



City of
Troy

Michigan



Comprehensive Annual
Financial Report
for the year ended
June 30, 2001

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF TROY, MICHIGAN

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

CITY COUNCIL

Matt Pryor, Mayor

Thomas S. Kaszubski - Mayor Pro-Tem

Robin E. Beltramini

David A. Lambert

Martin F. Howrylak

Anthony N. Pallotta

Louise E. Schilling

John Szerlag - City Manager

John M. Lamerato - Assistant City Manager/Finance and Administration

James A. Nash - Financial Services Director

Prepared by the Finance Department

INTRODUCTORY SECTION

CITY OF TROY, MICHIGAN

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INTRODUCTORY SECTION

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CITY OF TROY, MICHIGAN

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Troy, Michigan 48084
Fax: (248) 524-0851
www.ci.troy.mi.us

November 19, 2001

Area code (248)

Dear Mayor Pryor and Members of the City Council:

Assessing
524-3311

Bldg. Inspections
524-3344

Bldg. Maintenance
524-3368

City Clerk
524-3316

City Manager
524-3330

Community Affairs
524-1147

Engineering
524-3383

Finance
524-3411

Fire-Administration
524-3419

Human Resources
524-3339

Information Services
619-7279

Law
524-3320

Library
524-3545

Parks & Recreation
524-3484

Planning
524-3364

Police-Administration
524-3443

Public Works
524-3370

Purchasing
524-3338

Real Estate & Development
524-3498

Treasurer
524-3334

General Information
524-3300

The Comprehensive Annual Financial Report for the City of Troy, Michigan for the year ended June 30, 2001 is hereby submitted. The report represents a comprehensive and detailed picture of our financial transactions during FY 2000-01 and the financial condition of the various funds as of June 30, 2001. This report has been prepared by a team of City staff led by the Assistant City Manager of Finance and Administration. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements; the combining, individual fund and account group financial statements and schedules; as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City of Troy is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the single audit section of this report.

The financial reporting entity includes all of the funds and account groups 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 and account groups (all funds and account groups of the City) shown in the Table of Contents are included in this report. We have addressed all component units.

The Downtown Development Authority and the Troy Municipal Building Authority have been included within this report, as they fit the definition of a blended component unit. Blended component units, although legally separate entities, are, in substance, a part of the government's operations and so data from these units are combined with data of the primary government.

Mayor Pryor and Members of the City Council
November 19, 2001

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, three-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. These services include police, fire, water distribution, wastewater collection, street maintenance, public improvements, planning, zoning, and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

The economic condition of the City has improved steadily during this decade. Our unemployment rate is well below the national and state average.

	1990	1995	July 2001
Troy	3.5%	2.2%	2.3%
Metro Area*	7.6%	5.1%	4.4%
Michigan	7.6%	5.3%	4.9%
National	5.5%	5.6%	4.5%

*Metro Area includes: Lapeer, Macomb, Monroe, Oakland, St. Clair, and Wayne Counties

The community's growth is further dramatized by the significant gains in the growth in, and size of, Troy's taxable valuation. In 1990, our taxable value was \$2,931,850,960. By December 31, 1999, that value had grown to \$4,373,072,080 an increase of 49.2 per cent. In Michigan, only the City of Detroit has a higher taxable value than the City of Troy. The Southeast Michigan Council of Governments (SEMCOG) estimates that Troy will experience employment and population increases well into the next century. Our economic future looks bright indeed.

Other significant economic events occurring during the fiscal year included the following activities:

Major Initiatives

Major initiatives, more often than not, span several years; and ours are no exception.

We continue our culture of professionalism by providing a high level of service, and this culture will be enhanced by continued implementation of the \$47 million bonding proposals approved by Troy residents in 1999. Bonds continue to be issued for road improvements, facility replacement and expansion, parkland acquisition for open space and active recreation.

Our civic center campus of approximately 128 acres is at the vanguard of much activity. A \$24.5 million community center is being constructed which has a building footprint of 136,000 square feet. This facility will be a state of the art center offering an aquatic element, cardiovascular fitness area, dance/aerobics area, meeting rooms, banquet facilities, gymnasium, and parks and recreation department administration. The first phase of the community center will be opened in February of 2002.

We are currently developing plans and specifications for a renovation/addition to our existing city hall for enhanced police and fire administration activities. Thanks to Mr. Jack Turner and his committee of volunteers, we now have a magnificent Veterans Memorial in front of City Hall, which adds dignity to our entire site.

Mayor Pryor and Members of the City Council
November 19, 2001

Additionally, we have requested proposals for the economic feasibility of a conference center and hotel on or adjacent to the civic center area. This study will also examine the feasibility of a performing arts center of 700 to 1,200 theater seats in or adjacent to the conference center. It will also be determined if housing is required to achieve an economically viable project.

Our new police/fire training facility on John R south of Long Lake will be opened in November of 2001. This 21,136 square foot structure costs \$2.9 million and will be used for training of our police and fire personnel.

This fiscal year also saw the purchase of property in Section 1 for an 18-hole golf course, which will be constructed by the City of Troy.

We still maintain our tradition of strong financial management policies within the city government. Our tax base also continues to grow with the addition of new development. This will enhance our fiscal strength, not only for the Troy city government, but also for the Troy Downtown Development Authority.

Department Feature – FIRE DEPARTMENT

From its humble beginnings in 1940, the Troy Fire Department has grown from one station, one truck and 19 members, to six stations, 21 pieces of apparatus, 180 volunteer firefighters, and 14 career members. The Troy Fire Department now protects a city with 82,000 residents, and one of the largest equalized property valuations in the State of Michigan.

The department operates with four divisions, Administrative, Operations, Fire Suppression and Fire Prevention. The Administration division coordinates planning, management of the budget, recruitment and selection of personnel, and policy and procedure development.

The Operation Division coordinates training, selection of equipment and apparatus, and maintenance of equipment and facilities. The division also works with the Police department to oversee the Emergency Dispatch Center, a state of the art communications hub with enhanced 9-1-1 technology, and a computer aided dispatch system.

The Fire Suppression Division is responsible for responding to fire suppression, hazard mitigation, technical rescue and other calls for service.

The Fire Prevention Division is responsible for fire prevention inspection activities and code enforcement of buildings and occupancies as related to the risk of fire or explosion within the City of Troy. The division performs plan review and inspections of buildings under construction and renovation; site development; fire protection and detection systems; existing buildings; hazardous materials; and is empowered to enforce various provisions of other local ordinances.

The Fire Prevention Division also provides public education by conducting public fire safety education programs to the citizens of all ages throughout the community. This activity includes fire safety demonstrations; lectures; preschool and elementary school programs; fire extinguisher training; and building fire safety evacuation consultation.

Mayor Pryor and Members of the City Council
November 19, 2001

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure 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 control structure is 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.

Single Audit

As a recipient of Federal, State, and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the independent auditors of the City. As a part of the single audit process, tests are made by the auditors to determine the adequacy of the internal control structure, including that portion related to Federal financial assistance programs, as well as to determine that the City has complied with the applicable laws and regulations.

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, Special Revenue, Debt Service, and Capital Projects 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) is established by function within an individual fund.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Outstanding encumbrances at year-end for the Capital Projects Fund are recorded as a reservation of fund balance and are re-appropriated as part of the following year's budget.

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

General Government Functions

The following schedule presents a summary of all General, Special Revenue, and Debt Service Funds' revenues for the fiscal year ended June 30, 2001 and the amount of percentage of increases and decreases in relation to prior year revenues.

Mayor Pryor and Members of the City Council
November 19, 2001

REVENUE SOURCE	AMOUNT	% OF TOTAL	INCREASE (DECREASE) FROM 2000	% OF INCREASE (DECREASE)
Property Taxes & Special Assessments	\$38,222,093	60.72%	\$1,910,298	118.63%
Licenses and Permits	2,048,206	3.25	(173,245)	(10.76)%
Federal	273,882	.44	116,413	7.23%
State	12,779,101	20.30	726,779	45.13%
County	118,646	.19	11,061	.69%
Charges for Sales and Services	3,418,763	5.43	607,162	37.70%
Fines and Forfeits	1,061,310	1.69	225,275	13.99%
Investment Income	2,851,959	4.53	(704,895)	(43.77)%
Miscellaneous	2,170,644	3.45	(1,108,499)	(68.84)%
	<u>\$62,944,604</u>	<u>100.00%</u>	<u>\$1,610,349</u>	

The increase in property taxes and reduction in miscellaneous revenue are tied together. The administrative fee for collecting taxes for other taxing jurisdictions is now recorded as property tax revenue to coincide with the budget.

The decrease in revenue from investment income was attributable to an unfavorable interest rate climate.

The following schedule presents a summary of the General, Special Revenue, and Debt Service Funds' expenditures for the Fiscal Year ended June 30, 2001 and the percentage of increase and decrease in relation to prior year amounts.

EXPENDITURES	AMOUNT	% OF TOTAL	INCREASE (DECREASE) FROM 2000	% OF INCREASE (DECREASE)
General Government	\$7,134,820	13.03%	\$614,534	14.96%
Public Safety	22,787,828	41.63	1,177,836	28.68%
Roads and Streets	3,458,730	6.32	503,585	12.26%
Sanitation	3,477,389	6.35	(46,383)	(1.13)%
Other Public Works	3,359,645	6.14	344,556	8.39%
Parks, Recreations & Cemeteries	5,794,366	10.59	173,318	4.22%
Library	3,196,809	5.84	414,789	10.10%
Debt Service	5,132,067	9.37	1,309,617	31.88%
Downtown Development Authority	235,929	.43	(448,737)	(10.92)%
Economic & Physical Development	161,945	.30	64,318	1.57%
	<u>\$54,739,528</u>	<u>100.00%</u>	<u>\$4,107,433</u>	

Mayor Pryor and Members of the City Council
November 19, 2001

Debt service had the largest increase in expenditures year to year due to the issuance of the first series of the voter-approved \$47,000,000 general obligation bonds.

The increase in expenditures for Roads and Streets is tied to the increased cost for snow and ice removal.

Police Department uniform patrol expenditures accounted for the majority of the increase in the public safety function.

General Fund Balance

The fund balance of the General Fund increased by \$2,166,126 to a balance of \$23,377,896. Of the \$23,377,896 fund balance, \$3,177,624 is reserved for such items as tax appeals, insurance, inventory, and prepaid items; \$5,478,659 is unreserved but designated for improvements and maintenance; \$4,727,480 is unreserved but designated for the 2001-02 budget, leaving \$9,994,133 as unreserved and undesignated.

This amount represents 18% of our 2001-02 General Fund Budget. This amount is slightly more than the City Council's goal of 17.00% and is considered adequate to provide a cushion against unforeseen future negative events.

Enterprise Operations

The City operates four separate enterprise operations: Water, Sanitary Sewer, Aquatic Center, and Golf Course. The Water Fund reported a net income of \$1,587,282 as compared to \$1,510,055 last Fiscal Year. Operating revenues amounted to \$8,390,677, resulting in a decrease of \$12,271 from last year, and operating expenses totaled \$8,114,008, an increase of \$20,469 from last Fiscal Year.

The Sanitary Sewer Fund ended the year with net income of \$4,370. This compared to net income of \$153,151 last Fiscal Year. During the 2000-01 budget, the rates were reviewed by City Council and were re-apportioned between the water and sewer utility, generating a positive net income for the year.

The Aquatic Center operations continue to result in a net loss. The net loss of \$189,930 compares to a net loss of \$167,128 last Fiscal Year. The City Council has taken measures to increase usage and continues to look at ways to reduce the net loss.

The Golf Course Fund ended the year with a net income of \$118,725. This amount compares to a net income of \$232,565 last Fiscal Year.

Pension Trust Fund Operations

The Employees Retirement Fund reported end-of-the-year net assets held in trust for pension benefits of \$156,328,641 compared to the beginning amount of \$172,931,427. The Fund continues to be very well funded. As of December 31, 2000, the Fund is 117.2% funded.

Mayor Pryor and Members of the City Council
November 19, 2001

Debt Administration

At June 30, 2001, the City had a number of debt issues outstanding. These issues included \$40,597,925 being serviced by Governmental Funds and \$2,400,000 by Proprietary Fund types. The City maintains the following bond ratings: Moody's Investors Service - Aa2 for both Unlimited General Obligation and Limited Tax General Obligation Bonds, and Standard & Poor's Rating Services - AA for Unlimited General Obligation and AA- for Limited Tax General Obligation Bonds.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, commercial paper, obligations of the U.S. Treasury and government pooled investment accounts. The Pension Trust Fund investment portfolio also includes corporate bonds, stocks and mutual funds.

The City administers an aggressive cash management and investment program. The following investment objectives are utilized in the management of City funds: the primary objective is the preservation of capital and the protection of investment principal; provide sufficient liquidity to meet the City's projected operating and capital requirements; control risk by diversifying investments and maximize the return of the portfolio while avoiding unreasonable investment risk.

Risk Management

The City has entered into a public entity risk pool with other Michigan units of government by joining the Michigan Municipal Risk Management Authority for its general liability insurance, including auto and public official liability as well as property damage insurance. The City has also entered into a joint agreement with other Michigan units of government by joining the Michigan Municipal Workers' Compensation Fund for its workers' compensation insurance.

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 Doeren Mayhew, CPAs, was selected by the City Council. The auditor's report on the general purpose financial statements and combining and individual fund financial statements is included in the financial section of this report.

Awards

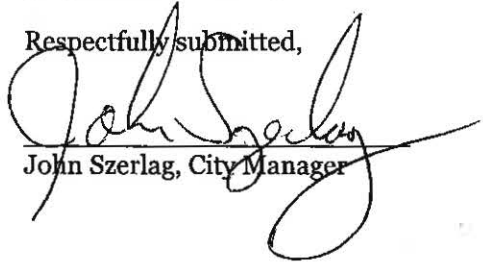
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Troy, Michigan for its comprehensive annual financial report for the fiscal year ended June 30, 2000. This was the fourth consecutive 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

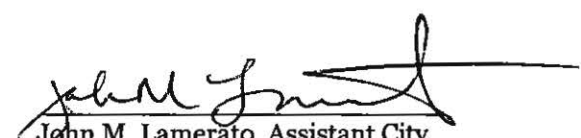
Mayor Pryor and Members of the City Council
November 19, 2001

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.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis 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.

Respectfully submitted,

John Szerlag, City Manager


John M. Lamerato, Assistant City
Manager/Finance and Administration

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, 2000

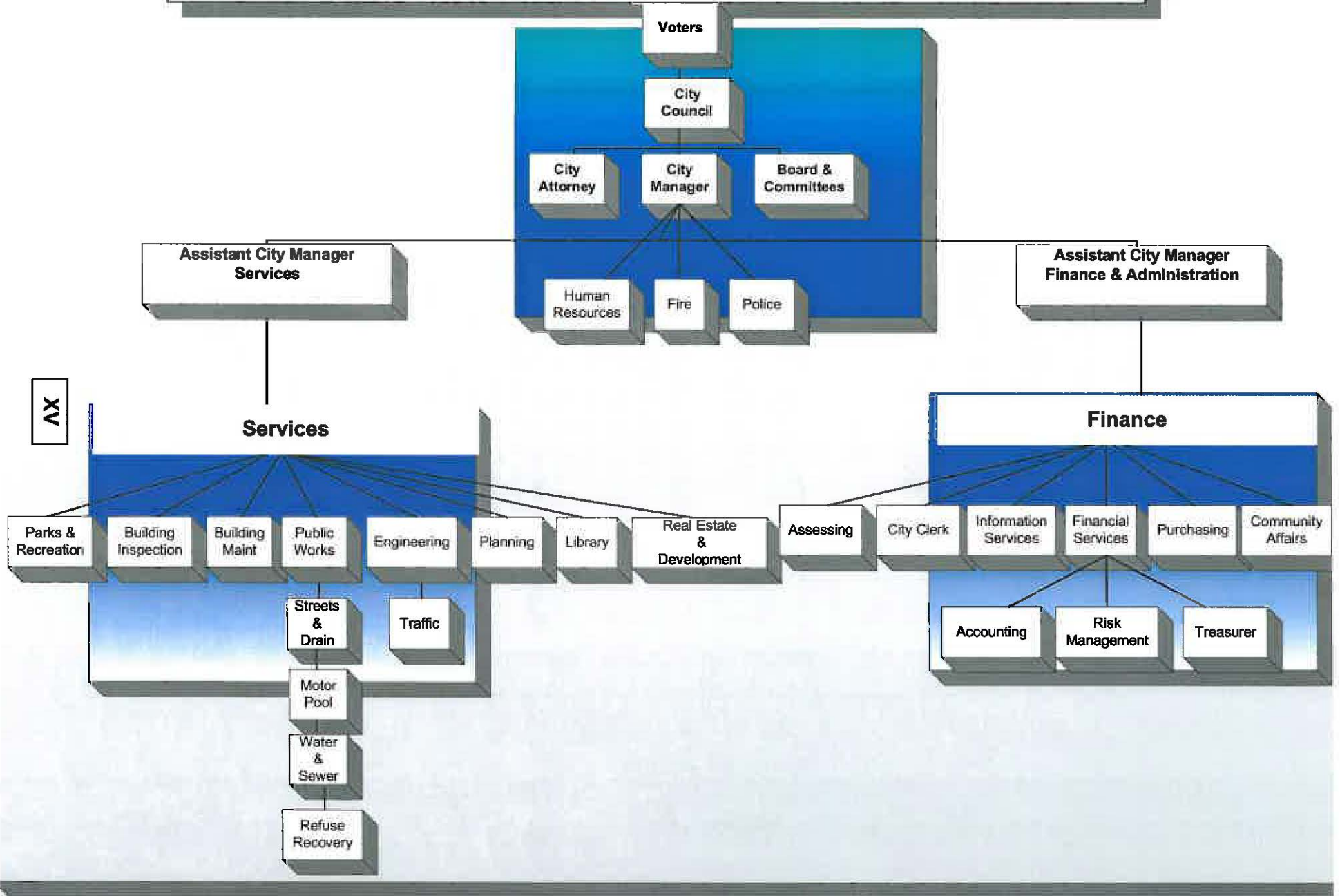
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Essler
Executive Director

CITY OF TROY ORGANIZATIONAL CHART 2000-2001



LIST OF PRINCIPAL OFFICIALS

TITLE	NAME
CITY MANAGER	<i>John Szerlag</i>
CITY ATTORNEY	<i>Lori Grigg Bluhm</i>
ASSISTANT CITY MANAGER – FINANCE & ADMINISTRATION	<i>John M. Lamerato</i>
ASSISTANT CITY MANAGER – SERVICES	<i>Gary A. Shripka</i>
BUILDING AND ZONING DIRECTOR	<i>Mark S. Stimac</i>
CITY ASSESSOR	<i>Leger A. Licari</i>
CITY CLERK	<i>Tonni Bartholomew</i>
CITY ENGINEER	<i>Steven J. Vandette</i>
CITY TREASURER	<i>Nancy L. Aguinaga</i>
COMMUNITY AFFAIRS DIRECTOR	<i>Cynthia A. Stewart</i>
FINANCIAL SERVICE DIRECTOR	<i>James A. Nash</i>
FIRE CHIEF	<i>William S. Nelson</i>
HUMAN RESOURCES DIRECTOR	<i>Peggy E. Clifton</i>
INFORMATION SERVICES DIRECTOR	<i>Gertrude M. Paraskevin</i>
LIBRARY DIRECTOR	<i>Brian H. Stoutenburg</i>
PARKS AND RECREATION DIRECTOR	<i>Carol K. Anderson</i>
PLANNING DIRECTOR	<i>Mark F. Miller</i>
POLICE CHIEF	<i>Charles T. Craft</i>
PUBLIC WORKS DIRECTOR	<i>William R. Need</i>
PURCHASING DIRECTOR	<i>Jeanette Bennett</i>
REAL ESTATE AND DEVELOPMENT DIRECTOR	<i>Douglas J. Smith</i>
SUPERINTENDENT OF BUILDING MAINTENANCE	<i>Steven A. Pallotta</i>

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FINANCIAL SECTION



Independent Auditor's Report

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

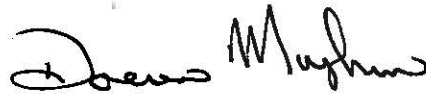
We have audited the accompanying general purpose financial statements of the City of Troy, Michigan as of June 30, 2001, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Troy, Michigan's management. Our responsibility is to express an opinion on these general purpose 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 of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Troy, Michigan as of June 30, 2001, and the results of its operations and cash flows of its Proprietary and Fiduciary Fund Types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Troy, Michigan taken as a whole. The combining and individual fund and account group financial statements and the accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Troy, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole. The statistical section on pages 130 through 147 is not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information.



DOEREN MAYHEW

September 14, 2001
Troy, Michigan

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CITY OF TROY, MICHIGAN

COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS JUNE 30, 2001

ASSETS AND OTHER DEBITS

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and certificates of deposit (note 2)	\$ 15,703,613	\$ 4,710,812	\$ 6,728,399	\$ 24,827,595
Investments (note 2)	7,265,419	3,846,189	5,581,439	14,783,236
Accrued interest receivable	84,856	42,545	60,767	121,663
Receivables (net of allowance where applicable, for uncollectible accounts)				
Contract receivables	-	-	-	-
Taxes - net of \$150,000 allowance	357,128	144,907	-	-
Accounts receivable - net of \$70,260 allowance	2,560,041	802,489	-	936,440
Special assessments receivable	-	-	1,326,039	2,145,876
Due from other City of Troy funds (note 5)	6,420,340	-	-	-
Inventory	125,978	-	-	-
Prepaid items	426,707	-	-	-
Restricted assets - receivable from Oakland County	-	-	-	-
Property, plant and equipment - net of accumulated depreciation (note 4)	-	-	-	-
Other Debits				
Amount available for retirement of long-term debt Debt Service Funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets and other debits	<u>\$ 32,944,082</u>	<u>\$ 9,546,942</u>	<u>\$ 13,696,644</u>	<u>\$ 42,814,810</u>

See accompanying notes to financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	June 30,	
					2001	2000
\$ 27,296,433	\$ 5,648,160	\$ 7,922,125	\$ -	\$ -	\$ 92,837,137	\$ 65,504,068
13,887,692	4,611,498	157,563,359	-	-	207,538,832	239,510,900
189,058	51,011	3,026,893	-	-	3,576,793	3,768,195
997,941	-	-	-	-	997,941	1,085,838
-	-	350,756	-	-	852,791	732,070
4,662,624	-	-	-	-	8,961,594	8,011,229
-	-	-	-	-	3,471,915	2,140,261
-	-	-	-	-	6,420,340	8,472,795
447,857	103,190	-	-	-	677,025	788,716
-	-	-	-	-	426,707	111,996
783,720	-	-	-	-	783,720	1,610,461
90,279,965	4,423,740	-	78,555,293	-	173,258,998	159,195,399
-	-	-	-	11,017,036	11,017,036	9,786,206
-	-	-	-	31,760,889	31,760,889	19,167,067
<u>\$ 138,545,290</u>	<u>\$ 14,837,599</u>	<u>\$ 168,863,133</u>	<u>\$ 78,555,293</u>	<u>\$ 42,777,925</u>	<u>\$ 542,581,718</u>	<u>\$ 519,885,201</u>

CITY OF TROY, MICHIGAN

COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS JUNE 30, 2001 (CONTINUED)

LIABILITIES, FUND EQUITY AND OTHER CREDITS

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Accounts payable and contract retainage	\$ 7,713,168	\$ -	\$ -	\$ 599,244
Accrued interest payable	-	-	-	-
Accrued payroll and withholdings	447,430	-	-	-
Accrued compensated absences payable	-	-	-	-
Other accrued liabilities	961,843	-	-	-
Due to other City of Troy funds (note 5)	-	48,149	1,407,369	2,538,420
Deposits	-	-	-	-
Deferred revenue	443,745	144,907	1,272,239	2,896,138
Long-term debt and bonds payable (note 7)	-	-	-	-
Total liabilities	\$ 9,566,186	\$ 193,056	\$ 2,679,608	\$ 6,033,802
Fund Equity and Other Credits				
Contributed capital (note 8)	\$ -	\$ -	\$ -	\$ -
Investment in general fixed assets (note 4)	-	-	-	-
Retained earnings (note 10)				
Reserved for debt service	-	-	-	-
Reserved for replacements and extensions	-	-	-	-
Reserved for employee benefits	-	-	-	-
Unreserved	-	-	-	-
Fund balance (note 10)				
Reserved for insurance	1,724,939	-	-	-
Reserved for inventory and prepaid items	552,685	-	-	-
Reserved for debt service	-	-	11,017,036	-
Reserved for encumbrances	-	-	-	1,653,605
Reserved for construction and improvements	-	-	-	23,705,551
Reserved for employee benefits	-	-	-	-
Reserved for tax appeals	900,000	676,677	-	-
Unreserved, designated	4,727,480	3,620,168	-	8,462,108
Unreserved, designated for improvements and maintenance	5,478,659	700,000	-	-
Unreserved, undesignated	9,994,133	4,357,041	-	2,959,744
Total fund equity and other credits	\$ 23,377,896	\$ 9,353,886	\$ 11,017,036	\$ 36,781,008
Total liabilities, fund equity and other credits	\$ 32,944,082	\$ 9,546,942	\$ 13,696,644	\$ 42,814,810

See accompanying notes to financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	June 30,	
					2001	2000
\$ 999,494	\$ -	\$ -	\$ -	\$ -	\$ 9,311,906	\$ 6,366,915
34,225	-	-	-	-	34,225	76,787
-	-	-	-	-	447,430	1,103,529
-	4,847,755	-	-	-	4,847,755	4,613,346
-	-	-	-	-	961,843	431,133
369,527	-	2,056,875	-	-	6,420,340	8,472,795
109,897	-	5,280,511	-	-	5,390,408	4,701,132
-	-	190,205	-	-	4,947,234	2,587,676
2,400,000	-	-	-	42,777,925	45,177,925	32,103,273
<u>\$ 3,913,143</u>	<u>\$ 4,847,755</u>	<u>\$ 7,527,591</u>	<u>\$ -</u>	<u>\$ 42,777,925</u>	<u>\$ 77,539,066</u>	<u>\$ 60,456,586</u>
\$ 72,975,626	\$ -	\$ -	\$ -	\$ -	\$ 72,975,626	\$ 73,687,913
-	-	-	78,555,293	-	78,555,293	71,254,313
6,458,100	-	-	-	-	6,458,100	6,180,402
5,988,133	174,742	-	-	-	6,162,875	932,087
-	2,246,615	-	-	-	2,246,615	2,244,601
49,210,288	7,568,487	-	-	-	56,778,775	58,709,919
-	-	-	-	-	1,724,939	700,000
-	-	-	-	-	552,685	326,331
-	-	-	-	-	11,017,036	9,895,404
-	-	-	-	-	1,653,605	1,207,064
-	-	144,666	-	-	23,850,217	21,935,476
-	-	161,190,876	-	-	161,190,876	177,481,325
-	-	-	-	-	1,576,677	1,400,000
-	-	-	-	-	16,809,756	10,681,724
-	-	-	-	-	6,178,659	5,186,603
-	-	-	-	-	17,310,918	17,605,453
<u>\$ 134,632,147</u>	<u>\$ 9,989,844</u>	<u>\$ 161,335,542</u>	<u>\$ 78,555,293</u>	<u>\$ -</u>	<u>\$ 465,042,652</u>	<u>\$ 459,428,615</u>
<u>\$ 138,545,290</u>	<u>\$ 14,837,599</u>	<u>\$ 168,863,133</u>	<u>\$ 78,555,293</u>	<u>\$ 42,777,925</u>	<u>\$ 542,581,718</u>	<u>\$ 519,885,201</u>

CITY OF TROY, MICHIGAN

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Property taxes and special assessments	\$ 27,295,287	\$ 7,533,127	\$ 3,393,679	\$ 6,871,070
Licenses and permits	2,048,206	-	-	-
Intergovernmental				
Federal	111,937	161,945	-	33,168
State	8,366,634	4,412,467	-	233,578
County	118,646	-	-	-
Charges for sales and services	3,417,332	1,431	-	578,030
Fines and forfeits	1,061,310	-	-	-
Investment income	1,305,661	627,524	918,774	2,554,595
Sale of land and fixed assets	-	-	-	444,074
Miscellaneous	2,170,644	-	-	-
	<u>\$ 45,895,657</u>	<u>\$ 12,736,494</u>	<u>\$ 4,312,453</u>	<u>\$ 10,714,515</u>
Total revenues				
Expenditures				
Current				
General government	\$ 7,099,140	\$ -	\$ 35,680	\$ -
Public safety	22,787,828	-	-	-
Roads and streets	3,458,730	-	-	-
Sanitation	-	3,477,389	-	-
Other public works	3,359,645	-	-	-
Parks, recreation and cemeteries	5,794,366	-	-	-
Library	3,196,809	-	-	-
Downtown Development Authority	-	235,929	-	-
Economic and physical development	-	161,945	-	-
Debt service				
Principal	-	-	2,969,940	-
Interest and agent fees	-	-	2,162,127	-
Capital outlay				
Construction and other capital outlay	-	-	-	22,422,333
	<u>\$ 45,696,518</u>	<u>\$ 3,875,263</u>	<u>\$ 5,167,747</u>	<u>\$ 22,422,333</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	\$ 199,139	\$ 8,861,231	\$ (855,294)	\$ (11,707,818)

See accompanying notes to financial statements

Totals (Memorandum Only)	
Year Ended June 30,	
2001	2000
<hr/>	<hr/>
\$ 45,093,163	\$ 42,772,221
2,048,206	2,221,451
307,050	205,639
13,012,679	15,460,750
118,646	107,585
3,996,793	3,009,779
1,061,310	836,035
5,406,554	5,140,688
444,074	1,279,121
<u>2,170,644</u>	<u>3,279,143</u>
\$ 73,659,119	\$ 74,312,412
\$ 7,134,820	\$ 6,520,286
22,787,828	21,609,992
3,458,730	2,955,145
3,477,389	3,523,772
3,359,645	3,015,089
5,794,366	5,621,048
3,196,809	2,782,020
235,929	684,666
161,945	97,627
2,969,940	2,314,514
2,162,127	1,507,936
<u>22,422,333</u>	<u>35,102,539</u>
\$ 77,161,861	\$ 85,734,634
\$ (3,502,742)	\$ (11,422,222)

CITY OF TROY, MICHIGAN

**COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001
(CONTINUED)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Total - from previous page	\$ 199,139	\$ 8,861,231	\$ (855,294)	\$ (11,707,818)
Other Financing Sources (Uses)				
Operating transfers - in	\$ 4,028,145	\$ 250,000	\$ 2,493,630	\$ 4,841,192
Operating transfers - out	(1,800,000)	(8,545,663)	(516,704)	-
Bond proceeds	-	-	-	14,860,761
	<u>2,228,145</u>	<u>(8,295,663)</u>	<u>1,976,926</u>	<u>19,701,953</u>
Total other financing sources (uses) - net	\$ 2,228,145	\$ (8,295,663)	\$ 1,976,926	\$ 19,701,953
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ 2,427,284	\$ 565,568	\$ 1,121,632	\$ 7,994,135
Fund Balance - July 1, 2000	21,211,770	8,907,399	9,895,404	28,786,873
Cumulative Effect of Change in Accounting Principle	<u>(261,158)</u>	<u>(119,081)</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2001	<u>\$ 23,377,896</u>	<u>\$ 9,353,886</u>	<u>\$ 11,017,036</u>	<u>\$ 36,781,008</u>

See accompanying notes to financial statements

Totals (Memorandum Only)
Year Ended June 30,

2001	2000
\$ (3,502,742)	\$ (11,422,222)
\$ 11,612,967	\$ 8,524,878
(10,862,367)	(8,524,878)
14,860,761	5,571,300
\$ 15,611,361	\$ 5,571,300
\$ 12,108,619	\$ (5,850,922)
68,801,446	74,652,368
(380,239)	-
\$ 80,529,826	\$ 68,801,446

CITY OF TROY, MICHIGAN

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	General Fund		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes and special assessments	\$ 27,448,690	\$ 27,295,287	\$ (153,403)
Licenses and permits	1,583,700	2,048,206	464,506
Intergovernmental			
Federal	79,300	111,937	32,637
State	7,232,000	8,366,634	1,134,634
County	90,800	118,646	27,846
Charges for sales and services	2,050,500	3,417,332	1,366,832
Fines and forfeits	751,000	1,061,310	310,310
Investment income	1,300,000	1,305,661	5,661
Miscellaneous	2,042,010	2,170,644	128,634
	\$ 42,578,000	\$ 45,895,657	\$ 3,317,657
Expenditures			
Current			
General government	\$ 7,686,160	\$ 7,099,140	\$ 587,020
Public safety	23,289,270	22,787,828	501,442
Roads and streets	3,479,880	3,458,730	21,150
Other public works	3,866,090	3,359,645	506,445
Parks, recreation and cemeteries	6,577,715	5,794,366	783,349
Library	3,250,500	3,196,809	53,691
Downtown Development Authority	-	-	-
Economic and physical development	-	-	-
	\$ 48,149,615	\$ 45,696,518	\$ 2,453,097
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	\$ (5,571,615)	\$ 199,139	\$ 5,770,754
Other Financing Sources (Uses)			
Operating transfers - in	\$ 4,100,600	\$ 4,028,145	\$ (72,455)
Operating transfers - out	(1,800,000)	(1,800,000)	-
	\$ 2,300,600	\$ 2,228,145	\$ (72,455)
Total other financing sources (uses) - net			
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (3,271,015)	\$ 2,427,284	\$ 5,698,299
Fund Balance - July 1, 2000	21,211,770	21,211,770	-
Cumulative Effect of Change of Accounting Principle	-	(261,158)	(261,158)
Fund Balance - June 30, 2001	\$ 17,940,755	\$ 23,377,896	\$ 5,437,141

See accompanying notes to financial statements

Special Revenue Funds

<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ 7,635,280	\$ 7,533,127	\$ (102,153)
-	-	-
208,750	161,945	(46,805)
4,325,000	4,412,467	87,467
-	-	-
500	1,431	931
350,000	627,524	277,524
-	-	-
-	-	-
<u>\$ 12,519,530</u>	<u>\$ 12,736,494</u>	<u>\$ 216,964</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
3,822,780	3,477,389	345,391
-	-	-
-	-	-
1,647,200	235,929	1,411,271
208,750	161,945	46,805
<u>\$ 5,678,730</u>	<u>\$ 3,875,263</u>	<u>\$ 1,803,467</u>
\$ 6,840,800	\$ 8,861,231	\$ 2,020,431
\$ 250,000	\$ 250,000	\$ -
<u>(8,625,800)</u>	<u>(8,545,663)</u>	<u>80,137</u>
<u>\$ (8,375,800)</u>	<u>\$ (8,295,663)</u>	<u>\$ 80,137</u>
\$ (1,535,000)	\$ 565,568	\$ 2,100,568
8,907,399	8,907,399	-
-	(119,081)	(119,081)
<u>\$ 7,372,399</u>	<u>\$ 9,353,886</u>	<u>\$ 1,981,487</u>

CITY OF TROY, MICHIGAN

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001
(CONTINUED)**

	<u>Debt Service Funds</u>		
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues			
Property taxes and special assessments	\$ 3,100,000	\$ 3,393,679	\$ 293,679
Intergovernmental			
Federal	-	-	-
State	-	-	-
Charges for sales and services	-	-	-
Investment income	300,000	918,774	618,774
Sale of land and fixed assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 3,400,000	\$ 4,312,453	\$ 912,453
Expenditures			
Current			
General government	\$ 35,680	\$ 35,680	\$ -
Tax refunds	20,000	-	20,000
Debt service costs			
Principal	5,215,000	2,969,940	2,245,060
Interest and agent fees	3,059,350	2,162,127	897,223
Capital outlay			
Construction and other capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 8,330,030	\$ 5,167,747	\$ 3,162,283
Excess (deficiency) of revenues over (under) expenditures	\$ (4,930,030)	\$ (855,294)	\$ 4,074,736
Other Financing Sources (Uses)			
Operating transfers - in	\$ 2,710,000	\$ 2,493,630	\$ (216,370)
Operating transfers - out	(525,000)	(516,704)	8,296
Bond proceeds	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses) - net	\$ 2,185,000	\$ 1,976,926	\$ (208,074)
Excess (deficiency) of revenues over (under) expenditures and other financial sources (uses)	\$ (2,745,030)	\$ 1,121,632	\$ 3,866,662
Fund Balance - July 1, 2000	<hr/>	<hr/>	<hr/>
	9,895,404	9,895,404	-
Fund Balance - June 30, 2001	<hr/>	<hr/>	<hr/>
	\$ 7,150,374	\$ 11,017,036	\$ 3,866,662

See accompanying notes to financial statements

Capital Projects Fund

<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ 6,930,000	\$ 6,871,070	\$ (58,930)
41,000	33,168	(7,832)
466,000	233,578	(232,422)
89,000	578,030	489,030
1,201,000	2,554,595	1,353,595
<u>-</u>	<u>444,074</u>	<u>444,074</u>
\$ 8,727,000	\$ 10,714,515	\$ 1,987,515
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
<u>51,956,862</u>	<u>22,422,333</u>	<u>29,534,529</u>
\$ 51,956,862	\$ 22,422,333	\$ 29,534,529
\$ (43,229,862)	\$ (11,707,818)	\$ 31,522,044
\$ 3,800,000	\$ 4,841,192	\$ 1,041,192
-	-	-
<u>26,030,000</u>	<u>14,860,761</u>	<u>(11,169,239)</u>
\$ 29,830,000	\$ 19,701,953	\$ (10,128,047)
\$ (13,399,862)	\$ 7,994,135	\$ 21,393,997
<u>28,786,873</u>	<u>28,786,873</u>	<u>-</u>
<u>\$ 15,387,011</u>	<u>\$ 36,781,008</u>	<u>\$ 21,393,997</u>

CITY OF TROY, MICHIGAN

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCE ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types	
	Enterprise	Internal Service
Operating Revenues		
Charges for sales and services	\$ 14,446,106	\$ 8,917,577
Interest and dividends	-	-
Miscellaneous	1,541,910	-
Total operating revenues	\$ 15,988,016	\$ 8,917,577
Operating Expenses		
Payments to employees for compensated time off	\$ -	\$ 3,349,157
Cost of water and sewage disposal	9,340,303	-
Maintenance, operation, meters and taps	4,397,274	1,109,641
Cost of unemployment and workers' compensation against which other funds were insured	-	281,139
Computer services	-	1,028,642
Motor vehicle and garage expenses	-	2,163,991
Depreciation	2,254,923	1,006,818
General, administration and customer service	1,073,867	-
Miscellaneous	-	-
Total operating expenses	\$ 17,066,367	\$ 8,939,388
Operating income (loss)	\$ (1,078,351)	\$ (21,811)
Nonoperating Revenues (Expenses)		
Earnings on revenue held by County	\$ 159,275	\$ -
Gain on disposal of property	-	510,483
Investment income	2,578,111	55,219
Interest expense	(138,588)	-
Total nonoperating revenues (expenses) - net	\$ 2,598,798	\$ 565,702
Income before operating transfers	\$ 1,520,447	\$ 543,891

See accompanying notes to financial statements

Fiduciary Fund Type Nonexpendable Trust	Totals (Memorandum Only) Year Ended June 30,	
	2001	2000
\$ 400	\$ 23,364,083	\$ 23,155,593
7,657	7,657	5,799
-	1,541,910	1,043,547
<u>\$ 8,057</u>	<u>\$ 24,913,650</u>	<u>\$ 24,204,939</u>
\$ -	\$ 3,349,157	\$ 3,501,095
-	9,340,303	10,685,566
-	5,506,915	4,103,223
-	281,139	176,585
-	1,028,642	931,312
-	2,163,991	1,977,407
-	3,261,741	3,193,572
-	1,073,867	921,450
-	-	2,153
<u>\$ -</u>	<u>\$ 26,005,755</u>	<u>\$ 25,492,363</u>
\$ 8,057	\$ (1,092,105)	\$ (1,287,424)
\$ -	\$ 159,275	\$ 154,919
-	510,483	456,865
-	2,633,330	2,338,322
-	(138,588)	(181,810)
<u>\$ -</u>	<u>\$ 3,164,500</u>	<u>\$ 2,768,296</u>
\$ 8,057	\$ 2,072,395	\$ 1,480,872

CITY OF TROY, MICHIGAN

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2001
 (CONTINUED)

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
Total - from previous page	\$ 1,520,447	\$ 543,891
Add Depreciation on Fixed Assets Acquired by Capital Grants that Reduces Contributed Capital from Capital Grants	<u>\$ 1,148,789</u>	<u>\$ -</u>
Net Increase in Retained Earnings/Fund Balance	\$ 2,669,236	\$ 543,891
Retained Earnings/Fund Balance - July 1, 2000	\$ 58,621,056	\$ 9,445,953
Reclassification of Prior Period Fund Balance (note 1)	<u>366,229</u>	<u>-</u>
Retained Earnings/Fund Balance - June 30, 2001	<u><u>\$ 61,656,521</u></u>	<u><u>\$ 9,989,844</u></u>

See accompanying notes to financial statements

Fiduciary Fund Type	Totals (Memorandum Only)	
Nonexpendable Trust	Year Ended June 30,	
	2001	2000
\$ 8,057	\$ 2,072,395	\$ 1,480,872
\$ -	\$ 1,148,789	\$ 1,144,436
\$ 8,057	\$ 3,221,184	\$ 2,625,308
\$ 136,609	\$ 68,203,618	\$ 65,578,310
-	366,229	-
<u>\$ 144,666</u>	<u>\$ 71,791,031</u>	<u>\$ 68,203,618</u>

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CITY OF TROY, MICHIGAN

**COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
ALL PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

Additions

Contributions

Employer

\$ 1,533,651

Plan members

415,628

Total contributions

\$ 1,949,279

Investment income

Realized and unrealized losses on investments

\$ (8,045,433)

Interest

4,986,206

Dividends

3,430,060

Net investment income

\$ 370,833

Total additions

\$ 2,320,112

Deductions

Benefits

\$ 4,554,260

Refunds of contributions

14,022,349

Administrative expenses

33,952

Total deductions

\$ 18,610,561

Net Decrease

\$ (16,290,449)

Net Assets Held in Trust for Pension Benefits - July 1, 2000

177,481,325

Net Assets Held in Trust for Pension Benefits - June 30, 2001

\$ 161,190,876

Net Assets

Reserved for pension benefits

\$ 135,462,590

Reserved for health benefits

25,728,286

Net Assets Held in Trust for Pension Benefits - June 30, 2001

\$ 161,190,876

See accompanying notes to financial statements

CITY OF TROY, MICHIGAN

COMBINED STATEMENTS OF CASH FLOWS ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types	
	Enterprise	Internal Service
Cash Flows From Operating Activities:		
Operating income (loss)	\$ (1,078,351)	\$ (21,811)
Adjustments:		
Depreciation	\$ 2,254,923	\$ 1,006,818
Tap in fees reflected as contributions in aid of construction	(712,287)	-
Loss on disposal of property	4,018	55,219
Changes in assets and liabilities:		
Decrease in accrued interest receivable	307,451	78,687
Decrease (increase) in accounts receivable	(355,892)	-
Decrease (increase) in inventory	14,140	9,194
Decrease in restricted assets	826,741	-
Decrease in other current assets	-	-
Increase (decrease) in accounts payable	(17,684)	-
Increase in due to other funds	142,290	-
Increase (decrease) in accrued liabilities	(8,338)	234,409
Increase in deposits and other liabilities	681,854	-
Total adjustments	\$ 3,137,216	\$ 1,384,327
Net cash provided from operating activities	\$ 2,058,865	\$ 1,362,516
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property, plant and equipment	\$ (8,571,987)	\$ 1,566,100
Proceeds from sale of equipment	-	164,729
Repayment of debt	(750,000)	-
Interest paid	(138,588)	-
Net cash provided from (used in) capital and related financing activities	\$ (9,460,575)	\$ 1,730,829
Cash Flows From Investing Activities:		
Purchase of investment securities	\$ (9,516,375)	\$ (6,029,861)
Proceeds from sale and maturities of investment securities	18,551,618	4,225,293
Interest received	2,885,562	589,170
Net cash provided from (used in) investing activities	\$ 11,920,805	\$ (1,215,398)
Net Increase in Cash and Cash Equivalents	\$ 4,519,095	\$ 1,877,947
Cash and Cash Equivalents - July 1, 2000	22,777,338	3,770,213
Cash and Cash Equivalents - June 30, 2001	\$ 27,296,433	\$ 5,648,160
<u>Supplemental Schedule of Noncash Activities</u>		
Net increase in fair value of investments	\$ 180,377	\$ 59,895

(1) The Nonexpendable Trust Fund cash balance of \$79,248, when combined with the cash balance from other Trust and Agency Funds of \$7,842,877, is equal to the cash balance of \$7,922,125 for all Trust and Agency Funds on the Combined Balance Sheet - All Fund Types and Account Groups.

See accompanying notes to financial statements

Fiduciary Fund Type	Totals (Memorandum Only)	
	Year Ended June 30,	
	2001	2000
Nonexpendable		
Trust		
\$ 8,057	\$ (1,092,105)	\$ (1,287,425)
\$	\$ 3,261,741	\$ 3,193,572
	(712,287)	1,802,816
	59,237	124,157
1,025	387,163	17,965
	(355,892)	415,488
	23,334	(58,135)
	826,741	814,093
		1,440
	(17,684)	135,063
	142,290	73,054
	226,071	290,356
-	681,854	13,866
<u>\$ 1,025</u>	<u>\$ 4,522,568</u>	<u>\$ 6,823,735</u>
\$ 9,082	\$ 3,430,463	\$ 5,536,310
\$	\$ (7,005,887)	\$ (10,429,363)
	164,729	68,982
	(750,000)	(742,301)
	(138,588)	(170,424)
\$	\$ (7,729,746)	\$ (11,273,106)
\$ (18,171)	\$ (15,564,407)	\$ (8,972,247)
37,723	22,814,634	25,101,536
	3,474,732	2,698,051
<u>\$ 19,552</u>	<u>\$ 10,724,959</u>	<u>\$ 18,827,340</u>
\$ 28,634	\$ 6,425,676	\$ 13,090,544
50,614	26,598,165	13,507,621
<u>\$ 79,248</u>	<u>\$ 33,023,841</u>	<u>\$ 26,598,165</u>
(1)		
<u>\$ 840</u>	<u>\$ 241,112</u>	<u>\$ 39,400</u>

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CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 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:

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.

Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are also legally separate entities, but are not in substance part of the government operation. The City of Troy has no component units which meet the criteria for discretely presented component units. Each blended component unit reported herein has a June 30th year end.

Included within the reporting entity are the Troy Municipal Building Authority and the Downtown Development Authority. The City feels that the authorities meet the minimum requirements to be considered a blended component unit. The governing body of these authorities are appointed by City Council. Their budgets and any bond issuance authorizations also are approved by the City Council and the legal liability for any general obligation debt remains with the City. 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. A separate audit report for the Downtown Development Authority is prepared annually and available at the Finance Department of the City of Troy located at 500 West Big Beaver Road, Troy, Michigan 48084.

The purpose of the Troy Municipal Building Authority is to issue bonds for City-owned facilities and infrastructure, which are limited tax full faith and credit general obligations of the City.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups in order to report on its financial position and results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The various funds are grouped, in the combined financial statements in this report, into generic fund types in three broad fund categories as follows:

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 required to be accounted for in another fund. General Fund activities are financed by revenues from general property taxes, state shared revenues and other sources.

Special Revenue Funds

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

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for the annual payment of principal, interest and expenditures in connection with certain long-term debt other than debt payable from the operations of a proprietary fund.

Capital Projects Fund

Capital Projects Fund is used to account for financial resources for the acquisition or construction of major capital facilities other than those financed by the operations of a proprietary or nonexpendable trust funds.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Proprietary Funds

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.

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.

Fiduciary Funds

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds of the City of Troy. These include Pension Trust, Nonexpendable Trust Funds and an Agency Fund. Nonexpendable and Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds, since capital maintenance is critical. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The City's account groups consist of the following:

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Account Groups - Continued

General Fixed Assets Account Group

This account group is used to account for fixed assets that are not recorded in the Proprietary Funds. Public domain ("infrastructure") general fixed assets, consisting of roads, bridges, curbs, sidewalks and drainage systems, that are immovable and of value only to the City, have historically been excluded from the general fixed assets account group. Depreciation is not charged against general fixed assets.

General Long-Term Debt Account Group

This account group is used to record unmatured long-term liabilities not recorded in the Proprietary Funds.

Account groups are not funds and do not reflect available financial resources and related liabilities or the measurement of results of operations.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary, Pension Trust Funds and Nonexpendable Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity, for proprietary funds (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Basis of Accounting - Continued

The modified accrual basis of accounting is used by the Governmental and Agency Funds. Under this method of accounting, the City recognizes revenue when it becomes both measurable and available to finance current City operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year.

Significant revenues susceptible to accrual are property taxes, intergovernmental revenues, interest revenue and charges for services.

The accrual basis of accounting is utilized by Proprietary Funds, Pension Trust Funds and Nonexpendable Trust Funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Budget 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:

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Budget Information - Continued

1. Budgets must be adopted for the General Fund, Special Revenue Funds, and Debt Service 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.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Budget Information - Continued

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, Special Revenue, or Debt Service 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).

The City Council adopts an annual budget for the Capital Projects Fund, even though it is not required under the Uniform Budgeting Act and adheres to the same requirements for Governmental Funds.

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the Capital Projects Fund. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, domestic certificates of deposit, certain commercial paper, U.S. government repurchase agreements, bankers acceptances, mutual funds and investment pools that are composed of authorized investment vehicles.

The Pension Trust Fund investments are authorized by Michigan Public Act 485 of 1996 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.

Investments are stated at fair value.

Inventory

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 an expenditure when the inventory item is consumed. Inventories are equally offset by a fund balance reserve which indicates that such amounts do not constitute "available spendable resources".

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized.

All fixed assets are valued at historical costs or estimated historical cost, if actual cost is not available.

The General Fixed Assets Account Group is not a "fund". The account group is concerned only with the measurement of financial position and is not involved with the measurement of results of operations. Assets are recorded when placed in service. No depreciation is recorded in the General Fixed Assets Account Group.

All Proprietary Funds, Nonexpendable Trust Funds and Pension Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with its activity are included on the respective balance sheet. Reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against operations. Accumulated depreciation is recorded on the Proprietary Fund balance sheets for all assets that are placed in service, accordingly, no depreciation has been taken on construction-in-progress. Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Fixed Assets - Continued

<u>Assets Classification</u>	<u>Estimated Useful Life</u>
Water and sewer transmission and distribution system	50 years
Service connections	20 years
Land improvements	10 years
Buildings and 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. Earned but unpaid vacation pay is fully accrued in the Compensated Absences Fund, as it is due during the fiscal year subsequent to the balance sheet date.

The City charges departments incurring payroll costs for vacation pay benefits as they are earned on a percent of payroll basis and transfers related proceeds into the Compensated Absences Fund to pay for eventual benefits to employees. Accumulated unpaid vacation pay due to the employees of the City at June 30, 2001, was \$2,041,998.

All other compensated absences which are currently due are also accrued in the Compensated Absences Fund since it has been earned by the employee as of the balance sheet date.

The Compensated Absences Fund also includes compensatory holiday and sick pay.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental Fund when due or when resources have been accumulated in the Debt Service Funds for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in these funds.

Fund Balance/Equity

Reservations of fund balance indicate that a portion of the fund balance that is not appropriable for expenditures or is legally restricted for specific future use. Designations of fund balance indicate plans for future financial resources utilization.

Contributed capital is recorded in Proprietary Funds that have received capital grants or contributions from developers, other governments or other funds.

Contributed capital associated with property and equipment acquired from grants and similar sources is being credited to retained earnings as the related depreciation is being charged to operations.

"Memorandum Only" Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies - Continued

Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the government's financial position and operations. Additionally, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Cumulative Effect of Change in Accounting Principle

Adjustments in the General Fund balance and the Special Revenue Fund balance are due to the implementation of GASB Statement No. 33 which requires recording property tax revenues not collected within 60 days after year end for the prior year as deferred revenue. The amounts are the cumulative effect in the funds of adopting the new standard and are shown as an adjustment to the beginning fund balances at July 1, 2000.

Reclassification of Prior Period Fund Balance

Fund balances for the prior years have been reclassified to properly reflect tapping fees as contributions received in aid of construction in total equity of the Water Fund.

Note 2 - Deposits and Investments

The City Council has authorized those responsible to invest City monies to purchase any type of prudent investments, within the guidelines set forth by the Michigan Department of Treasury. However, no more than fifty percent of the City's total monies, with the exception of the Employee Retirement, and Fire Incentive may be invested in commercial paper at any given time. The City has not been involved in any reverse-repurchase agreements during the year.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 2 - Deposits and Investments - Continued

The City's deposits and investments at June 30, 2001 are included in the financial statements under the following classifications:

	Financial Statement Classification		
	Cash and Cash Equivalents	Investments	Total
Deposits	\$ 92,824,045	\$ -	\$ 92,824,045
Investments	-	207,538,832	207,538,832
Petty cash and cash on hand	13,092	-	13,092
Total	<u>\$ 92,837,137</u>	<u>\$ 207,538,832</u>	<u>\$ 300,375,969</u>

Deposits

At year end, the carrying amount of the City's deposits was \$92,824,045 consisting of cash and cash equivalents. The bank balance was \$96,010,825. Of the bank balance, \$1,755,818 was covered by Federal Depository Insurance. The remainder of the bank balance was 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 bank deposits. As a result, the City evaluates each financial institution it deposits City funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or its trust department or agent but not in the City's name.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 2 - Deposits and Investments - Continued

Investments - Continued

	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Common stock	\$ -	\$ -	\$ 70,877,461	\$ 70,877,461	\$ 70,877,461
Corporate bonds	-	-	44,620,390	44,620,390	44,620,390
U.S. Government Securities	-	-	27,234,146	27,234,146	27,234,146
U.S. Treasury Bills	-	-	50,193,985	50,193,985	50,193,985
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,925,982</u>	192,925,982	192,925,982
Investment in Mutual Funds				14,556,222	14,556,222
Investment in Real Estate Partnerships				56,628	56,628
Total investments				<u>\$ 207,538,832</u>	<u>\$ 207,538,832</u>

The City did not invest in any other types of investments other than those listed above during the fiscal year.

Investments (included in the schedule above) totaling \$157,344,847 are held by the Employees' Retirement Fund and Discretionary Fire Incentive Reserve Fund (Fiduciary Funds). The amounts reflected in the balance sheet at June 30, 2001, are recorded at fair value and are comprised as follows:

	<u>Fair Value</u>
Employees' Retirement Fund:	
Common stock	\$ 70,877,461
Corporate bonds	44,620,390
U.S. Government Securities	22,086,532
Mutual funds	14,556,222
Real estate partnerships	56,628
	<u>\$ 152,197,233</u>
Discretionary Fire Incentive Reserve Funds:	
U.S. Government Securities	<u>\$ 5,147,614</u>

A summary of realized and unrealized gains (losses) on investments included in the combined statement of changes in plan net assets for the year ended June 30, 2001 is as follows:

Net appreciation (depreciation) in fair value of investments	\$ (16,733,062)
Realized gains on sale of investments	<u>8,687,629</u>
Total	<u>\$ (8,045,433)</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 3 - Receivables

Receivables which includes amounts due from other governments at June 30, 2001, are summarized as follows:

	<u>Governments</u>	<u>Other</u>
General Fund		
Due from Federal Government	\$ 11,944	\$ -
Due from State of Michigan	1,509,706	-
Invoices and advances	-	1,108,651
Less allowance for doubtful accounts	-	(70,260)
Total General Fund	1,521,650	1,038,391
Special Revenue Funds		
Due from Federal Government	48,149	-
Due from State of Michigan	754,067	-
Billed accounts receivable	-	273
Total Special Revenue Funds	802,216	273
Capital Projects Fund		
Due from State of Michigan	936,440	-
Enterprise Funds		
Billed accounts receivable	-	969,540
Unbilled accounts receivable	-	3,693,084
Due from Oakland County	783,720	-
Total Enterprise Funds	783,720	4,662,624
Total Receivables	\$ 4,044,026	\$ 5,701,288

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 4 - Property, Plant and Equipment

The following is a summary of changes in general fixed assets capitalized in the City's General Fixed Assets Account Group and Proprietary Funds as of June 30, 2001:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2001</u>
General Fixed Assets Account Group				
Buildings and improvements	\$ 36,419,032	\$ 6,156,890	\$ -	\$ 42,575,922
Miscellaneous equipment	5,648,728	221,786	70,560	5,799,954
Vehicles	4,961,093	149,456	132,466	4,978,083
Office equipment	301,896	13,189	17,976	297,109
Furniture	1,651,805	164,539	30,784	1,785,560
Books and audiovisual aids	5,039,200	280,269	-	5,319,469
Land and land improvements	14,284,591	1,380,244	-	15,664,835
Computer software	309,865	-	-	309,865
Computer hardware	2,638,103	63,040	876,647	1,824,496
Total General Fixed Assets	<u>\$ 71,254,313</u>	<u>\$ 8,429,413</u>	<u>\$ 1,128,433</u>	<u>\$ 78,555,293</u>

The source of funds used in the acquisition of the current years additions to the General Fixed Assets Account Group is summarized as follows:

Capital Projects Fund	<u>\$ 71,254,313</u>	<u>\$ 8,429,413</u>	<u>\$ 1,128,433</u>	<u>\$ 78,555,293</u>
Enterprise Funds				
Water and sewer transmission and distribution system	\$ 94,133,326	\$ 217,656	\$ -	\$ 94,350,982
Service connections	750,121	-	-	750,121
Land, buildings and improvements	10,181,167	102,614	-	10,283,781
Miscellaneous equipment	1,472,847	157,691	-	1,630,538
Furniture, fixtures and other	285,445	-	24,115	261,330
Construction-in-progress	19,200,337	8,113,545	-	27,313,882
Undepreciated cost	126,023,243	8,591,506	24,115	134,590,634
Less accumulated depreciation	42,056,125	2,274,641	20,097	44,310,669
Total Enterprise Funds	<u>\$ 83,967,118</u>	<u>\$ 6,316,865</u>	<u>\$ 4,018</u>	<u>\$ 90,279,965</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 4 - Property, Plant and Equipment - Continued

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2001</u>
Internal Service Funds				
Land, buildings and improvements	\$ 1,663,193	\$ 54,923	\$ -	\$ 1,718,116
Motor vehicles	9,165,029	1,571,841	799,228	9,937,642
Miscellaneous equipment	259,488	-	-	259,488
Construction-in-progress	<u>47,564</u>	<u>-</u>	<u>47,564</u>	<u>-</u>
Undepreciated cost	11,135,274	1,626,764	846,792	11,915,246
Less accumulated depreciation	<u>7,161,306</u>	<u>1,006,619</u>	<u>676,419</u>	<u>7,491,506</u>
Total Internal Service Funds	<u>\$ 3,973,968</u>	<u>\$ 620,145</u>	<u>\$ 170,373</u>	<u>\$ 4,423,740</u>

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 5 - Interfund Transactions

The amounts of interfund transactions are as follows as of June 30, 2001:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 6,420,340	\$ -
Special Revenue Funds		
Community Development Block Grant Fund	-	48,149
Debt Service Funds		
General Debt Service Fund	-	1,407,369
Capital Projects Fund	-	2,538,420
Enterprise Funds		
Aquatic Center Fund	-	369,527
Fiduciary Funds		
Employees' Retirement Fund	-	1,636,607
Discretionary Fire Incentive Reserve Fund	-	420,268
	<u>\$ 6,420,340</u>	<u>\$ 6,420,340</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 6 - 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 Ending June 30th:

2002	\$ 220,322
2003	121,709
2004	120,607
2005	118,011

Lease costs for the year ended June 30, 2001, are \$175,463.

Note 7 - Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2001:

	Served by Governmental Fund Types				Served by Proprietary Fund Types		Total Long-Term Debt
	Special Assess-ment	Storm - Drains and Other	Downtown Development Authority		Enterprise	Internal Service	
			Streets Bonds	Series A and B Bonds			
Long-term debt payable at July 1, 2000	\$ 1,325,000	\$ 3,728,273	\$ 8,150,000	\$ 15,750,000	\$ 3,150,000	\$ 2,150,000	\$34,253,273
Addition of accumulated unpaid sick pay - net	-	-	-	-	-	30,000	30,000
Addition of new debt	-	15,635,433	-	-	-	-	15,635,433
Long-term debt retired	(575,000)	(1,525,781)	(1,275,000)	(615,000)	(750,000)	-	(4,740,781)
Total long-term debt payable at June 30, 2001	<u>\$ 750,000</u>	<u>\$ 17,837,925</u>	<u>\$ 6,875,000</u>	<u>\$ 15,135,000</u>	<u>\$ 2,400,000</u>	<u>\$ 2,180,000</u>	<u>\$45,177,925</u>

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 7 - Long-Term Debt - Continued

General Long-Term Debt

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2001</u>
<p>Henry Graham Drain assessment dated 11/1/71; original issuance amount \$13,000,000; bearing interest at 7.0%; principal due in annual installments of \$570,576 through April 1, 2002</p>	\$ 1,141,151	\$ (570,576)	\$ 570,575
<p>Mastin Drain assessment dated 11/1/73; original issuance amount \$2,732,264; bearing interest at 7.0%; principal due in annual installments of \$97,601 through April 1, 2002</p>	195,201	(97,601)	97,600
<p>Street, Roads and Streetscape Improvement General Obligation Bonds dated 8/1/00; original issuance amount \$4,150,000; bearing interest at 4.75% to 6.0%; principal due in annual installments of \$50,000 to \$400,000 through October 1, 2020</p>	-	4,150,000	4,150,000
<p>McDonald Drain assessment dated 11/1/78; original issuance amount \$1,610,000; bearing interest at 6.875%; principal due in annual installments of \$100,000 to \$125,000 through April 1, 2001</p>	125,000	(125,000)	-

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>
	<u>July 1, 2000</u>	<u>(Deductions)</u>	<u>June 30, 2001</u>
Public Safety Facilities and City Hall General Obligation Bonds dated 8/1/00; original issuance amount \$2,330,000; bearing interest at 4.625% to 4.75%; principal due in annual installments of \$80,000 to \$500,000 through October 1, 2010	\$ -	\$ 2,330,000	\$ 2,330,000
Community Center and Recreational Facilities General Obligation Bonds dated 8/1/00; original issuance amount \$8,530,000; bearing interest at 4.60% to 6.00%; principal due in annual installments of \$130,000 to \$700,000 through October 1, 2020	-	8,530,000	8,530,000
King Drain assessment dated 11/1/93; original issuance amount \$1,675,000; bearing interest at 3.4% to 5.0%; principal due in annual installments of \$68,463 to \$182,568 through April 1, 2008	1,095,408	(91,283)	1,004,125

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2001</u>
Lanni Drain assessment dated 11/1/78; original issuance amount \$1,265,110; bearing interest at 6.8934%; principal due in annual installments of \$95,480 through April 1, 2001	\$ 95,480	\$ (95,480)	\$ -
Community Center Construction Bonds serviced by the City Capital Projects Fund, dated 8/1/77; original issuance amount \$1,400,000; bearing interest at 5.65% to 5.9%; principal due in annual installments of \$100,000 through September 1, 2000	100,000	(100,000)	-
Michigan Transportation Fund Bonds serviced by the Downtown Development Authority Fund, dated 2/1/2000; original issuance amount \$5,600,000; bearing interest at 4.75% to 5.45%; principal due in annual installments of \$125,000 to \$1,300,000 through May 1, 2013	5,600,000	(1,100,000)	4,500,000

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2001</u>
<p>Street, Storm Sewer, Sidewalk General Obligation Bonds, dated 5/1/87; original issuance amount \$2,500,000; bearing interest at 5.75% to 7.00%; principal due in annual installments of \$250,000 through August 1, 2001</p>	\$ 500,000	\$ (250,000)	\$ 250,000
<p>Land contract payable to Troy School District for acquisition of building and property, dated 1/24/96; original amount \$2,304,990; noninterest bearing; principal due in annual installments of \$45,375 to \$350,519 through October 1, 2003</p>	476,033	(195,841)	280,192
<p>Michigan Transportation Fund Bonds serviced by the Downtown Development Authority Fund, dated 4/1/95; original issuance amount \$3,125,000; bearing interest at 4.40% to 5.50%; principal due in annual installments of \$150,000 to \$350,000 through July 1, 2010</p>	2,550,000	(175,000)	2,375,000

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2001</u>
<p>1995 Development Bonds Series A Parking Structure Bonds serviced by the Downtown Development Authority Fund, dated 5/1/95; original issuance amount \$10,100,000; bearing interest at 5.00% to 6.375%; principal due in annual installments of \$270,000 to \$820,000 through May 1, 2019</p>	\$ 9,320,000	\$ (285,000)	\$ 9,035,000
<p>1995 Development Bonds Series B Parking Structure Bonds serviced by the Downtown Development Authority Fund, dated 5/1/95; original issuance amount \$6,955,000; bearing interest at 7.00% to 8.00%; principal due in annual installments of \$240,000 to \$1,050,000 through May 1, 2010</p>	6,430,000	(330,000)	6,100,000
<p>1986 Special Assessment Bonds, date of issue 8/1/86; original issuance amount \$930,000; bearing interest at 6.65% to 6.85%; principal due in annual installments of \$25,000 to \$50,000 through August 1, 2006</p>	225,000	(25,000)	200,000

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2001</u>
George W. Kuhn Drain District Drain Bonds, Series 2000A dated 10/1/00; original issuance amount \$457,372; bearing interest at 2.50%; principal due in annual installments of \$17,906 to \$28,650 through April 1, 2022	\$ -	\$ 457,372	\$ 457,372
George W. Kuhn Drain District Drain Bonds, Series 2000B dated 10/1/00; original issuance amount \$168,061; bearing interest at 4.75% to 5.375%; principal due in annual installments of \$5,116 to \$12,658 through April 1, 2022	-	168,061	168,061
1987 Special Assessment Bonds, date of issue 5/1/87; original issuance amount \$2,500,000; bearing interest at 7.0%; principal due in annual installments of \$175,000 through August 1, 2001	350,000	(175,000)	175,000
1988 Special Assessment Bonds, date of issue 5/16/88; original issuance amount \$5,000,000; bearing interest at 6.25% to 6.85%; principal due in annual installments of \$375,000 through August 1, 2001	<u>750,000</u>	<u>(375,000)</u>	<u>375,000</u>
Total General Long-Term Debt	<u>\$ 28,953,273</u>	<u>\$ 11,644,652</u>	<u>\$ 40,597,925</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

Note 7 - Long-Term Debt - Continued

Internal Service Funds

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2001</u>
Accumulated sick pay	\$ 2,150,000	\$ 30,000	\$ 2,180,000

Enterprise Funds

Series I Water Supply System, dated 11/1/73; original issuance amount \$9,750,000; bearing interest at 4.0% to 5.8%; principal due in annual installments of \$550,000 to \$600,000 through October 1, 2003	\$ 2,375,000	\$ (575,000)	\$ 1,800,000
Series II Water Supply System, dated 11/1/74; original issuance amount \$2,500,000; bearing interest at 5.0% to 7.7%; principal due in annual installments of \$175,000 to \$200,000 through October 1, 2003	<u>775,000</u>	<u>(175,000)</u>	<u>600,000</u>
Total Enterprise Funds	<u>\$ 3,150,000</u>	<u>\$ (750,000)</u>	<u>\$ 2,400,000</u>

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 7 - Long-Term Debt - Continued

It is the intent of the City that all payments relating to these 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.

At a general election held on April 5, 1999, the electors of the City of Troy authorized the issuance of Unlimited General Obligation Bonds in the amount of \$47,000,000 over the next five years. As of June 30, 2001, \$15,010,000 of the bonds have been issued. The \$47,000,000 will be used for the following projects: \$11,000,000 for streets, roads and streetscape improvements; \$18,000,000 for public safety and city hall facilities; and \$18,000,000 for the community center and recreational facilities.

The annual debt requirements to maturity for all long-term debts outstanding as of June 30, 2001, exclusive of earned but unpaid sick pay, are as follows:

Year Ending June 30,	General Obligation Debt Serviced by		Special Assessment Bonds	Downtown Development Authority	Street Bonds	Amount of Annual Interest	Total
	Governmental Fund Types	Proprietary Fund Types					
2002	\$ 1,455,813	\$ 800,000	\$ 575,000	\$ 680,000	\$ 1,400,000	\$ 2,326,924	\$ 7,237,737
2003	462,771	800,000	25,000	755,000	1,500,000	2,076,826	5,619,597
2004	605,707	800,000	25,000	840,000	350,000	1,893,313	4,514,020
2005	661,483	-	25,000	930,000	400,000	1,769,655	3,786,138
2006	757,637	-	50,000	1,025,000	425,000	1,698,879	3,956,516
2007	858,788	-	50,000	1,090,000	450,000	1,519,422	3,968,210
2008	909,171	-	-	1,210,000	475,000	1,375,145	3,969,316
2009	877,755	-	-	1,340,000	500,000	1,217,940	3,935,695
2010	928,266	-	-	1,480,000	525,000	1,073,660	4,006,926
2011	1,129,545	-	-	460,000	175,000	907,632	2,672,177
2012	630,057	-	-	530,000	200,000	825,627	2,185,684
2013	781,208	-	-	565,000	225,000	745,480	2,316,688
2014	782,487	-	-	600,000	250,000	657,222	2,289,709
2015	882,998	-	-	640,000	-	561,677	2,084,675
2016	884,278	-	-	680,000	-	473,910	2,038,188
2017	935,556	-	-	720,000	-	381,340	2,036,896
2018	986,836	-	-	770,000	-	282,483	2,039,319
2019	1,037,475	-	-	820,000	-	177,184	2,034,659
2020	1,088,754	-	-	-	-	93,421	1,182,175
2021	1,140,031	-	-	-	-	32,998	1,173,029
2022	41,309	-	-	-	-	1,396	42,705
Total	\$ 17,837,925	\$ 2,400,000	\$ 750,000	\$ 15,135,000	\$ 6,875,000	\$ 20,092,134	\$ 63,090,059

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 7 - Long-Term Debt - Continued

Special Assessment Bonds

In the event that special assessment collections are insufficient to meet debt service costs of such issues, the City has pledged its full faith and credit as additional security for payment of related principal and interest.

Note 8 - Contributed Capital

For the year ended June 30, 2001, the changes in contributed capital were as follows:

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Depreciation Charged During The Year</u>	<u>Balance June 30, 2001</u>
Water Fund	\$ 33,735,891	\$ 716,195	\$ 723,567	\$ 751,641	\$ 32,976,878
Sanitary Sewer Fund	<u>39,952,022</u>	<u>443,874</u>	<u>-</u>	<u>397,148</u>	<u>39,998,748</u>
Total	<u>\$ 73,687,913</u>	<u>\$ 1,160,069</u>	<u>\$ 723,567</u>	<u>\$ 1,148,789</u>	<u>\$ 72,975,626</u>

Note 9 - Restricted Assets

Restricted assets of the Enterprise Funds consist of the following as of June 30, 2001:

	<u>Water Fund</u>
Receivables from Oakland County	<u>\$ 783,720</u>

Receivables from Oakland County represent the City's pro rata share of monies received by the County in excess of the financing requirements of the water system. The County holds these monies to apply against future payment obligations of the City. Oakland County has invested these monies and allocates interest earned as an increase to the amount due the City.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 10 - Retained Earnings/Fund Balance Reserves and Designations

Fund balance has been reserved and designated as follows:

Reserve for Inventory and Prepaid Items

The General Fund has reserved fund balance for inventory and prepaid items in the amount of \$552,685 representing the portion of the fund balance that is not available for other future expenditures.

Reserve for Debt Service

The fund balance of \$11,017,036 in the City's Debt Service Funds, is considered reserved for debt service in accordance with City accounting policy.

Reserve for Encumbrances

The City has recorded a reserve for encumbrances of \$1,653,605 in the Capital Projects Fund. These reserves represent outstanding purchase commitments at June 30, 2001.

Reserve For Construction and Improvements

Related amounts have been reserved as a result of contractual commitments, or due to the limited purpose for which a fund has been established, as follows:

Capital Projects Fund	
Project Commitments	\$ 2,815,079
Cleary Landfill Site improvements	370,782
Special assessment projects	11,979,141
Bonded projects	8,308,312
Subdivision improvements	<u>232,237</u>
Subtotal	23,705,551
Trust and Agency	
Cemetery future maintenance	<u>144,666</u>
Total	<u>\$ 23,850,217</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 10 - Retained Earnings/Fund Balance Reserves and Designations - Continued

Reserve for Employee Benefits

The related amount reserved in the Fiduciary Fund reserve is largely comprised of equity recorded in the Pension Trust Fund. In addition, equity is set aside to pay for sick pay and vacation pay in the Internal Service Funds.

Reserved Retained Earnings/Fund Balance

Retained earnings have been reserved for (a) debt service, based upon bond indenture agreements and the City's understanding that bond proceed generated by these Proprietary Funds are only to be spent on specified construction or the retirement of related debt, (b) replacements and extensions based upon bond indenture agreements or the limited purpose for which a fund was established, (c) employee fringe benefits based upon the limited purpose for which funds have been established, and (d) outstanding purchase order for motor equipment and supplies.

Unreserved, Designated for Improvements and Maintenance

General Fund	
Retention pond maintenance	\$ 678,659
Right of way condemnation suits	<u>4,800,000</u>
Subtotal	5,478,659
Special Revenue Funds	
Snow and ice control	<u>700,000</u>
Total	<u>\$ 6,178,659</u>

Unreserved, Designated

The General Fund, Special Revenue Funds (Downtown Development Authority, Major Street Fund and Local Street Fund) and Capital Projects Fund have designated \$4,727,480, \$3,620,168 and \$8,462,108, respectively, for subsequent years budgets.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 11 - Risk Management

The City has entered into a Public Entity Risk Pool with other Michigan units of government for its general liability, property damage insurance including auto and public officials liability, contractors equipment and workers' compensation. The City's maximum deductible for property coverage is \$11,000 per occurrence. The liability maximum deductible is \$250,000 per occurrence with an aggregate stop loss of \$615,000 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 that 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, 2001, and thus no liability has been recorded.

Changes in the estimated liability for the past two fiscal years are as follows:

	<u>Year Ended</u> <u>June 30, 2001</u>	<u>Year Ended</u> <u>June 30, 2000</u>
Estimated liability - beginning of year	\$ 654,926	\$ 803,632
Estimated claims incurred, including changes in estimates	1,174,221	459,098
Claim payments	<u>680,187</u>	<u>607,804</u>
Estimated liability - end of year	<u>\$ 1,148,960</u>	<u>\$ 654,926</u>

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 12 - Segment Information - Enterprise Funds

The City maintains four Enterprise Funds - Water, Sanitary Sewer, Aquatic Center and Golf Course. Segment information for the year ended June 30, 2001, is as follows:

	<u>Water Fund</u>	<u>Sanitary Sewer Fund</u>	<u>Aquatic Center Fund</u>	<u>Golf Course Fund</u>
Operating revenues	\$ 8,390,677	\$ 6,008,443	\$ 375,642	\$ 1,213,254
Depreciation expense	1,032,068	906,584	149,190	167,081
Operating income (loss)	276,669	(1,222,113)	(189,930)	57,023
Net income (loss)	1,587,282	4,370	(189,930)	118,725
Contributions received in aid of construction	137,512	80,144	-	-
Unbilled accounts receivable	1,926,223	1,660,631	-	-
Property, plant and equipment - Additions	158,751	80,144	43,300	195,766
Net working capital	22,285,290	21,505,439	(310,184)	994,976
Bonds and contracts payable from operating revenues	2,400,000	-	-	-
Total assets	80,482,061	50,494,385	2,955,425	4,613,419
Total equity	76,954,849	50,477,981	2,585,898	4,613,419

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 13 - 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 council, 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.

Condemnations

The City of Troy has exercised its condemnation rights under Michigan law and has awarded the affected property owners a monetary settlement for their property. Certain of these property owners have contested the settlement amount and have subsequently filed suit. The amount of final settlements cannot be determined and has not been recorded in the financial statements.

Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling approximately \$191,063,200 (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 30, 2001.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 14 - 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 years taxable value plus 5% or the Consumer Price Index which ever 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 2000-2001 levy was \$4,373,072,080, representing fifty percent of the estimated current market value. The City's operating tax rate was 6.25 mills for the same year with additional millages of .75, 1.58 and .90 levied to fund various types of debt service costs, capital outlay expenditures and refuse removal and disposal, respectively.

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, collectable from July 1st to August 31st. 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 a reserve of the general fund balance.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 15 - Retirement System and Plan

Employee Retirement System

The City of Troy, Michigan, under the authorization of the City ordinance, maintains an employee retirement system covering all full-time employees. The single-employer plan provides retirement benefits based on credited service time and average compensation with death and disability benefits, and under some circumstances, payments to dependents. Normal retirement age is 65 with provisions for early and late retirement. Participants under such plan are required to contribute a fixed percentage of their total compensation, with the City's contribution being an amount sufficient to cover current service costs and prior service costs which are being funded and charged to operations over ten years for pension benefits and fifteen years for healthcare benefits. The percent of wages required to be contributed by all employees participating in the primary plan was 1.00 to 4.00 percent as of June 30, 2001. The City's total payroll for the year ended June 30, 2001, was \$27,319,585. Included in this total was \$14,662,225 and \$11,053,655 of covered payroll for the employee retirement system and the employee defined contribution plan, respectively. \$1,603,705 represents payroll which was not covered by the retirement system or the defined contribution plan. Current membership in the system is as follows:

<u>Group</u>	<u>December 31, 2000</u>
Retirees and beneficiaries currently receiving benefits	163
Vested terminated employees	23
Active employees:	
Fully vested	169
Nonvested	87

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2001 were determined using an individual entry-age actuarial funding method. Unfunded actuarial liabilities were amortized as a level percent of payroll on an open basis over a period of ten years for pensions and fifteen years for post-retirement healthcare.

For the year ended June 30, 2001, contributions totaling \$1,589,279 (\$1,173,651 employer and \$415,628 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 1999, which was net of the amortization of assets in excess of unfunded actuarial accrued liability. Employer and employee contributions were based on 8.0 percent and 2.8 percent, respectively, of covered payroll.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Note 15 - Retirement System and Plan - Continued

Significant actuarial assumptions used include (a) a 6.5 percent investment rate of return, (b) projected salary increases of 4 percent per year compounded annually, attributable to inflation, additional projected salary increases ranging from .2 to 4 percent per year, depending on age, attributable to seniority/merit and the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five year period.

The City provides certain healthcare benefits for retired employees in accordance with the bargaining groups agreements and other requirements. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. The City's contribution for healthcare benefits is accounted for within the retirement system. Of the employers contribution of \$1,173,651, \$1,170,156 represented the amount attributable to healthcare benefits. This contribution represented 4.6 percent of covered payroll during the current year. During the current year, healthcare benefits paid for retirees totaled \$682,509.

Incentive Plan for Volunteer Firefighters

The City of Troy has a noncontributory discretionary incentive plan 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, 2001 was determined using an individual entry age funding method. At December 31, 2000, the benefit payment amount was \$374 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 service or 30 years of incentive service regardless of age. The City's contribution to the plan for the year ended June 30, 2001, was \$360,000. The volunteer firefighters are not paid any remuneration for their service. Unfunded actuarial liabilities were amortized as a level dollar amount on a closed basis. The remaining amortization period is 20 years.

<u>Group</u>	<u>December 31, 2000</u>
Retirees and beneficiaries currently receiving benefits	60
Vested terminated employees	27
Active employees:	
Fully vested	85
Nonvested	74

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 15 - Retirement System and Plan - Continued

Incentive Plan for Volunteer Firefighters - Continued

Significant actuarial assumptions used include a 6.5 percent investment rate of return. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four year period.

See the required supplementary information section of the financial statements for the summaries of Schedule of Funding Progress and Schedule of Employer Contributions.

**Three-Year Trend Information
Employee Retirement System
(\$ Amounts in Thousands)**

<u>Fiscal Year Ended June 30,</u>	<u>Actuarial Valuation Date December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1999	1997	\$ 2,655	100.0%	None
2000	1998	1,087	100.0	None
2001	1999	1,174	100.0	None

**Three-Year Trend Information
Incentive Plan for Volunteer Firefighters
(\$ Amounts in Thousands)**

<u>Fiscal Year Ended June 30,</u>	<u>Actuarial Valuation Date December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1999	1997	\$ 320	100.0%	None
2000	1998	330	100.0	None
2001	1999	360	100.0	None

The plans do not issue a separate financial report.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Note 16 - Defined Contribution Plan

The City maintains a defined contribution plan (DCP), 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. The DCP is also in effect for all new TPOA members. Total membership in the DCP as of June 30, 2001 was 226.

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 5 percent of their salary, while the employer contributes 11 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 City's payroll for employees covered by the DCP for the year ended June 30, 2001, was \$11,053,655, and the City's total payroll was \$27,319,585. The required contributions, which matched those actually made, were \$475,024 by employees and \$1,289,572 by the City, representing 4.3 percent and 11.7 percent of covered payroll, respectively.

EMPLOYEE RETIREMENT SYSTEM AND INCENTIVE PLAN

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TROY, MICHIGAN

EMPLOYEE RETIREMENT SYSTEM REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS (\$ amounts in thousands)

PENSION ONLY

Actuarial Valuation Date <u>December 31,</u>	Actuarial Value of Assets# <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL <u>(b)-(a)</u>	Funded Ratio <u>(a)/(b)</u>	Active Member Covered Payroll <u>(c)</u>	Unfunded AAL as a Percentage of Active Member Covered Payroll <u>(b-a)/(c)</u>
1995	\$ 94,730	\$ 85,625	\$ (9,105)	110.6%	\$ 19,040	(47.8)%
1996	106,334	92,845	(13,489)	114.5	20,536	(65.7)
1997	120,718	105,689	(15,029)	114.2	16,133	(93.2)
1998	109,474	90,869	(18,605)	120.5	16,201	(114.8)
1999	118,595	94,661	(23,934)	125.3	15,057	(159.0)
2000	123,956	99,740	(24,216)	124.3	15,441	(156.8)

HEALTH ONLY

1995	\$ 784	\$ 8,668	\$ 7,884	9.0%	\$ 19,040	41.4%
1996	1,519	10,071	8,552	15.1	20,536	41.6
1997	2,558	13,531	10,973	18.9	16,133	68.0
1998	16,815	11,106	(5,709)	151.4	22,600	(25.3)
1999	18,462	18,692	230	98.8	22,941	1.0
2000	18,446	21,794	3,348	84.6	23,924	14.0

Analysis of the dollar amounts of actuarial value of assets or actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the system's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

CITY OF TROY, MICHIGAN

EMPLOYEE RETIREMENT SYSTEM REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS (\$ amounts in thousands)

<u>Fiscal Year Ended June 30,</u>	<u>Actuarial Valuation Date December 31,</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
1996	1994	\$ 3,267	100.0%
1997	1995	3,367	100.0
1998	1996	2,759	100.0
1999	1997	2,655	100.0
2000	1998	1,087	100.0
2001	1999	1,174	100.0

CITY OF TROY, MICHIGAN

INCENTIVE PLAN FOR VOLUNTEER FIREFIGHTERS REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS (\$ amounts in thousands)

Actuarial Valuation Date <u>December 31,</u>	Actuarial Value of Assets# <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL <u>(b)-(a)</u>	Funded Ratio <u>(a)/(b)</u>
1995*	\$ 3,512	\$ 4,394	\$ 882	79.9%
1996*	3,816	4,936	1,120	77.3
1997*	4,211	5,635	1,424	74.7
1998*	4,681	6,034	1,353	77.6
1999*&	5,052	6,790	1,738	74.4
2000*&	5,137	7,397	2,260	69.4

Prior to 1996, Book Value was used.

* After changes in benefit provisions.

& After changes in actuarial assumptions.

CITY OF TROY, MICHIGAN

INCENTIVE PLAN FOR VOLUNTEER FIREFIGHTERS REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS (\$ amounts in thousands)

<u>Fiscal Year Ended June 30,</u>	<u>Actuarial Valuation Date December 31,</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
1996	1994	\$ 172	100.0%
1997	1995	217	100.0
1998	1996	263	100.0
1999	1997	320	100.0
2000	1998	330	100.0
2001	1999	360	100.0

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GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund.

CITY OF TROY, MICHIGAN

GENERAL FUND

BALANCE SHEET

JUNE 30, 2001

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)

ASSETS

	June 30,	
	2001	2000
	<hr/>	<hr/>
Cash and certificates of deposit	\$ 15,703,613	\$ 12,089,331
Investments - at fair value	7,265,419	5,078,292
Accrued interest receivable	84,856	111,882
Taxes and penalties receivable - net of allowance for doubtful accounts of \$150,000 in 2001 and 2000	357,128	261,158
Accounts receivable - net of allowance for doubtful accounts of \$70,260 in 2001 and \$76,878 in 2000	2,560,041	2,479,140
Due from other City of Troy funds		
Aquatic Center Fund	369,527	227,236
Agency Fund	-	479,908
Community Development Block Grant Fund	48,149	35,520
Debt Fund	1,407,369	-
Downtown Development Authority Fund	-	200
MBA - Community Center Fund	-	10,215
Capital Projects Fund	2,538,420	3,667,190
Fire Reserve Fund	420,268	165,442
Employees' Retirement Fund	1,636,607	3,745,470
	<hr/>	<hr/>
Total due from other City of Troy funds	6,420,340	8,331,181
Inventory	125,978	214,335
Prepaid items	426,707	111,996
	<hr/>	<hr/>
Total assets	<u>\$ 32,944,082</u>	<u>\$ 28,677,315</u>

CITY OF TROY, MICHIGAN
GENERAL FUND

BALANCE SHEET
JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)
(CONTINUED)

LIABILITIES AND FUND BALANCE

	June 30,	
	2001	2000
Liabilities		
Accounts payable	\$ 7,713,168	\$ 5,548,068
Accrued payroll and withholdings	447,430	1,103,529
Other accrued liabilities	961,843	431,133
Deferred revenue	443,745	382,815
Total liabilities	\$ 9,566,186	\$ 7,465,545
 Fund Balance		
Reserved for insurance	\$ 1,724,939	\$ 700,000
Reserved for inventory and prepaid items	552,685	326,331
Reserved for tax appeals	900,000	900,000
Unreserved, designated	4,727,480	3,278,360
Unreserved, designated for improvements and maintenance		
Unreserved for retention pond maintenance	678,659	661,664
Unreserved for condemnation suits	4,800,000	3,800,000
Unreserved for glass breakage	-	24,939
Total unreserved, designated for improvements and maintenance	13,383,763	4,486,603
Unreserved, undesignated	9,994,133	11,520,476
Total fund balance	\$ 23,377,896	\$ 21,211,770
Total liabilities and fund balance	\$ 32,944,082	\$ 28,677,315

CITY OF TROY, MICHIGAN
GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes, penalties and interest	\$ 27,448,690	\$ 27,295,287	\$ (153,403)
Licenses and permits	1,583,700	2,048,206	464,506
Intergovernmental			
Federal	79,300	111,937	32,637
State	7,232,000	8,366,634	1,134,634
County	90,800	118,646	27,846
Charges for sales and services	2,050,500	3,417,332	1,366,832
Fines and forfeits	751,000	1,061,310	310,310
Investment income	1,300,000	1,305,661	5,661
Miscellaneous	2,042,010	2,170,644	128,634
	\$ 42,578,000	\$ 45,895,657	\$ 3,317,657
Total revenues			
Expenditures			
Current			
General government	\$ 7,686,160	\$ 7,099,140	\$ 587,020
Public safety	23,289,270	22,787,828	501,442
Roads and streets	3,479,880	3,458,730	21,150
Other public works	3,866,090	3,359,645	506,445
Parks, recreation and cemeteries	6,577,715	5,794,366	783,349
Library	3,250,500	3,196,809	53,691
	\$ 48,149,615	\$ 45,696,518	\$ 2,453,097
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	\$ (5,571,615)	\$ 199,139	\$ 5,770,754
Other Financing Sources (Uses)			
Operating transfers in (out)			
Major and Local Road Funds	\$ 3,160,000	\$ 3,160,000	\$ -
Capital Fund	(1,800,000)	(1,800,000)	-
Sewer Fund	745,600	745,600	-
Downtown Development Authority	195,000	122,545	(72,455)
	\$ 2,300,600	\$ 2,228,145	\$ (72,455)
Other financing sources (uses) - net			
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (3,271,015)	\$ 2,427,284	\$ 5,698,299
Fund Balance - July 1, 2000	21,211,770	21,211,770	-
Cumulative Effect of Change in Accounting Principle	-	(261,158)	(261,158)
Fund Balance - June 30, 2001	\$ 17,940,755	\$ 23,377,896	\$ 5,437,141

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF REVENUES BY SOURCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Property taxes, penalties and interest			
Property taxes	\$ 27,113,690	\$ 26,957,214	\$ (156,476)
Penalties and interest	335,000	338,073	3,073
	\$ 27,448,690	\$ 27,295,287	\$ (153,403)
Licenses and permits			
Business licenses and permits	\$ 47,700	\$ 41,256	\$ (6,444)
Refrigeration and air conditioning	45,000	42,500	(2,500)
Building	900,000	1,255,423	355,423
Electrical	155,000	175,924	20,924
Heating	90,000	102,220	12,220
Plumbing	95,000	101,440	6,440
Sewer inspection	25,000	25,736	736
Sidewalk	13,500	9,825	(3,675)
Grading	17,000	14,040	(2,960)
Other	195,500	279,842	84,342
	\$ 1,583,700	\$ 2,048,206	\$ 464,506
Intergovernmental			
Federal programs	\$ 79,300	\$ 111,937	\$ 32,637
State programs			
Library assistance	70,000	72,884	2,884
Other	25,000	126,828	101,828
State-shared revenues	7,137,000	8,166,922	1,029,922
County programs			
Library assistance	90,800	118,646	27,846
	\$ 7,402,100	\$ 8,597,217	\$ 1,195,117
Charges for sales and services			
Sales			
Tree planting, landscaping and greenbelts	\$ 26,000	\$ 225,201	\$ 199,201
Other	101,000	82,903	(18,097)
	\$ 127,000	\$ 308,104	\$ 181,104
Services			
County road maintenance	\$ 110,000	\$ 165,498	\$ 55,498
Engineering	600,000	1,273,264	673,264
Weed cutting	32,000	41,860	9,860
Right-of-way fees	170,000	123,120	(46,880)
Other	216,700	359,376	142,676
	\$ 1,128,700	\$ 1,963,118	\$ 834,418

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF REVENUES BY SOURCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001
(CONTINUED)

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Charges for sales and services - Continued			
Fees			
Cable TV franchise fees	\$ 600,000	\$ 835,116	\$ 235,116
Towing fees	25,000	33,970	8,970
Plan review fees	65,000	84,627	19,627
Other	104,800	192,397	87,597
	\$ 794,800	\$ 1,146,110	\$ 351,310
Total charges for sales and services	\$ 2,050,500	\$ 3,417,332	\$ 1,366,832
Fines and forfeits			
Library fines	\$ 80,000	\$ 81,635	\$ 1,635
District court reimbursement	350,000	484,469	134,469
Other	321,000	495,206	174,206
	\$ 751,000	\$ 1,061,310	\$ 310,310
Investment income			
General	\$ 1,300,000	\$ 1,305,661	\$ 5,661
Miscellaneous			
Administrative fees	\$ 297,060	\$ 297,060	\$ -
Other	463,950	514,795	50,845
Recreation			
Summer program	675,000	782,094	107,094
Winter program	525,000	510,180	(14,820)
Tennis bubble rent	30,000	25,850	(4,150)
Outdoor educational center	40,000	31,190	(8,810)
Other recreation	11,000	9,475	(1,525)
	\$ 2,042,010	\$ 2,170,644	\$ 128,634
Total revenues	\$ 42,578,000	\$ 45,895,657	\$ 3,317,657

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
General government			
Council/Executive administration			
Council	\$ 83,500	\$ 87,888	\$ (4,388)
Minutes	3,590	-	3,590
City Manager	611,290	615,633	(4,343)
Attorney	943,430	815,448	127,982
	\$ 1,641,810	\$ 1,518,969	\$ 122,841
Finance			
Assessing	\$ 770,300	\$ 695,365	\$ 74,935
Clerk	410,640	398,096	12,544
Elections	171,050	123,586	47,464
Accounting	791,720	758,065	33,655
Independent audit	42,000	42,050	(50)
Human resources	479,310	465,240	14,070
Purchasing	278,410	290,936	(12,526)
Board of review	2,860	1,204	1,656
Treasurer	565,190	464,594	100,596
Community Affairs	593,410	446,675	146,735
	\$ 4,104,890	\$ 3,685,811	\$ 419,079
Other general government			
City Hall	\$ 736,540	\$ 733,230	\$ 3,310
District Court	179,040	208,184	(29,144)
Planning	500,890	458,822	42,068
Real estate and development	522,990	494,124	28,866
	\$ 1,939,460	\$ 1,894,360	\$ 45,100
Total general government	\$ 7,686,160	\$ 7,099,140	\$ 587,020
Public safety			
Police			
Administrative	\$ 1,203,970	\$ 1,222,131	\$ (18,161)
Support services	4,866,540	4,702,907	163,633
Investigations	2,497,105	2,572,069	(74,964)
Juvenile Units	644,405	620,085	24,320
Uniform Patrol	9,480,330	9,298,428	181,902
	\$ 18,692,350	\$ 18,415,620	\$ 276,730

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001
(CONTINUED)

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Public safety - Continued			
Fire			
Administration	\$ 1,555,030	\$ 1,530,337	\$ 24,693
Communications	155,710	143,860	11,850
Volunteer companies	740,200	708,583	31,617
Fire halls	547,580	488,621	58,959
	\$ 2,998,520	\$ 2,871,401	\$ 127,119
Building inspection	1,598,400	1,500,807	97,593
Total public safety	\$ 23,289,270	\$ 22,787,828	\$ 501,442
Roads and streets			
Major roads			
Repair - surface maintenance	\$ 531,670	\$ 473,466	\$ 58,204
Drain structures and ditches	103,330	94,621	8,709
Signs	58,430	20,364	38,066
Snow and ice removal	323,260	373,330	(50,070)
Administrative	324,440	578,528	(254,088)
Other	268,880	256,911	11,969
	\$ 1,610,010	\$ 1,797,220	\$ (187,210)
Local roads			
Repair - surface maintenance	\$ 306,210	\$ 275,432	\$ 30,778
Sweeping	155,850	87,935	67,915
Drain structures and ditches	298,510	190,691	107,819
Grass and weed control	7,160	1,512	5,648
Dust control	17,640	10,273	7,367
Signs	140,610	105,913	34,697
Snow and ice removal	318,990	407,330	(88,340)
Administration	261,580	221,493	40,087
Other	43,780	26,161	17,619
	\$ 1,550,330	\$ 1,326,740	\$ 223,590
County roads			
Snow and ice removal	\$ 189,250	\$ 192,389	\$ (3,139)
Administration	21,790	14,058	7,732
Other	108,500	128,323	(19,823)
	\$ 319,540	\$ 334,770	\$ (15,230)
Total roads and streets	\$ 3,479,880	\$ 3,458,730	\$ 21,150

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001
(CONTINUED)

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Other public works			
Street lighting	\$ 343,880	\$ 356,915	\$ (13,035)
Sidewalk maintenance	115,860	93,155	22,705
Weed cutting and other	54,160	56,902	(2,742)
	\$ 513,900	\$ 506,972	\$ 6,928
General services			
Engineering	\$ 2,606,590	\$ 2,461,572	\$ 145,018
Storm drain and retention pond maintenance			
Storm drains	\$ 346,130	\$ 180,319	\$ 165,811
Retention ponds	245,150	182,501	62,649
Administration	154,320	28,281	126,039
	\$ 745,600	\$ 391,101	\$ 354,499
Total other public works	\$ 3,866,090	\$ 3,359,645	\$ 506,445
Parks, recreation and cemeteries			
City grounds	\$ 379,350	\$ 229,477	\$ 149,873
Athletic fields	302,710	203,946	98,764
Administration	875,930	1,029,602	(153,672)
Summer program	697,300	666,448	30,852
Winter program	614,200	626,924	(12,724)
Community Center	993,480	770,805	222,675
Community Fair	133,455	143,283	(9,828)
Park maintenance and development	1,333,850	1,236,691	97,159
Tree and street island maintenance	796,620	555,874	240,746
Cemeteries	46,950	28,143	18,807
Museum	403,870	303,173	100,697
Total parks, recreation and cemeteries	\$ 6,577,715	\$ 5,794,366	\$ 783,349
Library	\$ 3,250,500	\$ 3,196,809	\$ 53,691
Total expenditures	\$ 48,149,615	\$ 45,696,518	\$ 2,453,097

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Downtown Development Authority Fund

This fund represents an authority established for the purpose of providing for the construction and financing of necessary improvements to prevent further deterioration of the development area while preserving and promoting economic growth for the benefit of all taxing units within and benefited by the development area.

Major Street Fund

This fund has been established to account for state-shared revenues related to the repairs, maintenance and construction of all streets classified as "major" within the City.

Local Street Fund

This fund has been established to account for various revenue and state-shared revenues related to the repairs, maintenance and construction of all streets classified as "local" within the City.

Refuse Fund

This fund has been established to account for property tax revenues restricted for rubbish and garbage collection and service charges for recycling.

Community Development Block Grant

This fund accounts for grant revenues from the Department of Housing and Urban Development to be used for residential and other capital improvements.

CITY OF TROY, MICHIGAN
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)

ASSETS

	Downtown Develop- ment Authority	Major Street Fund	Local Street Fund	Refuse Fund	Community Develop- ment Block Grant	June 30,	
						2001	2000
Cash and certificates of deposit	\$ 1,910,113	\$ 1,204,682	\$ 665,913	\$ 930,104	\$ -	\$ 4,710,812	\$ 2,985,739
Investment - at fair value	1,559,531	983,574	543,691	759,393	-	3,846,189	4,970,179
Accounts receivable	-	-	-	273	-	273	117
Accrued interest receivable	17,251	10,880	6,014	8,400	-	42,545	102,711
Delinquent taxes receivable	144,907	-	-	-	-	144,907	119,081
Receivable from State government	-	534,783	219,284	-	-	754,067	729,772
Due from Federal government	-	-	-	-	48,149	48,149	68,134
Total assets	\$ 3,631,802	\$ 2,733,919	\$ 1,434,902	\$ 1,698,170	\$ 48,149	\$ 9,546,942	\$ 8,975,733

LIABILITIES AND FUND EQUITY

Liabilities

Due to other City of Troy funds	\$ -	\$ -	\$ -	\$ -	\$ 48,149	\$ 48,149	\$ 68,334
Deferred revenue	144,907	-	-	-	-	144,907	-
Total liabilities	\$ 144,907	\$ -	\$ -	\$ -	\$ 48,149	\$ 193,056	\$ 68,334

Fund Equity

Reserved for projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,440,034
Reserved for tax appeals	676,677	-	-	-	-	676,677	500,000
Unreserved, designated for snow and ice control	-	300,000	400,000	-	-	700,000	700,000
Unreserved, undesignated	-	1,708,969	949,902	1,698,170	-	4,357,041	4,072,365
Unreserved, designated	2,810,218	724,950	85,000	-	-	3,620,168	1,195,000
Total fund equity	\$ 3,486,895	\$ 2,733,919	\$ 1,434,902	\$ 1,698,170	\$ -	\$ 9,353,886	\$ 8,907,399
Total liabilities and fund equity	\$ 3,631,802	\$ 2,733,919	\$ 1,434,902	\$ 1,698,170	\$ 48,149	\$ 9,546,942	\$ 8,975,733

CITY OF TROY, MICHIGAN
SPECIAL REVENUE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000)**

	Downtown	Major	Local	Refuse	Community	Year Ended	
	Develop- ment Authority	Street Fund	Street Fund	Fund	Develop- ment Block Grant	2001	2000
Revenues							
Property taxes	\$ 3,825,762	\$ -	\$ -	\$ 3,707,365	\$ -	\$ 7,533,127	\$ 7,136,185
Intergovernmental - Community Development Block Grant	-	-	-	-	161,945	161,945	97,627
State-shared gas and weight taxes	-	3,129,740	1,282,727	-	-	4,412,467	4,427,747
Charges for sales and services	-	-	-	1,431	-	1,431	1,105
Investment income	211,772	158,820	66,246	190,686	-	627,524	428,478
Total revenues	\$ 4,037,534	\$ 3,288,560	\$ 1,348,973	\$ 3,899,482	\$ 161,945	\$ 12,736,494	\$ 12,091,142
Expenditures - Current							
Sanitation							
Contracted disposal service	\$ -	\$ -	\$ -	\$ 1,801,107	\$ -	\$ 1,801,107	\$ 1,778,440
Incinerator fees	-	-	-	1,503,941	-	1,503,941	1,580,664
Resource recovery	-	-	-	125,364	-	125,364	120,747
Other refuse expenditures	-	-	-	46,977	-	46,977	43,921
Downtown Development Authority	235,929	-	-	-	-	235,929	684,666
Economic and Physical Development	-	-	-	-	161,945	161,945	97,627
Total expenditures	\$ 235,929	\$ -	\$ -	\$ 3,477,389	\$ 161,945	\$ 3,875,263	\$ 4,306,065
Excess (deficiency) of revenues over (under) expenditures	\$ 3,801,605	\$ 3,288,560	\$ 1,348,973	\$ 422,093	\$ -	\$ 8,861,231	\$ 7,785,077
Other Financing Sources (Uses)							
Operating transfers - in (out)							
General Fund	\$ (122,545)	\$ (1,610,000)	\$ (1,550,000)	\$ -	\$ -	\$ (3,282,545)	\$ (3,156,220)
Capital Projects Fund	(1,041,192)	(2,000,000)	-	-	-	(3,041,192)	(1,523,402)
Major Streets Debt Fund	(303,725)	-	-	-	-	(303,725)	(286,486)
Local Street Fund	-	(250,000)	-	-	-	(250,000)	(250,000)
Major Street Fund	-	-	250,000	-	-	250,000	250,000
Downtown Development Authority Debt Fund	(1,668,201)	-	-	-	-	(1,668,201)	-
Total other financing sources (uses) - net	\$ (3,135,663)	\$ (3,860,000)	\$ (1,300,000)	\$ -	\$ -	\$ (8,295,663)	\$ (4,966,108)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ 665,942	\$ (571,440)	\$ 48,973	\$ 422,093	\$ -	\$ 565,568	\$ 2,818,969
Fund Balance - July 1, 2000	2,940,034	3,305,359	1,385,929	1,276,077	-	8,907,399	6,088,430
Cumulative Effect of Change in Accounting Principle	(119,081)	-	-	-	-	(119,081)	-
Fund Balance - June 30, 2001	\$ 3,486,895	\$ 2,733,919	\$ 1,434,902	\$ 1,698,170	\$ -	\$ 9,353,886	\$ 8,907,399

CITY OF TROY, MICHIGAN
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE OF INDIVIDUAL FUNDS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2001

	Downtown Development Authority		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes	\$ 3,913,000	\$ 3,825,762	\$ (87,238)
State-shared gas and weight taxes	-	-	-
Investment income	100,000	211,772	111,772
Total revenues	\$ 4,013,000	\$ 4,037,534	\$ 24,534
 Expenditures			
Current	\$ 1,647,200	\$ 235,929	\$ 1,411,271
 Other Financing Sources (Uses)			
Operating transfers - in (out)			
General Fund	\$ (195,000)	\$ (122,545)	\$ 72,455
Capital Projects Fund	(1,045,000)	(1,041,192)	3,808
Major Streets Debt Fund	(303,800)	(303,725)	75
Local Street Fund	-	-	-
Major Street Fund	-	-	-
Downtown Development Authority Debt Fund	(1,672,000)	(1,668,201)	3,799
Other financing sources (uses) - net	\$ (3,215,800)	\$ (3,135,663)	\$ 80,137
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (850,000)	\$ 665,942	\$ 1,515,942
 Fund Balance - July 1, 2000	2,940,034	2,940,034	-
 Cumulative Effect of Change in Accounting Principle	-	(119,081)	(119,081)
 Fund Balance - June 30, 2001	\$ 2,090,034	\$ 3,486,895	\$ 1,396,861

Major Street Fund			Local Street Fund		
Amended Budget	Actual	Variance-Favorable (Unfavorable)	Amended Budget	Actual	Variance-Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,075,000	3,129,740	54,740	1,250,000	1,282,727	32,727
100,000	158,820	58,820	50,000	66,246	16,246
\$ 3,175,000	\$ 3,288,560	\$ 113,560	\$ 1,300,000	\$ 1,348,973	\$ 48,973
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ (1,610,000)	\$ (1,610,000)	\$ -	\$ (1,550,000)	\$ (1,550,000)	\$ -
(2,000,000)	(2,000,000)	-	-	-	-
-	-	-	-	-	-
(250,000)	(250,000)	-	-	-	-
-	-	-	250,000	250,000	-
-	-	-	-	-	-
\$ (3,860,000)	\$ (3,860,000)	\$ -	\$ (1,300,000)	\$ (1,300,000)	\$ -
\$ (685,000)	\$ (571,440)	\$ 113,560	\$ -	\$ 48,973	\$ 48,973
3,305,359	3,305,359	-	1,385,929	1,385,929	-
-	-	-	-	-	-
\$ 2,620,359	\$ 2,733,919	\$ 113,560	\$ 1,385,929	\$ 1,434,902	\$ 48,973

CITY OF TROY, MICHIGAN
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE OF INDIVIDUAL FUNDS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2001
 (CONTINUED)

	<u>Refuse Fund</u>		<u>Variance- Favorable (Unfavorable)</u>
	<u>Amended Budget</u>	<u>Actual</u>	
Revenues			
Property taxes	\$ 3,722,280	\$ 3,707,365	\$ (14,915)
Intergovernmental - Community Development Block Grant	-	-	-
Charges for sales and services	500	1,431	931
Investment income	100,000	190,686	90,686
Total revenues	\$ 3,822,780	\$ 3,899,482	\$ 76,702
Expenditures			
Sanitation			
Contracted disposal service	\$ 2,025,000	\$ 1,801,107	\$ 223,893
Incinerator fees	1,575,000	1,503,941	71,059
Resource recovery	173,500	125,364	48,136
Other refuse expenditures	49,280	46,977	2,303
Economic and Physical Development	-	-	-
Total expenditures	\$ 3,822,780	\$ 3,477,389	\$ 345,391
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 422,093	\$ 422,093
Fund Balance - July 1, 2000	<u>1,276,077</u>	<u>1,276,077</u>	-
Fund Balance - June 30, 2001	<u>\$ 1,276,077</u>	<u>\$ 1,698,170</u>	<u>\$ 422,093</u>

Community Development Block Grant

<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
208,750	161,945	(46,805)
-	-	-
-	-	-
<u>\$ 208,750</u>	<u>\$ 161,945</u>	<u>\$ (46,805)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
<u>208,750</u>	<u>161,945</u>	<u>46,805</u>
<u>\$ 208,750</u>	<u>\$ 161,945</u>	<u>\$ 46,805</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TROY, MICHIGAN
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE OF INDIVIDUAL FUNDS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2001
 (CONTINUED)

	Totals		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes	\$ 7,635,280	\$ 7,533,127	\$ (102,153)
Intergovernmental - Community Development Block Grant	208,750	161,945	(46,805)
State-shared gas and weight taxes	4,325,000	4,412,467	87,467
Sales and services	500	1,431	931
Investment income	350,000	627,524	277,524
Total revenues	\$ 12,519,530	\$ 12,736,494	\$ 216,964
Expenditures			
Sanitation			
Contracted disposal service	\$ 2,025,000	\$ 1,801,107	\$ 223,893
Incinerator fees	1,575,000	1,503,941	71,059
Resource recovery	173,500	125,364	48,136
Other refuse expense	49,280	46,977	2,303
Economic and Physical Development Downtown Development Authority	208,750	161,945	46,805
	1,647,200	235,929	1,411,271
Total expenditures	\$ 5,678,730	\$ 3,875,263	\$ 1,803,467
 Excess (deficiency) of revenues over (under) expenditures	 \$ 6,840,800	 \$ 8,861,231	 \$ 2,020,431
Other Financing Sources (Uses)			
Operating transfers - in (out)			
General Fund	\$ (3,355,000)	\$ (3,282,545)	\$ 72,455
Capital Projects Fund	(3,045,000)	(3,041,192)	3,808
Major Streets Debt Fund	(303,800)	(303,725)	75
Local Street Fund	(250,000)	(250,000)	-
Major Street Fund	250,000	250,000	-
Downtown Development Authority Debt Fund	(1,672,000)	(1,668,201)	3,799
Total other financing sources (uses)	\$ (8,375,800)	\$ (8,295,663)	\$ 80,137
 Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	 \$ (1,535,000)	 \$ 565,568	 \$ 2,100,568
 Fund Balance - July 1, 2000	 8,907,399	 8,907,399	 -
 Cumulative Effect of Change in Accounting Principle	 -	 (119,081)	 (119,081)
 Fund Balance - June 30, 2001	 \$ 7,372,399	 \$ 9,353,886	 \$ 1,981,487

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment.

CITY OF TROY, MICHIGAN
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)

ASSETS

	Proposal	Proposal	Proposal	Community	General	Downtown	Major	June 30,	
	A	B	C	Center	Debt	Develop-	Streets	2001	2000
	Bond Fund	Bond Fund	Bond Fund	Bond Fund	Service	ment	Debt		
					Fund	Authority	Debt		
						Debt	Fund		
						Fund			
Cash and certificates of deposit	\$ -	\$ -	\$ -	\$ 369	\$ 6,728,030	\$ -	\$ -	\$ 6,728,399	\$ 3,629,154
Investments - at fair value	-	-	-	301	5,493,168	87,970	-	5,581,439	6,041,236
Accrued interest receivable	-	-	-	3	60,764	-	-	60,767	124,844
Special assessment receivable	-	-	-	-	1,326,039	-	-	1,326,039	1,611,405
Due from other City of Troy funds	-	-	-	-	-	-	-	-	109,000
Total assets	\$ -	\$ -	\$ -	\$ 673	\$ 13,608,001	\$ 87,970	\$ -	\$ 13,696,644	\$ 11,515,639

LIABILITIES AND FUND EQUITY

Liabilities

Accrued interest payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,224
Due to other City of Troy funds	-	-	-	-	1,407,369	-	-	1,407,369	10,215
Deferred revenue	-	-	-	-	1,272,239	-	-	1,272,239	1,575,796
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ 2,679,608	\$ -	\$ -	\$ 2,679,608	\$ 1,620,235

Fund Equity

Reserved for

General debt service	\$ -	\$ -	\$ -	\$ 673	\$ 10,178,393	\$ 87,970	\$ -	\$ 10,267,036	\$ 141,280
Special assessment debt	-	-	-	-	750,000	-	-	750,000	9,754,124
Total fund equity	\$ -	\$ -	\$ -	\$ 673	\$ 10,928,393	\$ 87,970	\$ -	\$ 11,017,036	\$ 9,895,404
Total liabilities and fund equity	\$ -	\$ -	\$ -	\$ 673	\$ 13,608,001	\$ 87,970	\$ -	\$ 13,696,644	\$ 11,515,639

CITY OF TROY, MICHIGAN
DEBT SERVICE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000)**

	Proposal A Bond Fund	Proposal B Bond Fund	Proposal C Bond Fund	Community Center Bond Fund	General Debt Service Fund	Downtown Develop- ment Authority Debt Fund	Major Streets Debt Fund	Year Ended June 30,	
								2001	2000
Revenues									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,090,122	\$ -	\$ -	\$ 3,090,122	\$ 2,971,920
Special assessments	-	-	-	-	303,557	-	-	303,557	1,130,203
Income earned on special assessments	-	-	-	-	138,210	-	-	138,210	281,134
Investments	-	-	-	12	691,507	89,045	-	780,564	405,837
Total revenues	\$ -	\$ -	\$ -	\$ 12	\$ 4,223,396	\$ 89,045	\$ -	\$ 4,312,453	\$ 4,789,094
Expenditures									
Administration charge by the City of Troy - General Fund	\$ -	\$ -	\$ -	\$ -	\$ 35,680	\$ -	\$ -	\$ 35,680	\$ 34,640
Debt services									
Principal	-	-	-	100,000	2,079,940	615,000	175,000	2,969,940	2,314,514
Interest	145,900	72,533	297,858	2,950	459,023	1,054,276	128,325	2,160,865	1,502,270
Paying agent fees	137	138	138	174	275	-	400	1,262	5,666
Total expenditures	\$ 146,037	\$ 72,671	\$ 297,996	\$ 103,124	\$ 2,574,918	\$ 1,669,276	\$ 303,725	\$ 5,167,747	\$ 3,857,090
Excess (deficiency) of revenues over (under) expenditures	\$ (146,037)	\$ (72,671)	\$ (297,996)	\$ (103,112)	\$ 1,648,478	\$ (1,580,231)	\$ (303,725)	\$ (855,294)	\$ 932,004
Other Financing Sources									
Operating transfers - in (out)									
Capital Projects Fund	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	\$ 1,758,770
General Debt Fund	146,037	72,671	297,996	-	-	-	-	516,704	-
Proposal Debt Fund	-	-	-	-	(516,704)	-	-	(516,704)	-
Downtown Development Authority Fund	-	-	-	-	-	1,668,201	303,725	1,971,926	286,488
Total other financing sources	\$ 146,037	\$ 72,671	\$ 297,996	\$ 5,000	\$ (516,704)	\$ 1,668,201	\$ 303,725	\$ 1,976,926	\$ 2,045,258
Excess (deficiency) of revenues over (under) expenditures and other financing sources	\$ -	\$ -	\$ -	\$ (98,112)	\$ 1,131,774	\$ 87,970	\$ -	\$ 1,121,632	\$ 2,977,262
Fund Balance - July 1, 2000	-	-	-	98,785	9,796,619	-	-	9,895,404	6,918,142
Fund Balance - June 30, 2001	\$ -	\$ -	\$ -	\$ 673	\$ 10,928,393	\$ 87,970	\$ -	\$ 11,017,036	\$ 9,895,404

CITY OF TROY, MICHIGAN
DEBT SERVICE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proposal A Bond Fund</u>			<u>Proposal B Bond Fund</u>		
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues						
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Debt service						
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	149,500	145,900	3,600	74,500	72,533	1,967
Paying agent fees	500	137	363	500	138	362
Total expenditures	<u>\$ 150,000</u>	<u>\$ 146,037</u>	<u>\$ 3,963</u>	<u>\$ 75,000</u>	<u>\$ 72,671</u>	<u>\$ 2,329</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (150,000)	\$ (146,037)	\$ 3,963	\$ (75,000)	\$ (72,671)	\$ (2,329)
Other Financing Sources						
Operating transfers - in (out)						
Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Debt Fund	150,000	146,037	(3,963)	75,000	72,671	2,329
Total other financing sources	<u>\$ 150,000</u>	<u>\$ 146,037</u>	<u>\$ (3,963)</u>	<u>\$ 75,000</u>	<u>\$ 72,671</u>	<u>\$ 2,329</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance - July 1, 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2001	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Proposal C Bond Fund			Community Center Bond Fund		
Amended Budget	Actual	Variance-Favorable (Unfavorable)	Amended Budget	Actual	Variance-Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ 12	\$ 12
\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
299,500	297,858	1,642	2,950	2,950	-
500	138	362	400	174	226
<u>\$ 300,000</u>	<u>\$ 297,996</u>	<u>\$ 2,004</u>	<u>\$ 103,350</u>	<u>\$ 103,124</u>	<u>\$ 226</u>
\$ (300,000)	\$ (297,996)	\$ (2,004)	\$ (103,350)	\$ (103,112)	\$ 238
\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
300,000	297,996	2,004	-	-	-
<u>\$ 300,000</u>	<u>\$ 297,996</u>	<u>\$ 2,004</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
\$ -	\$ -	\$ -	\$ (103,350)	\$ (98,112)	\$ 5,238
-	-	-	98,772	98,785	13
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,578)</u>	<u>\$ 673</u>	<u>\$ 5,251</u>

CITY OF TROY, MICHIGAN
DEBT SERVICE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001
(CONTINUED)**

	General Debt Service Fund			Downtown Development Authority Debt Fund		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues						
Property taxes	\$ 3,100,000	\$ 3,090,122	\$ (9,878)	\$ -	\$ -	\$ -
Special assessments	-	303,557	303,557	-	-	-
Income earned on special assessments	-	138,210	138,210	-	-	-
Investments	300,000	691,507	391,507	-	89,045	89,045
Total revenues	\$ 3,400,000	\$ 4,223,396	\$ 823,396	\$ -	\$ 89,045	\$ 89,045
Expenditures						
Administration charge by the City of Troy - General Fund	\$ 35,680	\$ 35,680	\$ -	\$ -	\$ -	\$ -
Tax refunds	20,000	-	20,000	-	-	-
Debt service						
Principal	4,325,000	2,079,940	2,245,060	615,000	615,000	-
Interest	1,331,575	459,023	872,552	1,055,000	1,054,276	724
Paying agent fees	10,700	275	10,425	5,000	-	5,000
Total expenditures	\$ 5,722,955	\$ 2,574,918	\$ 3,148,037	\$ 1,675,000	\$ 1,669,276	\$ 5,724
Excess (deficiency) of revenues over (under) expenditures	\$ (2,322,955)	\$ 1,648,478	\$ 3,971,433	\$ (1,675,000)	\$ (1,580,231)	\$ 94,769
Other Financing Sources						
Operating transfers - in (out)						
Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proposal Debt Fund	(525,000)	(516,704)	8,296	-	-	-
Major Street Fund	206,275	-	(206,275)	-	-	-
Downtown Development Authority Fund	-	-	-	1,675,000	1,668,201	(6,799)
Total other financing sources	\$ (318,725)	\$ (516,704)	\$ (197,979)	\$ 1,675,000	\$ 1,668,201	\$ (6,799)
Excess (deficiency) of revenues over (under) expenditures and other financing sources	(2,641,680)	1,131,774	3,773,454	-	87,970	87,970
Fund Balance - July 1, 2000	6,757,645	9,796,619	3,038,974	-	-	-
Fund Balance - June 30, 2001	\$ 4,115,965	\$ 10,928,393	\$ 6,812,428	\$ -	\$ 87,970	\$ 87,970

CITY OF TROY, MICHIGAN
DEBT SERVICE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001
(CONTINUED)**

	Major Streets Debt Fund			Totals		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 3,100,000	\$ 3,090,122	\$ (9,878)
Special assessments	-	-	-	-	303,557	303,557
Income earned on special assessments	-	-	-	-	138,210	138,210
Investments	-	-	-	300,000	780,564	480,564
Total revenues	\$ -	\$ -	\$ -	\$ 3,400,000	\$ 4,312,453	\$ 912,453
Expenditures						
Administration charge by the City of Troy - General Fund	\$ -	\$ -	\$ -	\$ 35,680	\$ 35,680	\$ -
Tax refunds	-	-	-	20,000	-	20,000
Debt service						
Principal	175,000	175,000	-	5,215,000	2,969,940	2,245,060
Interest	128,325	128,325	-	3,041,350	2,160,865	880,485
Paying agent fees	400	400	-	18,000	1,262	16,738
Total expenditures	\$ 303,725	\$ 303,725	\$ -	\$ 8,330,030	\$ 5,167,747	\$ 3,162,283
Excess (deficiency) of revenues over (under) expenditures	\$ (303,725)	\$ (303,725)	\$ -	\$ (4,930,030)	\$ (855,294)	\$ 4,074,736
Other Financing Sources						
Operating transfers - in (out)						
Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
General Debt Fund	-	-	-	525,000	516,704	(8,296)
Proposal Debt Fund	-	-	-	(525,000)	(516,704)	8,296
Major Street Fund	-	-	-	206,275	-	(206,275)
Downtown Development Authority Fund	303,725	303,725	-	1,978,725	1,971,926	(6,799)
Total other financing sources	\$ 303,725	\$ 303,725	\$ -	\$ 2,185,000	\$ 1,976,926	\$ (208,074)
Excess (deficiency) of revenues over (under) expenditures and other financing sources	\$ -	\$ -	\$ -	\$ (2,745,030)	\$ 1,121,632	\$ 3,866,662
Fund Balance - July 1, 2000	-	-	-	9,895,404	9,895,404	-
Fund Balance - June 30, 2001	\$ -	\$ -	\$ -	\$ 7,150,374	\$ 11,017,036	\$ 3,866,662

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CAPITAL PROJECTS FUND

Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment.

CITY OF TROY, MICHIGAN
CAPITAL PROJECTS FUND

BALANCE SHEET
JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)

ASSETS

	June 30,	
	2001	2000
Cash and certificates of deposit	\$ 24,827,595	\$ 13,792,527
Investments - at fair value	14,783,236	18,253,623
Accrued interest receivable	121,663	250,938
Accounts receivable grants	936,440	515,231
Accounts receivable - from special assessments	2,145,876	528,856
Due from other City of Troy Funds	-	32,614
	<u>\$ 42,814,810</u>	<u>\$ 33,373,789</u>

LIABILITIES AND FUND EQUITY

Liabilities

Accounts payable	\$ 557,717	\$ 134,960
Contract retainage	41,527	114,235
Due to other City of Troy funds	2,538,420	3,776,190
Deferred revenue	2,896,138	561,531
	<u>\$ 6,033,802</u>	<u>\$ 4,586,916</u>

Total liabilities

Fund Equity

Reserved for		
Encumbrances	\$ 1,653,605	\$ 1,207,064

Construction, improvements and maintenance

Construction	8,308,312	118,352
Project commitments	2,815,079	7,261,664
Clearly site improvements	370,782	370,782
Subdivision improvements	232,237	-
Special assessment projects	11,979,141	11,608,035
	<u>23,705,551</u>	<u>19,358,833</u>

Total reserve for construction, improvements
and maintenance

Unreserved, designated	8,462,108	6,208,364
Unreserved, undesignated	2,959,744	2,012,612
	<u>\$ 36,781,008</u>	<u>\$ 28,786,873</u>

Total fund equity

Total liabilities and fund equity

	<u>\$ 42,814,810</u>	<u>\$ 33,373,789</u>
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CITY OF TROY, MICHIGAN
CAPITAL PROJECTS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes and special assessments	\$ 6,930,000	\$ 6,871,070	\$ (58,930)
Intergovernmental			
Federal	41,000	33,168	(7,832)
State	466,000	233,578	(232,422)
Fees charged for construction	89,000	578,030	489,030
Interest income	1,201,000	2,554,595	1,353,595
Sale of land and fixed assets	-	444,074	444,074
	<u>\$ 8,727,000</u>	<u>\$ 10,714,515</u>	<u>\$ 1,987,515</u>
Total revenues			
Expenditures			
Capital			
Streets and drains	\$ 30,418,109	\$ 12,140,385	\$ 18,277,724
Police and criminal justice	811,295	594,567	216,728
Recreation and Civic Center	12,699,682	6,578,368	6,121,314
Fire	2,472,025	1,117,344	1,354,681
Library and museum	659,440	337,276	322,164
Computer	1,741,616	223,400	1,518,216
Other	2,507,375	787,943	1,719,432
Debt requirements	647,320	643,050	4,270
	<u>\$ 51,956,862</u>	<u>\$ 22,422,333</u>	<u>\$ 29,534,529</u>
Total capital expenditures			
Excess (deficiency) of revenues over (under) expenditures	\$ (43,229,862)	\$ (11,707,818)	\$ 31,522,044
Other Financing Sources (Uses)			
Operating transfers - in			
General Fund	\$ 1,800,000	\$ 1,800,000	\$ -
Major Street Fund	2,000,000	2,000,000	-
Downtown Development Authority Fund	-	1,041,192	1,041,192
Bond proceeds	26,030,000	14,860,761	(11,169,239)
	<u>\$ 29,830,000</u>	<u>\$ 19,701,953</u>	<u>\$ (10,128,047)</u>
Total other financing sources (uses) - net			
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (13,399,862)	\$ 7,994,135	\$ 21,393,997
Fund Balance - July 1, 2000	<u>28,786,873</u>	<u>28,786,873</u>	<u>-</u>
Fund Balance - June 30, 2001	<u>\$ 15,387,011</u>	<u>\$ 36,781,008</u>	<u>\$ 21,393,997</u>

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ENTERPRISE FUNDS

Enterprise Funds are used to account for services provided to citizens financed primarily by user charges and operated in a manner similar to private business enterprises, where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, accountability or other purposes.

Water Fund

This fund is used to account for the provision of water to the residents of the City.

Sanitary Sewer Fund

This fund is used to account for the provision of sanitary sewer services to the residents of the City.

Aquatic Center Fund

The operation of the City's Aquatic Center is accounted for in this fund.

Golf Course Fund

This fund accounts for the operations of the Sylvan Glen Municipal Golf Course.

CITY OF TROY, MICHIGAN
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)

ASSETS

	Water Fund	Sanitary Sewer Fund	Aquatic Center Fund
Current Assets			
Cash and certificates of deposit	\$ 15,732,944	\$ 11,063,518	\$ -
Investments - at fair value	4,867,246	8,612,647	-
Accrued interest receivable	76,461	108,086	-
Accounts receivables			
Billed	969,540	-	-
Unbilled	1,926,223	1,660,631	-
Contracts receivable - current portion	57,000	48,000	-
Miscellaneous receivables	-	-	59,343
Inventory	383,088	28,961	-
Total current assets	\$ 24,012,502	\$ 21,521,843	\$ 59,343
Restricted Assets			
Receivable from Oakland County	\$ 783,720	\$ -	\$ -
Property, Plant and Equipment			
Land and improvements	\$ -	\$ -	\$ -
Building and improvements	-	2,630,489	4,026,883
Sewer and water system	49,403,485	44,947,497	-
Service connections	750,121	-	-
Miscellaneous	287,421	285,022	261,115
Furniture, fixtures and other	261,330	-	-
Construction-in-progress	25,138,429	1,337,655	-
	\$ 75,840,786	\$ 49,200,663	\$ 4,287,998
Less accumulated depreciation	(20,504,153)	(20,771,856)	(1,391,916)
Undepreciated cost	\$ 55,336,633	\$ 28,428,807	\$ 2,896,082
Other Assets			
Contracts receivable - noncurrent	349,206	543,735	-
Total assets	\$ 80,482,061	\$ 50,494,385	\$ 2,955,425

Golf Course Fund	June 30,	
	2001	2000
\$ 499,971	\$ 27,296,433	\$ 22,777,338
407,799	13,887,692	21,555,893
4,511	189,058	496,509
-	969,540	955,086
-	3,586,854	3,251,911
-	105,000	113,000
46,887	106,230	11,838
35,808	447,857	461,997
\$ 994,976	\$ 46,588,664	\$ 49,623,572
\$ -	\$ 783,720	\$ 1,610,461
\$ 2,810,912	\$ 2,810,912	\$ 2,810,912
815,497	7,472,869	7,370,255
-	94,350,982	94,133,326
-	750,121	750,121
796,981	1,630,539	1,472,847
-	261,330	285,445
837,798	27,313,882	19,200,337
\$ 5,261,188	\$ 134,590,635	\$ 126,023,243
(1,642,745)	(44,310,670)	(42,056,125)
\$ 3,618,443	\$ 90,279,965	\$ 83,967,118
-	892,941	972,838
<u>\$ 4,613,419</u>	<u>\$ 138,545,290</u>	<u>\$ 136,173,989</u>

CITY OF TROY, MICHIGAN
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)
(CONTINUED)

LIABILITIES AND FUND EQUITY

	Water Fund	Sanitary Sewer Fund	Aquatic Center Fund
Current Liabilities			
Current portion of long-term debt	\$ 600,000	\$ -	\$ -
Accounts payable	-	-	-
Contract retainage	983,090	16,404	-
Accrued interest	34,225	-	-
Deposits and other	109,897	-	-
Due to other City of Troy funds	-	-	369,527
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	\$ 1,727,212	\$ 16,404	\$ 369,527
Long-Term Debt			
Contractual obligations payable to Oakland County	\$ 1,800,000	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	\$ 3,527,212	\$ 16,404	\$ 369,527
Fund Equity			
Contributions in aid of construction	\$ 32,976,878	\$ 39,998,748	\$ -
Retained Earnings			
Reserved			
Debt service	\$ 6,007,582	\$ 294,518	\$ -
System replacements and extensions	5,921,064	67,069	-
Unreserved	32,049,325	10,117,646	2,585,898
	<u> </u>	<u> </u>	<u> </u>
Total retained earnings	\$ 43,977,971	\$ 10,479,233	\$ 2,585,898
Total fund equity	<u>76,954,849</u>	<u>50,477,981</u>	<u>2,585,898</u>
Total liabilities and fund equity	<u>\$ 80,482,061</u>	<u>\$ 50,494,385</u>	<u>\$ 2,955,425</u>

Golf Course Fund	June 30,	
	2001	2000
\$ -	\$ 600,000	\$ 775,000
-	-	17,684
-	999,494	348,959
-	34,225	42,563
-	109,897	78,578
<u>-</u>	<u>369,527</u>	<u>227,236</u>
\$ -	\$ 2,113,143	\$ 1,490,020
\$ -	\$ 1,800,000	\$ 2,375,000
\$ -	\$ 3,913,143	\$ 3,865,020
\$ -	\$ 72,975,626	\$ 73,687,913
\$ 156,000	\$ 6,458,100	\$ 6,180,402
-	5,988,133	757,345
<u>4,457,419</u>	<u>49,210,288</u>	<u>51,683,309</u>
\$ 4,613,419	\$ 61,656,521	\$ 58,621,056
<u>4,613,419</u>	<u>134,632,147</u>	<u>132,308,969</u>
<u>\$ 4,613,419</u>	<u>\$ 138,545,290</u>	<u>\$ 136,173,989</u>

CITY OF TROY, MICHIGAN
ENTERPRISE FUNDS

COMBINING STATEMENTS OF OPERATIONS AND CHANGES
IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000)

	Water Fund	Sanitary Sewer Fund	Aquatic Center Fund
Operating Revenues			
Charges for sales and services			
Water, sewage disposal, aquatic park receipts and golf fees	\$ 7,096,164	\$ 6,006,147	\$ 375,642
Rental			
Golf equipment	-	-	-
Restaurant	-	-	-
Hydrant	117,925	-	-
Tap-in inspection and connection fees	876,608	-	-
Miscellaneous			
Penalties and other	299,980	2,296	-
	<u>\$ 8,390,677</u>	<u>\$ 6,008,443</u>	<u>\$ 375,642</u>
Operating Expenses			
Cost of water and sewage disposal	\$ 4,674,999	\$ 4,665,304	\$ -
Maintenance and operation	1,535,047	1,236,906	416,382
Meters and tap costs	219,789	-	-
Depreciation	1,032,068	906,584	149,190
General, administrative and customer service	652,105	421,762	-
Miscellaneous	-	-	-
	<u>\$ 8,114,008</u>	<u>\$ 7,230,556</u>	<u>\$ 565,572</u>
Total operating expenses	<u>\$ 8,114,008</u>	<u>\$ 7,230,556</u>	<u>\$ 565,572</u>
Operating income (loss)	\$ 276,669	\$ (1,222,113)	\$ (189,930)
Nonoperating Revenues (Expenses)			
Earnings on revenues held by County	\$ 70,183	\$ 89,092	\$ -
Interest income	1,379,018	1,137,391	-
Interest expense	(138,588)	-	-
	<u>\$ 1,310,613</u>	<u>\$ 1,226,483</u>	<u>\$ -</u>
Total nonoperating revenues (expenses)	<u>\$ 1,310,613</u>	<u>\$ 1,226,483</u>	<u>\$ -</u>
Net Income (Loss)	<u>\$ 1,587,282</u>	<u>\$ 4,370</u>	<u>\$ (189,930)</u>
Add Depreciation on Fixed Assets Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants			
	<u>751,641</u>	<u>397,148</u>	<u>-</u>
Net Increase (Decrease) in Retained Earnings	<u>\$ 2,338,923</u>	<u>\$ 401,518</u>	<u>\$ (189,930)</u>
Retained Earnings - July 1, 2000	41,272,819	10,077,715	2,775,828
Reclassification of Prior Period Fund Balance	<u>366,229</u>	<u>-</u>	<u>-</u>
Retained Earnings - June 30, 2001	<u>\$ 43,977,971</u>	<u>\$ 10,479,233</u>	<u>\$ 2,585,898</u>

Golf Course Fund	Year Ended June 30,	
	2001	2000
\$ 968,153	\$ 14,446,106	\$ 15,347,752
200,101	200,101	230,238
45,000	45,000	45,000
-	117,925	100,800
-	876,608	365,913
-	302,276	301,596
\$ 1,213,254	\$ 15,988,016	\$ 16,391,299
\$ -	\$ 9,340,303	\$ 10,685,566
989,150	4,177,485	2,745,754
-	219,789	280,265
167,081	2,254,923	2,214,742
-	1,073,867	921,450
-	-	2,153
\$ 1,156,231	\$ 17,066,367	\$ 16,849,930
\$ 57,023	\$ (1,078,351)	\$ (458,631)
\$ -	\$ 159,275	\$ 154,919
61,702	2,578,111	2,214,165
-	(138,588)	(181,810)
\$ 61,702	\$ 2,598,798	\$ 2,187,274
\$ 118,725	\$ 1,520,447	\$ 1,728,643
-	1,148,789	1,144,436
\$ 118,725	\$ 2,669,236	\$ 2,873,079
4,494,694	58,621,056	55,747,977
-	366,229	-
\$ 4,613,419	\$ 61,656,521	\$ 58,621,056

CITY OF TROY, MICHIGAN
ENTERPRISE FUNDS

COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000)

	Water Fund	Sanitary Sewer Fund	Aquatic Center Fund
Cash Flows From Operating Activities:			
Operating income (loss)	\$ 276,669	\$ (1,222,113)	\$ (189,930)
Adjustments:			
Depreciation	\$ 1,032,068	\$ 906,584	\$ 149,190
Tap-in fees and receipts from other funds reflected as contributions in aid of construction	(759,013)	46,726	-
Loss on disposal of property	4,018	-	-
Changes in assets and liabilities:			
Decrease in interest receivable	156,913	134,621	-
Decrease (increase) in accounts receivable	(164,744)	(96,756)	(58,251)
Decrease (increase) in inventory	12	1,851	-
Decrease in restricted assets	826,741	-	-
Decrease in accounts payable	-	-	-
Increase in due to other funds	-	-	142,290
Decrease in accrued interest	(8,338)	-	-
Increase (decrease) in deposits and other liabilities	706,908	(25,054)	-
	\$ 1,794,565	\$ 967,972	\$ 233,229
Total adjustments			
Net cash provided from (used in) operating activities	\$ 2,071,234	\$ (254,141)	\$ 43,299
Cash Flows From Capital and Related Financing Activities:			
Acquisition of property, plant and equipment	\$ (7,334,869)	\$ (258,604)	\$ (43,299)
Repayment of debt	(750,000)	-	-
Interest paid	(138,588)	-	-
	(8,223,457)	(258,604)	(43,299)
Net cash used in capital and related financing activities			
Cash Flows From Investing Activities:			
Purchase of investment securities	\$ (7,358,036)	\$ (1,610,650)	\$ -
Proceeds from sale and maturities of investment securities	12,796,874	4,642,279	-
Interest received	1,535,931	1,272,012	-
	\$ 6,974,769	\$ 4,303,641	\$ -
Net cash provided from investing activities			
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 822,546	\$ 3,790,896	\$ -
Cash and Cash Equivalents - July 1, 2000	14,910,398	7,272,622	-
Cash and Cash Equivalents - June 30, 2001	\$ 15,732,944	\$ 11,063,518	\$ -

Supplemental Schedule of Noncash Activities

Net increase in fair value of investments	\$ 63,217	\$ 111,864	\$ -
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Golf Course Fund	Year Ended June 30,	
	2001	2000
\$ 57,023	\$ (1,078,351)	\$ (458,631)
\$ 167,081	\$ 2,254,923	\$ 2,214,742
-	(712,287)	1,802,816
-	4,018	-
15,917	307,451	29,062
(36,141)	(355,892)	415,488
12,277	14,140	(53,998)
-	826,741	814,093
(17,684)	(17,684)	(67,946)
-	142,290	73,054
-	(8,338)	(11,386)
-	681,854	13,866
<u>\$ 141,450</u>	<u>\$ 3,137,216</u>	<u>\$ 5,229,791</u>
\$ 198,473	\$ 2,058,865	\$ 4,771,160
\$ (935,215)	\$ (8,571,987)	\$ (8,954,415)
-	(750,000)	(742,301)
-	(138,588)	(170,424)
(935,215)	(9,460,575)	(9,867,140)
\$ (547,689)	\$ (9,516,375)	\$ (4,901,141)
1,112,465	18,551,618	18,762,625
77,619	2,885,562	2,243,227
<u>\$ 642,395</u>	<u>\$ 11,920,805</u>	<u>\$ 16,104,711</u>
\$ (94,347)	\$ 4,519,095	\$ 11,008,731
594,318	22,777,338	11,768,607
<u>\$ 499,971</u>	<u>\$ 27,296,433</u>	<u>\$ 22,777,338</u>
<u>\$ 5,296</u>	<u>\$ 180,377</u>	<u>\$ 30,423</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the government, on a cost reimbursement basis.

Compensated Absences Fund

The expenses of accumulated sick pay and vacation pay are recorded in this fund.

Unemployment Compensation Fund

This fund accounts for the charges to other departments and the expenses to provide unemployment compensation insurance.

Custodial Services Fund

This fund accounts for the custodial services provided to all City owned buildings.

Information Services Fund

This fund accounts for the charges to other departments and the expenses to provide computer services.

Motor Equipment Fund

The rental charges of City-owned equipment to other City departments are accounted for in this fund.

Workers' Compensation Fund

The Workers' Compensation Fund was established to account for pooled insurance expenses.

CITY OF TROY, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)

ASSETS

	Compensated Absences Fund	Unemployment Compensation Fund	Custodial Services Fund
Current Assets			
Cash and certificates of deposit	\$ 2,736,266	\$ 212,751	\$ -
Investments - at fair value	2,234,052	173,703	-
Accrued interest receivable	24,713	1,921	-
Inventory	-	-	-
Total current assets	\$ 4,995,031	\$ 388,375	\$ -
 Property, Plant and Equipment			
Land, building and improvements	\$ -	\$ -	\$ -
Motor vehicle	-	-	-
Miscellaneous equipment	-	-	-
Total property, plant and equipment	\$ -	\$ -	\$ -
Less accumulated depreciation	-	-	-
Undepreciated cost	-	-	-
Total assets	\$ 4,995,031	\$ 388,375	\$ -

Information Services Fund	Motor Equipment Fund	Workers' Compensation Fund	June 30,	
			2001	2000
\$ 324,370	\$ 1,437,511	\$ 937,262	\$ 5,648,160	\$ 3,770,213
264,835	1,173,671	765,237	4,611,498	6,276,045
2,929	12,983	8,465	51,011	129,698
-	103,190	-	103,190	112,384
\$ 592,134	\$ 2,727,355	\$ 1,710,964	\$ 10,413,859	\$ 10,288,340
\$ -	\$ 1,718,116	\$ -	\$ 1,718,116	\$ 1,710,757
-	9,937,642	-	9,937,642	9,165,029
-	259,488	-	259,488	259,488
\$ -	\$ 11,915,246	\$ -	\$ 11,915,246	\$ 11,135,274
-	7,491,506	-	7,491,506	7,161,306
-	4,423,740	-	4,423,740	3,973,968
<u>\$ 592,134</u>	<u>\$ 7,151,095</u>	<u>\$ 1,710,964</u>	<u>\$ 14,837,599</u>	<u>\$ 14,262,308</u>

CITY OF TROY, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)
(CONTINUED)

LIABILITIES AND RETAINED EARNINGS

	Compensated Absences Fund	Unemployment Compensation Fund	Custodial Services Fund
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued compensated absences payable	2,667,755	-	-
Total current liabilities	\$ 2,667,755	\$ -	\$ -
Long-Term Liabilities			
Accrued compensated absences payable	\$ 2,180,000	\$ -	\$ -
Total liabilities	\$ 4,847,755	\$ -	\$ -
Retained Earnings			
Reserved for employee benefits	\$ 147,276	\$ 388,375	\$ -
Reserved for collision losses	-	-	-
Unreserved	-	-	-
Total retained earnings	\$ 147,276	\$ 388,375	\$ -
Total liabilities and retained earnings	\$ 4,995,031	\$ 388,375	\$ -

Information Services Fund	Motor Equipment Fund	Workers' Compensation Fund	June 30,	
			2001	2000
\$ -	\$ -	\$ -	\$ -	\$ 203,009
-	-	-	2,667,755	2,463,346
\$ -	\$ -	\$ -	\$ 2,667,755	\$ 2,666,355
\$ -	\$ -	\$ -	\$ 2,180,000	\$ 2,150,000
\$ -	\$ -	\$ -	\$ 4,847,755	\$ 4,816,355
\$ -	\$ -	\$ 1,710,964	\$ 2,246,615	\$ 2,244,601
-	174,742	-	174,742	174,742
592,134	6,976,353	-	7,568,487	7,026,610
\$ 592,134	\$ 7,151,095	\$ 1,710,964	\$ 9,989,844	\$ 9,445,953
\$ 592,134	\$ 7,151,095	\$ 1,710,964	\$ 14,837,599	\$ 14,262,308

CITY OF TROY, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENTS OF OPERATIONS AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000)

	Compensated Absences Fund	Unemployment Compensation Fund	Custodial Services Fund
Operating Revenues			
Charges to other funds of the City	\$ 2,994,292	\$ -	\$ 1,109,641
Equipment rental	-	-	-
Building rental	-	-	-
Workers' compensation	-	-	-
Other	-	-	-
	<u>\$ 2,994,292</u>	<u>\$ -</u>	<u>\$ 1,109,641</u>
Total operating revenues	\$ 2,994,292	\$ -	\$ 1,109,641
Operating Expenses			
Payments to employees for compensated time off	\$ 3,349,157	\$ -	\$ -
Unemployment and workers' compensation coverage	-	44,823	-
Custodial labor, supplies and equipment rental	-	-	1,109,641
Computer services	-	-	-
Motor vehicle and garage expenses	-	-	-
Administration	-	-	-
Equipment maintenance and operation	-	-	-
Garage maintenance	-	-	-
Depreciation	-	-	-
	<u>\$ 3,349,157</u>	<u>\$ 44,823</u>	<u>\$ 1,109,641</u>
Total operating expenses	\$ 3,349,157	\$ 44,823	\$ 1,109,641
Operating income (loss)	\$ (354,865)	\$ (44,823)	\$ -
Nonoperating Revenues (Expense)			
Investment income	\$ 214,152	\$ 22,566	\$ -
Gain on disposal of property	-	-	-
	<u>\$ 214,152</u>	<u>\$ 22,566</u>	<u>\$ -</u>
Total nonoperating revenues (expense), net	\$ 214,152	\$ 22,566	\$ -
Net income (loss)	\$ (140,713)	\$ (22,257)	\$ -
Retained Earnings - July 1, 2000	<u>287,989</u>	<u>410,632</u>	<u>-</u>
Retained Earnings - June 30, 2001	<u>\$ 147,276</u>	<u>\$ 388,375</u>	<u>\$ -</u>

Information Services Fund	Motor Equipment Fund	Workers' Compensation Fund	Year Ended June 30,	
			2001	2000
\$ 1,091,681	\$ -	\$ -	\$ 5,195,614	\$ 4,267,502
-	3,222,427	-	3,222,427	3,047,773
-	155,264	-	155,264	144,742
-	-	197,298	197,298	161,205
-	25,368	121,606	146,974	186,419
<u>\$ 1,091,681</u>	<u>\$ 3,403,059</u>	<u>\$ 318,904</u>	<u>\$ 8,917,577</u>	<u>\$ 7,807,641</u>
\$ -	\$ -	\$ -	\$ 3,349,157	\$ 3,501,095
-	-	236,316	281,139	176,585
-	-	-	1,109,641	1,077,204
1,028,642	-	-	1,028,642	931,312
-	389,831	-	389,831	375,233
-	1,479,391	-	1,479,391	1,321,224
-	294,769	-	294,769	280,950
-	1,006,818	-	1,006,818	978,830
<u>\$ 1,028,642</u>	<u>\$ 3,170,809</u>	<u>\$ 236,316</u>	<u>\$ 8,939,388</u>	<u>\$ 8,642,433</u>
\$ 63,039	\$ 232,250	\$ 82,588	\$ (21,811)	\$ (834,792)
\$ 24,817	\$ 166,552	\$ 82,396	\$ 510,483	\$ 456,865
-	55,219	-	55,219	124,157
<u>\$ 24,817</u>	<u>\$ 221,771</u>	<u>\$ 82,396</u>	<u>\$ 565,702</u>	<u>\$ 581,022</u>
\$ 87,856	\$ 454,021	\$ 164,984	\$ 543,891	\$ (253,770)
<u>504,278</u>	<u>6,697,074</u>	<u>1,545,980</u>	<u>9,445,953</u>	<u>9,699,723</u>
<u>\$ 592,134</u>	<u>\$ 7,151,095</u>	<u>\$ 1,710,964</u>	<u>\$ 9,989,844</u>	<u>\$ 9,445,953</u>

CITY OF TROY, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000)

	Compensated Absences Fund	Unemployment Compensation Fund	Custodial Services Fund
Cash Flows From Operating Activities:			
Operating income (loss)	\$ (354,865)	\$ (44,823)	\$ -
Adjustments:			
Depreciation	\$ -	\$ -	\$ -
Gain on disposal of property	-	-	-
Changes in assets and liabilities:			
Decrease (increase) in interest receivable	37,757	3,313	-
Decrease (increase) in inventory	-	-	-
Decrease in other current assets	-	-	-
Decrease in accounts payable	-	-	-
Increase in accrued liabilities	234,409	-	-
Total adjustments	\$ 272,166	\$ 3,313	\$ -
Net cash provided from (used in) operating activities	\$ (82,699)	\$ (41,510)	\$ -
Cash Flows From Capital and Related Financing Activities:			
Acquisition of property, plant and equipment	\$ -	\$ -	\$ -
Proceeds from sale of equipment	-	-	-
Net cash provided from (used in) capital and related financing activities	\$ -	\$ -	\$ -
Cash Flows From Investing Activities:			
Purchase of investment securities	\$ (861,347)	\$ (1,868)	\$ -
Proceeds from sale and maturities of investment securities	1,612,448	78,110	-
Interest received	251,909	25,879	-
Net cash provided from (used in) investing activities	\$ 1,003,010	\$ 102,121	\$ -
Net Increase in Cash and Cash Equivalents	\$ 920,311	\$ 60,611	\$ -
Cash and Cash Equivalents - July 1, 2000	1,815,955	152,140	-
Cash and Cash Equivalents - June 30, 2001	\$ 2,736,266	\$ 212,751	\$ -
<u>Supplemental Schedule of Noncash Activities</u>			
Net increase in fair value of investments	\$ 29,016	\$ 2,256	\$ -

Information Services Fund	Motor Equipment Fund	Workers' Compensation Fund	Year Ended June 30,	
			2001	2000
\$ 63,039	\$ 232,250	\$ 82,588	\$ (21,811)	\$ (834,792)
\$ -	\$ 1,006,818	\$ -	\$ 1,006,818	\$ 978,830
-	55,219	-	55,219	124,157
6,086	20,292	11,239	78,687	(10,852)
-	9,194	-	9,194	(4,137)
-	-	-	-	1,440
-	-	-	-	203,009
-	-	-	234,409	301,742
<u>\$ 6,086</u>	<u>\$ 1,091,523</u>	<u>\$ 11,239</u>	<u>\$ 1,384,327</u>	<u>\$ 1,594,189</u>
\$ 69,125	\$ 1,323,773	\$ 93,827	\$ 1,362,516	\$ 759,397
\$ -	\$ 1,566,100	\$ -	\$ 1,566,100	\$ (1,474,948)
-	164,729	-	164,729	68,982
-	1,730,829	-	1,730,829	(1,405,966)
\$ (680,626)	\$ (4,129,905)	\$ (356,115)	\$ (6,029,861)	\$ (4,064,987)
642,917	1,358,692	533,126	4,225,293	6,309,534
30,903	186,844	93,635	589,170	454,824
<u>\$ (6,806)</u>	<u>\$ (2,584,369)</u>	<u>\$ 270,646</u>	<u>\$ (1,215,398)</u>	<u>\$ 2,699,371</u>
\$ 62,319	\$ 470,233	\$ 364,473	\$ 1,877,947	\$ 2,052,802
262,051	967,278	572,789	3,770,213	1,717,411
<u>\$ 324,370</u>	<u>\$ 1,437,511</u>	<u>\$ 937,262</u>	<u>\$ 5,648,160</u>	<u>\$ 3,770,213</u>
<u>\$ 3,440</u>	<u>\$ 15,244</u>	<u>\$ 9,939</u>	<u>\$ 59,895</u>	<u>\$ 8,858</u>

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FIDUCIARY FUNDS

Trust Funds are used to account for the assets held by the City in a Trustee capacity. Agency Funds are used to account for assets held by the City as an agent for individuals, organizations or other governments.

Employees' Retirement Fund

This fund is used to account for the accumulation of resources for pension benefit payments to qualified general and public safety employees.

Discretionary Fire Incentive Reserve Fund

This fund is used to account for the accumulation of resources for incentive payments to qualified volunteer firefighters.

Agency Fund

This fund is used to account for taxes collected on behalf of other governmental units.

Cemetery Perpetual Care Fund

This fund was established to invest the proceeds from the sale of burial plots and utilize their investment income in the operations of the City-owned cemeteries.

CITY OF TROY, MICHIGAN
FIDUCIARY FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)

ASSETS

	<u>Pension Trust Funds</u>		<u>Agency Fund</u>
	<u>Employees'</u>	<u>Discretionary</u>	
	<u>Retirement</u>	<u>Fire</u>	
	<u>Fund</u>	<u>Incentive</u>	<u>Agency</u>
		<u>Reserve</u>	<u>Fund</u>
		<u>Fund</u>	
Cash and certificates of deposit	\$ 2,847,892	\$ 30,536	\$ 4,964,449
Investments - at fair value			
Government securities	22,086,532	5,147,614	153,810
Corporate bonds	44,620,390	-	-
Common stock	70,877,461	-	-
Other	14,612,850	-	-
Accrued interest receivable	2,920,123	104,353	1,701
Taxes receivable	-	-	350,756
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 157,965,248</u>	<u>\$ 5,282,503</u>	<u>\$ 5,470,716</u>

LIABILITIES AND FUND BALANCE

Liabilities			
Advances on property taxes	\$ -	\$ -	\$ 190,205
Due to City of Troy - General Fund	1,636,607	420,268	-
Performance deposits	-	-	5,280,511
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	\$ 1,636,607	\$ 420,268	\$ 5,470,716
 Fund Balance			
Reserved for cemetery perpetual care	\$ -	\$ -	\$ -
Reserved for employees' benefits	156,328,641	4,862,235	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	\$ 156,328,641	\$ 4,862,235	\$ -
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 157,965,248</u>	<u>\$ 5,282,503</u>	<u>\$ 5,470,716</u>

Non-Expendable Trust Fund Cemetery Perpetual Care Fund	June 30,	
	2001	2000
\$ 79,248	\$ 7,922,125	\$ 6,459,766
64,702	27,452,658	27,143,215
-	44,620,390	42,561,687
-	70,877,461	89,022,195
-	14,612,850	18,609,535
716	3,026,893	2,551,613
-	350,756	351,831
<u>\$ 144,666</u>	<u>\$ 168,863,133</u>	<u>\$ 186,699,842</u>
\$ -	\$ 190,205	\$ 67,534
-	2,056,875	4,390,820
-	5,280,511	4,622,554
<u>\$ -</u>	<u>\$ 7,527,591</u>	<u>\$ 9,080,908</u>
\$ 144,666	\$ 144,666	\$ 136,609
-	161,190,876	177,481,325
<u>\$ 144,666</u>	<u>\$ 161,335,542</u>	<u>\$ 177,617,934</u>
<u>\$ 144,666</u>	<u>\$ 168,863,133</u>	<u>\$ 186,698,842</u>

CITY OF TROY, MICHIGAN
PENSION TRUST FUNDS

COMBINING STATEMENT OF PLAN NET ASSETS
JUNE 30, 2001

	Employees' Retirement Fund	Discretionary Fire Incentive Reserve Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and certificates of deposit	\$ 2,847,892	\$ 30,536	\$ 2,878,428
Investments - at fair value			
Government securities	22,086,532	5,147,614	27,234,146
Corporate bonds	44,620,390	-	44,620,390
Common stock	70,877,461	-	70,877,461
Other	14,612,850	-	14,612,850
	<u> </u>	<u> </u>	<u> </u>
Total investments	\$ 152,197,233	\$ 5,147,614	\$ 157,344,847
Accrued interest receivable	2,920,123	104,353	3,024,476
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 157,965,248	\$ 5,282,503	\$ 163,247,751
	<u> </u>	<u> </u>	<u> </u>
Liabilities			
Due to City of Troy - General Fund	\$ 1,636,607	\$ 420,268	\$ 2,056,875
	<u> </u>	<u> </u>	<u> </u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 156,328,641</u>	<u>\$ 4,862,235</u>	<u>\$ 161,190,876</u>

CITY OF TROY, MICHIGAN
PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2001

	Employees' Retirement Fund	Discretionary Fire Incentive Reserve Fund	Totals
Additions			
Contributions			
Employer	\$ 1,173,651	\$ 360,000	\$ 1,533,651
Plan members	415,628	-	415,628
Total contributions	\$ 1,589,279	\$ 360,000	\$ 1,949,279
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	\$ (16,786,356)	\$ 53,294	\$ (16,733,062)
Interest	4,470,128	516,078	4,986,206
Dividends	3,430,060	-	3,430,060
Gain on sale of investments	8,687,629	-	8,687,629
Net investment income (loss)	(198,539)	569,372	370,833
Total additions	1,390,740	929,372	2,320,112
Deductions			
Benefits	\$ 3,940,625	\$ 613,635	\$ 4,554,260
Refunds of contributions	14,022,349	-	14,022,349
Administrative expenses	30,552	3,400	33,952
Total deductions	\$ 17,993,526	\$ 617,035	\$ 18,610,561
Net Increase (Decrease)	(16,602,786)	312,337	(16,290,449)
Net Assets Held in Trust for Pension Benefits - July 1, 2000	\$ 172,931,427	\$ 4,549,898	\$ 177,481,325
Net Assets Held in Trust for Pension Benefits - June 30, 2001	\$ 156,328,641	\$ 4,862,235	\$ 161,190,876

CITY OF TROY, MICHIGAN
CEMETERY PERPETUAL CARE FUND, NONEXPENDABLE TRUST FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2001
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000)

	Year Ended June 30,	
	2001	2000
Cash Flows From Operating Activities:		
Operating income	\$ 8,057	\$ 5,998
Adjustments:		
Changes in assets:		
Decrease (increase) in interest receivable	1,025	(245)
Net cash provided from operating activities	\$ 9,082	\$ 5,753
Cash Flows From Investing Activities:		
Purchase of investment securities	(18,171)	(6,119)
Proceeds from sale and maturity of investment securities	37,723	29,377
Net cash provided from investing activities	\$ 19,552	\$ 23,258
Net Increase in Cash and Cash Equivalents	\$ 28,634	\$ 29,011
Cash and Cash Equivalents - July 1, 2000	50,614	21,603
Cash and Cash Equivalents - June 30, 2001	\$ 79,248	\$ 50,614

Supplemental Schedule of Noncash Activity

Unrealized gain on investment income	\$ 840	\$ 119
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CITY OF TROY, MICHIGAN
AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2001

	AGENCY FUND			
	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2001</u>
Assets				
Cash	\$ 4,818,165	\$ 179,023,200	\$ 178,876,916	\$ 4,964,449
Investments - at fair value	-	3,180,697	3,026,887	153,810
Interest receivable	-	1,701	-	1,701
Taxes receivable	<u>351,831</u>	<u>180,513,535</u>	<u>180,514,610</u>	<u>350,756</u>
Total assets	<u>\$ 5,169,996</u>	<u>\$ 362,719,133</u>	<u>\$ 362,418,413</u>	<u>\$ 5,470,716</u>
 Liabilities				
Advances on property taxes	\$ 67,534	\$ 190,205	\$ 67,534	\$ 190,205
Due to City of Troy - General Fund	479,908	2,300,000	2,779,908	-
Deposits	<u>4,622,554</u>	<u>5,461,760</u>	<u>4,803,803</u>	<u>5,280,511</u>
Total liabilities	<u>\$ 5,169,996</u>	<u>\$ 7,951,965</u>	<u>\$ 7,651,245</u>	<u>\$ 5,470,716</u>

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ACCOUNTS GROUPS

GENERAL FIXED ASSETS

GENERAL LONG-TERM DEBT

CITY OF TROY, MICHIGAN

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY JUNE 30, 2001

<u>Function</u>	<u>Buildings and Improvements</u>	<u>Equipment and Furniture</u>	<u>Vehicles</u>	<u>Other</u>	<u>Total</u>
General Government	\$ 36,872,043	\$ 2,742,190	\$ 75,231	\$ 223,514	\$ 39,912,978
Public Safety	4,560,935	4,570,713	4,763,410	45,378	13,940,436
Public Works	1,615,187	240,978	20,732	-	1,876,897
Parks and Recreation	7,664,485	1,814,127	116,285	-	9,594,897
Library	5,893,369	577,128	2,425	4,877,103	11,350,025
Other Functions	1,634,739	71,847	-	173,474	1,880,060
	<u>\$ 58,240,758</u>	<u>\$ 10,016,983</u>	<u>\$ 4,978,083</u>	<u>\$ 5,319,469</u>	<u>\$ 78,555,293</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY FOR THE YEAR ENDED JUNE 30, 2001

<u>Function</u>	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2001</u>
General Government	\$ 32,528,525	\$ 7,508,218	\$ 123,765	\$ 39,912,978
Public Safety	13,708,462	308,085	76,111	13,940,436
Public Works	1,773,846	108,902	5,851	1,876,897
Parks and Recreation	9,114,602	497,043	16,748	9,594,897
Library	11,974,821	7,165	631,961	11,350,025
Other Functions	<u>2,154,057</u>	<u>-</u>	<u>273,997</u>	<u>1,880,060</u>
	<u>\$ 71,254,313</u>	<u>\$ 8,429,413</u>	<u>\$ 1,128,433</u>	<u>\$ 78,555,293</u>

CITY OF TROY, MICHIGAN

**SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
JUNE 30, 2001**

General Fixed Assets

Buildings and improvements	\$ 58,240,758
Equipment and furniture	10,016,983
Vehicles	4,978,083
Other	<u>5,319,469</u>
Investment in General Fixed Assets From Capital Projects Fund	<u><u>\$ 78,555,293</u></u>

CITY OF TROY, MICHIGAN

**SCHEDULE OF INDEBTEDNESS
JUNE 30, 2001**

General Storm Drain Assessments - Payable to Oakland County

Serviced by the City General Debt Service Fund

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2001</u>
Henry Graham Drain assessment dated 11/1/71; original issuance amount \$13,000,000; bearing interest at 7.0%	4/1/02	\$ 570,576	\$ 570,575
Mastin Drain assessment dated 11/1/73; original issuance amount \$2,732,264; bearing interest at 7.0%	4/1/02	97,601	97,600
King Drain assessment dated 11/1/93; original issuance amount \$1,675,000; bearing interest at 3.4% to 5.0%	4/1/02-03	91,284	182,568
	4/1/04-05	136,926	273,852
	4/1/06-08	182,568	<u>547,705</u>
			1,004,125
George W. Kuhn Drain District Drain Bonds, Series 2000A dated 10/1/00; original issuance amount \$457,372; bearing interest at 2.50%	4/1/03	17,906	17,906
	4/1/04	18,290	18,290
	4/1/05	18,801	18,801
	4/1/06	19,313	19,313
	4/1/07	19,825	19,825
	4/1/08	20,208	20,208
	4/1/09	20,720	20,720
	4/1/10	21,231	21,231
	4/1/11	21,871	21,871
	4/1/12	22,383	22,383
	4/1/13	22,894	22,894
	4/1/14	23,534	23,534
	4/1/15	24,045	24,045
	4/1/16	24,685	24,685
	4/1/17	25,324	25,324
	4/1/18	25,964	25,964
	4/1/19	26,603	26,603
4/1/20	27,243	27,243	
4/1/21	27,882	27,882	
4/1/22	28,650	<u>28,650</u>	
			457,372

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS

JUNE 30, 2001

(CONTINUED)

General Storm Drain Assessments - Payable to Oakland County

Serviced by the City General Debt Service Fund - Continued

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2001</u>
George W. Kuhn Drain District Drain Bonds, Series 2000B dated 10/1/00; original issuance amount \$168,061; bearing interest at 4.75% to 5.375%	4/1/03-04	\$ 5,116	\$ 10,232
	4/1/05-06	5,756	11,512
	4/1/07-08	6,395	12,790
	4/1/09-10	7,035	14,070
	4/1/11-12	7,674	15,348
	4/1/13	8,314	8,314
	4/1/14-15	8,953	17,906
	4/1/16	9,593	9,593
	4/1/17	10,232	10,232
	4/1/18-19	10,872	21,744
	4/1/20	11,511	11,511
	4/1/21	12,151	12,151
	4/1/22	12,658	12,658
			<u>168,061</u>
Total general storm drain assessments payable to Oakland County, being serviced by the City General Debt Service Fund			<u>\$ 2,297,733</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
JUNE 30, 2001
(CONTINUED)

General Obligation Bonds

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2001</u>
Community Center and Recreational Facilities			
General Obligation Bonds dated 8/1/00; original issuance amount \$8,530,000; bearing interest at 4.60% to 6.0%			
	10/1/01	\$ 130,000	\$ 130,000
	10/1/02	150,000	150,000
	10/1/03	200,000	200,000
	10/1/04	250,000	250,000
	10/1/05-07	300,000	900,000
	10/1/08-09	350,000	700,000
	10/1/10-11	400,000	800,000
	10/1/12-13	500,000	1,000,000
	10/1/14-15	550,000	1,100,000
	10/1/16	600,000	600,000
	10/1/17-18	650,000	1,300,000
	10/1/19-20	700,000	<u>1,400,000</u>
			8,530,000
Street, Roads and Streetscape Improvement			
General Obligation Bonds dated 8/1/00; original issuance amount \$4,150,000; bearing interest at 4.75% to 6.0%			
	10/1/01-02	50,000	100,000
	10/1/03-06	100,000	400,000
	10/1/07-09	150,000	450,000
	10/1/10-11	200,000	400,000
	10/1/12-13	250,000	500,000
	10/1/14-17	300,000	1,200,000
	10/1/18-19	350,000	700,000
	10/1/20	400,000	<u>400,000</u>
			4,150,000
Street, Storm Sewer, Sidewalk General Obligation Bonds payable serviced by the City General Fund dated 5/1/87; original issuance amount \$2,500,000; bearing interest at 5.75% to 7.00%			
	8/1/01	250,000	250,000

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
JUNE 30, 2001
(CONTINUED)

General Obligation Bonds - Continued

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2001</u>
Land Contract payable to Troy School District, serviced by the City Capital Projects Fund, dated 1/24/96; original amount \$2,304,990; non-interest bearing	10/1/01	\$ 186,352	\$ 186,352
	10/1/02	48,465	48,465
	10/1/03	45,375	<u>45,375</u>
			280,192
Public Safety Facilities and City Hall General Obligation Bonds dated 8/1/00; original issuance amount \$2,330,000; bearing interest at 4.625% to 4.75%	10/1/01	80,000	80,000
	10/1/02-03	100,000	200,000
	10/1/04-05	150,000	300,000
	10/1/06-07	250,000	500,000
	10/1/08	350,000	350,000
	10/1/09	400,000	400,000
	10/1/10	500,000	<u>500,000</u>
			2,330,000
Total storm drains and other debt serviced by Governmental Funds			<u>\$ 17,837,925</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
JUNE 30, 2001
(CONTINUED)

General Obligation Bonds - Continued

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2001</u>
Michigan Transportation Fund Bonds serviced by the Downtown Development Authority Fund, dated 4/1/95; original issuance amount \$3,125,000; bearing interest at 4.40% to 5.50%	7/1/02-03 7/1/04 7/1/05-06 7/1/07 7/1/08 7/1/09 7/1/10	\$ 200,000 225,000 250,000 275,000 300,000 325,000 350,000	\$ 400,000 225,000 500,000 275,000 300,000 325,000 <u>350,000</u>
			2,375,000
Michigan Transportation Fund Bonds serviced by the Downtown Development Authority Fund, dated 2/1/00; original issuance amount \$5,600,000; bearing interest at 4.75% to 5.45%	5/1/02 5/1/03 5/1/04 5/1/05 5/1/06-11 5/1/12 5/1/13 5/1/14	1,200,000 1,300,000 125,000 150,000 175,000 200,000 225,000 250,000	1,200,000 1,300,000 125,000 150,000 1,050,000 200,000 225,000 <u>250,000</u>
			<u>4,500,000</u>
Total street bonds serviced by Governmental Funds			<u>6,875,000</u>
Total debt serviced by Governmental Funds			<u>\$ 24,712,925</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
JUNE 30, 2001
(CONTINUED)

General Contractual Obligations Payable to Oakland County

Serviced by the City Water Fund

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2001</u>
Series I: Troy Water Supply System			
Dated 11/1/73;			
original issue amount \$9,750,000;			
bearing interest at 4.0% to 5.8%			
	10/1/01	\$ 600,000	\$ 600,000
	10/1/02-03	600,000	<u>1,200,000</u>
			1,800,000
Series II: Troy Water Supply System			
Dated 11/1/74;			
original issue amount \$2,500,000;			
bearing interest at 5.0% to 7.7%			
	10/1/01-02	\$ 200,000	\$ 400,000
	10/1/03	200,000	<u>200,000</u>
			<u>600,000</u>
Total general obligation long-term debt, being serviced by the City Water Fund			<u>\$ 2,400,000</u>
Total general obligation long-term debt, being serviced by the City Enterprise Funds			<u>\$ 2,400,000</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
JUNE 30, 2001
(CONTINUED)

Serviced by the Downtown Development Authority Fund

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2001</u>
Series A: 1995 Development Bonds			
Date of issue 5/1/95;	5/1/02	\$ 300,000	\$ 300,000
original issuance amount \$10,100,000;	5/1/03	315,000	315,000
bearing interest at 4.80% to 6.375%	5/1/04	335,000	335,000
	5/1/05	355,000	355,000
	5/1/06	375,000	375,000
	5/1/07	355,000	355,000
	5/1/08	380,000	380,000
	5/1/09	405,000	405,000
	5/1/10	430,000	430,000
	5/1/11	460,000	460,000
	5/1/12	530,000	530,000
	5/1/13	565,000	565,000
	5/1/14	600,000	600,000
	5/1/15	640,000	640,000
	5/1/16	680,000	680,000
	5/1/17	720,000	720,000
	5/1/18	770,000	770,000
	5/1/19	820,000	820,000
			<u>\$ 9,035,000</u>
Series B: 1995 Development Bonds			
Date of issue 5/1/95;	5/1/02	\$ 380,000	\$ 380,000
original issuance amount \$6,955,000;	5/1/03	440,000	440,000
bearing interest at 7.00% to 8.00%	5/1/04	505,000	505,000
	5/1/05	575,000	575,000
	5/1/06	650,000	650,000
	5/1/07	735,000	735,000
	5/1/08	830,000	830,000
	5/1/09	935,000	935,000
	5/1/10	1,050,000	1,050,000
			<u>\$ 6,100,000</u>
Total general obligation long-term debt, being serviced by the Downtown Development Authority Fund			<u>\$ 15,135,000</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS

JUNE 30, 2001

(CONTINUED)

Special Assessment Bonds, Serviced by Governmental Funds

Backed by Full Faith and Credit of the City

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2001</u>
1986 Special Assessment Bonds:			
Bonds are subject to redemption prior to maturity at City's option. Date of issue 8/1/86; amount of issue \$930,000; interest payable 8/1 and 2/1; interest rates from 6.65% to 6.85%	8/1/01-04	\$ 25,000	\$ 100,000
	8/1/05-06	50,000	<u>100,000</u>
			\$ 200,000
1987 Special Assessment Bonds:			
Bonds are subject to redemption prior to maturity at City's option. Date of issue 5/1/87; amount of issue \$2,500,000; interest payable 8/1 and 2/1; interest rates from 6.6% to 7.0%	8/1/01	175,000	175,000
1988 Special Assessment Bonds:			
Bonds are subject to redemption prior to maturity at City's option. Date of issue 5/16/88; amount of issue \$5,000,000; interest payable 8/1 and 2/1; interest rates from 6.25% to 6.85%	8/1/01	375,000	<u>375,000</u>
Total special assessment bonds outstanding			\$ <u>750,000</u>
Total of long-term storm drain assessments, general obligation, revenue, and special assessment bonds, land and other contracts payable			\$ 42,997,925
Long-term portion of earned but unpaid sick pay, expected to be ultimately paid, being serviced by the City Internal Service Fund			<u>2,180,000</u>
Total long-term and current portion of long-term debt			\$ <u>45,177,925</u>

STATISTICAL SECTION

The statistical section presents comparative data for expenditures, revenues, property tax levies and collections, assessed and equalized valuation of taxable property, property tax rates and levies, special assessment collections, ratio of net bonded debt, legal debt margin, direct and overlapping debt, ratio of debt service to general governmental expenditures, tax information, economic development corporation, economic and statistical data and the principal tax payers.

All economic and statistical data was obtained from records of the City of Troy, unless otherwise noted.

CITY OF TROY, MICHIGAN

GENERAL REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Property Taxes and Special Assessments	Licenses and Permits	Federal	State	County	Charges from Sales and Services
1992	\$ 21,040,202	\$ 1,438,979	\$ 22,146	\$ 8,430,182	\$ 98,476	\$ 1,746,067
1993	21,148,981	1,207,209	5,944	8,457,729	97,563	2,154,147
1994	24,246,173	1,259,862	7,359	8,926,537	97,978	1,756,363
1995	26,703,878	1,721,891	18,836	9,336,645	85,798	2,037,639
1996	28,032,705	1,538,734	158,524	9,663,037	82,291	2,204,066
1997	30,357,167	1,722,198	174,500	10,070,393	85,781	2,177,481
1998	32,654,465	1,679,479	167,079	11,177,238	100,202	2,020,564
1999	33,086,355	2,254,763	418,053	11,732,172	99,781	2,496,642
2000	36,311,795	2,221,451	157,469	12,052,322	107,585	2,811,601
2001	38,222,093	2,048,206	273,882	12,779,101	118,646	3,418,763

Fiscal Year Ended June 30,	General Government	Public Safety	Roads and Streets	Sanitation	Other Public Works	Parks, Recreation and Cemeteries
1992	\$ 4,268,768	\$ 16,636,881	\$ 2,572,501	\$ 3,074,316	\$ 2,845,674	\$ 3,186,735
1993	4,841,458	16,722,882	2,492,556	3,775,124	3,019,153	3,274,893
1994	4,800,799	17,480,182	2,475,439	3,730,641	3,076,652	3,437,251
1995	4,832,724	18,147,373	2,516,124	3,742,601	3,053,487	3,587,694
1996	4,810,160	19,324,566	2,817,973	3,861,616	3,072,656	3,792,456
1997	5,213,126	19,945,705	2,929,284	3,957,455	3,428,877	4,288,277
1998	5,365,312	20,824,076	2,790,409	3,396,282	2,832,966	4,584,181
1999	6,371,802	21,591,628	3,119,250	3,516,686	2,742,275	5,485,326
2000	6,520,286	21,609,992	2,955,145	3,523,772	3,015,089	5,621,048
2001	7,134,820	22,787,828	3,458,730	3,477,389	3,359,645	5,794,366

<u>Fines and Forfeits</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total Revenues By Source</u>
\$ 482,520	\$ 1,780,823	\$ 2,358,072	\$ 37,397,467
683,986	683,638	2,514,936	36,954,133
564,645	1,351,300	2,921,185	41,131,402
642,911	1,793,389	2,629,386	44,970,373
847,476	1,669,571	2,584,415	46,780,819
556,706	1,932,601	2,829,967	49,906,794
782,345	2,615,103	2,930,880	54,127,355
806,743	2,368,873	3,034,914	56,298,296
836,035	3,556,854	3,279,143	61,334,255
1,061,310	2,851,959	2,170,644	62,944,604

<u>Library</u>	<u>Debt Service</u>	<u>Downtown Development Authority</u>	<u>Economic and Physical Development</u>	<u>Total Expenditures by Function</u>
\$ 1,975,168	\$ 3,790,364	\$ -	\$ -	\$ 38,350,407
2,051,135	3,756,750	-	-	39,933,951
2,129,110	3,778,765	-	-	40,908,839
2,183,004	3,549,588	8,253	-	41,620,848
2,360,872	4,416,113	47,347	-	44,503,759
2,436,536	4,608,001	385,731	56,594	47,249,586
2,696,414	4,544,281	17,005	470,861	47,521,787
2,585,158	3,921,278	433,177	346,890	50,113,470
2,782,020	3,822,450	684,666	97,627	50,632,095
3,196,809	5,132,067	235,929	161,945	54,739,528

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	Ratio of Total Tax Collections To Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes To Total Tax Levy
1992	\$ 29,509,968	\$ 27,567,339	93.42%	\$ 1,672,936	99.08%	\$ 341,857	1.16%
1993	29,803,419	28,311,198	94.99	1,356,082	99.54	192,751	.65
1994	30,673,946	29,520,338	96.24	1,017,290	99.55	183,914	.60
1995	31,124,785	30,120,642	96.77	851,300	99.50	164,188	.53
1996	31,342,457	30,288,581	96.64	921,266	99.57	169,942	.54
1997	33,511,137	32,630,061	97.37	766,644	99.66	151,636	.45
1998	34,834,939	33,978,096	97.54	737,431	99.66	136,266	.39
1999	36,316,680	35,645,833	98.15	732,372	100.17	120,514	.33
2000	37,904,870	37,391,650	98.65	736,580	100.59	145,773	.38
2001	39,434,080	38,848,160	98.51	693,813	100.27	256,858	.65

CITY OF TROY, MICHIGAN

VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property	Personal Property	Total
1992	\$ 2,643,052,300	\$ 440,801,030	\$ 3,083,853,330
1993	2,692,220,800	449,792,220	3,142,013,020
1994	2,792,362,450	432,711,840	3,225,074,290
1995	2,854,720,000	453,375,110	3,308,095,110
1996	2,918,385,360	507,025,520	3,425,410,880
1997	3,051,120,348	522,531,950	3,573,652,298
1998	3,195,831,127	579,417,710	3,775,248,837
1999	3,379,498,283	626,129,990	4,005,628,273
2000	3,517,064,100	666,496,353	4,183,560,453
2001	3,730,001,390	643,070,690	4,373,072,080

EQUALIZED VALUATION OF TAXABLE PROPERTY

Fiscal Year Ended June 30,	Real Property	Personal Property	Total
1992	\$ 2,643,052,300	\$ 440,801,030	\$ 3,083,853,330
1993	2,692,220,800	449,792,220	3,142,013,020
1994	2,792,362,450	432,711,840	3,225,074,290
1995	2,854,720,000	453,375,110	3,308,095,110
1996	2,956,148,390	507,025,520	3,463,173,910
1997	3,150,464,920	522,531,950	3,672,996,870
1998	3,375,246,250	579,417,710	3,954,663,960
1999	3,658,830,824	626,129,990	4,284,960,814
2000	4,030,429,830	666,496,353	4,696,926,183
2001	4,575,526,610	643,070,690	5,218,597,300

A decision of the Michigan Supreme Court of November 30, 1944, (Cheeseman vs. Dell, 310 Michigan 108) defined the term "assessed valuation" as used in the property tax limitation amendment to the State constitution to mean "the local assessments, as approved or changed and corrected through the statutory process of County equalization." Based upon this decision, all real and personal property taxes for the fiscal years 1945-46, through 1953-54, were levied upon County equalized valuations. Since 1954-55, pursuant to a Supreme Court decision of November 29, 1954, (Pittsfield School District vs. Washtenaw County, 340 Michigan 388) the State equalized valuations have been used.

Effective with the 1975-1976 fiscal year inventories were exempt from personal property assessment by the State of Michigan. The State reimburses the City of this valuation loss based upon the applicable tax rates levied.

The taxable and equalized valuation of taxable property is determined as of December 31st of each year and is the basis upon which taxes are levied during the succeeding fiscal year.

CITY OF TROY, MICHIGAN

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS (PER \$1,000 OF ASSESSED VALUATION)

Fiscal Year Ended June 30,	City of Troy	Overlapping Governments					SMART	State Education	Total
		Troy School District	Oakland County	Oakland County Community College	Intermediate School District				
1992	9.29	32.25	5.02	1.07	2.18	-	-	49.81	
1993	9.27	34.56	5.05	1.07	2.13	-	-	52.08	
1994	9.25	34.57	4.95	1.05	2.13	-	-	51.95	
1995 H	9.25	13.65	4.95	.85	2.13	-	6.00	36.83	
1995 NH	9.25	21.50	4.95	.85	2.13	-	6.00	44.68	
1996 H	9.18	12.36	4.95	1.65	2.13	.33	6.00	36.60	
1996 NH	9.18	21.50	4.95	1.65	2.13	.33	6.00	45.74	
1997 H	9.48	12.11	4.85	1.65	2.13	.33	6.00	36.55	
1997 NH	9.48	21.25	4.85	1.65	2.13	.33	6.00	45.69	
1998 H	9.48	12.41	4.82	1.65	2.13	.33	6.00	36.82	
1998 NH	9.48	21.64	4.82	1.65	2.13	.33	6.00	46.05	
1999 H	9.48	11.71	4.66	1.65	2.12	.33	6.00	35.95	
1999 NH	9.48	21.62	4.66	1.65	2.12	.33	6.00	45.86	
2000 H	9.48	11.36	4.65	1.63	2.10	.33	6.00	35.55	
2000 NH	9.48	21.61	4.65	1.63	2.10	.33	6.00	45.80	
2001 H	9.48	10.71	4.65	1.61	2.08	.32	6.00	34.85	
2001 NH	9.48	21.32	4.65	1.61	2.08	.32	6.00	45.46	

H - Homestead
NH - Non-Homestead

CITY OF TROY, MICHIGAN

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected</u>
1992	\$ 1,427,490	\$ 1,824,669
1993	1,500,150	1,917,545
1994	1,384,555	2,572,159
1995	1,251,645	1,506,213
1996	1,067,340	655,623
1997	943,254	1,160,717
1998	875,004	1,436,901
1999	815,141	1,224,098
2000	680,778	1,322,798
2001	694,231	543,388

CITY OF TROY, MICHIGAN

**COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2001**

Equalized Valuation at December 31, 1999 \$ 5,218,597,300

	<u>Annual Net Debt</u>	<u>Percentage of State Equalized Valuation</u>	<u>Legal Margin</u>	
			<u>Amount</u>	<u>Legal Debt Margin</u>
General obligation debt	\$ 17,837,925	10%	\$ 521,859,730	\$ 504,021,805
Emergency bonds	-	3/8	19,569,740	19,569,740
Special assessment bonds	<u>750,000</u>	12	<u>626,231,676</u>	<u>625,481,676</u>
Total debt	<u>\$ 18,587,925</u>		<u>\$ 1,167,661,146</u>	<u>\$ 1,149,073,221</u>

The statutory debt limits of net bonded indebtedness incurred for all public purposes shall not at any one time exceed 10% of the equalized valuation of taxable property in the City (\$5,218,597,300), 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

RATIO OF NET GENERAL BONDED DEBT TO TAXABLE VALUE AND NET BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Taxable Value</u>	<u>Estimated Population</u>	<u>Gross Bonded Debt Outstanding</u>	<u>Debt Service Fund Balance</u>	<u>Debt Payable from Other than General Resources</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Taxable Value</u>	<u>Net Bonded Debt Per Capita</u>
1992	\$ 3,083,853,330	72,884	\$ 33,690,599	\$ 2,904,530	\$ 15,914,021	\$ 14,872,048	.48	204.05
1993	3,142,013,020	72,884	30,196,601	3,259,107	14,513,692	12,423,802	.40	170.46
1994	3,225,074,290	72,884	28,152,155	3,384,563	13,108,862	11,658,730	.36	159.96
1995	3,308,095,110	72,884	44,780,322	3,701,902	31,884,033	9,194,387	.28	126.15
1996	3,425,410,880	72,884	43,299,691	3,975,408	30,404,204	8,920,079	.26	122.39
1997	3,573,652,298	72,884	39,197,404	4,673,823	28,746,903	5,776,678	.16	79.26
1998	3,775,248,837	72,884	34,996,940	6,012,696	26,879,600	2,104,644	.06	28.88
1999	4,005,628,273	72,884	30,749,852	6,918,142	23,831,710	-	-	-
2000	4,183,560,453	72,884	32,103,273	9,895,404	22,207,869	-	-	-
2001	4,373,072,080	80,959	42,997,925	11,017,036	31,980,889	-	-	-

CITY OF TROY, MICHIGAN

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO 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	Ratio of Debt Service to General Government Expenditures
1992	\$ 1,894,290	\$ 1,172,730	\$ 3,067,010	\$ 38,350,407	8.00%
1993	1,943,668	1,051,120	2,994,788	39,933,951	7.50
1994	2,018,627	800,873	2,819,500	40,908,839	6.89
1995	1,972,010	680,178	2,652,188	41,620,848	6.37
1996	1,924,102	519,926	2,444,028	44,503,759	5.49
1997	2,444,985	546,210	2,991,195	47,249,586	6.33
1998	2,333,160	356,737	2,689,897	47,521,787	5.66
1999	2,164,789	441,361	2,606,150	50,113,470	5.20
2000	1,623,759	274,387	1,898,146	50,632,095	3.75
2001	1,525,782	200,706	1,726,488	54,739,528	3.15

Includes General, Special Revenue and Debt Service Funds.

CITY OF TROY, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2001

<u>Jurisdiction</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percent Applicable to Troy</u>	<u>Amount Applicable to Troy</u>
City of Troy	\$ 17,837,925	100.00%	\$ 17,837,925
Avondale School District	65,872,553	16.33	10,756,988
Birmingham School District	113,735,000	3.72	4,230,942
Bloomfield Hills School District	24,900,000	1.99	495,510
Lamphere School District	32,375,000	14.62	4,733,225
Royal Oak School District	30,632,000	3.20	980,224
Troy School District	104,410,000	100.00	104,410,000
Warren School District	55,572,000	9.03	5,018,152
 Oakland County	 27,974,281	 9.86	 2,758,264
Oakland Intermediate School District	625,000	9.19	57,438
Oakland County Community College	14,055,000	9.92	1,394,256
 Total	 <u>\$ 487,988,759</u>		 <u>\$ 152,672,924</u>

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

CITY OF TROY, MICHIGAN

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Property Values</u>	<u>Construction</u>	<u>Bank Deposits</u>
1992	\$ 6,167,706,660	\$ 116,226,850	*
1993	6,284,026,040	93,880,980	*
1994	6,450,148,580	91,335,191	*
1995	6,616,190,220	184,192,247	*
1996	6,926,347,820	140,939,440	*
1997	7,345,993,740	173,458,968	*
1998	7,909,327,920	190,550,736	*
1999	8,569,921,628	260,729,204	*
2000	9,393,852,366	255,604,926	*
2001	10,437,194,600	230,713,492	*

* Information Not Available.

CITY OF TROY, MICHIGAN

PRINCIPAL TAXPAYERS

JUNE 30, 2001

Taxpayer	2000 Taxable Valuation	Percent of Total Taxable Valuation
K-Mart	\$ 59,365,250	1.36%
Gale & Wentworth	56,984,570	1.30
Frankel Forbes/Cohen	55,436,550	1.27
Nykel Management	50,675,750	1.16
WRC Properties	44,750,060	1.02
Detroit Edison	43,333,620	.99
Liberty Property Limited	43,144,960	.99
Top of Troy	30,070,050	.69
Standard Federal Corporation	26,406,860	.60
E.D.S.	24,633,280	.56
Meritor Automotive	23,478,460	.54
Dayton Hudson	22,572,510	.52
Koppy-Nemer	22,254,950	.51
J. Kogan	20,916,700	.48
Delphi	20,373,300	.47
Troy Corporate Center	19,876,480	.45
E.I. Dupont	17,901,490	.41
First Industrial Realty	16,548,700	.38
Deloitte & Touche	16,521,450	.38
Nordstrom, Inc.	15,563,740	.36
Total	\$ 630,808,730	14.44%
2000 Total Taxable Valuation	\$ 4,373,072,080	

CITY OF TROY, MICHIGAN

TAX INFORMATION

Taxes Due:

July 1st

Payable:

City and fifty percent (50%) of school taxes are due and payable July 1st at the office of the City Treasurer. (County taxes and the remaining fifty percent (50%) of school taxes are due and payable December 1st).

Penalties and Interest for Delinquency:

All City taxes are to be paid on or before the first day of September without additional charge. All City taxes paid after the first day of September shall be subject to a penalty of four percent (4%) and interest at the rate of one-half of one percent (.50%) per month for each and every succeeding month or fraction thereof that the same remains unpaid. Commencing March 1st, taxes on real property are collected through the County Treasurer of Oakland County, who adds and retains a collection fee of four percent (4%), and in addition adds interest at the rate of one percent (1%) per month or fraction thereof to the date of payment.

Lien on Property:

Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at public sale of real estate delinquent for taxes as follows:

<u>Date of Sale</u>	<u>Delinquent Tax Properties to be Sold</u>
May 2002	Year 1999
May 2003	Year 2000

State Land Sale:

The State Land Office Board Act No. 155, Public Acts of 1937, as amended, created a State agency to dispose of certain land held by the State of Michigan. (The functions of this agency were taken over by the State Department of Natural Resources in 1949). Unsold taxes offered at the annual County May tax sale are deemed to be "bid in" by the State, which assumes jurisdiction over them. The taxpayer has twelve months from the date of County May tax sale in which to redeem his property by paying all unpaid taxes and assessments in full, together with all interest, penalties and collection fees at the office of the County Treasurer. "Redemption interest" at the rate of 1% per month from the date of the County May tax sale is charged on those taxes and assessments paid during this redemption period. Taxes "bid in" by the State, which remain unpaid at the expiration of the redemption period, are deemed to the State of Michigan, and outstanding taxes, special assessments, etc. are immediately canceled. Administration of this property is then transferred from the Auditor General to the Department of Natural Resources.

On the first Tuesday in February, following acquisition by the State, these properties are offered at public auction at the statutory State Land Sale (minimum bid - 25% of the assessed valuation for the year preceding vesting of title in the State). Properties offered but not sold at the State Land Sale may be appraised and again offered for sale by the Department of Natural Resources as they see fit. The proceeds from sales, together with any income from properties while under the jurisdiction of the Department of Natural Resources, are remitted to the taxing subdivisions on the basis of their equities in the properties.

CITY OF TROY, MICHIGAN

LABOR AGREEMENTS

<u>Name</u>	<u>Expiration Date</u>	<u>Number of Employees Covered</u>
American Federation of State, County, and Municipal Employees, AFL-CIO - Public Works Employees	6/30/03	79
Michigan Association of Police - Clerical, Police Services Aides	6/30/01*	74
Troy Command Officers Association - Command Police Officers	6/30/05	34
Troy Police Officers Association - Police Officers	6/30/01*	100
Troy Firestaff Officers Association - Fire Career Professionals	6/30/06	10

*Currently under negotiation.

CITY OF TROY, MICHIGAN

THE ECONOMIC DEVELOPMENT CORPORATION BONDS JUNE 30, 2001

Those persons or businesses interested in locating a business in Troy with the Economic Development Corporation's (EDC) help must first submit an application fee of \$2,500. As of the issuance of these financial statements, the EDC of the City of Troy had issued nineteen different bond issues to aid in implementation of the following projects:

<u>Corporation or Project Name</u>	<u>Official Bond Issuance Date</u>	<u>Bond Issuance Amount</u>
High Performance Machine, Inc. Project	5/12/82	\$ 3,000,000
Ronald J. and Maxine Smith Project	9/01/82	1,300,000
Drury Inn - Troy Project	12/31/82	6,200,000
Jered Brown Brothers, Inc. Project	2/02/83	3,000,000
Structural Kinematics Corporation Project	1/20/84	3,000,000
Handleman Company Project	2/15/84	3,500,000
Sifco Industries, Inc.	7/17/84	3,000,000
REB Properties	7/11/84	2,000,000
Handleman - Series B	9/28/84	2,000,000
Willowgreen Building Group	11/09/84	1,800,000
High Performance Machines, Inc. (Refunding issue)	2/14/84	3,000,000
Troy SAK Associates	12/30/84	950,000
Mictron, Inc.	3/25/85	2,050,000
Creative Industries of Detroit, Inc.	6/04/85	500,000
Haden Schweitzer Corporation	12/23/85	1,100,000
Troy SAK Associates II	5/23/86	1,250,000
John Milanowski	9/12/86	1,470,000
Sandy Corporation - project refinancing	5/28/87	4,120,000
Walsh College	11/10/89	<u>2,600,000</u>
		<u>\$ 45,840,000</u>

The above summarized bond issuances of the EDC are not general obligations of the EDC nor of the City itself, and are not payable from any tax revenue, but in substance are the obligations of the companies for which the bonds are issued.

CITY OF TROY, MICHIGAN

ECONOMIC AND STATISTICAL DATA

<u>Area:</u>	34.3 square miles (21,952 acres)		
<u>Form of Government:</u>	Council-Manager (Since December 12, 1955)		
<u>Present Charter:</u>	Adopted December 12, 1955		
<u>Elections:</u>	Registered voters (General election April 3, 2001)		55,333
	Number of voters voting in General election April 3, 2001		11,070
	Percentage of registered voters voted		20.01%
	Registered voters (General election November 7, 2000)		54,697
	Number of voters voting in General election November 7, 2000		39,400
	Percentage of registered voters voted		72.03%
<u>Fiscal Year Begins:</u>	July 1st		
<u>Number of City Employees:</u>	473 regular, 420 seasonal, summer and fall programs		
<u>Fire Protection:</u>	6 stations, 170 volunteer fire fighters, 14 career personnel, ISO Class 4		
<u>Police Protection:</u>	1 station, 137 police officers, 43 non-sworn and 14 civilian employees		
<u>Building Construction:</u>	1991 - 1992	2,284 permits	\$ 116,226,850 estimated value
	1992 - 1993	2,156 permits	93,880,980 estimated value
	1993 - 1994	2,398 permits	91,335,191 estimated value
	1994 - 1995	2,401 permits	184,192,247 estimated value
	1995 - 1996	2,277 permits	140,939,440 estimated value
	1996 - 1997	2,245 permits	173,458,968 estimated value
	1997 - 1998	2,091 permits	190,550,736 estimated value
	1998 - 1999	2,196 permits	260,729,204 estimated value
	1999 - 2000	2,190 permits	255,604,926 estimated value
	2000 - 2001	1,946 permits	230,713,492 estimated value
<u>Streets:</u>	362.2 miles improved 9.9 miles unimproved		
<u>Sewers:</u>	2.3 miles (combination storm and sanitary) 374.5 miles sanitary sewer 273.9 miles storm sewer		
<u>Streets Lights:</u>	712 Detroit Edison owned 1,119 City owned		
<u>Water Plant:</u>	Accounts:		
	City-regular		26,252
	Annual Distribution		564,890,000 cubic feet
	Watermains		532.8 miles
	Hydrants		5,442

CITY OF TROY, MICHIGAN

ECONOMIC AND STATISTICAL DATA - CONTINUED

Recreation:
14 public parks (832 acres)
15 play structures
18 tennis courts
1 outdoor education center/farm
1 18-hole golf course
1 community center
1 aquatic center

<u>Population Growth:</u>	Official U.S. Census	1920	2,520
		1930	3,867
		1940	6,248
		1950	10,087
		1960	19,402
		1970	39,419
		1980	67,102
		1990	72,884
		2000	80,959

CITY OF TROY, MICHIGAN

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Population (1)	Number of Households	Median Household Effective Buying Income (3)	School Enrollment (4)	Median Age	Unemploy- ment Rate (%) (5)
1992	76,077	28,250	60,338	11,223	35.2	4.4
1993	77,891	28,736	63,804	11,356	35.5	3.6
1994	79,331	29,194	69,731	11,488	35.8	2.6
1995	80,736	29,532	55,029**	11,636	36.1	2.2
1996	81,770	29,793	58,798	11,987	*	1.8
1997	82,560	29,896	*	12,064	37.0	1.6
1998	83,787	30,274	59,601	12,050	37.3	1.9
1999	84,549	30,434	60,004	12,066	*	1.6
2000	85,124	30,721	61,806	12,079	37.0	1.6
2001	80,959 (2)	30,872	65,642	12,101	38.1	2.3

Source:

- (1) Estimates provided by City Planning Department
- (2) U.S. Bureau of the Census
- (3) Developed by Sales and Marketing Management, New York, N.Y. and published annually
- (4) Troy School District
- (5) Michigan Employment Security Commission
- * Information not available.
- ** Change in the calculation method.

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SINGLE AUDIT SECTION

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

We have audited the general purpose financial statements of the City of Troy, Michigan as of and for the year ended June 30, 2001, and have issued our report thereon dated September 14, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Troy, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Troy, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Doeren Mayhew". The signature is written in a cursive style with a large initial "D".

DOEREN MAYHEW

September 14, 2001
Troy, Michigan



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

Compliance

We have audited the compliance of the City of Troy, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The City of Troy, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Troy, Michigan's management. Our responsibility is to express an opinion on the City of Troy, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Troy, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Troy, Michigan's compliance with those requirements.

In our opinion, the City of Troy, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the City of Troy, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Troy, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


DOEREN MAYHEW

September 14, 2001
Troy, Michigan

CITY OF TROY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2001

SECTION I

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Troy, Michigan.
2. No reportable conditions were noted during the general purpose financial statement audit.
3. No instances of noncompliance were noted during the general purpose financial statement audit.
4. No reportable conditions were noted during the audit of the major federal award programs.
5. The auditor's report on the compliance for the major federal award programs for the City of Troy, Michigan expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the City of Troy, Michigan were noted.
7. The program tested as a major program was: Highway Planning and Construction CFDA No. 20.205.
8. Total federal expenditures amounted to \$949,452. One individual program exceeded \$300,000 in expenditures, which was considered a Type A program. The City of Troy, Michigan also had two programs that expended between \$300,000 and \$100,000, which were considered Type B programs.
9. The City of Troy, Michigan does qualify as a low-risk auditee.

CITY OF TROY, MICHIGAN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2001**

SECTION II

FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings were noted during the audit of the general purpose financial statements.

CITY OF TROY, MICHIGAN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2001**

SECTION III

FINDINGS - FEDERAL AWARDS AUDIT

No findings were noted during the audit of federal award programs.

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CITY OF TROY, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Revenue Recognized	Expenditures 7-1-00 - 6-30-01
U.S. Department of Justice				
Public Safety and Community Policing Grants				
63040-2A99	16.726	\$ 39,782	\$ 34,638	\$ 34,638
99shwx0119	16.726	125,000	33,799	33,799
00lbvx1380	16.726	46,082	42,750	42,750
00lbbx1402	16.726	33,168	33,168	33,168
MSP-EX36	16.726	83,229	71,329	71,329
Total U.S. Department of Justice		327,261	215,684	215,684
U.S. Department of Housing and Urban Development				
Passed Through Oakland County, Michigan				
Community Development Block Grant				
CB-95-UC-26002	14.218	219,333	28,804	28,804
CB-97-UC-26002	14.218	208,750	4	4
CB-98-UC-26002	14.218	208,750	82,437	82,437
CB-99-UC-26002	14.218	208,750	14,373	14,373
CB-00-UC-26002	14.218	208,750	36,332	36,332
Total U.S. Department of Housing and Urban Development		1,054,333	161,950	161,950
U.S. Department of Transportation				
Passed Through State of Michigan Department of Transportation				
Highway Planning and Construction				
RR0643	20.205	136,000	104,882	104,882
UB2037	20.205	88,800	51,187	51,187
HH1551	20.205	520,000	8,972	8,972
JJ0910	20.205	1,127,067	295,233	295,233
UB2039	20.205	36,000	7,366	7,366
HH2221	20.205	370,033	104,178	104,178
Total U.S. Department of Transportation		2,277,900	571,818	571,818
Total All Programs		\$ 3,659,494	\$ 949,452	\$ 949,452

See Notes to the Schedule of Expenditures of Federal Awards

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CITY OF TROY, MICHIGAN

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2001

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance and federal cost-reimbursement contracts of the City of Troy, Michigan. The City of Troy, Michigan receives federal awards directly and indirectly through pass-through entities.

The federal program expenditures included in the accompanying schedule are presented on the modified accrual basis of accounting. The modified accrual basis of accounting is also used for the general purpose financial statements. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 - Major Programs

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Costs.

