,489	-
Total current assets	17,378,356	26,627,884	155,531	523,705	44,685,476	18,618,673
Noncurrent assets:						
Contracts receivable	26,731	349,039	-	-	375,770	-
Advances to other funds	-	-	-	2,844,230	2,844,230	-
Net pension asset	1,211,800	244,517	-	-	1,456,317	-
Capital assets not being depreciated	3,968,799	5,402,958	2,213,463	2,328,293	13,913,513	10,248
Capital assets being depreciated, net	82,340,446	34,602,259	5,961,016	1,929,344	124,833,065	5,105,164
Total noncurrent assets	87,547,776	40,598,773	8,174,479	7,101,867	143,422,895	5,115,412
Total assets	104,926,132	67,226,657	8,330,010	7,625,572	188,108,371	23,734,085
Deferred outflows of resources						
Deferred charge on refunding	-	-	525,072	-	525,072	-
Liabilities						
Current liabilities:						
Accounts payable	2,841,268	1,213,051	1,142	5,845	4,061,306	101,719
Due to other funds	-	-	10,879	-	10,879	-
Accrued liabilities	631,548	312,442	150,543	161,279	1,255,812	-
Compensated absences	-	-	-	-	-	2,976,240
Bonds and capital leases payable	-	-	760,521	48,054	808,575	-
Total current liabilities	3,472,816	1,525,493	923,085	215,178	6,136,572	3,077,959
Noncurrent liabilities:						
Compensated absences	-	-	-	-	-	1,888,016
Advances from other funds	-	-	8,942,312	180,302	9,122,614	-
Net other postemployment benefit liability	669,030	134,997	-	-	804,027	-
Bonds and capital leases payable	-	-	5,882,920	190,653	6,073,573	-
Total noncurrent liabilities	669,030	134,997	14,825,232	370,955	16,000,214	1,888,016
Total liabilities	4,141,846	1,660,490	15,748,317	586,133	22,136,786	4,965,975
Deferred inflows of resources						
Deferred pension amounts	101,326	20,446	-	-	121,772	-
Deferred other postemployment benefit amounts	253,211	51,093	-	-	304,304	-
Total deferred inflows of resources	354,537	71,539	-	-	426,076	-
Net position						
Net investment in capital assets	86,309,245	40,005,217	2,056,110	4,018,930	132,389,502	5,115,412
Restricted for pension	1,110,474	224,071	-	-	1,334,545	-
Unrestricted (deficit)	13,010,030	25,265,340	(8,949,345)	3,020,509	32,346,534	13,652,698
Total net position (deficit)	\$ 100,429,749	\$ 65,494,628	\$ (6,893,235)	\$ 7,039,439	166,070,581	\$ 18,768,110
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					261,322	
Net position of business type activities					<u>\$ 166,331,903</u>	

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 18,002,519	\$ 12,681,390	\$ 1,681,198	\$ 1,283,704	\$ 33,648,811	\$ 8,663,648
Rental:						
Golf course	-	-	3,740	174,105	177,845	-
Restaurant	-	-	-	67,200	67,200	-
Hydrant	6,700	-	-	-	6,700	-
Building	-	-	-	-	-	233,002
Equipment	-	-	-	-	-	3,853,520
Tap and connections fees	684,801	-	-	-	684,801	-
Penalties	468,123	-	-	-	468,123	-
Other services	27,566	20,848	-	119,576	167,990	-
Other services to City funds	-	-	-	-	-	297,083
Total operating revenues	19,189,709	12,702,238	1,684,938	1,644,585	35,221,470	13,047,253
Operating expenses						
Cost of sales and services	13,607,770	11,330,791	-	-	24,938,561	8,321,944
General and administrative	440,041	784,307	-	-	1,224,348	676,944
Operations	2,974,695	947,096	1,333,511	1,372,359	6,627,661	2,478,393
Depreciation	2,929,941	1,550,723	352,674	353,167	5,186,505	1,049,498
Total operating expenses	19,952,447	14,612,917	1,686,185	1,725,526	37,977,075	12,526,779
Operating income (loss)	(762,738)	(1,910,679)	(1,247)	(80,941)	(2,755,605)	520,474
Nonoperating revenues (expenses)						
Investment earnings	338,706	604,517	-	6,208	949,431	395,129
Interest expense	-	-	(227,293)	(2,012)	(229,305)	-
Gain on sale of capital assets	-	-	-	-	-	133,845
Total nonoperating revenues (expenses)	338,706	604,517	(227,293)	4,196	720,126	528,974
Income (loss) before contributions	(424,032)	(1,306,162)	(228,540)	(76,745)	(2,035,479)	1,049,448
Developer and capital grant contributions	174,685	21,751	-	-	196,436	-
Change in net position	(249,347)	(1,284,411)	(228,540)	(76,745)	(1,839,043)	1,049,448
Net position (deficit), beginning of year	100,679,096	66,779,039	(6,664,695)	7,116,184		17,718,662
Net position (deficit), end of year	\$ 100,429,749	\$ 65,494,628	\$ (6,893,235)	\$ 7,039,439		\$ 18,768,110
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					71,152	
Change in net position of business-type activities					\$ (1,767,891)	

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and others	\$ 18,952,176	\$ 12,512,179	\$ 1,685,628	\$ 1,734,341	\$ 34,884,324	\$ -
Cash received from interfund services	-	-	-	-	-	13,102,439
Cash payments to employees	(2,233,366)	(642,975)	(713,446)	(671,227)	(4,261,014)	(7,821,009)
Cash payments to suppliers for goods and services	(13,983,398)	(12,014,346)	(726,001)	(688,631)	(27,412,376)	(3,498,196)
Cash payments for interfund services	(517,988)	(406,653)	(43,181)	(43,649)	(1,011,471)	-
Net cash provided by (used in) operating activities	2,217,424	(551,795)	203,000	330,834	2,199,463	1,783,234
Cash flows from noncapital financing activities						
Advances redeemed from other funds	-	-	-	200,000	200,000	-
Advances from other funds	-	-	600,000	-	600,000	-
Net cash provided by noncapital financing activities	-	-	600,000	200,000	800,000	-
Cash flows from capital and related financing activities						
Purchase of capital assets	(4,600,169)	(3,172,118)	(57,660)	(478,152)	(8,308,099)	(997,117)
Proceeds from sale of capital assets	-	-	-	-	-	133,845
Principal on capital lease	-	-	(46,480)	(46,480)	(92,960)	-
Principal on bonds	-	-	(715,000)	-	(715,000)	-
Bond and capital lease interest payments	-	-	(174,125)	(2,012)	(176,137)	-
Net cash used in capital and related financing activities	(4,600,169)	(3,172,118)	(993,265)	(526,644)	(9,292,196)	(863,272)
Cash flows from investing activities						
Investment earnings	338,706	604,517	-	6,208	949,431	395,129
Net change in cash and investments	(2,044,039)	(3,119,396)	(190,265)	10,398	(5,343,302)	1,315,091
Cash and investments, beginning of year	12,766,742	27,667,518	270,743	279,707	40,984,710	16,953,769
Cash and investments, end of year	\$ 10,722,703	\$ 24,548,122	\$ 80,478	\$ 290,105	\$ 35,641,408	\$ 18,268,860
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (762,738)	\$ (1,910,679)	\$ (1,247)	\$ (80,941)	\$ (2,755,605)	\$ 520,474
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	2,929,941	1,550,723	352,674	353,167	5,186,505	1,049,498
Changes in assets and liabilities:						
Accounts receivable	(244,928)	(207,140)	690	(7,645)	(459,023)	55,186
Due from other funds	-	-	-	97,401	97,401	-
Inventories	27,604	(17,001)	2,539	12,229	25,371	109,560
Prepaid items	-	-	(1,683)	9,059	7,376	-
Contracts receivable	7,395	17,081	-	-	24,476	-
Net pension asset	101,421	22,022	-	-	123,443	-
Accounts payable	673,720	(141,720)	565	(31,276)	501,289	(151,145)
Due to other funds	-	-	(97,401)	-	(97,401)	-
Accrued liabilities	347,832	311,255	(53,137)	(21,160)	584,790	(6,240)
Compensated absences	-	-	-	-	-	205,901
Net other postemployment benefit liability	(326,350)	(67,031)	-	-	(393,381)	-
Deferred inflows of resources related to the net pension asset	(218,594)	(44,486)	-	-	(263,080)	-
Deferred inflows of resources related to the net other postemployment benefit liability	(317,879)	(64,819)	-	-	(382,698)	-
Net cash provided by (used in) operating activities	\$ 2,217,424	\$ (551,795)	\$ 203,000	\$ 330,834	\$ 2,199,463	\$ 1,783,234
Noncash investing, capital, and financing activities						
Contributions of capital assets	\$ 174,685	\$ 21,751	\$ -	\$ -	\$ 196,436	\$ -

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Component Units

June 30, 2020

	Pension and Other Postemployment Benefit Trusts
Assets	
Cash and cash equivalents	\$ 7,527,078
Investments:	
U.S. government securities and agencies	7,583,297
Corporate bonds	22,254,389
Corporate equities	68,319,508
Preferred stock	496,763
Mutual funds	143,123,254
Exchange traded funds	52,863,541
Interest receivable	318,394
Total assets	<u>302,486,224</u>
Liabilities	
Accounts payable	76,996
Accrued liabilities	157,656
Total liabilities	<u>234,652</u>
Net position	
Restricted for pension benefits	207,617,943
Restricted for postemployment healthcare benefits	94,633,629
Total net position	<u><u>\$ 302,251,572</u></u>

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Component Units

For the Year Ended June 30, 2020

	Pension and Other Postemployment Benefit Trusts
Additions	
Contributions:	
Employer contributions	\$ 7,175,027
Employee contributions	157,335
On-behalf contributions	164,491
	<hr/>
Total contributions	7,496,853
	<hr/>
Investment earnings:	
Interest	783,707
Dividends	6,973,382
Other income	176,151
Net adjustment in fair value of investments	4,267,774
Less: investment expense	(675,830)
	<hr/>
Net investment earnings	11,525,184
	<hr/>
Total additions	19,022,037
	<hr/>
Deductions	
Benefits	17,755,810
Administrative expenses	270,898
	<hr/>
Total deductions	18,026,708
	<hr/>
Net change in net position	995,329
	<hr/>
Net position, beginning of year	301,256,243
	<hr/>
Total restricted net position, end of year	<u><u>\$ 302,251,572</u></u>

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2020

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 1,684,502	\$ 253,711	\$ 700,487	\$ 2,638,700
Receivables:				
Revolving loans receivable	-	-	132,274	132,274
Taxes receivable	38,697	-	-	38,697
Total assets	<u>1,723,199</u>	<u>253,711</u>	<u>832,761</u>	<u>2,809,671</u>
Liabilities				
Accounts payable	13,080	124,178	3,250	140,508
Interest payable	109,107	-	-	109,107
Long-term debt:				
Due within one year	375,000	-	-	375,000
Due in more than one year	13,010,000	-	-	13,010,000
Total liabilities	<u>13,507,187</u>	<u>124,178</u>	<u>3,250</u>	<u>13,634,615</u>
Deferred inflows of resources				
Deferred gain on refunding	330,227	-	-	330,227
Net position				
Unrestricted (deficit)	<u>\$ (12,114,215)</u>	<u>\$ 129,533</u>	<u>\$ 829,511</u>	<u>\$ (11,155,171)</u>

The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2020

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Revenues				
General:				
Property taxes	\$ 1,758,973	\$ 148,207	\$ 16,925	\$ 1,924,105
Intergovernmental	-	59,109	-	59,109
Investment earnings	45,244	5,191	15,582	66,017
Total revenues	<u>1,804,217</u>	<u>212,507</u>	<u>32,507</u>	<u>2,049,231</u>
Expenses				
Community and economic development	226,761	145,891	12,139	384,791
Interest	631,071	-	-	631,071
Total expenses	<u>857,832</u>	<u>145,891</u>	<u>12,139</u>	<u>1,015,862</u>
Change in net position	946,385	66,616	20,368	1,033,369
Net position (deficit), beginning of year	(13,060,600)	62,917	809,143	(12,188,540)
Net position (deficit), end of year	<u>\$ (12,114,215)</u>	<u>\$ 129,533</u>	<u>\$ 829,511</u>	<u>\$ (11,155,171)</u>

The accompanying notes are an integral part of these basic financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF TROY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Troy, Michigan have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The following is a summary of the significant accounting policies:

Description of government-wide financial statements

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 City and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The City of Troy, Michigan was incorporated in 1955, and was formerly known as Troy Township since it was organized in 1821. The City is governed by an elected mayor and six-member council.

As required by generally accepted accounting principles, these financial statements present the City of Troy and its component units, entities for which the government is considered to be financially accountable.

Component Units

Discretely presented component units are legally separate entities, but are not in substance part of the government operation. The City of Troy has three component units, the Downtown Development Authority, Brownfield Redevelopment Authority and the Local Development Financing Authority, which meet the criteria for discretely presented component units. The Authorities are also reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. Financial statements for each of the individual component units are included in the supplemental information section as listed in the table of contents of this report. Separately issued audited financial statements are not available.

The purpose of the *Downtown Development Authority* is to issue bonds and use tax increment financing in the accomplishment of specific Downtown Development improvements to City-owned facilities and infrastructure, which are contained in the locally adopted development plan. The Downtown Development Authority may participate in projects for private development as long as it is for a public purpose. The Authority's governing body, which consists of thirteen individuals, is selected by the City Council. In addition, the City Council sets the annual budget.

The purpose of the *Brownfield Redevelopment Authority* is to provide assistance for the redevelopment of abandoned, idled, or under-utilized industrial or commercial properties, which are complicated by real or perceived environmental contamination. The Authority's governing body, which consists of seven individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the Authority.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The *Local Development Financing Authority* is a multi-jurisdictional authority that was established to encourage local development in order to prevent conditions of unemployment and to promote economic growth. The Authority's governing body, which consists of five individuals, is selected by the City Council. In addition, the City Council sets the annual budget.

Fiduciary Component Units

The *City of Troy Employee Retirement System* (TERS) is a single-employer defined benefit retirement plan which provides retirement benefits based on credited service time and average compensation with death and disability benefits, and under some circumstances, payments to dependents. Pursuant to Chapter 10 of the Troy City Code, the Board of Trustees approves employee retirement requests, oversees retirement health care coverage, and manages pension investments. The Board consists of eight members including the City Manager and Assistant City Manager/Finance and a non-voting retiree from the Defined Benefit Plan. Six members serve for three-year terms, three of which are appointed by City Council and three are appointed by the membership. As the City has voting majority on the Board of Trustees and TERS is administered by the City; accordingly, it is included as a fiduciary component unit in the City's financial statements. Plan amendments are under the authority of City Ordinances. Changes in required contributions are subject to collective bargaining agreements and approval by the City Council.

The *Volunteer Firefighter Incentive Plan* (VFIP) is a noncontributory incentive plan and trust established by resolution of the City Council covering its volunteer firefighters. The single-employer plan benefits are determined based on annual contribution amounts for each year of incentive service. The City Council approved the revised City of Troy Incentive Plan for Volunteer Firefighters and established the City of Troy Volunteer Firefighter Incentive Plan Board on April 4, 2016. The Volunteer Firefighter Incentive Plan Board serves as general administration, management and responsibility for the proper operation of the Trust, consistent with applicable state and federal laws and regulations. The Volunteer Firefighter Incentive Plan Board consists of seven members including the City Manager, the City Financial Services Director, two active volunteer firefighters and one retiree representative (appointed by the Volunteer Incentive Committee), one member of the Troy City Council (appointed by City Council), and one citizen of the City of Troy (appointed by the Mayor). Each member serves a three-year term. As the City has voting majority on the Board and VFIP is administered by the City; accordingly, it is included as a fiduciary component unit in the City's financial statements. Plan amendments are under the authority of City Ordinances. Changes in required contributions are subject to collective bargaining agreements and approval by the City Council.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The *City of Troy Retiree Healthcare Trust* (TRHCT), under authorization of the Public Employee Health Care Act, Public Act 149 of 1999 (MCL 38.1211 et seq.) and constituting a governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended, administers the City's employee retiree healthcare plan covering all full-time general and public safety employees of the City. The single-employer defined benefit OPEB plan provides retirement healthcare based on credited service time with death and disability benefits, and under some circumstances, payments for dependents. Eligible participants include any retirees who receive pension benefits under one of the City's pension plans. Pursuant to the Retiree Health Care Plan & Trust, the Board of Trustees shall consist of eight trustees which shall be the same elected and appointed individuals that serve on the City of Troy Employees Retirement System Board of Trustees. The general administration, management and responsibility for the proper operation of the Trust and for making effective and construing the provisions of the Trust shall be vested in the Board of Trustees. The term of the appointed and elected Trustees are identical to and coincide respectively with the term of each Trustee serving as a trustee of the City of Troy Employees Retirement System Board of Trustees. As the City has voting majority on the Board of Trustees and TRHCT is administered by the City; accordingly, it is included as a fiduciary component unit in the City's financial statements. Association provisions are established and may be amended by the City Council, subject to the City's various collective bargaining agreements.

Basis of Presentation - Government-Wide Financial Statements

The statement of net position and the statement of activities are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the Governmental Accounting Standards Board Statement No. 33.

The statement of net position and the statement of activities display information about the City as a whole. The statements include all funds of the primary government and its component units, except for its fiduciary funds. Those funds are reported in the statements of fiduciary net position and changes in fiduciary net position.

The statement of net position and the statement of activities are presented to distinguish between governmental and business-type activities of the City. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. These activities are reported in governmental and internal service funds. Business-type activities are financed by fees charged to external parties for goods or services. These activities are reported in the City's enterprise funds.

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Funds

The City reports the following major and nonmajor governmental funds:

Major Governmental Funds

General Fund. The general fund is the general operating fund of the City. It is used to account for all financial resources except those accounted for and reported in another fund.

Debt Service - Series 2013 Fund. This fund is used to account for proceeds received by the City from the Troy Downtown Development Authority (TDDA). The proceeds are to reimburse the City for principal and interest payments on City issued debt to refinance debt originally issued by the TDDA.

Capital Projects Fund. The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Nonmajor Governmental Funds

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds. Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Permanent Funds. Permanent funds are used to account for the resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its residents. The City has one permanent fund for cemetery perpetual care.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Proprietary Funds

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds, Aquatic Center, golf course funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary funds focus on limitations on the use of net position, rather than on the source of those assets.

The following proprietary funds are reported:

Enterprise Funds

Enterprise funds are used to account for City operations which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

The City reports the following major enterprise funds:

Water Fund. The water fund accounts for the operation and maintenance of the City's water supply system, capital additions and improvements.

Sanitary Sewer Fund. The sanitary sewer fund accounts for the operation and maintenance of the City's sewage disposal system, capital additions and improvements.

Sanctuary Lake Golf Course Fund. The Sanctuary Lake golf course fund accounts for the operations of the new 18-hole links style course with practice facility.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or other governments, on a cost-reimbursement basis.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources* measurement focus and the *full accrual* basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

All governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Their revenues are recognized when they become measurable and available.

Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year end to pay liabilities of the current period. For this purpose, the City generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The exception to this is state shared revenues and expenditure driven grants in which revenues are recognized if received within 90 days and one year of the end of the fiscal period, respectively. Significant revenues susceptible to accrual include reimbursement grants, state shared revenues and charges for services.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Certain indirect expenditures are included in the program expense reported for individual functions and activities.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds, pension and retiree healthcare trust funds are accounted for on a cost of services or "*economic resources*" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position. Revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Unbilled water and sewer fund utility service receivables are recorded at year-end.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balances

Cash and Investments

The City maintains an investment pool for all City funds. Each fund's portion of the investment pool along with any individual fund investments are displayed on the statements of net position or balance sheet as cash and investments.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date of three months or less at the date acquired by the City.

Investments are stated at fair value.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Statutory Authority

State statutes authorize the City to make limited investments of non-pension surplus funds authorized by Michigan Public Act 20 of 1943, as amended), and may invest in the following:

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase. Not more than fifty percent of any fund may be invested in commercial paper at any time.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan or any of its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20, as amended.

The investment policy adopted by the Troy City Council, in accordance with Public Act 201 of 1943, as amended, authorizes investments in all of the investment vehicles noted above with the provision that authorized depositories shall be designated by the Troy City Council.

The pension and retiree healthcare trust funds are authorized by Michigan Public Acts 314 of 1965, Public Act 485 of 1996 and Public Act 149 of 1999 to invest in certain reverse repurchase agreements, real estate leased to public agencies, stocks, diversified investment companies, annuity investment contracts, mortgages, certain state and local government obligations, and certain other specified investment vehicles.

Inventories and Prepaid Items

Inventory is stated at cost determined on a first-in, first-out basis which approximates market value. Inventories in the governmental funds are recorded as expenditures when the inventory item is consumed. Inventories are equally offset by a nonspendable fund balance designation which indicates that such amounts do not constitute "available spendable resources".

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Capital Assets

Capital assets, which include property, buildings, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 (\$5,000 for federally funded projects) 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 cost at the date of donation and infrastructure acquired prior to fiscal year ended June 30, 1980 is not reported in capital assets.

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

Assets	Years
Buildings	50 years
Water and sewer transmission and distribution system	50 years
Service connections	20 years
Infrastructure	20 - 25 years
Land improvements	10 years
Building improvements	20 years
Golf course equipment	3 - 10 years
Furniture and fixtures	3 - 10 years
Vehicles and miscellaneous equipment	2 - 20 years

Accrued Vacation and Other Compensated Absences

The City maintains an internal service fund to account for the accumulation of resources for, and the payment of, vacation, compensatory time, holiday and sick pay. These amounts along with the associated benefit costs are fully accrued in the compensated absences fund. Departments are charged by the internal service fund when the benefits are earned and a liability incurred.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts and issuance costs are reported as debt service expenditures.

Notes to Financial Statements

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenditure/expense) until then. The City reports deferred outflows of resources for the deferred charge on refundings. A deferred refunding charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources related to pension and other postemployment benefit (OPEB) costs and a deferred gain on refunding. A deferred pension or OPEB inflow results when there is a change in total pension or OPEB liability due to benefit changes, differences between expected and actual experience, changes in actuarial assumptions, or differences between expected and actual investment returns. The amount is deferred and amortized over the average expected remaining service lives of all employees. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The governmental funds report unavailable revenues from delinquent personal property taxes and long-term receivables, which arise only under a modified accrual basis of accounting, that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the City will 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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider *restricted - net position* to have been depleted before *unrestricted - net position* is applied.

Fund Balance Flow Assumption

Sometimes the City will fund outlays for particular purpose from both restricted and unrestricted resources (i.e. committed, assigned and unassigned). 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 City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, 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.

Notes to Financial Statements

Fund Balance Policies

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid expenditures) or (b) legally or contractually required to be maintained intact (i.e. corpus of permanent funds). Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign fund balance under the current fund balance policy adopted by resolution by City Council. Unassigned fund balance is the residual classification for the general fund. The General Fund is the only fund that reports unassigned fund balance.

The City has established a policy to maintain a minimum unassigned fund balance for the General Fund at a level of 20% to 30% of annual expenditures. This is to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The use of fund balance is appropriate as part of a financial plan and one-time expenditures. If unassigned fund balance falls below or grows above the established policy range, the City Manager will present a financial plan, typically as part of the fiscal budgeting process, to address the deficiency or surplus of unassigned fund balance.

Pension and Other Postemployment Benefits

For purposes of measuring the net pension asset/liability, net other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit plans, and pension and other postemployment benefit expenses, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1984:

1. Budgets must be adopted for the general fund and special revenue funds.
2. The budgets must be balanced.
3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The City adopts its budget by function, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or before the third Monday in April, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing on the budget is held before its final adoption.
3. As provided for by the City Charter, on or before the third Monday in May, the budget is legally adopted and by resolution designates the sum to be raised by taxation.
4. The City Manager is authorized to transfer budgeted amounts within budgetary functions; however, any revisions that alter the total expenditure of any budgetary function must be approved by the City Council.

Budget amounts of the revenues and expenditures presented for the governmental funds are a summarization of the budgeted amounts as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were adopted, for the general and special revenue funds. Budget appropriations lapse at year end. During the current year, the budget was amended in a legally permissible manner. Budgets have been prepared on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF TROY, MICHIGAN

Notes to Financial Statements

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2020, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Actual Over Final Budget
Community development block grant fund			
Community and economic development	\$ 45,000	\$ 63,466	\$ 18,466
Transfers out	105,000	291,170	186,170

The above budgeted amounts are presented at the activity level, which is the required minimum level of control per the Michigan Uniform Budget Manual. However, the level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) are established at the functional level for the general fund and fund level for special revenue funds.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State Construction Code Act

The City oversees building construction, in accordance with the State Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

A summary of the current year activity is as follows:

Current year building permit revenue	<u>\$ 2,770,629</u>
Related expenses:	
Direct costs	2,680,941
Estimated indirect costs (7.39%)	<u>198,247</u>
Total construction code expenses	<u>2,879,188</u>
Net deficit for the year ended June 30, 2020	<u><u>\$ (108,559)</u></u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances

The following is a reconciliation of deposit and investment balances segregated by cash and cash equivalents and investments as of June 30, 2020:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and investments	\$ 114,205,714	\$ 2,638,700	\$ 116,844,414
Statement of fiduciary net position			
Pension and OPEB trust funds:			
Cash and cash equivalents	7,527,078	-	7,527,078
Investments	294,640,752	-	294,640,752
Total	<u>\$ 416,373,544</u>	<u>\$ 2,638,700</u>	<u>\$ 419,012,244</u>
Deposits and investments			
Bank deposits:			
Checking / savings accounts			\$ 40,476,648
Certificates of deposit			22,632,873
Investment in securities and mutual funds:			
Pooled investments			61,247,090
Pension and OPEB investments			294,640,752
Cash on hand			<u>14,881</u>
Total			<u>\$ 419,012,244</u>

Deposit and Investment Risk

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City of Troy deposits may not be returned. State law does not require and the City's investment policy does not directly address a deposit policy for custodial credit risk. At year end, \$42,896,370 of the City of Troy's bank deposits (certificates of deposit, checking, and cash) of \$63,789,149 was exposed to custodial credit risk because they were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Investments

Interest Rate Risk. Interest rate risk is the risk that the value of fixed income investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City of Troy's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At year end, the weighted average maturities of fixed income security investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Pooled investments		
U.S. Government or agency bond/note	\$ 49,681,656	1.9 years
Municipal bonds	9,751,081	6.8 years
Pension and OPEB investments		
U.S. Government or agency bond/note	8,107,354	8.1 years
Corporate bonds	22,367,753	5.3 years
ETF's -fixed income	7,201,773	7.9 years
Mutual Funds - fixed income	49,927,589	5.6 years

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The City of Troy investment policy does not have specific limits in excess of state law on investment credit risk. As of year-end, the credit quality ratings of fixed income securities are as follows:

	Pooled Investments	Pension and OPEB Investments	Total
AAA	\$ 49,681,656	\$ 22,007,070	\$ 71,688,726
AA to AA-	5,043,167	3,902,667	8,945,834
A to A-	4,707,914	16,354,529	21,062,443
BBB to BBB-	-	36,952,822	36,952,822
BB to BB-	-	-	-
B to B-	-	5,934,322	5,934,322
CCC or below	-	294,025	294,025
Not rated	-	2,159,034	2,159,034
Total	\$ 59,432,737	\$ 87,604,469	\$ 147,037,206

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City of Troy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City of Troy does not have a policy for investment custodial credit risk. At year end none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the City and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the City's name

Concentration of Credit Risk. In compliance with State law, the City's investment policy limits investments to the top two ratings issued by nationally recognized statistical rating organizations. Through its investment policy, the City places a five percent limit on the amount the City may invest in any one issuer.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in markets that are not active; and c) inputs other than quoted prices that are observable for the asset or liability, such as: (1) interest rates and yield curves observable at commonly quoted intervals; (2) implied volatilities and (3) credit spreads. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the City's investment managers. These are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment managers will request the information from the fund manager if necessary. The City had the following recurring fair value measurements as of June 30, 2020.

	Level 1	Level 2	Net Asset Value	Total
United States government obligations	\$ 16,947,731	\$ 48,043,052	\$ -	\$ 64,990,783
State and municipal bonds	-	9,751,081	-	9,751,081
Corporate bonds and fixed income commingled funds	67,287,932	5,007,263	-	72,295,195
Common stocks and equity mutual funds	207,036,431	-	-	207,036,431
Local government investment pool	-	-	1,814,352	1,814,352
Total	\$ 291,272,094	\$ 62,801,396	\$ 1,814,352	\$ 355,887,842

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Fund Investments - Investments in Entities that Calculate Net Asset Value per Share.

The City holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the City's investment in Michigan CLASS was \$1,814,352. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

Fund Investments - Mutual Funds and Separately Managed Accounts (SMAs)

An open-ended mutual fund, a registered investment company, produces a daily NAV that is validated with a sufficient level of observable activity (i.e., purchases and sales at NAV) to support classification of the fair value measurement as Level 1 in the fair value hierarchy. In this case, the NAV represents the exit value of the security at the measurement date.

The primary rationale to support the classification of Mutual Funds as Level 1 in the fair value hierarchy are: 1.) the investments in the funds are required to be measured at fair value (SEC regulated), 2.) the NAV is unadjusted and is in all cases the transaction price for purchases and sales (the NAV represents the exit value of the security at the measurement date), 3.) there are no restrictions on redemptions and 4.) the NAV is made publicly available daily.

The City's investment consultants also typically view SMAs as being reasonably considered Level 1 in the fair value hierarchy. The Fund Investment provides look-through capability to the underlying holdings, which can then be valued at fair market prices with strong liquidity.

Fund Investments - Commingled Funds and Trusts

Commingled Funds and Common Trust Funds do not all meet these criteria listed above for mutual funds. A fund administrator typically does not have the transparency into valuation methodology and valuation frequency of each of these pooled investment vehicles to make an accurate appraisal of whether the NAV does represent the exit value of the fund at each measurement date.

For this reason, the City's investment consultant takes a conservative approach with the default position being to consider these investments as Level 2 in the fair value hierarchy.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The net asset value (NAV) of an open-ended fund, whether a registered investment company fund, such as a mutual fund, or certain alternative investment funds, such as a hedge fund, serves as the basis for subscription and redemption transactions for investors in such funds. For investments in funds for which the underlying assets and liabilities are required to be measured at fair value, and where NAV is available, the NAV is generally the most appropriate starting point when determining the fair value measurement for an interest in such fund. However, when valuing such an investment, the holder must estimate the fair value of the interest held, which at times may be different from a value based solely on the NAV of the fund. The holder should also consider various factors including, but not limited to, the attributes of the interest held, including any restrictions or illiquidity on the disposition of the interest, and the holder's requirements to understand and accept the valuations provided by the fund (or modify them if appropriate), to determine the fair value of the interest itself. Depending on the facts and circumstances, the NAV may need to be adjusted depending upon the rights and obligations of the ownership interest and/or other factors. Furthermore, any adjustments to NAV based on unobservable inputs may result in the fair value measurement being categorized as a Level 3 measurement, if those inputs are significant to the overall fair value measurement.

5. RECEIVABLES

Receivables, which include amounts due from other governments at June 30, 2020, are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Billed accounts receivable	\$ 1,524,415	\$ 3,643,654	\$ -
Allowance for billed accounts receivable	(98,786)	(21,756)	-
Unbilled accounts receivable	-	4,911,241	-
Revolving loan fund	-	-	132,274
Delinquent personal property taxes	275,646	-	57,988
Allowance for delinquent personal property taxes	(39,614)	-	(19,291)
Special assessments	1,724	-	-
Interest	93,958	-	-
Contracts receivable	-	375,770	-
Due from Downtown Development Authority	13,494,107	-	-
Due from other governments	2,387,641	-	-
	<u>\$ 17,639,091</u>	<u>\$ 8,908,909</u>	<u>\$ 170,971</u>
Amount not expected to be collected within one year	<u>\$ 13,010,000</u>	<u>\$ 375,770</u>	<u>\$ 132,274</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

6. CAPITAL ASSETS

The capital asset activity of the primary government's governmental and business-type activities is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 37,462,124	\$ -	\$ -	\$ -	\$ 37,462,124
Museum artifacts	2,082,845	-	-	-	2,082,845
Construction in progress	3,375,541	1,924,146	(101,199)	(639,297)	4,559,191
	<u>42,920,510</u>	<u>1,924,146</u>	<u>(101,199)</u>	<u>(639,297)</u>	<u>44,104,160</u>
Capital assets, being depreciated:					
Infrastructure:					
Major/county/local roads	263,518,828	4,738,318	-	607,081	268,864,227
Local donated roads	33,551,524	-	-	-	33,551,524
Sidewalks	35,411,549	173,541	-	-	35,585,090
Drains	11,271,874	-	-	-	11,271,874
Land improvements	11,176,808	164,484	-	25,320	11,366,612
Buildings and improvements	97,621,349	2,795,209	-	6,896	100,423,454
Miscellaneous equipment	7,750,518	1,415,308	-	-	9,165,826
Office equipment	3,194,860	-	-	-	3,194,860
Vehicles	21,629,091	-	(909,560)	-	20,719,531
Library books/audio visual	5,576,571	1,453,765	(709,227)	-	6,321,109
	<u>490,702,972</u>	<u>10,740,625</u>	<u>(1,618,787)</u>	<u>639,297</u>	<u>500,464,107</u>
Less accumulated depreciation for:					
Infrastructure:					
Major/county/local roads	(137,050,843)	(8,962,142)	-	-	(146,012,985)
Local donated roads	(31,096,661)	(405,183)	-	-	(31,501,844)
Sidewalks	(29,956,381)	(449,757)	-	-	(30,406,138)
Drains	(1,388,865)	(237,937)	-	-	(1,626,802)
Land improvements	(7,962,162)	(295,931)	-	-	(8,258,093)
Buildings and improvements	(69,086,594)	(2,313,462)	-	-	(71,400,056)
Miscellaneous equipment	(5,130,433)	(464,424)	-	-	(5,594,857)
Office equipment	(2,697,560)	(193,699)	-	-	(2,891,259)
Vehicles	(13,783,230)	(1,192,573)	909,560	-	(14,066,243)
Library books/audio visual	(3,802,200)	(589,109)	709,227	-	(3,682,082)
	<u>(301,954,929)</u>	<u>(15,104,217)</u>	<u>1,618,787</u>	<u>-</u>	<u>(315,440,359)</u>
Total capital assets					
being depreciated, net	<u>188,748,043</u>	<u>(4,363,592)</u>	<u>-</u>	<u>639,297</u>	<u>185,023,748</u>
Governmental activities					
capital assets, net	<u>\$ 231,668,553</u>	<u>\$ (2,439,446)</u>	<u>\$ (101,199)</u>	<u>\$ -</u>	<u>\$ 229,127,908</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 6,738,504	\$ -	\$ -	\$ -	\$ 6,738,504
Construction in progress	6,078,745	8,290,498	-	(7,194,234)	7,175,009
	<u>12,817,249</u>	<u>8,290,498</u>	<u>-</u>	<u>(7,194,234)</u>	<u>13,913,513</u>
Capital assets, being depreciated:					
Water and sewer transmission and distribution system	207,385,517	69,135	-	7,194,234	214,648,886
Service connections	750,121	-	-	-	750,121
Land improvements	9,728,677	-	-	-	9,728,677
Buildings and improvements	7,656,354	-	-	-	7,656,354
Miscellaneous equipment	2,431,857	144,902	(66,767)	-	2,509,992
Vehicles	1,147,768	-	-	-	1,147,768
Furniture, fixtures and other	24,500	-	-	-	24,500
	<u>229,124,794</u>	<u>214,037</u>	<u>(66,767)</u>	<u>7,194,234</u>	<u>236,466,298</u>
Less accumulated depreciation for:					
Water and sewer transmission and distribution system	(93,748,159)	(4,427,027)	-	-	(98,175,186)
Service connections	(750,121)	-	-	-	(750,121)
Land improvements	(3,853,521)	(261,079)	-	-	(4,114,600)
Buildings and improvements	(6,384,024)	(288,205)	-	-	(6,672,229)
Miscellaneous equipment	(1,445,469)	(126,188)	66,767	-	(1,504,890)
Vehicles	(307,701)	(84,006)	-	-	(391,707)
Furniture, fixtures and other	(24,500)	-	-	-	(24,500)
	<u>(106,513,495)</u>	<u>(5,186,505)</u>	<u>66,767</u>	<u>-</u>	<u>(111,633,233)</u>
Total capital assets being depreciated, net	<u>122,611,299</u>	<u>(4,972,468)</u>	<u>-</u>	<u>7,194,234</u>	<u>124,833,065</u>
Business-type activities capital assets, net	<u>\$ 135,428,548</u>	<u>\$ 3,318,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,746,578</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Depreciation of governmental activities by function

General government	\$ 2,275,227
Public safety	614,547
Public works	10,202,186
Community and economic development	115,395
Recreation and culture	847,364
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,049,498</u>

Total depreciation expense - governmental activities	\$ 15,104,217
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Depreciation of business-type activities by function

Water	\$ 2,929,941
Sanitary Sewer	1,550,723
Sanctuary Lake Golf Course	352,674
Sylvan Glen Golf Course	169,781
Aquatic Center	<u>183,386</u>

Total depreciation expense - business-type activities	\$ 5,186,505
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7. INTERFUND ADVANCES AND TRANSFERS

The amounts of interfund advances are as follows as of June 30, 2020:

	Advanced to Other Funds	Advanced from Other Funds
General Fund	\$ 6,278,384	\$ -
Enterprise Funds:		
Sanctuary Lake Golf Course Fund	-	8,942,312
Sylvan Glen Course Fund	2,844,230	-
Aquatic Center Fund	-	180,302
Total	\$ 9,122,614	\$ 9,122,614

Advances represent cash flow assistance from mainly the general fund and sylvan glen golf course to meet operating and/or debt service requirements of the sanctuary lake golf course and aquatic center. The advances to the sanctuary lake golf course and the aquatic center are not expected to be reduced in the subsequent year.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Interfund transfers reported in the fund statements are as follows as of June 30, 2020:

Transfers out	Transfers In			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
General Fund	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
Nonmajor Governmental Funds	3,802,747	5,551,452	4,295,025	13,649,224
Total	\$ 3,802,747	\$ 7,551,452	\$ 4,295,025	\$ 15,649,224

General Fund

Transfers to the capital projects fund are for the replacement of the City Hall and Library roofs.

Nonmajor Governmental Funds

The general fund is responsible for major, local and county street maintenance and snow removal. Funding sources for these services includes the major street fund and local street fund transfers to the general fund in the amount of \$1,986,971 and \$1,814,576, respectively. In addition, the general fund receives funding from Oakland County for county street snow removal. The capital projects fund is responsible for all governmental activity type capital projects with the exception of internal service funds. Funding sources include major street fund and local street fund transfers to the capital projects fund in the amounts of \$3,000,000 and \$1,500,000, respectively, representing partial funding for capital street improvements. In addition, the library fund transferred \$595,000 to the capital projects fund for library capital purchases including collections, and the drug forfeiture fund transferred \$165,282 to the capital projects fund for updates to the gun range. The major street fund transfer to the local street fund of \$1,500,000 represents allowable redirection of state funding. The general debt service fund transferred to the Proposal A, B, and C debt service funds in the amount of \$2,795,025 for principal and interest payments on outstanding debt. The cemetery perpetual care fund transferred \$1,200 to the general fund for administration charges. The community development block grant fund transferred \$291,170 to the capital projects fund for the barn roof replacement.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

8. OPERATING LEASES

The City leases copy machines and telephones which are being treated as operating leases. The leases have various terms of three to four years and the future minimum lease payments remaining on these leases are as follows:

Year Ended June 30,	Amount
2021	\$ 12,995
2022	5,953
2023	<u>4,978</u>
	<u>\$ 23,926</u>

Lease costs for the year ended June 30, 2020, were \$19,458.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

9. LONG-TERM DEBT

Primary Government

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 19,035,000	\$ -	\$ (2,890,000)	\$ 16,145,000	\$ 3,135,000
Notes from direct borrowings and direct placements	1,094,482	-	(246,159)	848,323	250,338
Total installment debt	20,129,482	-	(3,136,159)	16,993,323	3,385,338
Deferred amounts - for issuance premiums	526,179	-	(35,079)	491,100	35,079
Accrued compensated absences	4,658,355	4,212,706	(4,006,805)	4,864,256	2,976,240
Estimated self-insurance claims	1,418,073	9,797,335	(10,033,378)	1,182,030	831,641
Total governmental activities debt	<u>\$ 26,732,089</u>	<u>\$ 14,010,041</u>	<u>\$ (17,211,421)</u>	<u>\$ 23,530,709</u>	<u>\$ 7,228,298</u>
Business-type activities					
General obligation bonds	\$ 7,020,000	\$ -	\$ (715,000)	\$ 6,305,000	\$ 700,000
Capital leases	570,374	-	(92,960)	477,414	96,108
Deferred amounts - for issuance premiums	112,201	-	(12,467)	99,734	12,467
Total business-type activities	<u>\$ 7,702,575</u>	<u>\$ -</u>	<u>\$ (820,427)</u>	<u>\$ 6,882,148</u>	<u>\$ 808,575</u>
Total primary government	<u>\$ 34,434,664</u>	<u>\$ 14,010,041</u>	<u>\$ (18,031,848)</u>	<u>\$ 30,412,857</u>	<u>\$ 8,036,873</u>

Compensated absences are liquidated through the Internal Service Fund and incurred but not reported insurance claims are generally liquidated through the General Fund.

As of June 30, 2020, the City had no outstanding defeased debt.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Debt issues outstanding are as follows:

	Maturity Date	Original Issue	Interest Rate	Amount Outstanding
Primary Government				
Governmental activities				
General obligation bonds:				
Proposal A - streets/streetscape:				
2008 Refunding of series 2000	2021	\$ 3,505,000	3.0-4.0%	\$ 365,000
2010 Refunding of series 2001	2021	4,515,000	2.0-5.0%	575,000
Proposal B - public safety/city hall:				
2010 Refunding of series 2001	2021	835,000	2.0-5.0%	105,000
2010 Refunding of series 2003	2021	9,110,000	2.0-5.0%	1,050,000
Proposal C - community center -				
2010 Refunding of series 2001	2021	5,910,000	2.0-5.0%	665,000
Series 2013 - DDA Refunding	2034	14,945,000	2.0-5.25%	13,385,000
Notes from direct borrowings and direct placements:				
GWK Series 2000A	2022	457,372	2.50%	56,532
GWK Series 2001C	2024	2,102,682	2.50%	507,380
GWK Series 2001D	2024	81,089	2.50%	13,368
GWK Series 2005	2026	41,440	1.63%	13,230
GWK Series 2007G	2028	46,242	1.63%	19,857
GWK Series 2008H	2029	196,953	2.50%	99,377
GWK Series 2016	2024	190,572	2.33%	83,647
North Arm Series 1998	2021	926,972	2.25%	54,932
Total governmental activities		<u>42,863,322</u>		<u>16,993,323</u>
Business-type activities				
General obligation bonds -				
Golf course series 2012	2028	<u>9,655,000</u>	1.5-3.0%	<u>6,305,000</u>
Total primary government		<u>\$ 52,518,322</u>		<u>\$ 23,298,323</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The annual debt requirements to maturity for the general obligation bonds outstanding as of June 30, 2020 are as follows:

Year Ended June 30,	Primary Government			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 3,135,000	\$ 691,067	\$ 700,000	\$ 155,800
2022	440,000	618,113	685,000	140,238
2023	500,000	594,613	770,000	122,050
2024	600,000	567,113	755,000	102,988
2025	745,000	537,213	840,000	83,050
2026-2030	5,625,000	2,003,284	2,555,000	114,875
2031-2034	5,100,000	513,179	-	-
	<u>\$ 16,145,000</u>	<u>\$ 5,524,582</u>	<u>\$ 6,305,000</u>	<u>\$ 719,001</u>

The annual debt requirements to maturity for the notes from direct borrowings and direct placements outstanding as of June 30, 2020 are as follows:

Year Ended June 30,	Primary Government	
	Governmental Activities	
	Principal	Interest
2021	\$ 250,338	\$ 19,408
2022	200,145	14,080
2023	162,036	9,257
2024	164,407	5,320
2025	16,111	1,320
2026-2029	55,286	1,800
	<u>\$ 848,323</u>	<u>\$ 51,185</u>

It is the intent of the City that all payments relating to primary government obligations will be made from revenues generated from operations of the respective funds. The City has pledged its full faith and credit for the debt if revenues are insufficient to meet the obligations of all general obligation bonds.

Capital Leases

The City entered into a lease agreement as lessee for financing the acquisition of golf carts for both Sylvan Glenn and Sanctuary Lake Golf Courses in April 2019. The equipment was valued at \$840,068 with a ten (10) year useful life. Total accumulated depreciation on the leased assets was \$84,007 at year end. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Future minimum lease payments are as follows:

	Year Ended June 30,	Payments
	2021	\$ 110,265
	2022	110,265
	2023	110,265
	2024	110,265
	2025	73,510
		<u>514,570</u>
Less amount representing interest		<u>(37,156)</u>
		<u>\$ 477,414</u>

Component Units

The following is a summary of long-term liability transactions of the City's component units for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Downtown development authority					
Obligated tax captures -					
City G.O. bonds					
Series 2013	\$ 13,645,000	\$ -	\$ (260,000)	\$ 13,385,000	\$ 375,000

The Troy Downtown Development Authority (TDDA) has pledged future tax captures to reimburse the City for principal and interest payments for debt issued by the City in the Series 2013 general obligation bonds to refinance TDDA general obligation debt.

Component unit debt issues outstanding are as follows:

	Maturity Date	Original Issue	Interest Rate	Amount Outstanding
Downtown development authority				
Obligated tax capture -				
City issued Series 2013 DDA refinancing debt	2034	\$ 14,945,000	2.0-5.25%	\$ 13,385,000

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The annual debt requirements to maturity for all component unit long-term obligations as of June 30, 2020 are as follows:

Year Ended June 30,	Component Unit - Downtown Development Authority	
	Principal	Interest
2021	\$ 375,000	\$ 638,488
2022	440,000	618,113
2023	500,000	594,613
2024	600,000	567,113
2025	745,000	537,213
2026-2030	5,625,000	2,003,284
2031-2034	5,100,000	513,179
	<u>\$ 13,385,000</u>	<u>\$ 5,472,003</u>

10. RISK MANAGEMENT

The City has entered into a public entity risk pool with other Michigan units of government as an individual member for its general liability, property damage insurance including auto and public officials liability and contractors equipment. The City's maximum deductible for property coverage is \$1,000 per occurrence. The liability maximum self-insured retention is \$500,000 per occurrence with an aggregate stop loss of \$1,000,000 per policy year for both property and liability.

The City accounts for transactions related to these risks in accordance with GASB No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which states that a liability for claims must be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

No settlements have exceeded insurance coverage during the last three years. The City has made no significant reductions in insurance coverage during the year. The City has received no indication that any significant losses exist at June 30, 2020.

The following are the changes in incurred but not reported (IBNR) estimates:

Year Ended June 30,	Beginning Balance	Additions	Deductions	Ending Balance
2018	\$ 1,001,931	\$ 9,616,604	\$ (9,538,943)	\$ 1,079,592
2019	1,079,592	11,529,643	(11,191,162)	1,418,073
2020	1,418,073	9,797,335	(10,033,378)	1,182,030

The City has also entered into a public entity risk pool with other Michigan units of government for its workers compensation insurance.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

11. LITIGATION AND CONTINGENT LIABILITIES

Litigation

The City is a defendant to various claims, legal actions and complaints arising in the ordinary course of business. The City of Troy denies the allegations and plans a vigorous defense. In the opinion of legal counsel, all such matters as indicated above are adequately covered by insurance, or if not so covered, are without merit or of such kind, or involve such amounts that an unfavorable disposition would not have a material effect on the financial position of the City.

Tax Appeals to the Michigan Tax Tribunal

The City has a minimal amount of outstanding property tax assessment appeals totaling approximately \$1.5 million in contended taxable values to the Michigan Tax Tribunal. If the City is not successful with a portion of these appeals, the City of Troy's share of the tax to be refunded would be the levied rate (approximately \$10 per thousand of assessed value) plus interest. The amount of refund (if any) cannot be determined as of June 2020.

12. PROPERTY TAXES

Property taxes are recorded on the modified accrual basis of accounting and are levied, and become a lien on July 1st on the taxable valuation of the property located within its boundaries as of the preceding December 31st. Taxable value is determined by the prior year's taxable value plus 5% or the Consumer Price Index whichever is less, starting with the 1994 state equalized value as the base taxable value. Assessed values are equalized by the State, to closely approximate fifty percent of estimated current market value. The final taxable value of real and personal property subject to property tax within the City for the fiscal 2019-2020 levy was \$4,994,075,208. The City's operating tax rate was 6.50 mills for the same year with additional mills of 1.09 for refuse removal and disposal, 0.68 for library operations, 0.58 for debt service, and 1.39 for capital preservation and improvements.

In addition to collecting their own taxes, the City also acts as collection agent for all overlapping governments and school districts within its boundaries, which includes seven school districts, two intermediate school districts, a community college, and Oakland County.

City taxes are received in one installment, collectible from July 1st to September 1st. Any real property taxes not paid by March 1st, following the due date, are reimbursed by the County. The County Treasurer takes over collection responsibility at that date, as well as delinquent personal property taxes.

The City is occasionally ordered by the Michigan Tax Tribunal to refund taxes already collected and recorded into revenue. It is, therefore, the City's policy to compensate for doubtful accounts, as well as refunds of taxes already collected through use of an allowance for doubtful taxes receivable and as assigned general fund balance.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

13. TAX ABATEMENT

The City provides tax abatements under four programs: The Industrial Facility Tax - Full Rate Program, the Industrial Facility Tax Half Rate Program, the Payment in Lieu of Taxes (PILOT) Program and the Brownfield Redevelopment Program.

The Industrial Facility Tax - Full Rate Program provides tax abatements on real property to encourage investment in industrial property that is otherwise obsolete and/or requires rehabilitation. The Program is established under Michigan P.A. 198 of 1974 empowering local governments to establish such programs and/or districts. The Program qualifications are further defined under City Council Resolution 2002-05-273. The abatements equal 100 percent of the additional property tax resulting from the increase in taxable value as a result of the improvements, are administered as a reduction in the tax bill, and can last for up to 12 years after completion of the project. Abatements are obtained through application by the property owner prior to commencing the improvements and require subsequent provision by the owner of proof that the improvements have been made. There are no provisions for recapturing abated taxes. No other commitments were made by the City as part of those agreements.

The Industrial Facility Tax - Half Rate Program is much like the Full-Rate Program discussed above. It is intended to reduce economic obsolescence, provide homogenous industrial areas and increase employment opportunities. The Program is established under Michigan P.A. 198 of 1974. The Program qualifications are further defined under City Council Resolution 2010-08-173. The abatements equal 50% of the millage applied to 100% of the taxable value of the real and personal property, are administered as a reduction in the tax bill, and can last for up to 6 years. Abatements are obtained through application by the property owner or leasee and require subsequent provision by the applicant of proof that the qualifications have been met. There are no provisions for recapturing abated taxes. No other commitments were made by the City as part of those agreements.

The Payment in Lieu of Taxes (PILOT) Program is designed to provide tax abatements for owners of multi-family residential units that provide housing to low income residents. There are only two such properties that qualify for the Program in the City and is established by local ordinances. The Program qualifications include providing a percentage of low income housing units in the development and the property owner must have an outstanding mortgage. The abatements are obtained through an application process by the property owner prior to leasing to prospective tenants. The payments in lieu of taxes are calculated on a formula that takes into account the Potential Gross Income of the property less vacancies and applies a rate as determined by the State of Michigan.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The Brownfield Redevelopment Program is designed to implement Brownfield Plans, create Brownfield Redevelopment Zones, promote revitalization, and the redevelopment and reuse of distressed properties within the City using a tax abatement incentive. The program is established under the Brownfield Redevelopment Financing Act, Act 381 of 1996. Tax abatements are equal to 100% of the tax revenues captured on the taxable value and are administered as refunds to eligible participants. Refunds are further limited to the total approved and expended redevelopment costs by the taxpayer as authorized under the Act.

Tax Abatement Program	Amount of Taxes Abated During Fiscal Year
Industrial Facility Tax - Full Rate	\$ 2,094
Industrial Facility Tax - Half Rate	36,638
Payment in Lieu of Taxes (PILOT)	100,303
Brownfield Redevelopment	<u>42,521</u>
Total Tax Abatements	<u><u>\$ 181,556</u></u>

14. DEFINED BENEFIT PENSION PLANS

Employee Retirement System

Plan Administration. The City of Troy Employee Retirement System (TERS), under the authorization of the City Code chapter 10, administers the City's employee pension plan covering all full-time general and public safety employees of the City. The single-employer defined benefit plan provides retirement benefits based on credited service time and average compensation with death and disability benefits, and under some circumstances, payments to dependents. Separate financial statements are not issued for the Plan.

Management of the pension plan is vested in the TERS Board, which consists of seven voting members and one non-voting ex-officio member. Two of the voting members are designated by their position which includes the City Manager and City Director of Financial Services. Three of the voting members are elected by plan members. One voting member of City Council as selected by the Council and one voting citizen, who is an elector of the City and who is not a member of the system and who is not a member of City Council, as appointed by City Council. Of the five employee members, two must be members of the defined benefit plan.

Plan Membership. At December 31, 2019, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	327
Vested terminated employees	6
Active employees	<u>47</u>
Total membership	<u><u>380</u></u>

The defined benefit pension plan is closed to new members.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

General plan members. Retirement benefits are calculated as 2.25% of the average of the member's best 3-year eligible wages over the last ten years times the member's years, and fractions thereof, of service. Members between the ages of 50 and 62 will receive an additional benefit equal to the amount if the calculation used a multiplier .25% greater. A member who has 27 or more years of service may retire on or after attainment of age 50. A member who has 25 years of service may retire on or after attainment of age 55. Members of the Troy Fire Staff Officers Association may retire at any age with 25 years of service.

General plan members are eligible for non-duty disability benefits after 10 years of service (AFSCME and MAP members 5 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 and shall not be less than the amount it would be if they had attained 10 years of credited service.

General plan member widows and dependent children are eligible for non-duty death benefits if the member has 10 or more years of credited service. Benefits are calculated as if the member retired the preceding day of death using the pension calculation above. Duty death benefits are calculated in the same manner as non-duty death benefits with the exception that pension benefits cannot be less than 25% of the members final average compensation. Duty death benefits for members of the Troy Fire Staff Officers Association cannot be less than 50% of the members final average compensation.

Public safety members which includes Troy Police Officers Association and Troy Command Officers Association. Retirement benefits are calculated as 2.8% for the first 25 years and 1% per year thereafter of the average of the member's best 3-year eligible wages over the last ten years times the member's years, and fractions thereof, of service. The pension benefit is capped at 75% of final average compensation. A member may retire at any age with 25 or more years of service.

Public safety members are eligible for non-duty disability benefits after 5 years of service and for duty-related disability benefits upon hire. Non-duty disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and shall not be less than the amount it would be if they had attained 10 years of credited service. Duty disability benefits shall not be less than two-thirds of final average compensation during the period they are in receipt of worker's compensation.

Public safety members' widows and dependent children are eligible for non-duty death benefits if the member has 10 or more years of credited service. Benefits are calculated as if the member retired the preceding day of death using the pension calculation above. Duty death benefits are calculated in the same manner as non-duty death benefits with the exception that pension benefits cannot be less than 50% of the members final average compensation.

Contributions. Employee contributions for classified and exempt employees is 5% of eligible wages. Members of collective bargaining groups contribution are directed by contract. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2020, the active member contribution rate was between 1.5% and 4.5% of their annual covered salary, depending on bargaining unit, and the City's average contribution rate was 0.0% of annual eligible wages.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Investment allocation policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TERS Board by a majority vote of its members. It is the policy of the TERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Long-term expected rate of return. The long-term expected rate of return on pension 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 pension 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equities (Domestic 40% and International 19%)	59.00%	6.40%	3.79%
Fixed income	29.00%	1.10%	0.32%
Real estate	7.00%	6.30%	0.44%
Cash	5.00%	-1.00%	-0.05%
	<u>100.00%</u>		4.50%
Inflation expectation			<u>2.00%</u>
Investment rate of return			<u>6.50%</u>

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The long-term rate of return is estimated at 6.5%.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Changes in the net pension asset. The components of the change in the net pension asset are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 161,563,221	\$ 200,492,940	\$ (38,929,719)
Changes for the year:			
Service cost	892,618	-	892,618
Interest	10,166,772	-	10,166,772
Differences between expected and actual experience	(827,202)	-	(827,202)
Employee contributions	-	157,335	(157,335)
Net investment income	-	7,323,662	(7,323,662)
Benefit payments, including refunds of employee contributions	(11,360,090)	(11,360,090)	-
Administrative expense	-	(220,079)	220,079
Net changes	(1,127,902)	(4,099,172)	2,971,270
Balances at June 30, 2020	\$ 160,435,319	\$ 196,393,768	\$ (35,958,449)

Pension Plan Fiduciary Net Position. The plan's fiduciary net position as a percentage of the total pension liability was 122.4% at June 30, 2020.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2019 with a measurement and reporting date of June 30, 2020. The following actuarial assumptions were applied to all periods included in the measurement:

Actuarial cost method	Entry-age normal
Inflation	2.5%
Salary increases (including inflation)	3.5% to 7.5%
Investment rate of return	6.5%
Mortality rates	RP-2014 Healthy Annuitant
Actuarial experience study	2001-2006

Single discount rate. A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on investments of 6.5%. The projection of cash flows used to determine this single discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on the Retirement System's investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Sensitivity of the net pension asset to changes in the discount rate. The following presents the net pension asset, calculated using a single discount rate of 6.5%, as well as what the net pension asset would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
City's TERS net pension asset	\$ (19,721,063)	\$ (35,958,449)	\$ (49,756,553)

Pension Expense and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2020, the City recognized pension expense of (\$3,505,866). At June 30, 2020, the City reported pension-related deferred inflows of resources from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,006,714

Amounts reported as pension-related deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ (3,548,568)
2022	(1,024,321)
2023	498,747
2024	1,067,428
Total	\$ (3,006,714)

Volunteer Firefighter Incentive Plan (VFIP)

The City of Troy has a noncontributory incentive plan and trust established by resolution of the City Council covering its volunteer firefighters. The single-employer plan benefits are determined based on annual contribution amounts for each year of incentive service. The normal cost and amortization payment for the year ended June 30, 2020 was determined using an individual entry age funding method.

Management of the plan is vested with the Volunteer Firefighter Incentive Plan Board, which consists of seven voting members. Two of the voting members are designated by their position which includes the City Manager and the City Director of Financial Services. Three of the voting members are elected by plan members. One voting member of City Council as selected by the Council and one voting citizen, who is an elector of the city and who is not a member of the system and who is not a member of City Council as appointed by the Mayor.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Plan Membership. At December 31, 2019 volunteer firefighter incentive plan membership consisted of the following:

Volunteers and beneficiaries currently receiving benefits	103
Inactive, nonretired members	26
Members on leave of absence	5
Active volunteers	<u>155</u>
Total membership	<u>289</u>

Benefits provided. At July 1, 2019, the benefit payment was \$804 per year for incentive service. Participants are eligible for payments at age 55 with ten or more years of volunteer service, age 50 with 25 years of volunteer service or any age with 30 years or more of volunteer service.

The City Council has established by resolution increases to the benefit payment amount per year as follows:

Fiscal Year Beginning July 1,	Benefit Amount Per Year of Service
2015	\$ 681
2016	724
2017	769
2018	785
2019	804
2020	819

Contributions. The City makes contributions to the plan through actuarially determined and recommended amounts by an independent actuary. Funding is established through City Council resolution during the budget process. The City's contribution to the plan for the year ended June 30, 2019 was \$1,260,920 and the actuarially determined contribution was \$1,260,916. The volunteer firefighters are not paid any remuneration for their service.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Investment allocation policy. The VFIP plan's policy in regard to the allocation of invested assets is currently established by city management until the formal VFIP Board is established. The plan may be amended by the VFIP Board by a majority vote of its members. It is the policy of the VFIP Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equities (Domestic 40% and International 19%)	59.00%	5.40%	3.20%
Fixed income	29.00%	0.10%	0.03%
Real estate	7.00%	5.30%	0.37%
Cash	5.00%	-2.00%	-0.10%
	<u>100.00%</u>		3.50%
Inflation expectation			<u>3.00%</u>
Investment rate of return			<u><u>6.50%</u></u>

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on volunteer firefighter incentive plan investments, net of investment expenses was 0.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The long-term estimated rate of return is 6.5%.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 21,152,778	\$ 10,829,988	\$ 10,322,790
Changes for the year:			
Service cost	570,840	-	570,840
Interest	1,336,338	-	1,336,338
Changes in benefit terms	2,924,680	-	2,924,680
Differences between expected and actual experience	34,319	-	34,319
Changes in assumptions	299,159	-	299,159
Employer contributions	-	1,260,920	(1,260,920)
Net investment income	-	70,581	(70,581)
Benefit payments, including refunds of employee contributions	(919,149)	(919,149)	-
Administrative expense	-	(18,165)	18,165
Net changes	4,246,187	394,187	3,852,000
Balances at June 30, 2020	\$ 25,398,965	\$ 11,224,175	\$ 14,174,790

Pension Plan Fiduciary Net Position. The plan's fiduciary net position as a percentage of the total pension liability was 44.2% at June 30, 2020.

Actuarial assumptions. The total plan liability was determined by an actuarial valuation as of December 31, 2019 with a measurement and reporting date of June 30, 2020. The following actuarial assumptions were applied to all periods included in the measurement.

Actuarial cost method	Individual Entry-Age Normal
Remaining amortization period	25 years
Inflation	N/A
Investment rate of return	6.5%
Mortality rates	RP-2014 Healthy Annuitant

Actuarial assumption changes. The only assumption change from the prior year is the Single Discount Rate (SDR), which changed from 6.37% to 6.29%. All other assumptions are the same as those used in the prior year.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Single discount rate. A single discount rate of 6.29% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on investments of 6.5% and a municipal bond rate of 2.45%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2079. As a result, the long-term expected rate of return on plan investments was applied to projected benefit payments through the year 2079, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability, calculated using a single discount rate of 6.29%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease (5.29%)	Current Discount Rate (6.29%)	1% Increase (7.29%)
City's net VFIP plan liability	\$ 18,406,189	\$ 14,174,790	\$ 10,785,441

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2020, the City recognized pension expense of \$4,551,488. At June 30, 2020, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 361,357	\$ 79,297	\$ 282,060
Changes in assumptions	540,980	132,262	408,718
Net difference between projected and actual earnings on pension plan investments	599,744	-	599,744
Total	\$ 1,502,081	\$ 211,559	\$ 1,290,522

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 349,201
2022	298,317
2023	263,212
2024	216,508
2025	88,242
Thereafter	<u>75,042</u>
Total	<u>\$ 1,290,522</u>

Summary of Pension Plans

	Employee Retirement System	Volunteer Firefighter Incentive Plan	Total
Net pension asset (NPA)	\$ 35,958,449	\$ -	\$ 35,958,449
Net pension liability (NPL)	-	14,174,790	14,174,790
Deferred outflows related to the NPA/NPL	-	1,502,081	1,502,081
Deferred inflows related to the NPA/NPL	3,006,714	211,559	3,218,273
Pension expense	(3,505,866)	4,551,488	1,045,622

15. RETIREE HEALTHCARE TRUST (OPEB) FUND

Plan Description

Plan Administration. The City of Troy Retiree Healthcare Trust (TRHCT), under authorization of the Public Employee Health Care Act, Public Act 149 of 1999 (MCL 38.1211 et seq.) and constituting a governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended, administers the city's employee retiree healthcare plan covering all full-time general and public safety employees of the city. The single-employer defined benefit OPEB plan provides retirement healthcare based on credited service time with death and disability benefits, and under some circumstances, payments for dependents. The plan does not issue separate stand alone financial statements and administrative costs are paid by the plan through employer contributions.

Management of the OPEB plan is vested in the TRHCT Board, which consists of seven voting members and one non-voting ex-officio member. Two of the voting members are designated by their position which includes the City Manager and City Director of Financial Services. Three of the voting members are elected by plan members. One voting member of City Council as selected by the Council and one voting citizen, who is an elector of the city and who is not a member of the system and who is not a member of City Council as appointed by the Mayor. Of the five employee members, two must be members of the defined benefit plan.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Plan Membership. At December 31, 2018 plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	345
Active employees	<u>193</u>
Total membership	<u><u>538</u></u>

The defined benefit OPEB plan is closed to new members.

Benefits Provided. The City provides certain healthcare benefits in accordance with the bargaining group agreements and other requirements as established at the time of retirement. Most bargaining group agreements vested 4% of retiree healthcare insurance premiums per year of active service with a maximum vesting percentage of 100% until June 30, 2013. Subsequently, the agreements establish a 3% vesting of retiree healthcare insurance premiums per year of active service with a maximum vesting percentage of 90%. The exception to these agreements are with the Troy Police Officers Association (TPOA) and classified/exempt groups. These groups remain at 4% vesting of retiree healthcare insurance premiums per year of active service with a maximum vesting percentage of 100%. All groups have an age and years of service requirement before benefits will be provided. These age and service requirements are the same as established in the defined benefit pension plan (TERS).

Spouses of living retirees are eligible for retiree healthcare coverage through the City. Only the spouse named at the time of retirement is eligible. Surviving spouses of deceased retirees are eligible for retiree healthcare coverage through the City if the surviving spouse is receiving a survivor's Defined Benefit pension or is the spouse of a defined contribution member. The surviving spouse's benefit amount is equal to a retiree's one person coverage.

Members and spouse have the option to enroll in Medicare Part B, unless required by their insurance carrier. Premium for Medicare Part B, if elected, is the responsibility of the retiree or spouse.

Members retiring under deferred retirement conditions are not eligible for retiree healthcare through the City. The plan provides duty disability benefits with no age or service requirements and benefits commence immediately. Non-duty disability are provided to members with five years of service (ten years for Classified/Exempt and MAP employees) and benefits commence immediately.

The plan provides duty death benefits with no age or service requirements and benefits commence immediately. The plan also provides non-duty death benefits for members with ten or more years of service. These benefits also commence immediately.

Contributions. There are no required employee contributions to the plan. Employer contributions are established based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability over a twenty five year period. The City is not required to contribute the actuarially determined rate but has an established and long history of making the contribution. For the year ended June 30, 2020, the City's average contribution rate was 33.66% of eligible wages.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Investments

Investment allocation policy. The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the TRHCT Board by a majority vote of its members. It is the policy of the TRHCT Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Long-term expected rate of return. The long-term expected rate of return on 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 pension 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equities (Domestic 40% and International 19%)	59.00%	6.40%	3.79%
Fixed income	29.00%	1.10%	0.32%
Real estate	7.00%	6.30%	0.44%
Cash	5.00%	-1.00%	-0.05%
	<u>100.00%</u>		4.50%
Inflation expectation			<u>2.00%</u>
Investment rate of return			<u><u>6.50%</u></u>

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expenses, was 4.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The long-term rate of return is estimated at 6.5%.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Changes in the net OPEB liability. The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 119,440,834	\$ 89,933,315	\$ 29,507,519
Changes for the year:			
Service cost	785,891	-	785,891
Interest	7,611,207	-	7,611,207
Differences between expected and actual experience	(1,033,980)	-	(1,033,980)
Changes in assumptions	(6,841,243)	-	(6,841,243)
Employer contributions	-	5,914,107	(5,914,107)
On-behalf contributions	-	164,491	(164,491)
Net investment income	-	4,130,941	(4,130,941)
Benefit payments	(5,476,571)	(5,476,571)	-
Administrative and other changes	-	(32,654)	32,654
Net changes	(4,954,696)	4,700,314	(9,655,010)
Balances at June 30, 2020	\$ 114,486,138	\$ 94,633,629	\$ 19,852,509

OPEB Plan Fiduciary Net Position. The plan's fiduciary net position as a percentage of the total OPEB liability was 82.7% at June 30, 2020.

Actuarial assumptions. The total OPEB plan liability was determined by an actuarial valuation as of December 31, 2018 with a measurement and reporting date of June 30, 2020. The following actuarial assumptions were applied to all periods included in the measurement.

Actuarial cost method	Entry age normal
Inflation	2.6%
Salary increases	3.5% including inflation
Investment rate of return	6.5%, net of expense, including inflation
Healthcare cost trend rates	9.00% gradually decreasing to ultimate 3.50%
Mortality rates	RP-2014 Healthy Annuitant

Actuarial assumption changes. The assumption changes from the prior year include a decrease in the municipal bond rate and decrease in the expected remaining service lives.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Single discount rate. A single discount rate of 6.50% was used to measure the total OPEB plan liability. This single discount rate was based on the expected rate of return on investments of 6.50%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
City's net OPEB liability	\$ 32,657,687	\$ 19,852,509	\$ 6,646,859

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rates of 9 percent decreasing to 3.5 percent, as well as what the City's net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1% lower (8 percent decreasing to 2.5 percent) or 1% higher (10 percent decreasing to 4.5 percent) than the current healthcare cost trend rates:

	1% Decrease (8% decreasing to 2.5%)	Current (9% decreasing to 3.5%)	1% Increase (10% decreasing to 4.5%)
City's net OPEB liability	\$ 5,773,037	\$ 19,852,509	\$ 33,689,691

OPEB expense and deferred inflows of resources related to OPEB. For the year ended June 30, 2020, the City recognized OPEB expense of (\$12,982,799). At June 30, 2020, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,118,820
Changes in assumptions	3,690,532
Net difference between projected and actual earnings on investments	704,334
Total deferred inflows	<u>\$ 7,513,686</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2021	\$ (7,556,868)
2022	(371,977)
2023	68,349
2024	<u>346,810</u>
Total	<u><u>\$ (7,513,686)</u></u>

16. COMBINING FINANCIAL INFORMATION - PENSION AND OTHER POSTEMPLOYMENT TRUST FUNDS

Statements of Fiduciary Net Position

	Employee Retirement System	Volunteer Firefighter Incentive Plan	Retiree Healthcare Trust Fund	Total
Assets				
Cash	\$ 3,099,296	\$ 1,403,381	\$ 3,024,401	\$ 7,527,078
Investments, at fair value:				
U.S. government				
securities and agencies	6,656,985	926,312	-	7,583,297
Corporate bonds	6,316,242	105,978	15,832,169	22,254,389
Corporate equities	46,474,232	3,822,784	18,022,492	68,319,508
Preferred stock	496,763	-	-	496,763
Mutual funds	100,869,728	2,361,007	39,892,519	143,123,254
Exchange traded funds	32,607,061	2,621,957	17,634,523	52,863,541
Interest receivable	4,035	-	314,359	318,394
Total assets	<u>196,524,342</u>	<u>11,241,419</u>	<u>94,720,463</u>	<u>302,486,224</u>
Liabilities				
Accounts payable	65,876	11,120	-	76,996
Accrued liabilities	64,698	6,124	86,834	157,656
Total liabilities	<u>130,574</u>	<u>17,244</u>	<u>86,834</u>	<u>234,652</u>
Net position				
Restricted for:				
Pension benefits	196,393,768	11,224,175	-	207,617,943
Retiree healthcare benefits	-	-	94,633,629	94,633,629
Total net position	<u>\$ 196,393,768</u>	<u>\$ 11,224,175</u>	<u>\$ 94,633,629</u>	<u>\$ 302,251,572</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Statements of Changes in Fiduciary Net Position

	Employee Retirement System	Volunteer Firefighter Incentive Plan	Retiree Healthcare Trust Fund	Total
Additions				
Contributions:				
Employer	\$ -	\$ 1,260,920	\$ 5,914,107	\$ 7,175,027
Plan members	157,335	-	-	157,335
On-behalf	-	-	164,491	164,491
Total contributions	157,335	1,260,920	6,078,598	7,496,853
Investment earnings:				
Interest	311,449	60,434	411,824	783,707
Dividends	4,907,309	190,898	1,875,175	6,973,382
Other income	176,151	-	-	176,151
Net adjustment in fair value of investments	2,217,069	(141,964)	2,192,669	4,267,774
Total investment earnings	7,611,978	109,368	4,479,668	12,201,014
Less: investment expense	288,316	38,787	348,727	675,830
Net investment earnings	7,323,662	70,581	4,130,941	11,525,184
Total additions	7,480,997	1,331,501	10,209,539	19,022,037
Deductions				
Benefits - pension	11,360,090	919,149	-	12,279,239
Benefits - retiree healthcare	-	-	5,476,571	5,476,571
Administrative expenses	220,079	18,165	32,654	270,898
Total deductions	11,580,169	937,314	5,509,225	18,026,708
Change in net position	(4,099,172)	394,187	4,700,314	995,329
Restricted net position, beginning				
Pension benefits	200,492,940	10,829,988	-	211,322,928
Retiree healthcare benefits	-	-	89,933,315	89,933,315
Total restricted, beginning	200,492,940	10,829,988	89,933,315	301,256,243
Restricted net position, ending				
Pension benefits	196,393,768	11,224,175	-	207,617,943
Retiree healthcare benefits	-	-	94,633,629	94,633,629
Total restricted, ending	<u>\$ 196,393,768</u>	<u>\$ 11,224,175</u>	<u>\$ 94,633,629</u>	<u>\$ 302,251,572</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

17. DEFINED CONTRIBUTION PLAN

The City maintains a defined contribution plan (DCP) administered by the International City Manager's Association Retirement Corporation (ICMARC), which qualifies under the Internal Revenue Code Section 401(a). Classified, Exempt and Fire Staff Officers in the City's Employees Retirement System were given the option to transfer to the DCP by December 31, 1997. Employees who elected to transfer to the DCP had their individually actuarially determined earned retirement benefits in the Employees Retirement System determined as of the date of election to transfer to the DCP. In 1998, the City afforded the option to AFSCME members of the Employees Retirement System to elect a transfer to the DCP, of which 41 employees elected such transfer. In 1999, the City afforded the option to MAP members of the Employees Retirement System to elect a transfer to the DCP, of which 29 employees elected such transfer. In 2000, the City afforded the option to TCOA members of the Employees Retirement System to elect a transfer to the DCP, of which 20 employees elected such transfer. In 2002, the City afforded the option to TPOA members of the Employees Retirement System to elect a transfer to the DCP of which 19 employees elected such transfer. The DCP is also in effect for all new full-time employees. Total membership in the DCP as of June 30, 2020 was 304.

The DCP maintains a schedule of vesting as follows: participants who transferred from the Employees Retirement System are fully vested. For new hires the following schedule applies: 50% vested after 3 years, 75% vested after 4 years and 100% vested after 5 years. Employees contribute 3 to 6 percent of their salary, while the employer contributes 8 to 13 percent. All employees are able to contribute up to 10 percent of their salary on a voluntary after-tax basis. All contributions are remitted to a third-party plan administrator.

The DCP was established by City Council resolution and any amendments to the plan would require City Council approval.

The City's payroll for employees covered by the DCP for the year ended June 30, 2020, was \$22,485,634. The required contributions, which matched those actually made, were \$1,097,054 by employees and \$2,352,770 by the City, representing 4.9 percent and 10.5 percent of covered payroll, respectively.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

18. FUND BALANCES - GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Inventories	\$ 437,748	\$ -	\$ -	\$ 437,748
Prepaid items	1,368,304	-	85,339	1,453,643
Permanent fund corpus	-	-	164,000	164,000
Advance to Sanctuary Lake golf course	6,098,082	-	-	6,098,082
Advance to Aquatic Center	180,302	-	-	180,302
Total nonspendable	8,084,436	-	249,339	8,333,775
Restricted				
Special revenue funding source restrictions:				
Highways and streets	-	-	8,906,346	8,906,346
Sanitation	-	-	928,308	928,308
Library	-	-	583,598	583,598
Other	-	-	1,342,894	1,342,894
Debt funding source restrictions	-	-	908,492	908,492
Cemetery perpetual care	-	-	76,058	76,058
Budget stabilization	1,656,276	-	-	1,656,276
Capital improvements	-	13,047,873	-	13,047,873
Dog park development	-	34,394	-	34,394
Federal transportation	-	357,940	-	357,940
Total restricted	1,656,276	13,440,207	12,745,696	27,842,179
Committed				
Construction projects	-	304,163	-	304,163
Assigned				
Insurance claims	3,000,000	-	-	3,000,000
Tax appeals	6,440	-	-	6,440
Subsequent years budget	2,794,998	-	-	2,794,998
Total assigned	5,801,438	-	-	5,801,438
Unassigned	17,486,669	-	-	17,486,669
Total fund balances	\$ 33,028,819	\$ 13,744,370	\$ 12,995,035	\$ 59,768,224

CITY OF TROY, MICHIGAN

Notes to Financial Statements

19. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of net investment in capital assets, as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 44,104,160	\$ 13,913,513
Capital assets being depreciated, net	<u>185,023,748</u>	<u>124,833,065</u>
	<u>229,127,908</u>	<u>138,746,578</u>
Long-term debt related to capital assets:		
General obligation bonds	16,145,000	6,305,000
Notes from direct borrowings and direct placements	848,323	-
Capital leases	-	477,414
Deferred amounts - for issuance premiums	491,100	99,734
Deferred charge on refunding	<u>-</u>	<u>(525,072)</u>
Net long-term debt related to capital assets	<u>17,484,423</u>	<u>6,357,076</u>
Net investment in capital assets	<u><u>\$ 211,643,485</u></u>	<u><u>\$ 132,389,502</u></u>

20. DEFICIT NET POSITION

The Sanctuary Lake golf course fund has a net position deficit of \$6,893,235 at June 30, 2020.

The Sanctuary Lake golf course completed its fifteenth year of operations with an operating loss of \$1,247 including depreciation expense of \$352,674. Nonoperating activity included interest expense of \$227,293. This resulted in a decrease change in net position of \$228,540. This compares to a decrease change in net position of \$157,201 last fiscal year. Cash flows from operations were positive in the amount of \$203,000. As such, the deficit is a result of operating income insufficient to meet the debt funding requirements. The fund has incurred advances from primarily the general fund and Sylvan Glen golf course fund to meet its cash debt financing requirements.

The City turned over operations and management of both the Sanctuary Lake and Sylvan Glen golf courses on June 15, 2010 to Billy Casper Golf with a strategic plan of eliminating the deficit in the next few years.

The Downtown Development Authority (component unit) reported a net position deficit of \$12,114,215 compared to \$13,060,600 last fiscal year. This deficit is attributable to recognizing outstanding long-term debt to be financed with future tax increment revenues from the district.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

21. BUDGET STABILIZATION FUND

The City has established a budget stabilization fund by adopting a City ordinance in accordance with PA 30 of 1978 - MCL 144.441. The City Council may appropriate all or part of a surplus in the general fund to the Budget Stabilization Fund. The amount in the Budget Stabilization Fund shall not exceed 15% of the City's most recent general fund budget as originally adopted or 15% of the average of the City's five most recent general fund budgets, as amended, whichever is less. Appropriations from the Budget Stabilization Fund may be used to cover any general fund deficit, prevent a reduction in the level of services when revenues are not being collected in a sufficient manner or when the subsequent year budget indicates a shortfall, and to cover expenses arising from a natural disaster unless federal or state funds are received to offset the appropriation. In accordance with *Governmental Accounting Standards Board (GASB) Statement number 54*, the Budget Stabilization Fund has been included as part of the General Fund for reporting purposes. Any residual fund balance is reported as restricted in the general fund.

22. SIGNIFICANT COMMITMENTS

As of June 30, 2020, the City had \$8,630,342 in construction commitments outstanding for various projects including street improvements, water system improvements and sanitary sewer improvements. The commitments will be satisfied using grant funding, millage proceeds and fund balance.

23. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it will continue to place additional demands on the City. While management reasonably expects the COVID-19 outbreak to negatively impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System

Schedule of Changes in Net Pension Asset and Related Ratios

	Year Ended June 30,			
	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 892,618	\$ 919,922	\$ 915,316	\$ 951,388
Interest	10,166,772	10,145,675	10,153,512	10,180,968
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(827,202)	1,345,828	176,027	(238,774)
Changes of assumptions	-	(701,730)	-	-
Benefit payments, including refunds of employee contributions	(11,360,090)	(11,382,935)	(11,352,909)	(11,245,246)
Net change in total pension liability	(1,127,902)	326,760	(108,054)	(351,664)
Total pension liability, beginning of year	161,563,221	161,236,461	161,344,515	161,696,179
Total pension liability, end of year	160,435,319	161,563,221	161,236,461	161,344,515
Plan fiduciary net position				
Employer contributions	-	-	-	658,557
Employee contributions	157,335	164,311	159,830	163,907
Net investment income (loss)	7,323,662	15,253,371	19,495,709	23,674,177
Benefit payments, including refunds of employee contributions	(11,360,090)	(11,382,935)	(11,352,909)	(11,245,246)
Administrative expense	(220,079)	(147,374)	(137,054)	(136,279)
Net change in plan fiduciary net position	(4,099,172)	3,887,373	8,165,576	13,115,116
Plan fiduciary net position, beginning of year	200,492,940	196,605,567	188,439,991	175,324,875
Plan fiduciary net position, end of year	196,393,768	200,492,940	196,605,567	188,439,991
City's net pension asset	\$ (35,958,449)	\$ (38,929,719)	\$ (35,369,106)	\$ (27,095,476)
Plan fiduciary net position as a percentage of total pension liability	122.41%	124.10%	121.94%	116.79%
Covered payroll	\$ 4,714,838	\$ 4,695,195	\$ 4,428,407	\$ 4,532,372
City's net pension asset as a percentage of covered payroll	-762.67%	-829.14%	-798.69%	-597.82%

Notes:

GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Assumption changes for 2019 include a decrease in the long-term municipal bond rate.

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Year Ended June 30,		
2016	2015	2014

\$ 993,515	\$ 966,066	\$ 985,140
10,251,205	9,626,619	9,635,941
(10,477)	-	-
(1,118,247)	1,874,178	286,868
-	8,167,150	-
(11,108,572)	(11,128,133)	(10,955,507)
(992,576)	9,505,880	(47,558)
162,688,755	153,182,875	153,230,433
161,696,179	162,688,755	153,182,875
314,025	1,451,198	1,867,473
166,434	165,624	174,214
(330,035)	6,229,392	35,667,991
(11,108,572)	(11,128,133)	(10,955,507)
(133,867)	(129,870)	(242,023)
(11,092,015)	(3,411,789)	26,512,148
186,416,890	189,828,679	163,316,531
175,324,875	186,416,890	189,828,679
<u>\$ (13,628,696)</u>	<u>\$ (23,728,135)</u>	<u>\$ (36,645,804)</u>
108.43%	114.58%	123.92%
\$ 4,910,089	\$ 4,902,224	\$ 4,768,908
-277.57%	-484.03%	-768.43%

CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System

Schedule of Net Pension Asset

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Asset	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Asset as Percentage of Covered Payroll
2013	\$ 153,230,433	\$ 163,316,531	\$ (10,086,098)	106.6%	\$ 5,069,499	-199.0%
2014	153,182,875	189,828,679	(36,645,804)	123.9%	4,768,908	-768.4%
2015	162,688,755	186,416,890	(23,728,135)	114.6%	4,902,224	-484.0%
2016	161,696,179	175,324,875	(13,628,696)	108.4%	4,910,089	-277.6%
2017	161,344,515	188,439,991	(27,095,476)	116.8%	4,532,372	-597.8%
2018	161,236,461	196,605,567	(35,369,106)	121.9%	4,428,407	-798.7%
2019	161,563,221	200,492,940	(38,929,719)	124.1%	4,695,195	-829.1%
2020	160,435,319	196,393,768	(35,958,449)	122.4%	4,714,838	-762.7%

CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System
Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2012	\$ 2,157,379	\$ 2,195,477	\$ (38,098)	\$ 5,427,637	40.4%
2013	1,883,530	1,883,530	-	5,069,499	37.2%
2014	1,845,880	1,867,473	(21,593)	4,768,908	39.2%
2015	1,451,198	1,451,198	-	4,902,224	29.6%
2016	314,025	314,025	-	4,910,089	6.4%
2017	658,557	658,557	-	4,532,372	14.5%
2018	-	-	-	4,428,407	0.0%
2019	-	-	-	4,695,195	0.0%
2020	-	-	-	4,714,838	0.0%

GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date: December 31, 2017

Notes Actuarially determined contribution rates are calculated as of December 31st which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market
Inflation	2.6%; No explicit price inflation assumption is used in this valuation
Salary increases	3.5% to 7.5% including inflation
Investment rate of return	6.50%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. First used for the 1973 valuation; Classified, Exempt, Command Officers first used for the 1981 valuation; Non-Classified/Exempt General members first used for the 1986 valuation.
Mortality	RP-2014 Healthy Annuitant, Employee and Disabled Retiree tables for males and females projected to 2019 with the MP-2014 mortality improvement scale.
Other information	None

CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2012	-1.10%
2013	18.20%
2014	22.20%
2015	3.29%
2016	-0.23%
2017	13.79%
2018	10.56%
2019	8.12%
2020	3.86%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses.

GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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CITY OF TROY, MICHIGAN

Required Supplementary Information

Volunteer Firefighter Incentive Plan

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended June 30,			
	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 570,840	\$ 545,049	\$ 549,611	\$ 512,549
Interest	1,336,338	1,272,457	1,191,740	1,124,731
Changes in benefit terms	2,924,680	-	-	-
Differences between expected and actual experience	34,319	(64,876)	353,853	126,281
Changes of assumptions	299,159	155,633	(27,953)	(238,964)
Benefit payments	(919,149)	(854,863)	(803,388)	(685,085)
Net change in total pension liability	<u>4,246,187</u>	<u>1,053,400</u>	<u>1,263,863</u>	<u>839,512</u>
Total pension liability, beginning of year	<u>21,152,778</u>	<u>20,099,378</u>	<u>18,835,515</u>	<u>17,996,003</u>
Total pension liability, end of year	<u>25,398,965</u>	<u>21,152,778</u>	<u>20,099,378</u>	<u>18,835,515</u>
Plan fiduciary net position				
Employer contributions	1,260,920	1,285,300	1,712,500	1,113,496
Net investment income	70,581	518,466	628,552	399,329
Benefit payments	(919,149)	(854,863)	(803,388)	(685,085)
Administrative expense	(18,165)	(12,180)	(13,227)	(54,948)
Net change in plan fiduciary net position	<u>394,187</u>	<u>936,723</u>	<u>1,524,437</u>	<u>772,792</u>
Plan fiduciary net position, beginning of year	<u>10,829,988</u>	<u>9,893,265</u>	<u>8,368,828</u>	<u>7,596,036</u>
Plan fiduciary net position, end of year	<u>11,224,175</u>	<u>10,829,988</u>	<u>9,893,265</u>	<u>8,368,828</u>
City's net pension liability	<u>\$ 14,174,790</u>	<u>\$ 10,322,790</u>	<u>\$ 10,206,113</u>	<u>\$ 10,466,687</u>
Plan fiduciary net position as a percentage of total pension liability	44.19%	51.20%	49.22%	44.43%
Covered payroll	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes:

GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Assumption changes for 2019 and 2020 include a decrease in the discount rate.



Year Ended June 30,		
2016	2015	2014
\$ 464,863	\$ 463,508	\$ 447,479
1,077,246	1,033,632	819,211
-	-	1,727,859
(93,449)	270,606	-
424,977	120,951	1,703,002
(1,166,059)	(987,639)	(1,379,391)
707,578	901,058	3,318,160
17,288,425	16,387,367	13,069,207
17,996,003	17,288,425	16,387,367
1,100,632	3,078,500	1,078,500
152,770	100,516	286,663
(1,166,059)	(987,639)	(1,379,391)
(14,428)	(19,748)	(12,420)
72,915	2,171,629	(26,648)
7,523,121	5,351,492	5,378,140
7,596,036	7,523,121	5,351,492
\$ 10,399,967	\$ 9,765,304	\$ 11,035,875
42.21%	43.52%	32.66%
N/A	N/A	N/A
N/A	N/A	N/A

CITY OF TROY, MICHIGAN

Required Supplementary Information

Volunteer Firefighter Incentive Plan

Schedule of Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2013	\$ 13,069,207	\$ 5,378,140	\$ 7,691,067	41.2%	N/A	N/A
2014	16,387,367	5,351,492	11,035,875	32.7%	N/A	N/A
2015	17,288,425	7,523,121	9,765,304	43.5%	N/A	N/A
2016	17,996,003	7,596,036	10,399,967	42.2%	N/A	N/A
2017	18,835,515	8,368,828	10,466,687	44.4%	N/A	N/A
2018	20,099,378	9,893,265	10,206,113	49.2%	N/A	N/A
2019	21,152,778	10,829,988	10,322,790	51.2%	N/A	N/A
2020	25,398,965	11,224,175	14,174,790	44.2%	N/A	N/A

CITY OF TROY, MICHIGAN

Required Supplementary Information

Volunteer Firefighter Incentive Plan

Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2013	\$ 868,074	\$ 868,074	\$ -	N/A	N/A
2014	858,472	1,078,500	(220,028)	N/A	N/A
2015	843,872	3,078,500	(2,234,628)	N/A	N/A
2016	1,100,632	1,100,632	-	N/A	N/A
2017	1,113,496	1,113,496	-	N/A	N/A
2018	1,112,471	1,712,500	(600,029)	N/A	N/A
2019	1,285,259	1,285,300	(41)	N/A	N/A
2020	1,260,916	1,260,920	(4)	N/A	N/A

GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date: December 31, 2017

Notes Actuarially determined contribution rates are calculated as of December 31st which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry-Age Normal
Amortization method	Level dollar, open
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market
Investment rate of return	6.50%
Retirement age	Age and experienced-based table of rates that are specific to the type of eligibility condition.

Mortality RP-2014 Healthy Annuitant Mortality Table projected 5 years to 2019.

Benefit changes	Effective July 1,	Amount Per Year of Service
	2014	\$ 642
	2015	681
	2016	724
	2017	769
	2018	785
	2019	804
	2020	819

CITY OF TROY, MICHIGAN

Required Supplementary Information

Volunteer Firefighter Incentive Plan

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2014	4.79%
2015	1.04%
2016	1.79%
2017	4.14%
2018	6.42%
2019	5.54%
2020	0.98%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses.

GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF TROY, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits - Retiree Healthcare

Schedule of Changes in Net Other Postemployment Benefit (OPEB) Liability and Related Ratios

	Year Ended June 30,			
	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 785,891	\$ 838,659	\$ 1,166,226	\$ 1,285,223
Interest	7,611,207	8,918,237	8,761,601	8,476,587
Differences between expected and actual experience	(1,033,980)	(22,311,315)	(1,499,301)	-
Changes of assumptions	(6,841,243)	(1,719,651)	-	-
Benefit payments	(5,476,571)	(6,138,831)	(5,571,068)	(5,063,891)
Net change in total OPEB liability	<u>(4,954,696)</u>	<u>(20,412,901)</u>	<u>2,857,458</u>	<u>4,697,919</u>
Total OPEB liability, beginning of year	<u>119,440,834</u>	<u>139,853,735</u>	<u>136,996,277</u>	<u>132,298,358</u>
Total OPEB liability, end of year	<u>114,486,138</u>	<u>119,440,834</u>	<u>139,853,735</u>	<u>136,996,277</u>
Plan fiduciary net position				
Employer contributions	5,914,107	6,000,551	4,812,375	4,668,805
On-behalf contributions	164,491	136,413	149,655	36,244
Net investment income (loss)	4,130,941	6,829,397	6,403,187	7,980,021
Benefit payments	(5,476,571)	(6,138,831)	(5,571,068)	(5,063,891)
Administrative and other changes	(32,654)	(43,298)	(39,518)	(4,214)
Net change in plan fiduciary net position	<u>4,700,314</u>	<u>6,784,232</u>	<u>5,754,631</u>	<u>7,616,965</u>
Plan fiduciary net position, beginning of year	<u>89,933,315</u>	<u>83,149,083</u>	<u>77,394,452</u>	<u>69,777,487</u>
Plan fiduciary net position, end of year	<u>94,633,629</u>	<u>89,933,315</u>	<u>83,149,083</u>	<u>77,394,452</u>
City's net OPEB liability	<u>\$ 19,852,509</u>	<u>\$ 29,507,519</u>	<u>\$ 56,704,652</u>	<u>\$ 59,601,825</u>
Plan fiduciary net position as a percentage of total OPEB liability	82.66%	75.30%	59.45%	56.49%
Covered payroll	\$ 16,962,271	\$ 16,962,271	\$ 17,101,107	\$ 17,101,107
City's net OPEB liability as a percentage of covered payroll	117.04%	173.96%	331.58%	348.53%

Note: GASB 75 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

2019 actuarial assumption changes. The only assumption change from the prior year is an increase in the remaining amortization period from 22 years to 25 years.

2020 actuarial assumption changes. The assumption changes from the prior year include a decrease in the municipal bond rate and decrease in the expected remaining service lives.

CITY OF TROY, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits - Retiree Healthcare

Schedule of Net OPEB Liability

Fiscal Year Ended June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2016	\$ 132,298,358	\$ 69,777,487	\$ 62,520,871	52.74%	\$ 19,614,000	318.76%
2017	136,996,277	77,394,452	59,601,825	56.49%	17,101,107	348.53%
2018	139,853,735	83,149,083	56,704,652	59.45%	17,101,107	331.58%
2019	119,440,834	89,933,315	29,507,519	75.30%	16,962,271	173.96%
2020	114,486,138	94,633,629	19,852,509	82.66%	16,962,271	117.04%

CITY OF TROY, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits - Retiree Healthcare

Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2016	\$ 4,793,327	\$ 4,793,327	\$ -	\$ 19,614,000	24.44%
2017	4,668,805	4,668,805	-	17,101,107	27.30%
2018	4,654,492	4,812,375	(157,883)	17,101,107	28.14%
2019	5,646,672	6,000,551	(353,879)	16,962,271	35.38%
2020	5,579,325	5,914,107	(334,782)	16,962,271	34.87%

Note: GASB 75 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date: December 31, 2016

Notes Actuarially determined contribution rates are calculated as of December 31st which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	25 years for FY beginning July 1, 2018
Asset valuation method	Market Value
Inflation	2.60%
Salary increases	3.50% including inflation
Investment rate of return	6.50%, net OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to type of eligibility condition
Mortality	<i>Post Retirement:</i> RP-2014 Healthy Annuitant, Employee and Disabled Retiree tables for males and females projected to 2019 with the MP-2014 mortality improvement scale. The provision for future mortality improvement is the projection to 2019. <i>Disabled Retirement:</i> The RP-2014 Disabled Retiree Mortality Table projected to 2019 with MP-2014. The provision for future mortality improvement is the projection to 2019. <i>Pre Retirement:</i> The RP-2014 Employee Mortality Table for males and females projected to 2019 with MP-2014. The provision for future mortality improvement is the projection to 2019.
Health care trend rates	Trend starting at 9.0% and gradually decreasing to an ultimate trend rate of 3.50%
Aging factors	The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health costs.
Expenses	Investment and administrative expenses are net of the investment returns.
Other information	None

CITY OF TROY, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits - Retiree Healthcare

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2017	11.53%
2018	8.53%
2019	8.39%
2020	4.69%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses.

Note: GASB 75 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS

Major Streets Fund - Accumulates resources from state funding sources for the maintenance and construction of the City's major streets system.

Local Streets Fund - Accumulates resources from state funding sources for the maintenance and construction of the City's local streets system.

Refuse Fund - Accumulates resources from a dedicated tax millage for sanitation collection and disposal services.

Transit Center Fund - Accumulates resources from Amtrak and sponsorships for the operations, maintenance and capital needs of the Transit Center.

Drug Forfeiture Fund - Accumulates resources from a federal and state drug forfeiture court rulings which can only be expended on specific supplies and services that support drug enforcement.

Library Fund - Accumulates resources from a dedicated tax millage for providing public library services to the community.

Community Development Block Grant Fund - Accumulates resources for the administration of federal funded projects designed to address a wide-range of community needs in low income areas.

DEBT SERVICE FUNDS

Debt Service Funds - Accumulate resources from a dedicated tax millage for the debt service financing requirements of major voter approved capital projects.

PERMANENT FUND

Cemetery Perpetual Care - Accumulates resources from plot and burial fees for the perpetual care of cemetery grounds.

ENTERPRISE FUNDS

Sylvan Glen Golf Course - Accumulates resources from user fees to the operation and maintenance of a municipal golf course.

Aquatic Center - Accumulates resources from user fees for the operation and maintenance of the City's municipal water park.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (concluded)

INTERNAL SERVICE FUNDS

Compensated Absences Fund - Accumulates resources from interdepartmental charges for funding employee earned vacation and sick pay benefits.

Unemployment Compensation Fund - Accumulates resources from interdepartmental charges for City unemployment insurance premiums and obligations.

Custodial Services Fund - Accumulates resources from interdepartmental charges for the custodial services to city buildings.

Information Technology Fund - Accumulates resources from interdepartmental charges for the maintenance and improvements of the City's computer and software requirements.

Motor Equipment Fund - Accumulates resources from interdepartmental charges for the maintenance and capital investment of City owned vehicles.

Worker's Compensation Fund - Accumulates resources from interdepartmental charges for insurance premium and City obligations for worker's compensation claims.

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CITY OF TROY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

	Special Revenue					
	Major Streets	Local Streets	Refuse	Transit Center	Drug Forfeiture	Library
Assets						
Cash and investments	\$ 4,308,605	\$ 3,396,927	\$ 1,378,198	\$ -	\$ 1,331,347	\$ 440,924
Accounts receivable	-	-	610	27,759	-	172,175
Due from other governments	860,841	339,973	-	-	-	-
Prepaid items	-	-	-	-	-	85,339
Total assets	<u>\$ 5,169,446</u>	<u>\$ 3,736,900</u>	<u>\$ 1,378,808</u>	<u>\$ 27,759</u>	<u>\$ 1,331,347</u>	<u>\$ 698,438</u>
Liabilities						
Negative equity in cash and investments	\$ -	\$ -	\$ -	\$ 11,687	\$ -	\$ -
Accounts payable	-	-	450,500	4,525	-	28,629
Other liabilities	-	-	-	-	-	872
Total liabilities	<u>-</u>	<u>-</u>	<u>450,500</u>	<u>16,212</u>	<u>-</u>	<u>29,501</u>
Fund balances						
Nonspendable	-	-	-	-	-	85,339
Restricted	5,169,446	3,736,900	928,308	11,547	1,331,347	583,598
Total fund balances	<u>5,169,446</u>	<u>3,736,900</u>	<u>928,308</u>	<u>11,547</u>	<u>1,331,347</u>	<u>668,937</u>
Total liabilities and fund balances	<u>\$ 5,169,446</u>	<u>\$ 3,736,900</u>	<u>\$ 1,378,808</u>	<u>\$ 27,759</u>	<u>\$ 1,331,347</u>	<u>\$ 698,438</u>

Special Revenue	Debt Service				Permanent Fund	
Community Development Block Grant	General Debt Service	Proposal A Debt Service	Proposal B Debt Service	Proposal C Debt Service	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ 908,492	\$ -	\$ -	\$ -	\$ 240,058	\$ 12,004,551
-	-	-	-	-	-	200,544
29,837	-	-	-	-	-	1,230,651
-	-	-	-	-	-	85,339
<u>\$ 29,837</u>	<u>\$ 908,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,058</u>	<u>\$ 13,521,085</u>
\$ 23,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,162
6,362	-	-	-	-	-	490,016
-	-	-	-	-	-	872
<u>29,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>526,050</u>
-	-	-	-	-	164,000	249,339
-	908,492	-	-	-	76,058	12,745,696
-	908,492	-	-	-	240,058	12,995,035
<u>\$ 29,837</u>	<u>\$ 908,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,058</u>	<u>\$ 13,521,085</u>

CITY OF TROY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Special Revenue					
	Major Streets	Local Streets	Refuse	Transit Center	Drug Forfeiture	Library
Revenues						
Property taxes	\$ -	\$ -	\$ 5,416,656	\$ -	\$ -	\$ 3,397,872
Intergovernmental:						
Federal sources	-	-	-	-	-	-
State sources	6,167,975	2,435,872	60,327	-	-	243,104
Charges for services	-	-	940	87,975	-	12,774
Fines and forfeitures	-	-	-	-	206,245	38,660
Investment earnings	99,709	71,108	68,878	-	31,862	31,536
Other	-	-	-	-	-	28,788
Total revenues	<u>6,267,684</u>	<u>2,506,980</u>	<u>5,546,801</u>	<u>87,975</u>	<u>238,107</u>	<u>3,752,734</u>
Expenditures						
Current:						
General government	-	-	-	87,975	-	-
Public safety	-	-	-	-	5,749	-
Sanitation	-	-	5,359,069	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	3,114,340
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>5,359,069</u>	<u>87,975</u>	<u>5,749</u>	<u>3,114,340</u>
Revenues over (under) expenditures	<u>6,267,684</u>	<u>2,506,980</u>	<u>187,732</u>	<u>-</u>	<u>232,358</u>	<u>638,394</u>
Other financing sources (uses)						
Transfers in	-	1,500,000	-	-	-	-
Transfers out	(6,486,971)	(3,314,576)	-	-	(165,282)	(595,000)
Total other financing sources (uses)	<u>(6,486,971)</u>	<u>(1,814,576)</u>	<u>-</u>	<u>-</u>	<u>(165,282)</u>	<u>(595,000)</u>
Net change in fund balances	<u>(219,287)</u>	<u>692,404</u>	<u>187,732</u>	<u>-</u>	<u>67,076</u>	<u>43,394</u>
Fund balances, beginning of year	<u>5,388,733</u>	<u>3,044,496</u>	<u>740,576</u>	<u>11,547</u>	<u>1,264,271</u>	<u>625,543</u>
Fund balances, end of year	<u>\$ 5,169,446</u>	<u>\$ 3,736,900</u>	<u>\$ 928,308</u>	<u>\$ 11,547</u>	<u>\$ 1,331,347</u>	<u>\$ 668,937</u>

Special Revenue	Debt Service				Permanent Fund	
Community Development Block Grant	General Debt Service	Proposal A Debt Service	Proposal B Debt Service	Proposal C Debt Service	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ 2,888,729	\$ -	\$ -	\$ -	\$ -	\$ 11,703,257
354,636	-	-	-	-	-	354,636
-	35,539	-	-	-	-	8,942,817
-	-	-	-	-	2,100	103,789
-	-	-	-	-	-	244,905
-	23,790	-	-	-	5,348	332,231
-	-	-	-	-	-	28,788
354,636	2,948,058	-	-	-	7,448	21,710,423
-	-	-	-	-	-	87,975
-	-	-	-	-	-	5,749
-	-	-	-	-	-	5,359,069
63,466	-	-	-	-	-	63,466
-	-	-	-	-	-	3,114,340
-	-	840,000	1,150,000	640,000	-	2,630,000
-	63,950	57,750	64,675	42,600	-	228,975
63,466	63,950	897,750	1,214,675	682,600	-	11,489,574
291,170	2,884,108	(897,750)	(1,214,675)	(682,600)	7,448	10,220,849
-	-	897,750	1,214,675	682,600	-	4,295,025
(291,170)	(2,795,025)	-	-	-	(1,200)	(13,649,224)
(291,170)	(2,795,025)	897,750	1,214,675	682,600	(1,200)	(9,354,199)
-	89,083	-	-	-	6,248	866,650
-	819,409	-	-	-	233,810	12,128,385
\$ -	\$ 908,492	\$ -	\$ -	\$ -	\$ 240,058	\$ 12,995,035

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State sources	\$ 6,566,100	\$ 6,566,100	\$ 6,167,975	\$ (398,125)
Investment earnings	14,000	14,000	99,709	85,709
Total revenues	6,580,100	6,580,100	6,267,684	(312,416)
Other financing uses				
Transfers out	(7,071,210)	(7,071,210)	(6,486,971)	(584,239)
Net change in fund balance	(491,110)	(491,110)	(219,287)	271,823
Fund balance, beginning of year	5,388,733	5,388,733	5,388,733	-
Fund balance, end of year	<u>\$ 4,897,623</u>	<u>\$ 4,897,623</u>	<u>\$ 5,169,446</u>	<u>\$ 271,823</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State sources	\$ 2,591,650	\$ 2,591,650	\$ 2,435,872	\$ (155,778)
Investment earnings	20,000	20,000	71,108	51,108
Total revenues	<u>2,611,650</u>	<u>2,611,650</u>	<u>2,506,980</u>	<u>(104,670)</u>
Other financing sources (uses)				
Transfers in	1,500,000	1,500,000	1,500,000	-
Transfers out	<u>(4,043,500)</u>	<u>(4,043,500)</u>	<u>(3,314,576)</u>	<u>(728,924)</u>
Total other financing uses	<u>(2,543,500)</u>	<u>(2,543,500)</u>	<u>(1,814,576)</u>	<u>(728,924)</u>
Net change in fund balance	68,150	68,150	692,404	624,254
Fund balance, beginning of year	<u>3,044,496</u>	<u>3,044,496</u>	<u>3,044,496</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,112,646</u>	<u>\$ 3,112,646</u>	<u>\$ 3,736,900</u>	<u>\$ 624,254</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Refuse Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 5,431,000	\$ 5,431,000	\$ 5,416,656	\$ (14,344)
Intergovernmental -				
State sources	-	-	60,327	60,327
Charges for services	1,000	1,000	940	(60)
Investment earnings	10,000	10,000	68,878	58,878
Total revenues	5,442,000	5,442,000	5,546,801	104,801
Expenditures				
Current -				
Sanitation	5,427,190	5,427,190	5,359,069	(68,121)
Net change in fund balance	14,810	14,810	187,732	172,922
Fund balance, beginning of year	740,576	740,576	740,576	-
Fund balance, end of year	<u>\$ 755,386</u>	<u>\$ 755,386</u>	<u>\$ 928,308</u>	<u>\$ 172,922</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Transit Center Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 90,390	\$ 90,390	\$ 87,975	\$ (2,415)
Expenditures				
Current -				
General government	90,390	90,390	87,975	(2,415)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	11,547	11,547	11,547	-
Fund balance, end of year	<u>\$ 11,547</u>	<u>\$ 11,547</u>	<u>\$ 11,547</u>	<u>\$ -</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Drug Forfeiture Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeitures	\$ 131,000	\$ 131,000	\$ 206,245	\$ 75,245
Investment earnings	2,000	2,000	31,862	29,862
Total revenues	133,000	133,000	238,107	105,107
Expenditures				
Current -				
Public safety	142,000	142,000	5,749	(136,251)
Revenues over (under) expenditures	(9,000)	(9,000)	232,358	241,358
Other financing uses				
Transfers out	(311,000)	(311,000)	(165,282)	(145,718)
Net change in fund balance	(320,000)	(320,000)	67,076	387,076
Fund balance, beginning of year	1,264,271	1,264,271	1,264,271	-
Fund balance, end of year	<u>\$ 944,271</u>	<u>\$ 944,271</u>	<u>\$ 1,331,347</u>	<u>\$ 387,076</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Library Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,407,000	\$ 3,407,000	\$ 3,397,872	\$ (9,128)
Intergovernmental -				
State sources	206,000	206,000	243,104	37,104
Charges for services	18,150	18,150	12,774	(5,376)
Fines and forfeitures	45,000	45,000	38,660	(6,340)
Investment earnings	3,000	3,000	31,536	28,536
Other	8,000	8,000	28,788	20,788
Total revenues	3,687,150	3,687,150	3,752,734	65,584
Expenditures				
Current -				
Recreation and culture	3,419,270	3,419,270	3,114,340	(304,930)
Revenues over expenditures	267,880	267,880	638,394	370,514
Other financing uses				
Transfers out	(595,000)	(595,000)	(595,000)	-
Net change in fund balance	(327,120)	(327,120)	43,394	370,514
Fund balance, beginning of year	625,543	625,543	625,543	-
Fund balance, end of year	\$ 298,423	\$ 298,423	\$ 668,937	\$ 370,514

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Community Development Block Grant Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal sources	\$ 150,000	\$ 150,000	\$ 354,636	\$ 204,636
Expenditures				
Current -				
Community and economic development	45,000	45,000	63,466	18,466
Revenues over expenditures	105,000	105,000	291,170	186,170
Other financing uses				
Transfers out	(105,000)	(105,000)	(291,170)	186,170
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF TROY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2020

	Sylvan Glen Golf Course	Aquatic Center	Total
Assets			
Current assets:			
Cash and investments	\$ 40,101	\$ 250,004	\$ 290,105
Accounts receivable	167,200	-	167,200
Due from other funds	10,879	-	10,879
Inventories	26,242	-	26,242
Prepaid items	29,279	-	29,279
Total current assets	<u>273,701</u>	<u>250,004</u>	<u>523,705</u>
Noncurrent assets:			
Advances to other funds	2,844,230	-	2,844,230
Capital assets not being depreciated	2,328,293	-	2,328,293
Capital assets being depreciated, net	1,454,065	475,279	1,929,344
Total noncurrent assets	<u>6,626,588</u>	<u>475,279</u>	<u>7,101,867</u>
Total assets	<u>6,900,289</u>	<u>725,283</u>	<u>7,625,572</u>
Liabilities			
Current liabilities:			
Accounts payable	3,572	2,273	5,845
Accrued liabilities	161,279	-	161,279
Current portion of capital lease payable	48,054	-	48,054
Total current liabilities	<u>212,905</u>	<u>2,273</u>	<u>215,178</u>
Noncurrent liabilities:			
Advances from other funds	-	180,302	180,302
Capital lease payable	190,653	-	190,653
Total noncurrent liabilities	<u>190,653</u>	<u>180,302</u>	<u>370,955</u>
Total liabilities	<u>403,558</u>	<u>182,575</u>	<u>586,133</u>
Net position			
Net investment in capital assets	3,543,651	475,279	4,018,930
Unrestricted	<u>2,953,080</u>	<u>67,429</u>	<u>3,020,509</u>
Total net position	<u>\$ 6,496,731</u>	<u>\$ 542,708</u>	<u>\$ 7,039,439</u>

CITY OF TROY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended June 30, 2020

	Sylvan Glen Golf Course	Aquatic Center	Total
Operating revenues			
Charges for services	\$ 982,788	\$ 300,916	\$ 1,283,704
Rental:			
Golf course	174,105	-	174,105
Restaurant	67,200	-	67,200
Other services	115,200	4,376	119,576
Total operating revenues	1,339,293	305,292	1,644,585
Operating expenses			
Operations	1,038,896	333,463	1,372,359
Depreciation	169,781	183,386	353,167
Total operating expenses	1,208,677	516,849	1,725,526
Operating income (loss)	130,616	(211,557)	(80,941)
Nonoperating revenues (expenses)			
Investment earnings	-	6,208	6,208
Interest expense	(2,012)	-	(2,012)
Total nonoperating revenues (expenses)	(2,012)	6,208	4,196
Change in net position	128,604	(205,349)	(76,745)
Net position, beginning of year	6,368,127	748,057	7,116,184
Net position, end of year	\$ 6,496,731	\$ 542,708	\$ 7,039,439

CITY OF TROY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2020

	Sylvan Glen Golf Course	Aquatic Center	Total
Cash flows from operating activities			
Cash received from customers and others	\$ 1,377,494	\$ 356,847	\$ 1,734,341
Cash payments to employees	(522,896)	(148,331)	(671,227)
Cash payments to suppliers for goods and services	(498,197)	(190,434)	(688,631)
Cash payments for interfund services	(13,303)	(30,346)	(43,649)
Net cash provided by (used in) operating activities	<u>343,098</u>	<u>(12,264)</u>	<u>330,834</u>
Cash flows from noncapital financing activities			
Advances redeemed from other funds	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	(478,152)	-	(478,152)
Principal on capital lease	(46,480)	-	(46,480)
Interest on capital lease	(2,012)	-	(2,012)
Net cash used in capital and related financing activities	<u>(526,644)</u>	<u>-</u>	<u>(526,644)</u>
Cash flows from investing activities			
Investment earnings	<u>-</u>	<u>6,208</u>	<u>6,208</u>
Net change in cash and investments	16,454	(6,056)	10,398
Cash and investments, beginning of year	<u>23,647</u>	<u>256,060</u>	<u>279,707</u>
Cash and investments, end of year	<u>\$ 40,101</u>	<u>\$ 250,004</u>	<u>\$ 290,105</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 130,616	\$ (211,557)	\$ (80,941)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	169,781	183,386	353,167
Changes in assets and liabilities:			
Accounts receivable	(59,200)	51,555	(7,645)
Due from other funds	97,401	-	97,401
Inventories	12,229	-	12,229
Prepaid items	9,059	-	9,059
Accounts payable	2,404	(33,680)	(31,276)
Accrued liabilities	(19,192)	(1,968)	(21,160)
Net cash provided by (used in) operating activities	<u>\$ 343,098</u>	<u>\$ (12,264)</u>	<u>\$ 330,834</u>

CITY OF TROY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2020

	Compensated Absences	Unemployment Compensation	Custodial Services
Assets			
Current assets:			
Cash and investments	\$ 5,929,839	\$ 40,610	\$ 1,176,345
Accounts receivable	-	-	-
Inventories	-	-	-
Total current assets	<u>5,929,839</u>	<u>40,610</u>	<u>1,176,345</u>
Noncurrent assets:			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>5,929,839</u>	<u>40,610</u>	<u>1,176,345</u>
Liabilities			
Current liabilities:			
Accounts payable	-	113	10,222
Compensated absences	<u>2,976,240</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>2,976,240</u>	<u>113</u>	<u>10,222</u>
Noncurrent liabilities -			
Compensated absences	<u>1,888,016</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,864,256</u>	<u>113</u>	<u>10,222</u>
Net position			
Investment in capital assets	-	-	-
Unrestricted	<u>1,065,583</u>	<u>40,497</u>	<u>1,166,123</u>
Total net position	<u>\$ 1,065,583</u>	<u>\$ 40,497</u>	<u>\$ 1,166,123</u>



Information Technology	Motor Equipment	Workers' Compensation	Total
\$ 1,572,896	\$ 7,525,796	\$ 2,023,374	\$ 18,268,860
19,973	14,835	-	34,808
-	315,005	-	315,005
<u>1,592,869</u>	<u>7,855,636</u>	<u>2,023,374</u>	<u>18,618,673</u>
-	10,248	-	10,248
136,246	4,968,918	-	5,105,164
<u>136,246</u>	<u>4,979,166</u>	<u>-</u>	<u>5,115,412</u>
<u>1,729,115</u>	<u>12,834,802</u>	<u>2,023,374</u>	<u>23,734,085</u>
23,528	67,856	-	101,719
-	-	-	2,976,240
<u>23,528</u>	<u>67,856</u>	<u>-</u>	<u>3,077,959</u>
-	-	-	1,888,016
<u>23,528</u>	<u>67,856</u>	<u>-</u>	<u>4,965,975</u>
136,246	4,979,166	-	5,115,412
<u>1,569,341</u>	<u>7,787,780</u>	<u>2,023,374</u>	<u>13,652,698</u>
<u>\$ 1,705,587</u>	<u>\$ 12,766,946</u>	<u>\$ 2,023,374</u>	<u>\$ 18,768,110</u>

CITY OF TROY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2020

	Compensated Absences	Unemployment Compensation	Custodial Services
Operating revenues			
Charges for services	\$ 4,157,086	\$ -	\$ 1,424,105
Rental:			
Building	-	-	-
Equipment	-	-	-
Other services to City funds	-	4,086	-
Total operating revenues	<u>4,157,086</u>	<u>4,086</u>	<u>1,424,105</u>
Operating expenses			
Cost of sales and services	4,219,945	4,474	1,230,394
General and administrative	-	-	-
Operations	-	-	-
Depreciation	-	-	-
Total operating expenses	<u>4,219,945</u>	<u>4,474</u>	<u>1,230,394</u>
Operating income (loss)	<u>(62,859)</u>	<u>(388)</u>	<u>193,711</u>
Nonoperating revenues (expenses)			
Investment earnings	128,442	885	25,307
Loss on disposal of capital assets	-	-	-
Total nonoperating revenues	<u>128,442</u>	<u>885</u>	<u>25,307</u>
Change in net position	<u>65,583</u>	<u>497</u>	<u>219,018</u>
Net position, beginning of year	<u>1,000,000</u>	<u>40,000</u>	<u>947,105</u>
Net position, end of year	<u>\$ 1,065,583</u>	<u>\$ 40,497</u>	<u>\$ 1,166,123</u>

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Information Technology	Motor Equipment	Workers' Compensation	Total
\$ 2,205,776	\$ 44,409	\$ 832,272	\$ 8,663,648
-	233,002	-	233,002
-	3,853,520	-	3,853,520
-	286,416	6,581	297,083
2,205,776	4,417,347	838,853	13,047,253
2,010,765	-	856,366	8,321,944
-	676,944	-	676,944
-	2,478,393	-	2,478,393
141,704	907,794	-	1,049,498
2,152,469	4,063,131	856,366	12,526,779
53,307	354,216	(17,513)	520,474
34,182	165,426	40,887	395,129
-	133,845	-	133,845
34,182	299,271	40,887	528,974
87,489	653,487	23,374	1,049,448
1,618,098	12,113,459	2,000,000	17,718,662
<u>\$ 1,705,587</u>	<u>\$ 12,766,946</u>	<u>\$ 2,023,374</u>	<u>\$ 18,768,110</u>

CITY OF TROY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2020

	Compensated Absences	Unemployment Compensation	Custodial Services
Cash flows from operating activities			
Cash received from interfund services	\$ 4,157,086	\$ 4,086	\$ 1,424,105
Cash payments to employees	(4,014,044)	-	(987,779)
Cash payments to suppliers for goods and services	-	(4,808)	(234,685)
Net cash provided by (used in) operating activities	<u>143,042</u>	<u>(722)</u>	<u>201,641</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Investment earnings	<u>128,442</u>	<u>885</u>	<u>25,307</u>
Net change in cash and investments	271,484	163	226,948
Cash and investments, beginning of year	<u>5,658,355</u>	<u>40,447</u>	<u>949,397</u>
Cash and investments, end of year	<u>\$ 5,929,839</u>	<u>\$ 40,610</u>	<u>\$ 1,176,345</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (62,859)	\$ (388)	\$ 193,711
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
Accounts receivable	-	-	-
Inventories	-	-	-
Accounts payable	-	(334)	7,930
Accrued liabilities	-	-	-
Compensated absences	<u>205,901</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 143,042</u>	<u>\$ (722)</u>	<u>\$ 201,641</u>

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Information Technology	Motor Equipment	Workers' Compensation	Total
\$ 2,196,775	\$ 4,481,534	\$ 838,853	\$ 13,102,439
(1,173,815)	(1,645,371)	-	(7,821,009)
(884,626)	(1,517,711)	(856,366)	(3,498,196)
<u>138,334</u>	<u>1,318,452</u>	<u>(17,513)</u>	<u>1,783,234</u>
-	(997,117)	-	(997,117)
-	133,845	-	133,845
<u>-</u>	<u>(863,272)</u>	<u>-</u>	<u>(863,272)</u>
<u>34,182</u>	<u>165,426</u>	<u>40,887</u>	<u>395,129</u>
172,516	620,606	23,374	1,315,091
<u>1,400,380</u>	<u>6,905,190</u>	<u>2,000,000</u>	<u>16,953,769</u>
<u>\$ 1,572,896</u>	<u>\$ 7,525,796</u>	<u>\$ 2,023,374</u>	<u>\$ 18,268,860</u>
\$ 53,307	\$ 354,216	\$ (17,513)	\$ 520,474
141,704	907,794	-	1,049,498
(9,001)	64,187	-	55,186
-	109,560	-	109,560
(47,676)	(111,065)	-	(151,145)
-	(6,240)	-	(6,240)
-	-	-	205,901
<u>\$ 138,334</u>	<u>\$ 1,318,452</u>	<u>\$ (17,513)</u>	<u>\$ 1,783,234</u>

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Downtown Development Authority

June 30, 2020

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 1,684,502	\$ -	\$ 1,684,502
Receivables -			
Taxes receivable	38,697	-	38,697
Total assets	<u>\$ 1,723,199</u>	<u>-</u>	<u>1,723,199</u>
Liabilities			
Accounts payable	\$ 13,080	-	13,080
Interest payable	-	109,107	109,107
Long-term debt:			
Due within one year	-	375,000	375,000
Due in more than one year	-	13,010,000	13,010,000
Total liabilities	<u>13,080</u>	<u>13,494,107</u>	<u>13,507,187</u>
Deferred inflows of resources			
Unavailable property taxes	38,697	(38,697)	-
Deferred gain on refunding	-	330,227	330,227
Total deferred inflows of resources	<u>38,697</u>	<u>291,530</u>	<u>330,227</u>
Fund balance			
Unassigned	<u>1,671,422</u>	<u>(1,671,422)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,723,199</u>		
Net position			
Unrestricted (deficit)		<u>\$ (12,114,215)</u>	<u>\$ (12,114,215)</u>

CITY OF TROY, MICHIGAN

Reconciliation

Fund Balance for Governmental Fund
to Net Position of Governmental Activities
Downtown Development Authority
June 30, 2020

Fund balance - total governmental fund	\$ 1,671,422
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Amounts reported for *governmental activities* in the statement of net position are different because:

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.

Deferred inflows from unavailable property tax receivables	38,697
--	--------

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable	(109,107)
Deferred gain on refunding	(330,227)
Debt reimbursement payable	<u>(13,385,000)</u>

Net position of governmental activities	<u>\$ (12,114,215)</u>
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CITY OF TROY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,

Expenditures and Changes in Fund Balance

Downtown Development Authority

For the Year Ended June 30, 2020

	Operating	Adjustments	Statement of Activities
Revenues			
General:			
Property taxes	\$ 1,763,992	\$ (5,019)	\$ 1,758,973
Investment earnings	45,244	-	45,244
Total revenues	<u>1,809,236</u>	<u>(5,019)</u>	<u>1,804,217</u>
Expenditures/expenses			
Community and economic development	226,761	-	226,761
Debt service:			
Principal	260,000	(260,000)	-
Interest	654,613	(23,542)	631,071
Total expenditures/expenses	<u>1,141,374</u>	<u>(283,542)</u>	<u>857,832</u>
Net change in fund balances/ net position	667,862	278,523	946,385
Fund balance/net position (deficit), beginning of year	<u>1,003,560</u>	<u>(14,064,160)</u>	<u>(13,060,600)</u>
Fund balance/net position (deficit), end of year	<u>\$ 1,671,422</u>	<u>\$ (13,785,637)</u>	<u>\$ (12,114,215)</u>

CITY OF TROY, MICHIGAN

Reconciliation

Net Changes in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities
Downtown Development Authority
For the Year Ended June 30, 2020

Net change in fund balance - total governmental fund	\$	667,862
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Amounts reported for *governmental activities* in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred inflows to the following fiscal year.

Net difference in deferred inflows	(5,019)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	260,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Decrease in accrued interest expense	<u>23,542</u>
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Change in net position of governmental activities	\$	<u><u>946,385</u></u>
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CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Local Development Financing Authority

June 30, 2020

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 253,711	\$ -	\$ 253,711
Liabilities			
Accounts payable	\$ 124,178	-	124,178
Fund balance			
Unassigned	129,533	(129,533)	-
Total liabilities and fund balance	\$ 253,711		
Net position			
Unrestricted		\$ 129,533	\$ 129,533

CITY OF TROY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,

Expenditures and Changes in Fund Balance

Local Development Financing Authority

For the Year Ended June 30, 2020

	Operating	Adjustments	Statement of Activities
Revenues			
General:			
Property taxes	\$ 148,207	\$ -	\$ 148,207
Intergovernmental	59,109	-	59,109
Investment earnings	5,191	-	5,191
Total revenues	212,507	-	212,507
Expenditures/expenses			
Community and economic development	145,891	-	145,891
Net change in fund balance/net position	66,616	-	66,616
Fund balance/net position, beginning of year	62,917	-	62,917
Fund balance/net position, end of year	<u>\$ 129,533</u>	<u>\$ -</u>	<u>\$ 129,533</u>

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Brownfield Redevelopment Authority

June 30, 2020

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 700,487	\$ -	\$ 700,487
Receivables -			
Revolving loans receivable	132,274	-	132,274
Total assets	<u>\$ 832,761</u>	<u>-</u>	<u>832,761</u>
Liabilities			
Accounts payable	\$ 3,250	\$ -	3,250
Deferred inflows of resources			
Unavailable revenue - loans receivable	132,274	(132,274)	-
Fund balance			
Unassigned	697,237	(697,237)	-
Total deferred inflows and fund balance	<u>\$ 832,761</u>		
Net position			
Unrestricted		<u>\$ 829,511</u>	<u>\$ 829,511</u>

CITY OF TROY, MICHIGAN

Reconciliation

Fund Balance for Governmental Fund
to Net Position of Governmental Activities
Brownfield Redevelopment Authority
June 30, 2020

Fund balance - total governmental fund \$ 697,237

Amounts reported for *governmental activities* in the statement of net position are different because:

The focus of governmental funds is on short-term financing. Some assets will not be available to pay for current period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.

132,274

Net position of governmental activities \$ 829,511

CITY OF TROY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,

Expenditures and Changes in Fund Balance

Brownfield Redevelopment Authority

For the Year Ended June 30, 2020

	Operating	Adjustments	Statement of Activities
Revenues			
General:			
Property taxes	\$ 87,670	\$ (70,745)	\$ 16,925
Investment earnings	15,582	-	15,582
Total revenues	103,252	(70,745)	32,507
Expenditures/expenses			
Community and economic development	12,139	-	12,139
Net change in fund balance/net position	91,113	(70,745)	20,368
Fund balance/net position, beginning of year	606,124	203,019	809,143
Fund balance/net position, end of year	<u>\$ 697,237</u>	<u>\$ 132,274</u>	<u>\$ 829,511</u>

CITY OF TROY, MICHIGAN

Reconciliation

Net Changes in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities
Brownfield Redevelopment Authority
For the Year Ended June 30, 2020

Net change in fund balance - total governmental fund	\$	91,113
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report loans to other entities as an expenditure; however, in the statement of activities, these costs are eliminated and capitalized as long-term receivables.	(70,745)
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Change in net position of governmental activities	\$	<u>20,368</u>
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STATISTICAL SECTION

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CITY OF TROY, MICHIGAN

Statistical Section Table of Contents

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 150
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 162
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 171
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 180
Operating Information	These schedules contain serve and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 184
Continuing Disclosure	Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market. 196

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

CITY OF TROY, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 174,656,911	\$ 175,292,324	\$ 179,616,224	\$ 168,722,287
Restricted	19,293,248	16,096,939	18,414,931	25,024,969
Unrestricted	38,429,041	48,526,117	54,304,874	65,673,197
Total governmental activities	<u>\$ 232,379,200</u>	<u>\$ 239,915,380</u>	<u>\$ 252,336,029</u>	<u>\$ 259,420,453</u>
Business-type activities				
Net investment in capital assets	\$ 117,612,994	\$ 118,170,260	\$ 117,311,016	\$ 118,730,653
Restricted	-	-	-	-
Unrestricted	45,052,579	47,550,528	51,044,950	48,878,034
Total business-type activities	<u>\$ 162,665,573</u>	<u>\$ 165,720,788</u>	<u>\$ 168,355,966</u>	<u>\$ 167,608,687</u>
Primary government				
Net investment in capital assets	\$ 292,269,905	\$ 293,462,584	\$ 296,927,240	\$ 287,452,940
Restricted	19,293,248	16,096,939	18,414,931	25,024,969
Unrestricted	83,481,620	96,076,645	105,349,824	114,551,231
Total primary government	<u>\$ 395,044,773</u>	<u>\$ 405,636,168</u>	<u>\$ 420,691,995</u>	<u>\$ 427,029,140</u>

Note: GASB Statement No. 68 was implemented for the year ended June 30, 2015; however, prior years were not restated.

Note: GASB Statement No. 75 was implemented for the year ended June 30, 2017; however, prior years were not restated.

Schedule 1
Unaudited

2015	2016	2017	2018	2019	2020
\$ 178,865,098	\$ 194,299,483	\$ 202,939,709	\$ 209,330,214	\$ 211,012,892	\$ 211,643,485
24,785,605	19,460,570	19,429,092	17,995,682	49,675,789	71,427,127
82,121,441	79,865,292	13,264,407	17,351,506	5,617,794	6,622,679
<u>\$ 285,772,144</u>	<u>\$ 293,625,345</u>	<u>\$ 235,633,208</u>	<u>\$ 244,677,402</u>	<u>\$ 266,306,475</u>	<u>\$ 289,693,291</u>
\$ 119,825,109	\$ 127,611,126	\$ 129,220,049	\$ 128,565,431	\$ 128,316,680	\$ 132,389,502
-	-	-	-	1,194,908	1,334,545
45,659,008	38,593,816	39,342,785	39,035,755	38,588,206	32,607,856
<u>\$ 165,484,117</u>	<u>\$ 166,204,942</u>	<u>\$ 168,562,834</u>	<u>\$ 167,601,186</u>	<u>\$ 168,099,794</u>	<u>\$ 166,331,903</u>
\$ 298,690,207	\$ 321,910,609	\$ 332,159,758	\$ 337,895,645	\$ 339,329,572	\$ 344,032,987
24,785,605	19,460,570	19,429,092	17,995,682	50,870,697	72,761,672
127,780,449	118,459,108	52,607,192	56,387,261	44,206,000	39,230,535
<u>\$ 451,256,261</u>	<u>\$ 459,830,287</u>	<u>\$ 404,196,042</u>	<u>\$ 412,278,588</u>	<u>\$ 434,406,269</u>	<u>\$ 456,025,194</u>

CITY OF TROY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 10,057,545	\$ 9,677,191	\$ 8,459,810	\$ 9,875,913
Public safety	30,776,101	27,228,933	26,878,737	28,860,117
Public works	14,812,707	13,703,006	13,626,846	15,478,239
Sanitation	4,110,330	4,216,260	4,331,500	4,267,388
Community and economic development	1,030,929	854,593	1,366,075	16,303,702
Recreation and culture	9,865,320	8,812,144	9,145,272	9,432,683
Interest on long-term debt	665,356	1,101,675	1,019,021	1,065,510
Total governmental activities	<u>71,318,288</u>	<u>65,593,802</u>	<u>64,827,261</u>	<u>85,283,552</u>
Business-type activities:				
Water	12,439,089	13,904,820	14,434,204	15,479,500
Sanitary Sewer	10,400,332	11,767,038	12,215,434	12,864,584
Sanctuary Lake golf course	1,523,616	1,821,384	1,676,239	1,735,921
Sylvan Glen golf course	1,021,420	1,061,139	1,052,043	1,096,974
Aquatic center	565,873	566,978	543,834	531,369
Total business-type activities	<u>25,950,330</u>	<u>29,121,359</u>	<u>29,921,754</u>	<u>31,708,348</u>
Total primary government expenses	<u>97,268,618</u>	<u>94,715,161</u>	<u>94,749,015</u>	<u>116,991,900</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	3,017,126	3,039,578	3,114,515	3,241,183
Public safety	2,912,838	3,219,618	3,545,823	4,076,054
Public works	1,696,240	2,357,325	2,223,031	2,634,542
Sanitation	4,860	5,700	6,012	6,358
Recreation and culture	3,850,470	3,444,462	3,651,142	3,536,383
Operating grants and contributions	1,474,950	912,173	1,196,458	835,352
Capital grants and contributions	6,895,652	6,723,177	10,435,694	23,832,070
Total governmental activities	<u>19,852,136</u>	<u>19,702,033</u>	<u>24,172,675</u>	<u>38,161,942</u>

2015	2016	2017	2018	2019	2020
\$ 10,449,379	\$ 11,305,100	\$ 10,925,546	\$ 10,527,094	\$ 9,161,093	\$ 6,511,152
35,744,673	31,023,545	29,403,916	29,357,164	23,995,136	23,297,176
17,224,145	16,269,932	16,553,537	18,123,198	17,532,358	17,216,100
4,606,627	4,517,499	4,889,569	5,007,584	5,250,265	5,358,719
1,018,643	955,880	794,535	851,314	305,789	275,784
10,091,847	10,248,458	10,442,184	11,320,591	11,114,884	9,982,617
1,444,384	1,344,219	1,206,243	1,095,894	975,567	843,586
80,579,698	75,664,633	74,215,530	76,282,839	68,335,092	63,485,134
15,767,708	18,508,493	18,992,183	20,809,872	20,163,346	19,914,841
12,807,380	12,584,209	12,401,390	14,441,047	14,545,633	14,590,131
1,733,846	1,900,990	1,917,677	1,930,551	1,960,575	1,908,982
1,130,082	1,143,351	1,114,618	1,082,544	1,111,941	1,206,036
583,709	700,430	717,905	655,821	699,130	515,238
32,022,725	34,837,473	35,143,773	38,919,835	38,480,625	38,135,228
112,602,423	110,502,106	109,359,303	115,202,674	106,815,717	101,620,362
3,783,480	3,766,949	3,983,385	3,862,669	3,953,495	3,792,227
4,691,450	4,451,076	4,612,475	4,975,806	5,243,086	4,370,991
3,364,953	3,335,490	2,916,921	3,082,359	2,046,635	2,077,937
6,590	8,630	8,199	25,923	1,118	940
3,589,925	3,587,481	3,683,297	3,698,180	3,756,819	2,183,119
1,097,166	760,549	951,275	1,134,640	810,436	964,952
10,447,244	11,466,690	9,304,781	10,501,834	11,438,685	9,903,857
26,980,808	27,376,865	25,460,333	27,281,411	27,250,274	23,294,023

continued...

CITY OF TROY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014
Business-type activities:				
Charges for services:				
Water	\$ 14,139,274	\$ 15,923,727	\$ 15,965,202	\$ 15,078,684
Sanitary Sewer	11,917,175	13,177,412	12,978,863	12,451,888
Sanctuary Lake golf course	940,775	1,442,755	1,295,277	1,335,433
Sylvan Glen golf course	1,024,216	1,290,051	1,173,838	984,908
Aquatic center	503,685	577,757	481,424	532,293
Operating grants and contributions	-	-	-	-
Capital grants and contributions	221,561	150,603	528,416	262,237
Total business-type activities	<u>28,746,686</u>	<u>32,562,305</u>	<u>32,423,020</u>	<u>30,645,443</u>
Total primary government program revenues	<u>48,598,822</u>	<u>52,264,338</u>	<u>56,595,695</u>	<u>68,807,385</u>
Net (expense)/revenue				
Governmental activities	(51,466,152)	(45,891,769)	(40,654,586)	(47,121,610)
Business-type activities	<u>2,796,356</u>	<u>3,440,946</u>	<u>2,501,266</u>	<u>(1,062,905)</u>
Total primary government net expense	<u>(48,669,796)</u>	<u>(42,450,823)</u>	<u>(38,153,320)</u>	<u>(48,184,515)</u>
General revenues				
Governmental activities:				
General revenues:				
Property taxes	46,067,375	46,295,903	46,419,615	46,759,393
State-shared revenues	5,615,666	6,136,066	6,279,381	6,435,145
Grants and contributions not restricted to specific programs	8,652	33,400	50,485	54,535
Unrestricted investment earnings	537,935	245,077	185,302	424,286
Miscellaneous	123,038	121,187	140,452	532,674
Transfers	492,020	596,316	-	-
Total governmental activities	<u>52,844,686</u>	<u>53,427,949</u>	<u>53,075,235</u>	<u>54,206,033</u>
Business-type activities:				
General revenues:				
Unrestricted investment earnings	384,561	210,585	133,912	305,126
Miscellaneous	-	-	-	10,500
Transfers	(492,020)	(596,316)	-	-
Total business-type activities	<u>(107,459)</u>	<u>(385,731)</u>	<u>133,912</u>	<u>315,626</u>
Total primary government	<u>52,737,227</u>	<u>53,042,218</u>	<u>53,209,147</u>	<u>54,521,659</u>
Change in net position				
Governmental activities	1,378,534	7,536,180	12,420,649	7,084,423
Business-type activities	<u>2,688,897</u>	<u>3,055,215</u>	<u>2,635,178</u>	<u>(747,279)</u>
Total primary government	<u>\$ 4,067,431</u>	<u>\$ 10,591,395</u>	<u>\$ 15,055,827</u>	<u>\$ 6,337,144</u>

2015	2016	2017	2018	2019	2020
\$ 14,626,110	\$ 17,465,511	\$ 20,699,381	\$ 20,154,112	\$ 19,679,644	\$ 19,189,709
11,900,157	12,470,724	13,513,930	13,335,048	13,125,364	12,702,238
1,375,137	1,809,386	1,739,789	1,781,278	1,782,237	1,684,938
1,128,968	1,291,367	1,363,358	1,298,319	1,269,017	1,339,293
431,141	728,589	591,389	578,108	552,340	305,292
19,153	-	-	-	-	-
285,963	1,104,132	2,681,660	738,252	1,064,065	196,436
29,766,629	34,869,709	40,589,507	37,885,117	37,472,667	35,417,906
56,747,437	62,246,574	66,049,840	65,166,528	64,722,941	58,711,929
(53,598,890)	(48,287,768)	(48,755,197)	(49,001,428)	(41,084,818)	(40,191,111)
(2,256,096)	32,236	5,445,734	(1,034,718)	(1,007,958)	(2,717,322)
(55,854,986)	(48,255,532)	(43,309,463)	(50,036,146)	(42,092,776)	(42,908,433)
46,993,478	48,369,185	48,184,737	49,396,636	51,108,963	52,975,285
6,541,560	6,535,632	8,091,385	8,378,417	8,535,476	8,346,267
22,848	24,472	14,619	20,070	18,188	18,210
258,208	1,079,714	12,506	93,835	2,635,494	2,003,122
523,636	131,968	-	156,664	415,770	235,043
-	-	-	-	-	-
54,339,730	56,140,971	56,303,247	58,045,622	62,713,891	63,577,927
131,526	681,643	29,858	73,070	1,466,100	949,431
-	6,946	-	-	40,466	-
-	-	-	-	-	-
131,526	688,589	29,858	73,070	1,506,566	949,431
54,471,256	56,829,560	56,333,105	58,118,692	64,220,457	64,527,358
740,840	7,853,203	7,548,050	9,044,194	21,629,073	23,386,816
(2,124,570)	720,825	5,475,592	(961,648)	498,608	(1,767,891)
\$ (1,383,730)	\$ 8,574,028	\$ 13,023,642	\$ 8,082,546	\$ 22,127,681	\$ 21,618,925

concluded.

CITY OF TROY, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
General fund				
Nondisposable	\$ 4,034,119	\$ 3,884,686	\$ 4,369,038	\$ 4,417,528
Restricted	1,508,257	1,514,118	1,525,598	1,534,139
Committed	3,610,131	1,517,000	2,771,300	6,622,968
Assigned	5,953,000	3,655,000	3,148,000	3,162,000
Unassigned	12,359,648	23,340,380	24,946,170	21,856,139
Total general fund	<u>27,465,155</u>	<u>33,911,184</u>	<u>36,760,106</u>	<u>37,592,774</u>
All other governmental funds				
Nondisposable	-	158,200	160,579	224,977
Restricted	12,047,688	15,938,739	18,472,876	21,023,992
Committed	7,245,560	2,662,187	3,099,166	3,776,000
Total all other governmental funds	<u>19,293,248</u>	<u>18,759,126</u>	<u>21,732,621</u>	<u>25,024,969</u>
Total governmental funds	<u>\$ 46,758,403</u>	<u>\$ 52,670,310</u>	<u>\$ 58,492,727</u>	<u>\$ 62,617,743</u>

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2015	2016	2017	2018	2019	2020
\$ 5,287,206	\$ 5,669,290	\$ 6,260,979	\$ 6,885,751	\$ 7,215,136	\$ 8,084,436
1,538,879	1,563,203	1,563,397	1,565,721	1,617,390	1,656,276
-	-	-	-	-	-
8,075,520	5,312,270	4,561,613	6,326,870	5,895,860	5,801,438
19,716,862	20,062,397	19,776,349	18,661,478	19,674,536	17,486,669
34,618,467	32,607,160	32,162,338	33,439,820	34,402,922	33,028,819
200,512	196,900	293,680	187,299	268,684	249,339
23,781,735	19,510,120	19,352,374	17,996,223	21,311,972	26,185,903
803,358	2,720,822	945,425	132,263	564,900	304,163
24,785,605	22,427,842	20,591,479	18,315,785	22,145,556	26,739,405
\$ 59,404,072	\$ 55,035,002	\$ 52,753,817	\$ 51,755,605	\$ 56,548,478	\$ 59,768,224

CITY OF TROY, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
Revenues				
Property taxes	\$ 46,082,673	\$ 46,450,199	\$ 46,470,104	\$ 46,739,163
Licenses and permits	1,259,748	1,686,633	2,254,775	2,429,459
Intergovernmental - federal	2,171,633	1,040,037	5,119,153	3,189,800
Intergovernmental - state	10,504,385	11,384,502	11,673,045	12,238,420
Intergovernmental - local	1,039,709	614,530	786,068	31,209
Charges for services	7,335,759	7,660,204	7,760,295	8,378,616
Fines and forfeits	1,277,705	1,154,999	902,183	1,396,241
Investment earnings	430,899	186,897	154,351	348,625
Other	1,967,075	2,330,595	2,007,022	2,042,877
Total revenues	<u>72,069,586</u>	<u>72,508,596</u>	<u>77,126,996</u>	<u>76,794,410</u>
Expenditures				
Current:				
General government	8,232,791	7,499,219	7,409,887	6,621,292
Public safety	29,899,440	26,644,367	27,371,783	28,082,145
Public works	4,799,035	4,159,761	4,257,865	5,675,847
Other public works	1,756,490	1,680,731	1,779,928	-
Sanitation	4,109,985	4,216,324	4,331,560	4,267,898
Community and economic development	148,800	133,712	621,439	18,327,123
Recreation and culture	9,067,491	8,060,815	8,243,322	8,556,099
Debt service:				
Principal	2,496,586	2,536,167	2,626,776	2,691,746
Interest and other charges	1,248,479	1,119,964	1,042,839	1,126,667
Capital outlay	14,244,384	11,130,331	13,670,400	13,725,931
Total expenditures	<u>76,003,481</u>	<u>67,181,391</u>	<u>71,355,799</u>	<u>89,074,748</u>
Excess of revenues over (under) expenditures	<u>(3,933,895)</u>	<u>5,327,205</u>	<u>5,771,197</u>	<u>(12,280,338)</u>
Other financing sources (uses)				
Transfers in	9,229,240	8,803,101	8,648,930	13,742,158
Transfers out	(8,772,125)	(8,218,400)	(8,648,930)	(13,292,158)
Issuance of debt	9,110,000	-	-	14,945,000
Premium on debt issuance	947,639	-	-	-
Payments to escrow agents	(9,919,004)	-	-	-
Proceeds from sale of capital assets	61,373	-	51,220	273,700
Total other financing sources (uses)	<u>657,123</u>	<u>584,701</u>	<u>51,220</u>	<u>15,668,700</u>
Net change in fund balances	<u>\$ (3,276,772)</u>	<u>\$ 5,911,906</u>	<u>\$ 5,822,417</u>	<u>\$ 3,388,362</u>
Debt service as a percentage of noncapital expenditures	6.1%	6.5%	6.4%	5.1%

2015	2016	2017	2018	2019	2020
\$ 47,032,046	\$ 48,181,711	\$ 48,330,909	\$ 49,449,053	\$ 51,118,782	\$ 52,847,967
2,896,533	2,519,342	2,755,580	2,947,987	2,930,791	2,684,369
1,909,795	2,492,626	564,401	419,889	350,211	410,169
14,532,201	14,016,525	15,102,588	17,266,839	18,707,814	17,461,280
587,902	1,401,455	1,624,744	1,227,514	904,756	479,549
9,375,710	9,636,700	9,198,024	9,328,352	8,353,157	6,763,062
1,418,354	1,183,571	1,415,429	1,617,607	1,557,399	1,097,965
224,322	865,229	10,795	70,137	2,102,986	1,607,993
3,086,024	2,948,266	3,167,305	3,139,232	3,261,326	3,022,060
<u>81,062,887</u>	<u>83,245,425</u>	<u>82,169,775</u>	<u>85,466,610</u>	<u>89,287,222</u>	<u>86,374,414</u>
6,992,997	7,338,404	7,931,122	7,557,035	8,241,232	8,436,783
31,108,472	28,611,021	29,860,208	31,427,553	33,487,111	33,833,913
5,638,918	5,372,214	5,441,176	6,184,744	5,946,526	5,946,118
-	-	-	-	-	-
4,606,610	4,517,910	4,890,106	5,008,258	5,250,790	5,359,069
3,207,237	3,186,003	3,364,862	3,627,340	3,977,888	3,854,144
9,186,959	9,457,699	9,793,755	10,771,468	11,088,389	10,193,878
2,832,182	2,922,716	2,980,066	2,910,420	3,095,470	3,136,159
1,505,715	1,407,944	1,274,264	1,160,095	1,042,658	910,498
<u>19,554,175</u>	<u>24,973,022</u>	<u>18,916,700</u>	<u>17,818,579</u>	<u>12,587,681</u>	<u>11,596,804</u>
<u>84,633,265</u>	<u>87,786,933</u>	<u>84,452,259</u>	<u>86,465,492</u>	<u>84,717,745</u>	<u>83,267,366</u>
<u>(3,570,378)</u>	<u>(4,541,508)</u>	<u>(2,282,484)</u>	<u>(998,882)</u>	<u>4,569,477</u>	<u>3,107,048</u>
15,247,847	18,223,266	15,568,422	14,583,366	14,694,064	15,649,224
(15,306,857)	(18,223,266)	(15,568,422)	(14,583,366)	(14,694,064)	(15,649,224)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>415,717</u>	<u>172,438</u>	<u>1,299</u>	<u>670</u>	<u>223,396</u>	<u>112,698</u>
<u>356,707</u>	<u>172,438</u>	<u>1,299</u>	<u>670</u>	<u>223,396</u>	<u>112,698</u>
<u>\$ (3,213,671)</u>	<u>\$ (4,369,070)</u>	<u>\$ (2,281,185)</u>	<u>\$ (998,212)</u>	<u>\$ 4,792,873</u>	<u>\$ 3,219,746</u>
6.7%	6.9%	6.5%	5.9%	5.7%	5.7%

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General Governmental Tax Revenue by Source

Last Ten Fiscal Years

	Governmental Activities											
Fiscal Year Ended June 30	General		Refuse		Library		Capital		General Debt Service	Total All Property Taxes		
2011	\$	32,550,858	\$	4,057,573	\$	-	\$	7,137,343	\$	2,321,601	\$	46,067,375
2012		30,424,031		4,168,478		3,037,539		6,645,570		2,020,285		46,295,903
2013		29,612,174		4,446,398		2,962,459		6,481,465		2,917,119		46,419,615
2014		29,591,708		4,647,626		2,982,973		6,526,304		3,010,782		46,759,393
2015		29,844,976		4,595,925		3,004,907		6,574,245		2,973,425		46,993,478
2016		30,673,539		4,733,992		3,083,735		6,771,668		3,106,251		48,369,185
2017		30,813,146		4,764,992		3,110,616		6,815,995		2,679,988		48,184,737
2018		31,687,325		4,909,101		3,179,008		6,861,168		2,760,034		49,396,636
2019		32,998,890		5,102,374		3,280,407		6,860,470		2,866,822		51,108,963
2020		34,363,615		5,416,656		3,397,872		6,908,413		2,888,729		52,975,285

CITY OF TROY, MICHIGAN

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections To Date
2011	\$ 43,852,179	\$ 42,664,592	97.29%	\$ 1,095,386	\$ 43,759,978
2012	44,257,157	43,064,206	97.30%	1,108,768	44,172,974
2013	44,391,807	43,575,998	98.16%	729,657	44,305,655
2014	45,071,690	44,160,748	97.98%	609,614	44,770,362
2015	45,097,245	44,545,996	98.78%	483,614	45,029,610
2016	46,462,301	45,764,152	98.50%	615,231	46,379,383
2017	46,326,577	45,802,258	98.87%	476,191	46,278,449
2018	47,541,259	47,004,145	98.87%	481,373	47,485,518
2019	49,116,110	48,572,479	98.89%	477,132	49,049,611
2020	50,921,876	50,214,786	98.61%	572,577	50,787,363

Schedule 6
Unaudited

Percentage of Total Tax Collections To Total Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes To Total Tax Levy
99.79%	\$ 92,200	0.21%
99.81%	84,183	0.19%
99.81%	86,153	0.19%
99.33%	101,328	0.22%
99.85%	57,632	0.13%
99.82%	82,964	0.18%
99.90%	48,127	0.10%
99.88%	55,740	0.12%
99.86%	66,222	0.13%
99.74%	139,271	0.27%

CITY OF TROY, MICHIGAN

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Per \$1,000 of Assessed Valuation)

Tax Year	City of Troy						Overlapping Governments	
	General	Capital	Refuse	Debt	Library	Total	Troy School District	Oakland County
2011 H	6.50	1.53	0.87	0.50	-	9.40	9.74	4.65
2011 NH	6.50	1.53	0.87	0.50	-	9.40	22.73	4.65
2012 H	6.50	1.53	0.96	0.50	0.70	10.19	10.16	4.65
2012 NH	6.50	1.53	0.96	0.50	0.70	10.19	22.73	4.65
2013 H	6.50	1.53	1.05	0.70	0.70	10.48	10.51	4.65
2013 NH	6.50	1.53	1.05	0.70	0.70	10.48	22.95	4.65
2014 H	6.50	1.53	1.09	0.70	0.70	10.52	10.07	4.65
2014 NH	6.50	1.53	1.09	0.70	0.70	10.52	22.95	4.65
2015 H	6.50	1.53	1.07	0.70	0.70	10.50	9.96	4.65
2015 NH	6.50	1.53	1.07	0.70	0.70	10.50	22.59	4.65
2016 H	6.50	1.53	1.07	0.70	0.70	10.50	9.69	4.55
2016 NH	6.50	1.53	1.07	0.70	0.70	10.50	22.58	4.55
2017 H	6.50	1.53	1.07	0.60	0.70	10.40	10.33	4.49
2017 NH	6.50	1.53	1.07	0.60	0.70	10.40	22.70	4.49
2018 H	6.50	1.44	1.07	0.60	0.69	10.30	10.33	4.49
2018 NH	6.50	1.44	1.07	0.60	0.69	10.30	22.70	4.49
2019 H	6.50	1.39	1.09	0.58	0.68	10.24	9.97	4.48
2019 NH	6.50	1.39	1.09	0.58	0.68	10.24	23.09	4.48
2020 H	6.50	1.35	1.09	0.38	0.68	10.00	9.75	4.58
2020 NH	6.50	1.35	1.09	0.38	0.68	10.00	23.08	4.58

H - Homestead

NH - Non-Homestead

Note: The tax year reflects the July 1 and December 1 levy dates.

Overlapping Governments						Total
Oakland County Community College	Intermediate School District	SMART	State Education	Zoo	Art	
1.58	3.37	0.59	6.00	0.10	-	35.43
1.58	3.37	0.59	6.00	0.10	-	48.42
1.58	3.37	0.59	6.00	0.10	-	36.64
1.58	3.37	0.59	6.00	0.10	-	49.21
1.58	3.37	0.59	6.00	0.10	0.20	37.48
1.58	3.37	0.59	6.00	0.10	0.20	49.92
1.58	3.37	0.59	6.00	0.10	0.20	37.08
1.58	3.37	0.59	6.00	0.10	0.20	49.96
1.58	3.37	1.00	6.00	0.10	0.20	37.36
1.58	3.37	1.00	6.00	0.10	0.20	49.99
1.58	3.36	1.00	6.00	0.10	0.20	36.98
1.58	3.36	1.00	6.00	0.10	0.20	49.87
1.57	3.34	0.99	6.00	0.10	0.20	37.42
1.57	3.34	0.99	6.00	0.10	0.20	49.80
1.56	3.11	0.99	6.00	0.10	0.20	37.07
1.56	3.11	0.99	6.00	0.10	0.20	49.44
1.53	3.25	0.99	6.00	0.10	0.19	36.74
1.53	3.25	0.99	6.00	0.10	0.20	49.87
1.52	3.23	0.99	6.00	0.10	0.19	36.36
1.52	3.23	0.99	6.00	0.10	0.19	49.69

CITY OF TROY, MICHIGAN

Assessed Value and Taxable Value of Property Last Ten Fiscal Years

Assessment Date	Levy Date	Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Personal Property
12/31/2010	7/01/2011	6/30/2012	\$ 2,631,131,230	\$ 1,192,065,320	\$ 241,468,720	\$ 384,084,890
12/31/2011	7/01/2012	6/30/2013	2,643,043,570	973,996,760	300,554,800	395,096,920
12/31/2012	7/01/2013	6/30/2014	2,704,214,970	908,560,198	283,393,700	414,094,580
12/31/2013	7/01/2014	6/30/2015	2,790,011,280	878,242,440	277,484,950	425,887,200
12/31/2014	7/01/2015	6/30/2016	2,894,875,560	891,581,610	281,097,400	437,230,620
12/31/2015	7/01/2016	6/30/2017	2,977,938,320	893,540,330	286,584,670	381,971,050
12/31/2016	7/01/2017	6/30/2018	3,079,437,250	917,513,840	298,329,510	384,517,840
12/31/2017	7/01/2018	6/30/2019	3,226,541,500	956,053,740	308,328,990	382,154,210
12/31/2018	7/01/2019	6/30/2020	3,385,512,720	1,002,161,500	322,138,580	386,182,310
12/31/2019	7/01/2020	6/30/2021	3,254,719,650	1,024,716,730	335,525,460	380,822,580

Source: City of Troy Assessing records

Note: The estimated assessed value is calculated using a 12-month sales study updated annually.

Proposal "A", as passed by the citizens of Michigan, took effect in 1994. This Proposal created two new categories for tax and assessment purposes (taxable value and capped value). Assessed value was unchanged by the Proposal, and remains at 50% of the market value of a property.

Taxable value is the amount upon which millage rate (taxes) are now levied. Taxable value is defined as the lesser of assessed value or capped value.

Capped value is calculated by taking the previous year's taxable value, minus any losses in value, multiplied by the inflation rate or 5% (whichever is less) plus any new construction.

This Proposal also mandated that the taxable value and assessed value were to be equal for the year following a transfer of ownership (as defined by the statutes), and then the capping process would begin anew.

The taxable and assessed valuation of taxable property is determined as of December 31st of each year.

Total Gross Taxable Value	Michigan Tax Tribunals, Board of Reviews and TIFS	Net Taxable Value	Total Direct Tax Rate	Assessed Value	Taxable Value as a Percentage of Assessed Value
\$ 4,448,750,160	\$ (115,608,486)	\$ 4,333,141,674	10.19	\$ 4,540,412,680	97.98%
4,312,692,050	(93,614,668)	4,219,077,382	10.48	4,410,108,900	97.79%
4,310,263,448	(63,630,562)	4,246,632,886	10.52	4,491,432,340	95.97%
4,371,625,870	(93,053,718)	4,278,572,152	10.50	4,827,541,740	90.56%
4,504,785,190	(98,475,692)	4,406,309,498	10.50	5,313,611,700	84.78%
4,540,034,370	(79,428,775)	4,460,605,595	10.40	5,626,878,870	80.68%
4,679,798,440	(99,915,047)	4,579,883,393	10.36	5,894,241,720	79.40%
4,873,078,440	(109,210,295)	4,763,868,145	10.30	6,146,885,474	79.28%
5,095,995,110	(101,919,902)	4,994,075,208	10.24	6,536,364,170	77.96%
4,995,784,420	(123,056,530)	4,872,727,890	10.00	6,916,181,470	72.23%

CITY OF TROY, MICHIGAN

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	2010		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Frankel Forbes Cohen	\$ 62,780,180	1	1.30%
Emmes Asset Management	41,207,320	2	0.85%
Nykel Management	29,800,130	3	0.62%
Troy Industrial	28,326,390	4	0.58%
Nemer Troy Place	27,992,000	5	0.58%
Detroit Edison	27,557,700	6	0.57%
Osprey-Troy Place	27,381,260	7	0.57%
UrbanCal - Oakland Mall	26,348,660	8	0.54%
888 W Big Beaver Assoc	26,332,930	9	0.54%
Bank of America	24,467,460	10	0.51%
	<u>\$ 322,194,030</u>		<u>6.65%</u>

CITY OF TROY, MICHIGAN

Schedule 9
Unaudited

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	2020		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Somerset Collections	\$ 58,558,600	1	1.15%
DTE	43,704,870	2	0.86%
Troy Apts	30,792,120	3	0.60%
Troy Officentre	26,487,590	4	0.52%
Urbanca	24,639,700	5	0.48%
CC Troy	22,205,180	6	0.44%
Consumers Energy	21,717,310	7	0.43%
Wilshire Plaza	16,809,920	8	0.33%
Kelly	15,966,860	9	0.31%
Bostick	15,660,670	10	0.31%
	<u>\$ 276,542,820</u>		<u>5.43%</u>

CITY OF TROY, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities		Business-Type Activities					
Fiscal Year Ended June 30,	General Obligation and County Issued Bonds		General Obligation Bonds and Leases		Total Outstanding Debt	Less: Amounts Restricted to Repaying Principal	Net Outstanding Debt	Percentage of Personal Income
2011	\$	27,783,479	\$	10,300,000	\$ 38,083,479	\$ -	\$ 38,083,479	1.14%
2012		25,247,312		9,900,000	35,147,312	-	35,147,312	1.04%
2013		22,620,536		11,160,759	33,781,295	-	33,781,295	0.99%
2014		35,575,364		10,653,108	46,228,472	-	46,228,472	1.35%
2015		32,708,103		10,092,661	42,800,764	-	42,800,764	1.25%
2016		29,750,308		9,334,334	39,084,642	-	39,084,642	1.14%
2017		26,731,709		8,583,041	35,314,750	-	35,314,750	1.03%
2018		23,786,210		7,869,668	31,655,878	-	31,655,878	0.92%
2019		20,655,661		7,702,575	28,358,236	(14,417,642)	13,940,594	0.85%
2020		17,484,423		6,882,148	24,366,571	(14,278,604)	10,087,967	0.63%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Schedule 10
Unaudited

	Debt Per Capita	Debt Per Taxable Value
\$	470	0.79%
	428	0.79%
	408	0.78%
	555	1.07%
	514	0.98%
	470	0.87%
	425	0.78%
	363	0.68%
	165	0.61%
	120	0.52%

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debtto Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year Ended June 30	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Governmental Expenditures	Percentage of Debt Service to General Government Expenditures
2011	\$ 2,300,000	\$ 1,245,789	\$ 3,545,789	\$ 61,499,991	5.77%
2012	2,335,000	1,045,189	3,380,189	55,627,231	6.08%
2013	2,420,000	973,354	3,393,354	57,288,668	5.92%
2014	2,480,000	1,090,225	3,570,225	75,062,875	4.76%
2015	2,615,000	1,447,174	4,062,174	64,791,748	6.27%
2016	2,700,000	1,355,075	4,055,075	62,507,401	6.49%
2017	2,750,000	1,231,176	3,981,176	65,257,482	6.10%
2018	2,675,000	1,123,112	3,798,112	68,371,926	5.56%
2019	2,855,000	1,012,502	3,867,502	71,851,248	5.38%
2020	2,890,000	883,588	3,773,588	71,397,493	5.29%

Includes General, Special Revenue, Debt Service and Permanent Funds.

CITY OF TROY, MICHIGAN

Schedule 12
Unaudited

Computation of Direct and Overlapping Debt

June 30, 2020

Jurisdiction	Net General Bonded Debt Outstanding	Percentage Applicable to Troy	Amount Applicable to Troy
City of Troy - Direct debt	\$ 17,484,423	100.00%	\$ 17,484,423
City of Troy - Overlapping Debt:			
Avondale School District	118,032,427	19.64%	23,181,569
Birmingham School District	227,915,000	3.68%	8,387,272
Bloomfield Hills School District	50,360,000	2.33%	1,173,388
Royal Oak School District	55,470,000	2.09%	1,159,323
Troy School District	140,565,000	100.00%	140,565,000
Warren School District	202,870,000	7.49%	15,194,963
Oakland County	317,015,768	8.35%	26,470,817
Macomb Intermediate School District	1,705,000	0.96%	16,368
Oakland Intermediate School District	42,970,000	7.92%	3,403,224
Total overlapping debt	1,156,903,195		219,551,923
Total direct and overlapping debt	\$ 1,174,387,618		\$ 237,036,346

Source: Municipal Advisory Council of Michigan; Detroit, Michigan.

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Computation of Legal Debt Margin

June 30, 2020

Assessed Valuation at December 31, 2018

\$ 6,536,364,170

	Annual Net Debt	Legal Margin		
		Percentage of State Equalized Valuation	Amount	Legal Debt Margin
General obligation debt	\$ 22,450,000	10.0%	\$ 653,636,417	\$ 631,186,417
Emergency bonds	-	37.5%	2,451,136,564	2,451,136,564
Special assessment bonds	<u>-</u>	12.0%	<u>784,363,700</u>	<u>784,363,700</u>
Total debt	<u>\$ 22,450,000</u>		<u>\$ 3,889,136,681</u>	<u>\$ 3,866,686,681</u>

The statutory debt limits of net bonded indebtedness incurred for all public purposes shall not at any one time exceed 10% of the assessed valuation of taxable property in the City (\$6,146,885,474), except that this limit may be exceeded by 3/8ths of 1% in case of fire, flood or other calamity. This limitation does not include bonds issued in anticipation of the payment of special assessments, nor bonds issued pursuant to court order for sewage or garbage disposal systems.

The Michigan State Bond Act provides that the total debt in special assessment bonds, which would require that the City pledge its faith and credit, shall not exceed 12% of the assessed valuation of taxable property of the City, nor shall such bonds be issued in any calendar year in excess of 3% unless voted.

CITY OF TROY, MICHIGAN

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 498,851,831	\$ 454,041,268	\$ 441,010,890	\$ 449,143,234	\$ 482,754,174
Total net debt applicable to limit	<u>(34,545,000)</u>	<u>(32,010,000)</u>	<u>(30,420,000)</u>	<u>(42,735,000)</u>	<u>(39,670,000)</u>
Legal debt margin	<u><u>\$ 464,306,831</u></u>	<u><u>\$ 422,031,268</u></u>	<u><u>\$ 410,590,890</u></u>	<u><u>\$ 406,408,234</u></u>	<u><u>\$ 443,084,174</u></u>
Total net debt applicable to the limit as a percentage of debt limit	6.92%	7.05%	6.90%	9.51%	8.22%

Schedule 14
Unaudited

Fiscal Year				
2016	2017	2018	2019	2020
\$ 531,361,170	\$ 562,687,887	\$ 589,424,172	\$ 614,688,547	\$ 653,636,417
(36,325,000)	(32,940,000)	(29,635,000)	(26,055,000)	(22,450,000)
<u>\$ 495,036,170</u>	<u>\$ 529,747,887</u>	<u>\$ 559,789,172</u>	<u>\$ 588,633,547</u>	<u>\$ 631,186,417</u>
6.84%	5.85%	5.03%	4.24%	3.43%

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Pledged Revenue Coverage

Last Ten Fiscal Years

Golf Course Bonds					
Fiscal Year Ended	Collections	Debt Service			Coverage (1)
		Principal	Interest	Total	
2011	\$ 940,775	\$ 400,000	\$ 501,945	\$ 901,945	1
2012	1,442,755	400,000	485,446	885,446	2
2013	1,295,277	400,000	419,657	819,657	2
2014	1,335,433	400,000	328,254	728,254	2
2015	1,375,137	450,000	298,686	748,686	2
2016	1,809,386	645,000	289,881	934,881	2
2017	1,739,789	635,000	273,648	908,648	2
2018	1,781,278	630,000	253,545	883,545	2
2019	1,782,237	725,000	238,756	963,756	2
2020	1,684,938	715,000	227,293	942,293	2

Michigan Transportation Fund Bonds					
Fiscal Year Ended	Collections	Debt Service			Coverage (1)
		Principal	Interest	Total	
2011	\$ 2,363,803	\$ 175,000	\$ 45,900	\$ 220,900	11
2012	2,487,834	200,000	36,713	236,713	11
2013	2,521,831	225,000	26,013	251,013	10
2014	2,759,611	250,000	13,750	263,750	10
2015	-	-	-	-	N/A
2016	-	-	-	-	N/A
2017	-	-	-	-	N/A
2018	-	-	-	-	N/A
2019	-	-	-	-	N/A
2020	-	-	-	-	N/A

(1) Fifty percent of state gas and weight taxes can be used for debt payments.

CITY OF TROY, MICHIGAN

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (3)	Median Age (3)	Number of Households(3)	Average Household Size (3)	Income Per Capita (3)
2011	80,980	41.8	32,907	2.63	\$ 41,200
2012	82,071	41.8	32,998	2.61	41,200
2013	82,853	41.8	33,063	2.61	41,200
2014	83,270	41.8	33,182	2.60	41,209
2015	83,319	41.8	33,233	2.60	41,209
2016	83,181	41.8	32,002	2.59	41,209
2017	83,181	41.8	32,002	2.59	41,209
2018	87,177	41.5	30,812	2.71	39,545
2019	84,547	42.2	31,674	2.63	39,545
2020	83,881	43.0	31,368	2.66	45,888

Source:

- (1) U.S. Census - American Fact Finder
- (2) CivicDashboard
- (3) Southeast Michigan Council of Governments (SEMCOG)



			Education Age 25 or Older		
Median Income per Household (1)	Personal Income (millions)	Unemployment Rate (%) (2)	High School (3)	Bachelor Degree (3)	Graduate or Professional Degree (3)
\$ 85,946	\$ 3,336	9.5	73	57	27
86,465	3,381	7.7	73	57	27
85,685	3,414	7.4	73	57	27
84,325	3,431	5.9	95	57	27
85,797	3,433	4.4	95	57	27
87,269	3,428	3.5	95	57	27
87,269	3,428	2.5	95	57	27
85,027	3,447	2.8	95	58	28
93,017	3,343	2.8	95	59	29
97,048	3,849	4.0	95	60	28

CITY OF TROY, MICHIGAN

Principal Employers by Industry

Current and Previous Four Years

Industry	2016			2017		
	Number of Parcels	Rank	Percent of Total Parcels	Number of Parcels	Rank	Percent of Total Parcels
Industrial, Light Manufacturing	639	1	39.15%	644	1	39.03%
Office	259	2	15.87%	257	2	15.58%
Retail Store (Mall, Plaza, Market, Whse, Discount)	155	3	9.50%	155	3	9.39%
Medical Office	85	5	5.21%	84	5	5.09%
All other	89	4	5.45%	96	4	5.82%
Restaurant and Fast Food	66	7	4.04%	71	7	4.30%
Apartments	68	6	4.17%	71	6	4.30%
Engineering	62	8	3.80%	64	9	3.88%
Warehouse (Storage, Distribution, Transit)	62	9	3.80%	66	8	4.00%
Service (Station, Garage, Booth, Convenience)	57	10	3.49%	52	10	3.15%
Loft (Multi Tenant Industrial)	40	11	2.45%	40	11	2.42%
Bank	32	12	1.96%	32	12	1.94%
Auto Dealership	18	13	1.10%	18	13	1.09%
Total commercial/industrial parcels	<u>1,632</u>		<u>100.00%</u>	<u>1,650</u>		<u>100.00%</u>

Source: City Assessor

2018			2019			2020		
Number of Parcels	Rank	Percent of Total Parcels	Number of Parcels	Rank	Percent of Total Parcels	Number of Parcels	Rank	Percent of Total Parcels
635	1	39.27%	637	1	39.39%	633	1	39.15%
254	2	15.71%	260	2	16.08%	258	2	15.96%
154	3	9.52%	154	3	9.52%	139	3	8.60%
85	4	5.26%	85	4	5.26%	85	4	5.26%
75	5	4.64%	72	6	4.45%	82	5	5.07%
72	6	4.45%	76	5	4.70%	75	6	4.64%
67	7	4.14%	70	7	4.33%	74	7	4.58%
66	8	4.08%	67	9	4.14%	67	8	4.14%
63	9	3.90%	68	8	4.21%	66	9	4.08%
53	10	3.28%	50	10	3.09%	49	10	3.03%
40	11	2.47%	40	11	2.47%	38	11	2.35%
33	12	2.04%	33	12	2.04%	33	12	2.04%
18	13	1.11%	18	13	1.11%	18	13	1.11%
<hr/>			<hr/>			<hr/>		
1,615		99.88%	1,630		100.80%	1,617		100.00%
<hr/>			<hr/>			<hr/>		

CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015
Building Inspection					
Permits issued	940	1,699	2,006	2,297	2,369
Plans reviewed	908	1,842	2,023	2,641	3,051
Executive Administration					
City Manager's Office -					
GFOA awards/submittals	2	2	3	3	3
City Attorney's Office -					
District court appearances	6,492	6,612	7,884	7,871	8,289
Community Affairs:					
New resident packets distributed	943	912	803	790	801
Press releases sent	487	474	479	482	495
City Clerk's Office:					
Registered voters	55,301	57,470	58,318	56,630	57,400
Voter turnout% (November)	57%	27%	74%	27%	51%
Human Resources:					
Applications processed	110	1,566	778	1,274	1,120
Job postings	11	30	26	38	45
Labor contracts settled	6	0	0	3	2
Engineering					
Soil erosion inspections	863	772	628	812	1,089
Machine traffic counts	93	68	52	43	25
PASER ratings	Not Avail.	6	6	5.7	5.7

Schedule 18
Unaudited

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2016	2017	2018	2019	2020
2,404	3,197	2,988	2,711	2,200
3,301	3,817	3,750	3,335	2,763
3	3	3	3	3
8,059	8,241	8,357	9,994	6,660
940	790	801	525	460
500	460	468	475	480
57,163	58,333	57,619	59,440	60,274
21%	80%	29%	66%	26%
809	1,261	1,044	1,052	727
51	59	61	67	31
4	0	0	1	2
640	744	779	878	791
25	15	18	14	20
5.5	5.3	5.2	5.2	5.2

continued...

CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015
Finance					
Accounting/Risk Management:					
Payroll checks processed	22,891	23,091	24,073	24,073	26,497
Invoices issued	9,649	10,027	10,033	10,635	10,121
Liability claims processed	84	57	53	103	344
Insurance certificates approved	331	328	348	365	385
Assessing:					
Residential appraisals	750	500	642	518	362
Reinspections	500	500	892	892	1,156
Purchasing:					
Value of goods/services purchased	\$33.3 mil	\$34.2 mil	\$34.6 mil	\$34.0 mil	\$34.5 mil
% of awards without dispute	100%	100%	100%	100%	100%
City Treasurer's Office:					
Tax bills processed	65,687	65,900	66,000	66,200	62,685
Water bills processed	99,566	101,055	102,272	102,510	102,807
Fire					
Fire Department responses	1,022	1,090	1,006	1,165	1,077
Inspections performed	2,347	2,013	3,154	2,988	2,398
Other General Government					
Building Operations -					
Requests for service	16,801	12,500	18,550	18,550	16,280
Planning:					
Site plan reviews	13	8	9	17	17
Special use requests	8	7	12	3	2
Parks, Recreation and Culture					
ROW trees trimmed	2,457	2,262	3,508	3,300	3,976
Recreation programs	471	468	466	480	485
Library cards	50,900	51,000	51,000	46,400	49,656
Police					
Part 1 Crimes	1,842	1,865	1,670	1,512	1,419
Operate while impaired	464	399	506	473	419
Hazardous traffic citations	7,526	7,385	6,811	6,704	5,283
Non-hazardous traffic citations	2,745	3,941	3,681	3,168	4,750
Traffic crashes:					
Property damage	2,427	2,434	1,958	3,342	3,163
Personal injury	317	386	303	532	468
Fatal crash	3	2	4	4	5

Schedule 18
Unaudited

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2016	2017	2018	2019	2020
26,822	27,665	27,692	27,814	27,215
10,119	10,307	10,193	10,157	9,678
84	41	55	74	80
619	693	730	759	750
390	400	324	375	450
1,400	1,000	1,300	1,500	1,000
\$37.8 mil	\$43.6 mil	\$45.8 mil	\$48 mil	\$51.4 mil
100%	100%	100%	100%	100%
62,854	62,345	62,669	62,572	62,900
103,118	104,418	107,054	104,890	105,710
1,174	1,216	1,206	1,175	1,111
2,815	2,348	2,096	1,721	1,070
18,150	18,630	18,240	6,958	6,089
15	18	17	13	10
6	5	6	15	8
2,611	4,323	1,849	3,358	2,500
485	492	518	520	392
56,961	61,362	58,598	52,282	57,144
1,451	1,358	1,288	1,227	790
350	392	352	372	291
4,796	4,510	5,094	9,551	5,330
3,736	3,315	3,722	4,946	2,799
1,937	1,949	2,155	2,212	2,330
275	260	307	275	312
3	4	2	2	5

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CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015
Public Works					
Streets and Drains Division					
Requests for service	1,188	1,149	1,370	1,774	1,747
Water and Sewer Division					
Requests for service	3,379	3,366	4,217	4,434	4,140
Sanitary sewers cleaned in feet	1,307,000	2,100,000	1,300,000	1,630,417	1,250,000
Fleet Maintenance					
Work orders	3,217	2,839	2,037	2,532	2,165
Vehicle tires replaced	520	566	464	406	487
Refuse/Resource Recovery					
Tons of refuse collected	27,230	29,816	26,655	27,210	28,462
Tons of compost collected	9,690	10,689	8,786	9,743	9,174
Information Technology					
Help desk requests	2,498	2,485	2,333	3,079	3,018
Golf Course					
Sylvan Glen rounds of golf	40,852	47,293	42,655	37,737	42,887
Sanctuary Lake rounds of golf	27,236	33,485	30,301	30,283	31,840
Aquatic Center					
Admissions	51,000	54,260	47,940	49,066	36,021

Schedule 18
Unaudited

2016	2017	2018	2019	2020
1,509	1,636	1,956	1,594	1,401
2,482	2,776	2,627	2,301	2,490
1,151,056	835,683	350,269	398,000	593,505
2,443	2,477	2,380	2,945	2,322
332	349	458	344	332
28,068	28,475	26,957	26,453	27,302
9,104	9,580	8,806	10,033	10,654
2,811	3,136	3,389	3,048	2,836
49,988	49,044	45,848	44,112	46,043
43,416	41,459	41,700	40,315	40,293
42,481	34,741	36,492	41,681	31,146
				concluded.

CITY OF TROY, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015
Fire					
Stations	6	6	6	6	6
Police					
Stations	1	1	1	1	1
Streets					
Miles of improved	443	435	406	406	408
Miles of unimproved	4	4	4	4	4
Sewers					
Miles of combination storm/sanitary	10	10	10	10	6
Miles of sanitary	398	391	392	393	393
Miles of storm	545	589	625	631	529
Street Lights					
Detroit Edison owned poles	562	561	562	562	562
City owned poles	997	1,242	539	539	1,010
Water					
Annual distribution in million cubic feet	485	530	539	450	420
Miles of watermain	540	537	539	537	542
Number of hydrants	5,870	5,863	5,897	5,930	5,962
Parks and Recreation					
Number of developed parks	14	14	15	15	15
Acres of public parks	1,000	1,000	1,000	1,000	1,000
Number of tennis courts	18	18	18	18	18
Outdoor education center/farm	1	1	1	1	1
18-hole golf course	2	2	2	2	2
Community center	1	1	1	1	1
Aquatic center	1	1	1	1	1

Source: City Departments

Schedule 19
Unaudited

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2016	2017	2018	2019	2020
6	6	6	6	6
1	1	1	1	1
408	409	409	410	342
4	4	4	4	3
6	6	6	6	6
395	396	397	399	401
519	535	540	546	548
562	562	562	564	544
1,010	1,010	1,010	1,008	1,100
450	495	489	437	386
543	544	545	548	549
5,979	6,001	6,025	6,064	6,111
15	15	16	16	16
1,000	1,000	1,000	1,000	1,000
18	18	18	18	18
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1

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Building Construction

Last Ten Fiscal Years

2010 - 2011	940	permits	81,414,322	estimated value
2011 - 2012	1,699	permits	98,609,054	estimated value
2012 - 2013	2,006	permits	146,556,961	estimated value
2013 - 2014	2,297	permits	165,364,134	estimated value
2014 - 2015	2,369	permits	212,761,431	estimated value
2015 - 2016	2,404	permits	154,161,117	estimated value
2016 - 2017	3,042	permits	166,876,878	estimated value
2017 - 2018	2,988	permits	180,411,536	estimated value
2018 - 2019	2,711	permits	195,324,067	estimated value
2019 - 2020	2,200	permits	167,292,976	estimated value

Source: SafeBuilt Inc.

CITY OF TROY, MICHIGAN

Full and Part-Time City Government Employees By Function/Program

Last Ten Fiscal Years

Function/Program	2011		2012		2013		2014		2015		2016	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Building Inspection												
Building Inspection	0	0	0	0	0	0	0	0	0	0	0	0
Executive Administration												
City Manager's Office	4	4	7	6	7	5	7	7	9	6	9	5
City Attorney's Office	6	1	7	1	7	1	7	0	7	0	6	0
City Clerk's Office	3	2	4	2	4	2	4	2	4	3	4	3
Human Resources	2	1	2	1	3	1	4	1	4	0	4	1
Community Affairs	0	0	0	0	0	0	0	0	0	0	0	0
Engineering												
Engineering	12	3	10	4	11	3	11	3	11	2	11	2
Finance												
Accounting/Risk Management	4	1	4	3	6	1	6	2	6	2	6	1
Assessing	6	1	6	1	6	1	7	1	6	1	7	0
Purchasing	2	0	0	1	2	1	2	1	2	1	2	1
City Treasurer's Office	3	0	4	0	3	1	3	1	4	0	4	0
Fire												
Fire	10	6	11	6	11	6	11	6	12	6	12	4
Library												
Library	5	61	6	68	5	71	9	82	9	83	9	75
Other General Government												
Building Operations	6	0	6	3	7	3	7	4	7	3	7	4
Planning	4	2	4	2	4	2	4	2	4	2	4	3
Police												
Sworn Police Officers	94	0	73	0	74	0	69	0	79	0	78	0
Command	24	0	23	0	22	0	21	0	23	0	23	0
Other	35	22	44	32	44	35	47	31	47	35	48	29
Parks and Recreation												
Parks	7	31	6	12	6	11	6	13	6	14	6	15
Recreation	8	124	6	178	5	171	5	182	6	185	6	183
Public Works												
Streets and Drains Division	25	2	21	11	21	8	23	9	25	11	24	9
Water and Sewer Division	31	0	31	6	31	6	33	6	32	6	31	7
Fleet Maintenance	11	2	11	4	14	3	12	6	14	6	15	2
Refuse/Resource Recovery	1	0	1	0	1	0	1	0	1	0	0	0
Information Technology												
Information technology	8	1	8	1	8	1	9	0	10	0	11	0
Aquatic Center												
Aquatic center	0	50	0	37	0	45	0	42	0	52	0	66
Total Employees	<u>310</u>	<u>314</u>	<u>294</u>	<u>379</u>	<u>301</u>	<u>378</u>	<u>307</u>	<u>401</u>	<u>327</u>	<u>418</u>	<u>327</u>	<u>410</u>

Source: City Department of Human Resources

Schedule 21
Unaudited

2017		2018		2019		2020	
Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
0	0	0	0	0	0	1	0
9	4	7	5	7	3	8	4
7	0	7	1	7	0	7	0
5	1	5	1	4	2	5	1
4	1	3	0	4	1	4	1
0	0	1	0	1	0	1	1
13	2	12	1	11	1	11	2
6	2	6	2	5	3	6	3
6	0	6	0	7	0	7	0
2	1	3	0	2	1	2	1
4	0	4	1	4	0	4	0
12	5	11	3	13	5	12	5
11	75	11	78	12	73	11	69
8	2	9	2	11	1	12	0
4	4	5	2	6	2	5	2
79	0	82	0	90	0	81	0
22	0	24	0	24	0	23	0
48	24	49	27	51	30	48	33
6	16	6	15	6	20	5	15
5	181	7	166	7	214	8	204
25	10	24	6	24	7	23	0
34	6	31	7	33	6	34	0
16	0	16	2	15	1	16	1
0	0	0	0	0	0	0	0
11	0	10	0	10	0	11	0
0	60	0	66	0	33	0	7
337	394	339	385	354	403	345	349

State Shared Revenues

Last Ten Fiscal Years

Fiscal Year Ended June 30	State Shared Revenue
2011	\$ 5,615,666
2012	6,136,066
2013	6,279,381
2014	6,435,145
2015	6,541,560
2016	6,535,632
2017	8,091,385 *
2018	8,378,417
2019	8,535,476
2020	8,346,267

*Beginning in fiscal year 2017 the State of Michigan began a reimbursement program for lost manufacturing personal property that was exempted through state legislation.

Gas and Weight Taxes

Last Ten Fiscal Years

Fiscal Year Ended June 30	Type of Street		Total Gas and Weight Tax (Act 51) Receipts
	Major Road	Local Road	
2011	\$ 3,386,023	\$ 1,341,582	\$ 4,727,605
2012	3,572,892	1,402,776	4,975,668
2013	3,623,451	1,420,210	5,043,661
2014	3,963,956	1,555,266	5,519,222
2015	4,278,155	1,499,530	5,777,685
2016	4,855,713	1,581,594	6,437,307
2017	4,618,597	1,822,201	6,440,798
2018	6,098,323	2,184,860	8,283,183
2019	6,871,404	2,331,116	9,202,520
2020	6,167,975	2,435,872	8,603,847

Source: City of Troy

Labor Agreements

Name	Expiration Date	Number of Employees Covered
American Federation of State, County, and Municipal Employees, AFSCME - Public Works Employees	6/30/2021	63
Michigan Association of Police - Clerical, Police Services Aides	6/30/2023	40
Troy Command Officers Association - Command Police Officers	6/30/2024	23
Troy Police Officers Association - Police Officers	6/30/2025	81
Troy Firestaff Officers Association - Fire Career Professionals	6/30/2024	10
Troy Communication Supervisors Association - Civilian Communications Supervisors	6/30/2021	8

Source: City Department of Human Resources

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INTERNAL CONTROL AND COMPLIANCE

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

December 9, 2020

The Honorable Mayor and
City Council
City of Troy, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Troy, Michigan* (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

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

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

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

Rehmann is an independent member of Nexia International.



675 Robinson Road, Jackson, MI 49203 517.787.6503

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.