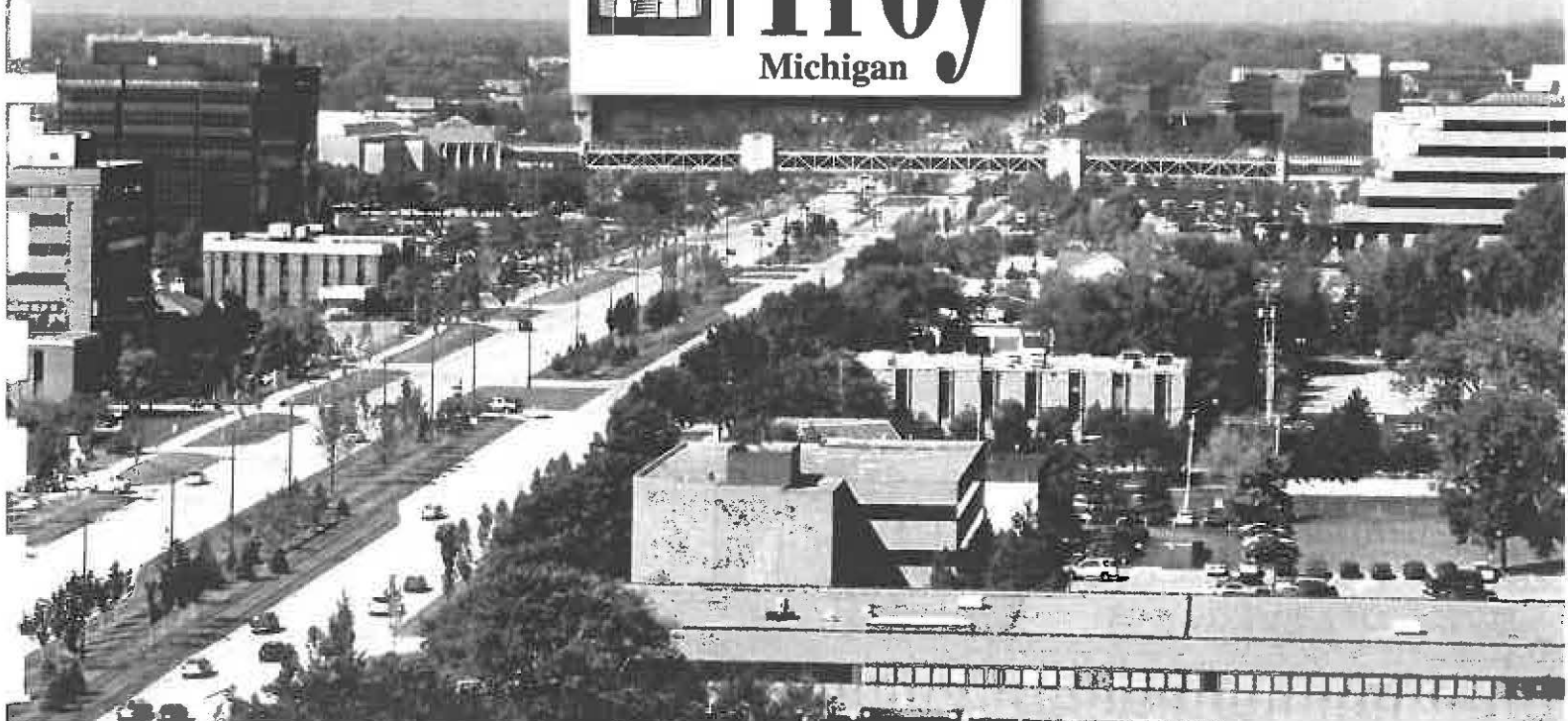




Comprehensive Annual Financial Report

for the year ended

JUNE 30, 2002



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF TROY, MICHIGAN

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

CITY COUNCIL

Matt Pryor, Mayor

Martin F. Howrylak - Mayor Pro-Tem

Robin E. Beltramini

David A. Lambert

Christina Broomfield

Anthony N. Pallotta

David J. Eisenbacher

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

November 18, 2002

Dear Mayor Pryor and Members of the City Council:

Area code (248)

Assessing
524-3311

Bldg. Inspections
524-3344

Bldg. Operations
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 Technology
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, 2002 is hereby submitted. The report represents a comprehensive and detailed picture of our financial transactions during FY 2001-02 and the financial condition of the various funds as of June 30, 2002. 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, Brownfield Redevelopment 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 18, 2002

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 remained steady during these difficult times. Our unemployment rate is well below the national and state average.

	1990	1995	July 2002
Troy	3.5%	2.2%	3.2%
Metro Area*	7.6%	5.1%	7.5%
Michigan	7.6%	5.3%	7.2%
National	5.5%	5.6%	6.0%

*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, 2000, that value had grown to \$4,686,250,942 an increase of 59.8 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 have been issued for road improvements, facility replacement and expansion, and open space/active recreation functions. We still need to issue approximately \$14,500,000 for public safety facilities.

Our Civic Center campus of approximately 128 acres is at the vanguard of much activity. A \$26 million Community Center, which has a building footprint of 136,000 square feet is nearing completion. Phase I of this facility opened in February of 2002 and offers an aquatic element, cardiovascular fitness area, dance/aerobics area, meeting rooms, banquet facilities and gymnasium. Phase II of the facility, which incorporates Parks and Recreation Department administration and more public meeting space, will be opened in the spring of 2003. Over 6,000 memberships in this state of the art facility have already been sold.

We are currently under construction for a renovation/addition to our existing City Hall for enhanced Police and Fire administration activities.

Mayor Pryor and Members of the City Council
November 18, 2002

Construction is now under way for the new golf course located in "Section 1", the northeastern most corner of our city. This site was a former landfill that will be transformed into a community links style golf course. By operating as a golf course, the facility will be self-funding and a beautiful way to develop land into an outdoor resource that many will enjoy. The golf course will be open for play in the fall of 2004.

The new Troy Nature Center, a 8,183 square foot facility, was opened in May of 2002.

Thanks to the continuing efforts of the Troy Historical Society, the historically significant Troy Methodist Church will be relocated to the Village Green site.

Construction will begin for the new Fire Station #3, which is located on Big Beaver Road, between Crooks and Coolidge.

The Big Beaver Road reconstruction project, I-75 to Livernois, was completed last November, over one month ahead of schedule.

We still maintain our tradition of strong financial management policies within City government, as evidenced by being the only municipality in the state of Michigan with a population greater than 50,000 having a "AAA" bond rating. Our tax base also continues to grow with the addition of new development, although we need to start focusing on redevelopment efforts. Doing so will improve our fiscal strength, not only for the Troy City government, but also for the Troy Downtown Development Authority.

Department Feature – COMMUNITY AFFAIRS

One of the City of Troy's Goals is to continue to improve communications between City government and its citizens and businesses. With that in mind, the Community Affairs Department was established in 1998.

The Community Affairs Department is committed to providing timely and accurate information to the public. The department is the City's liaison to the public and daily sends out information as well as answers questions from residents via the telephone, e-mail, and walk-in visits.

Communication methods used by the department include the *Troy Today* quarterly newsletter and the City calendar, which are mailed to all residents and businesses. Information is also distributed by postings on the City website, programs on the cable television station (WTRY), informational brochures, City service directories, press releases and packets of information given to new residents.

The Troy Citizens Academy program is a series of eight professionally led sessions designed to teach citizens about the City of Troy and the services it provides. Troy Citizens Academy is an educational experience that will give participants insight into Troy's history and governmental process. Participants are encouraged to share the knowledge they receive from the program with their neighbors.

Programming on WTRY includes weekly news spots, public service announcements and special city events including the Memorial Day and Veterans Day Ceremonies, the Summer Concert Series, and the Troy Daze Festival. At Troy Daze, WTRY broadcasts live all weekend showcasing events like the talent shows, parade and Mr. Troy contest.

Mayor Pryor and Members of the City Council
November 18, 2002

WTRY airs all City Council meetings live and replays them during the week. Downtown Development Authority meetings, Planning Commission, and Board of Zoning Appeals are also taped and cablecast on the station.

The City website is updated daily and features the current Troy Today newsletter online, City Council agendas, City Code and Charter, community calendar, community guide, a page featuring each City department, many forms, maps, and more. Besides being a great information source to residents, the website allows residents to conduct business they would otherwise have to come to City Hall to do. For example, residents can pay their water bill online, apply to Boards and Committees, fill out an absentee voter application, and e-mail their questions to the director of each City department.

Many of Troy's community events are planned by the Community Affairs Department. The Best Home and Garden Awards and Holiday Decoration Awards honor residents nominated by their neighbors and help beautify Troy with their displays. The Martin Luther King, Jr. Day Celebration of Freedom, Veteran's Day Ceremony, Holiday Tree Lighting, and Community Kaleidoscope are some of the community events that the department takes an active role in planning.

The Community Affairs Department serves as the City liaison to community groups and Boards and Committees including the ICCA, Troy Daze, CATV Advisory Committee, Council of Troy Homeowners Association, Leadership Troy, Troy Police Benevolent Association, Troy Community Foundation, Taste of Troy/Boys & Girls Club, American Red Cross, and the Food Fight on Big Beaver.

For those looking for City of Troy merchandise, the Community Affairs Department keeps t-shirts, hats, bags and other items available for purchase. They also do the ordering of City employee logo-wear. The Community Affairs Department also takes care of internal projects including the Staff Stuff employee newsletter, the Fire Fighters and Board and Committee banquets, and the employee holiday party.

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.

Mayor Pryor and Members of the City Council
November 18, 2002

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, 2002 and the amount of percentage increase and decrease in relation to prior year revenues.

<u>REVENUE SOURCE</u>	<u>AMOUNT</u>	<u>% OF TOTAL</u>	<u>INCREASE (DECREASE) FROM 2001</u>	<u>% INCREASE (DECREASE)</u>
Property Taxes & Special Assessments	\$40,214,010	60.4%	\$1,991,917	5.2%
Licenses and Permits	1,522,133	2.3	(526,073)	(25.7)
Federal	538,346	.8	264,464	96.7
State	14,530,595	21.8	1,751,494	13.7
County	159,268	.2	40,622	34.2
Charges for Sales and Services	3,085,039	4.6	(333,724)	(9.8)
Fines and Forfeits	1,171,749	1.8	110,439	10.4
Investment Income	1,630,865	2.5	(1,221,094)	(42.8)
Miscellaneous	3,721,754	5.6	1,551,110	71.5
	<u>\$66,573,759</u>	<u>100.0%</u>	<u>\$3,629,155</u>	

Mayor Pryor and Members of the City Council
November 18, 2002

The decrease in licenses and permits is attributable to a reduction in building permit revenue due to the economic climate and the fact that we are approximately 91% developed. Community Development Block Grant revenue played a major role in the increase in Federal funds. Investment income is still feeling the effects of the current 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, 2002 and the percentage increase and decrease in relation to prior year expenditures.

<u>EXPENDITURES</u>	<u>AMOUNT</u>	<u>% OF TOTAL</u>	<u>INCREASE (DECREASE) FROM 2001</u>	<u>% INCREASE (DECREASE)</u>
General Government	\$7,605,215	11.4%	\$470,395	6.6%
Public Safety	24,721,059	36.9	1,933,231	8.5
Roads and Streets	3,321,820	5.0	(136,910)	(4.0)
Sanitation	3,671,275	5.5	193,886	5.6
Other Public Works	3,808,488	5.7	448,843	13.3
Parks, Recreations & Cemeteries	6,245,061	9.3	450,695	7.8
Library & Museum	4,042,658	6.0	845,849	26.5
Debt Service	12,819,195	19.2	7,687,128	149.8
Downtown Development Authority	145,039	.2	(90,890)	(38.5)
Economic & Physical Development	530,118	.8	368,173	227.3
	<u>\$66,909,928</u>	<u>100.0%</u>	<u>\$12,170,400</u>	

The Museum operations were moved from Parks and Recreation to the Library during the year resulting in the large increase in Library expenditures. Debt service continues to rise due to the implementation of the \$47 million voter approved bond issues. Economic and physical development recognizes the first year of operation of the Brownfield Redevelopment Authority, which included the partial repayment of environmental clean-up work at the Midtown Square development.

General Fund Balance

The fund balance of the General Fund decreased by \$1,417,787 to a balance of \$21,960,109. Of the \$21,960,109 fund balance, \$3,383,974 is reserved for such items as tax appeals, insurance, inventory, and prepaid items; \$5,504,224 is unreserved but designated for improvements and maintenance; \$3,322,000 is unreserved but designated for the 2002-03 budget, leaving \$9,749,911 as unreserved and undesignated.

This amount represents 17.50% of our 2002-03 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.

Mayor Pryor and Members of the City Council
November 18, 2002

The Water Fund reported a net income of \$2,325,463 as compared to \$1,587,282 last Fiscal Year. Operating revenues amounted to \$9,553,855, resulting in an increase of \$1,163,178 from last year, and operating expenses totaled \$8,798,185, an increase of \$684,177 from last Fiscal Year.

The Sanitary Sewer Fund ended the year with net income of \$688,849. This compared to net income of \$4,370 last Fiscal Year. During the 2001-02 budget, rates were reviewed by City Council and were adjusted for the water and sewer utility. These rates are reviewed annually during budget time to ensure proper funding of these activities.

The Aquatic Center operations continue to result in a net loss. The net loss of \$159,817 compares to a net loss of \$189,930 last Fiscal Year. The City 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 \$48,502. This amount compares to a net income of \$118,725 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 \$149,375,254 compared to the beginning amount of \$156,328,641. The Fund continues to be very well funded. As of December 31, 2001, the Fund is 117.9% funded.

Debt Administration

At June 30, 2002, the City had a number of debt issues outstanding. These issues included \$64,794,521 being serviced by Governmental Funds and \$1,600,000 by Proprietary Fund types. All three major rating agencies (Fitch Ratings, Moody's and Standard and Poor's) gave the City a "AAA" rating for 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.

Mayor Pryor and Members of the City Council
November 18, 2002

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, 2001.

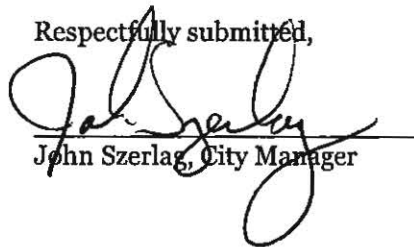
This was the fifth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

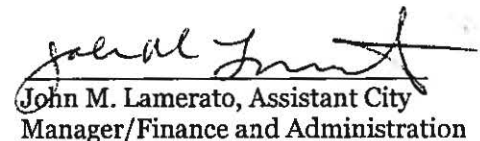
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2001

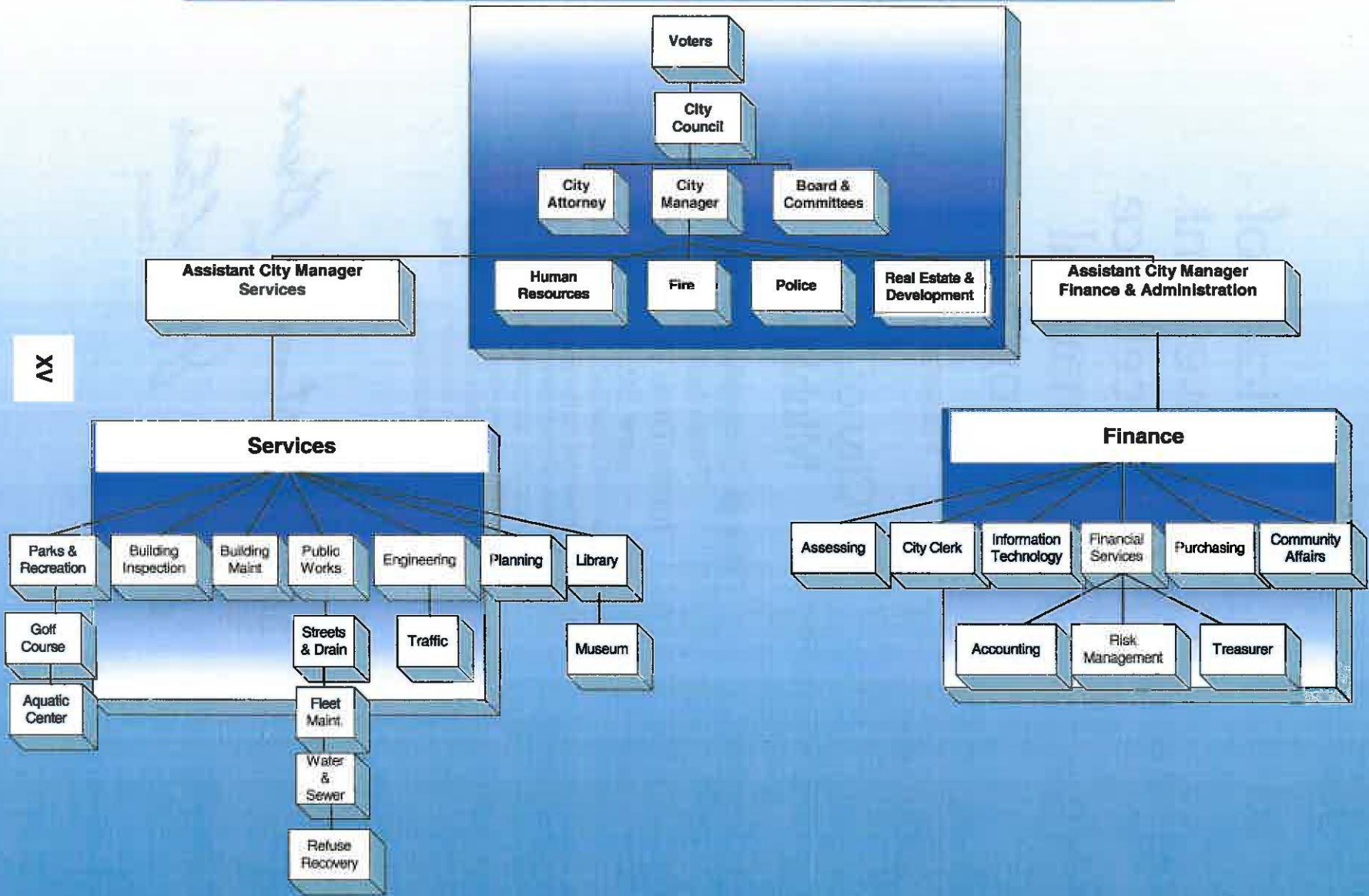
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Thomas A. Hume
President

Jeffrey L. Essler
Executive Director

CITY OF TROY ORGANIZATIONAL CHART 2001/02



LIST OF PRINCIPAL OFFICIALS

<u>TITLE</u>	<u>NAME</u>
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 SERVICES DIRECTOR	<i>James A. Nash</i>
FIRE CHIEF	<i>William S. Nelson</i>
HUMAN RESOURCES DIRECTOR	<i>Peggy E. Clifton</i>
INFORMATION TECHNOLOGY DIRECTOR	<i>Gertrude M. Paraskevini</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>
RISK MANAGER	<i>Stephen Cooperrider</i>
SUPERINTENDENT OF BUILDING OPERATIONS	<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

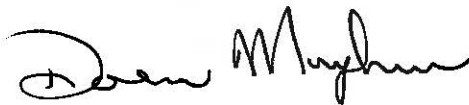
We have audited the accompanying general purpose financial statements of the City of Troy, Michigan as of June 30, 2002, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Troy, Michigan's management. Our responsibility 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, 2002, 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 13, 2002, 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 136 through 153 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 13, 2002
Troy, Michigan

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CITY OF TROY, MICHIGAN

COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS JUNE 30, 2002

ASSETS AND OTHER DEBITS

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and certificates of deposit (note 2)	\$ 16,405,179	\$ 2,346,025	\$ 4,935,140	\$ 24,204,503
Investments (note 2)	455,989	4,141,094	10,066,432	18,775,680
Accrued interest receivable	12,922	23,896	50,270	116,249
Receivables (net of allowance where applicable, for uncollectible accounts)				
Contract receivables	-	-	-	-
Taxes - net of \$150,000 allowance	545,384	212,508	-	-
Accounts receivable - net of \$62,585 allowance	4,445,846	985,442	-	1,099,730
Special assessments receivable	-	-	1,042,945	1,949,551
Due from other City of Troy funds (note 5)	15,223,899	-	393,893	20,572
Inventory	265,813	-	-	-
Prepaid items	493,222	-	-	-
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	\$ 37,848,254	\$ 7,708,965	\$ 16,488,680	\$ 46,166,285

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,	
					2002	2001
\$ 19,075,556	\$ 4,107,591	\$ 8,329,183	\$ -	\$ -	\$ 79,403,177	\$ 92,837,137
18,482,982	7,250,527	140,698,413	-	-	199,871,117	207,538,832
142,481	41,840	3,118,254	-	-	3,505,912	3,576,793
893,359	-	-	-	-	893,359	997,941
-	-	345,004	-	-	1,102,896	852,791
5,303,541	23,398	-	-	-	11,857,957	8,961,594
-	-	-	-	-	2,992,496	3,471,915
-	-	6,676,494	-	-	22,314,858	6,420,340
491,310	115,172	-	-	-	872,295	677,025
-	-	-	-	-	493,222	426,707
-	-	-	-	-	-	783,720
95,705,932	4,343,154	-	99,936,454	-	199,985,540	173,258,998
-	-	-	-	14,071,780	14,071,780	11,017,036
-	-	-	-	50,722,741	50,722,741	31,760,889
<u>\$ 140,095,161</u>	<u>\$ 15,881,682</u>	<u>\$ 159,167,348</u>	<u>\$ 99,936,454</u>	<u>\$ 64,794,521</u>	<u>\$ 588,087,350</u>	<u>\$ 542,581,718</u>

CITY OF TROY, MICHIGAN

COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS JUNE 30, 2002 (CONTINUED)

LIABILITIES, FUND EQUITY AND OTHER CREDITS

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Accounts payable and contract retainage	\$ 7,084,212	\$ -	\$ -	\$ 176,502
Accrued interest payable	-	-	-	-
Accrued payroll and withholdings	380,911	-	-	-
Accrued compensated absences payable	-	-	-	-
Other accrued liabilities	1,046,012	-	-	-
Due to other City of Troy funds (note 5)	6,697,066	328,392	1,407,061	13,266,377
Deposits	-	-	-	-
Deferred revenue	679,944	212,508	1,009,839	4,772,726
Long-term debt and bonds payable (note 7)	-	-	-	-
	\$ 15,888,145	\$ 540,900	\$ 2,416,900	\$ 18,215,605
Fund Equity and Other Credits				
Contributed capital	\$ -	\$ -	\$ -	\$ -
Investment in general fixed assets (note 4)	-	-	-	-
Retained earnings (note 9)				
Reserved for debt service	-	-	-	-
Reserved for replacements and extensions	-	-	-	-
Reserved for employee benefits	-	-	-	-
Unreserved	-	-	-	-
Fund balance (note 9)				
Reserved for insurance	1,724,939	-	-	-
Reserved for inventory and prepaid items	759,035	-	-	-
Reserved for debt service	-	-	14,071,780	-
Reserved for encumbrances	-	-	-	1,417,740
Reserved for construction and improvements	-	1,037,608	-	16,396,113
Reserved for employee benefits	-	-	-	-
Reserved for tax appeals	900,000	676,677	-	-
Unreserved, designated	3,322,000	853,940	-	7,562,173
Unreserved, designated for improvements and maintenance	5,504,224	700,000	-	-
Unreserved, undesignated	9,749,911	3,899,840	-	2,574,654
	\$ 21,960,109	\$ 7,168,065	\$ 14,071,780	\$ 27,950,680
Total liabilities, fund equity and other credits	\$ 37,848,254	\$ 7,708,965	\$ 16,488,680	\$ 46,166,285

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,	
					2002	2001
\$ 496,984	\$ -	\$ -	\$ -	\$ -	\$ 7,757,698	\$ 9,311,906
18,350	-	-	-	-	18,350	34,225
-	-	-	-	-	380,911	447,430
-	2,876,767	-	-	-	2,876,767	4,847,755
-	-	-	-	-	1,046,012	961,843
358,955	-	257,007	-	-	22,314,858	6,420,340
85,728	-	3,845,567	-	-	3,931,295	5,390,408
-	-	41,822	-	-	6,716,839	4,947,234
1,600,000	2,415,000	-	-	64,794,521	68,809,521	45,177,925
\$ 2,560,017	\$ 5,291,767	\$ 4,144,396	\$ -	\$ 64,794,521	\$ 113,852,251	\$ 77,539,066
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,975,626
-	-	-	99,936,454	-	99,936,454	78,555,293
6,023,862	-	-	-	-	6,023,862	6,458,100
1,534,896	174,742	-	-	-	1,709,638	6,162,875
-	3,178,320	-	-	-	3,178,320	2,246,615
129,976,386	7,236,853	-	-	-	137,213,239	56,778,775
-	-	-	-	-	1,724,939	1,724,939
-	-	-	-	-	759,035	552,685
-	-	-	-	-	14,071,780	11,017,036
-	-	-	-	-	1,417,740	1,653,605
-	-	148,509	-	-	17,582,230	23,850,217
-	-	154,874,443	-	-	154,874,443	161,190,876
-	-	-	-	-	1,576,677	1,576,677
-	-	-	-	-	11,738,113	16,809,756
-	-	-	-	-	6,204,224	6,178,659
-	-	-	-	-	16,224,405	17,310,918
\$ 137,535,144	\$ 10,589,915	\$ 155,022,952	\$ 99,936,454	\$ -	\$ 474,235,099	\$ 465,042,652
\$ 140,095,161	\$ 15,881,682	\$ 159,167,348	\$ 99,936,454	\$ 64,794,521	\$ 588,087,350	\$ 542,581,718

CITY OF TROY, MICHIGAN

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED JUNE 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Property taxes and special assessments	\$ 29,085,526	\$ 7,580,472	\$ 3,548,012	\$ 7,506,099
Licenses and permits	1,522,133	-	-	-
Intergovernmental				
Federal	69,453	468,893	-	30,964
State	8,492,956	4,778,519	1,259,120	2,638,751
County	159,268	-	-	-
Charges for sales and services	3,084,118	921	-	582,497
Fines and forfeits	1,171,749	-	-	-
Investment income	844,164	266,269	520,432	1,056,699
Sale of land and fixed assets	-	-	-	277,847
Miscellaneous	2,509,017	-	1,212,737	-
Total revenues	\$ 46,938,384	\$ 13,095,074	\$ 6,540,301	\$ 12,092,857
Expenditures				
Current				
General government	\$ 7,568,285	\$ -	\$ 36,930	\$ -
Public safety	24,721,059	-	-	-
Roads and streets	3,321,820	-	-	-
Sanitation	-	3,671,275	-	-
Other public works	3,808,488	-	-	-
Parks, recreation and cemeteries	6,245,061	-	-	-
Library and museum	4,042,658	-	-	-
Downtown Development Authority	-	145,039	-	-
Economic and physical development	-	530,118	-	-
Debt service				
Principal	-	-	9,589,460	-
Interest and agent fees	-	-	3,229,735	-
Capital outlay				
Construction and other capital outlay	-	-	-	56,099,017
Total expenditures	\$ 49,707,371	\$ 4,346,432	\$ 12,856,125	\$ 56,099,017
Excess (deficiency) of revenues over (under) expenditures	\$ (2,768,987)	\$ 8,748,642	\$ (6,315,824)	\$ (44,006,160)

See accompanying notes to financial statements

Totals (Memorandum Only)
Year Ended June 30,

<u>2002</u>	<u>2001</u>
\$ 47,720,109	\$ 45,093,163
1,522,133	2,048,206
569,310	307,050
17,169,346	13,012,679
159,268	118,646
3,667,536	3,996,793
1,171,749	1,061,310
2,687,564	5,406,554
277,847	444,074
<u>3,721,754</u>	<u>2,170,644</u>
\$ 78,666,616	\$ 73,659,119
\$ 7,605,215	\$ 7,134,820
24,721,059	22,787,828
3,321,820	3,458,730
3,671,275	3,477,389
3,808,488	3,359,645
6,245,061	5,794,366
4,042,658	3,196,809
145,039	235,929
530,118	161,945
9,589,460	2,969,940
3,229,735	2,162,127
<u>56,099,017</u>	<u>22,422,333</u>
\$ <u>123,008,945</u>	\$ <u>77,161,861</u>
\$ (44,342,329)	\$ (3,502,742)

CITY OF TROY, MICHIGAN

**COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Total - from previous page	\$ (2,768,987)	\$ 8,748,642	\$ (6,315,824)	\$ (44,006,160)
Other Financing Sources (Uses)				
Operating transfers - in	\$ 4,260,490	\$ (250,000)	\$ 10,703,259	\$ 4,909,290
Operating transfers - out	(2,909,290)	(10,684,463)	(1,332,691)	(3,914,705)
Bond proceeds	-	-	-	34,181,247
	-	-	-	34,181,247
Total other financing sources (uses) - net	\$ 1,351,200	\$ (10,934,463)	\$ 9,370,568	\$ 35,175,832
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (1,417,787)	\$ (2,185,821)	\$ 3,054,744	\$ (8,830,328)
Fund Balance - July 1, 2001	23,377,896	9,353,886	11,017,036	36,781,008
Cumulative Effect of Change in Accounting Principle	-	-	-	-
Fund Balance - June 30, 2002	\$ 21,960,109	\$ 7,168,065	\$ 14,071,780	\$ 27,950,680

See accompanying notes to financial statements

Totals (Memorandum Only)	
Year Ended June 30,	
2002	2001
<u> </u>	<u> </u>
\$ (44,342,329)	\$ (3,502,742)
\$ 19,623,039	\$ 11,612,967
(18,841,149)	(10,862,367)
<u>34,181,247</u>	<u>14,860,761</u>
<u>\$ 34,963,137</u>	<u>\$ 15,611,361</u>
\$ (9,379,192)	\$ 12,108,619
80,529,826	68,801,446
<u> </u>	<u>(380,239)</u>
<u>\$ 71,150,634</u>	<u>\$ 80,529,826</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, 2002

	General Fund		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes and special assessments	\$ 29,375,690	\$ 29,085,526	\$ (290,164)
Licenses and permits	1,593,200	1,522,133	(71,067)
Intergovernmental			
Federal	59,300	69,453	10,153
State	8,047,000	8,492,956	445,956
County	95,800	159,268	63,468
Charges for sales and services	2,567,450	3,084,118	516,668
Fines and forfeits	815,000	1,171,749	356,749
Investment income	1,623,000	844,164	(778,836)
Miscellaneous	2,007,150	2,509,017	501,867
Total revenues	\$ 46,183,590	\$ 46,938,384	\$ 754,794
Expenditures			
Current			
General government	\$ 8,189,770	\$ 7,568,285	\$ 621,485
Public safety	24,955,430	24,721,059	234,371
Roads and streets	3,810,090	3,321,820	488,270
Other public works	4,083,980	3,808,488	275,492
Parks, recreation and cemeteries	7,066,290	6,245,061	821,229
Library and museum	4,227,870	4,042,658	185,212
Downtown Development Authority	-	-	-
Economic and physical development	-	-	-
Total expenditures	\$ 52,333,430	\$ 49,707,371	\$ 2,626,059
Excess (deficiency) of revenues over (under) expenditures	\$ (6,149,840)	\$ (2,768,987)	\$ 3,380,853
Other Financing Sources (Uses)			
Operating transfers - in	\$ 4,341,650	\$ 4,260,490	\$ (81,160)
Operating transfers - out	(2,909,290)	(2,909,290)	-
Total other financing sources (uses) - net	\$ 1,432,360	\$ 1,351,200	\$ (81,160)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (4,717,480)	\$ (1,417,787)	\$ 3,299,693
Fund Balance - July 1, 2001	23,377,896	23,377,896	-
Fund Balance - June 30, 2002	\$ 18,660,416	\$ 21,960,109	\$ 3,299,693

See accompanying notes to financial statements

Special Revenue Funds		
Amended Budget	Actual	Variance- Favorable (Unfavorable)
\$ 7,793,945	\$ 7,580,472	\$ (213,473)
-	-	-
488,750	468,893	(19,857)
4,370,000	4,778,519	408,519
-	-	-
500	921	421
-	-	-
368,200	266,269	(101,931)
-	-	-
<u>\$ 13,021,395</u>	<u>\$ 13,095,074</u>	<u>\$ 73,679</u>
-	-	-
-	-	-
-	-	-
3,789,000	3,671,275	117,725
-	-	-
-	-	-
220,000	145,039	74,961
551,750	530,118	21,632
<u>\$ 4,560,750</u>	<u>\$ 4,346,432</u>	<u>\$ 214,318</u>
\$ 8,460,645	\$ 8,748,642	\$ 287,997
\$ (250,000)	\$ (250,000)	\$ -
<u>(10,854,360)</u>	<u>(10,684,463)</u>	<u>169,897</u>
<u>\$ (11,104,360)</u>	<u>\$ (10,934,463)</u>	<u>\$ 169,897</u>
\$ (2,643,715)	\$ (2,185,821)	\$ 457,894
9,353,886	9,353,886	-
<u>\$ 6,710,171</u>	<u>\$ 7,168,065</u>	<u>\$ 457,894</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, 2002 (CONTINUED)

	Debt Service Funds		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes and special assessments	\$ 3,318,000	\$ 3,548,012	\$ 230,012
Intergovernmental			
Federal	-	-	-
State	1,200,000	1,259,120	59,120
Charges for sales and services	-	-	-
Investment income	416,200	520,432	104,232
Sale of land and fixed assets	-	-	-
Miscellaneous	-	1,212,737	1,212,737
	-	1,212,737	1,212,737
Total revenues	\$ 4,934,200	\$ 6,540,301	\$ 1,606,101
Expenditures			
Current			
General government	\$ 36,930	\$ 36,930	\$ -
Tax refunds	19,000	-	19,000
Debt service costs			
Principal	13,519,500	9,589,460	3,930,040
Interest and agent fees	4,679,710	3,229,735	1,449,975
Capital outlay			
Construction and other capital outlay	-	-	-
	-	-	-
Total expenditures	\$ 18,255,140	\$ 12,856,125	\$ 5,399,015
Excess (deficiency) of revenues over (under) expenditures	\$ (13,320,940)	\$ (6,315,824)	\$ 7,005,116
Other Financing Sources (Uses)			
Operating transfers - in	\$ 16,141,110	\$ 10,703,259	\$ (5,437,851)
Operating transfers - out	(2,820,170)	(1,332,691)	1,487,479
Bond proceeds	-	-	-
	-	-	-
Total other financing sources (uses) - net	\$ 13,320,940	\$ 9,370,568	\$ (3,950,372)
Excess (deficiency) of revenues over (under) expenditures and other financial sources (uses)	\$ -	\$ 3,054,744	\$ 3,054,744
Fund Balance - July 1, 2001	11,017,036	11,017,036	-
Fund Balance - June 30, 2002	\$ 11,017,036	\$ 14,071,780	\$ 3,054,744

See accompanying notes to financial statements

Capital Projects Fund

<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ 7,600,000	\$ 7,506,099	\$ (93,901)
-	30,964	30,964
4,132,900	2,638,751	(1,494,149)
153,000	582,497	429,497
1,432,600	1,056,699	(375,901)
-	277,847	277,847
<u>-</u>	<u>-</u>	<u>-</u>
\$ 13,318,500	\$ 12,092,857	\$ (1,225,643)
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
<u>74,577,903</u>	<u>56,099,017</u>	<u>18,478,886</u>
\$ <u>74,577,903</u>	\$ <u>56,099,017</u>	\$ <u>18,478,886</u>
\$ (61,259,403)	\$ (44,006,160)	\$ 17,253,243
\$ 8,797,814	\$ 4,909,290	\$ (3,888,524)
(4,000,000)	(3,914,705)	85,295
<u>38,527,284</u>	<u>34,181,247</u>	<u>(4,346,037)</u>
\$ <u>43,325,098</u>	\$ <u>35,175,832</u>	\$ <u>(8,149,266)</u>
\$ (17,934,305)	\$ (8,830,328)	\$ 9,103,977
<u>36,781,008</u>	<u>36,781,008</u>	<u>-</u>
<u>\$ 18,846,703</u>	<u>\$ 27,950,680</u>	<u>\$ 9,103,977</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, 2002

	Proprietary Fund Types	
	Enterprise	Internal Service
Operating Revenues		
Charges for sales and services	\$ 17,784,935	\$ 10,032,393
Interest and dividends	-	-
Miscellaneous	1,040,118	-
Total operating revenues	\$ 18,825,053	\$ 10,032,393
Operating Expenses		
Payments to employees for compensated time off	\$ -	\$ 3,866,332
Cost of water and sewage disposal	10,772,071	-
Maintenance, operation, meters and taps	3,792,517	1,298,270
Cost of unemployment and workers' compensation against which other funds were insured	-	289,316
Computer services	-	944,631
Motor vehicle and garage expenses	-	2,240,260
Depreciation	2,276,278	1,232,041
General, administration and customer service	1,153,956	-
Total operating expenses	\$ 17,994,822	\$ 9,870,850
Operating income (loss)	\$ 830,231	\$ 161,543
Nonoperating Revenues (Expenses)		
Developers' contributions	\$ 1,894,794	\$ -
Earnings on revenue held by County	16,280	-
Gain on disposal of property	-	241,320
Investment income	1,026,207	197,208
Interest expense	(82,625)	-
Total nonoperating revenues (expenses) - net	\$ 2,854,656	\$ 438,528
Income before operating transfers	\$ 3,684,887	\$ 600,071

See accompanying notes to financial statements

Fiduciary Fund Type	Totals (Memorandum Only)	
	Year Ended June 30,	
Nonexpendable Trust	2002	2001
\$ 465	\$ 27,817,793	\$ 23,364,083
3,378	3,378	7,657
-	1,040,118	1,541,910
\$ 3,843	\$ 28,861,289	\$ 24,913,650
\$ -	\$ 3,866,332	\$ 3,349,157
-	10,772,071	9,340,303
-	5,090,787	5,506,915
-	289,316	281,139
-	944,631	1,028,642
-	2,240,260	2,163,991
-	3,508,319	3,261,741
-	1,153,956	1,073,867
\$ -	\$ 27,865,672	\$ 26,005,755
\$ 3,843	\$ 995,617	\$ (1,092,105)
\$ -	\$ 1,894,794	\$ -
-	16,280	159,275
-	241,320	510,483
-	1,223,415	2,633,330
-	(82,625)	(138,588)
\$ -	\$ 3,293,184	\$ 3,164,500
\$ 3,843	\$ 4,288,801	\$ 2,072,395

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, 2002
(CONTINUED)

	Proprietary Fund Types	
	Enterprise	Internal Service
Total - from previous page	\$ 3,684,887	\$ 600,071
Other Financing Sources (uses)		
Transfers to General Fund	\$ (781,890)	\$ -
Net income	\$ 2,902,997	\$ 600,071
Retained Earnings/Fund Balance - July 1, 2001	\$ 61,656,521	\$ 9,989,844
Reclassification of Prior Period Fund Balance	<u>72,975,626</u>	<u>-</u>
Retained Earnings/Fund Balance - June 30, 2002	<u>\$ 137,535,144</u>	<u>\$ 10,589,915</u>

See accompanying notes to financial statements

<u>Fiduciary Fund Type</u> Nonexpendable Trust	<u>Totals (Memorandum Only)</u> Year Ended June 30,	
	<u>2002</u>	<u>2001</u>
\$ 3,843	\$ 4,288,801	\$ 2,072,395
\$ -	\$ (781,890)	\$ -
\$ 3,843	\$ 3,506,911	\$ 2,072,395
\$ 144,666	\$ 71,791,031	\$ 68,203,618
-	72,975,626	1,515,018
<u>\$ 148,509</u>	<u>\$ 148,273,568</u>	<u>\$ 71,791,031</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, 2002**

Additions

Contributions

Employer	\$ 1,874,887
Plan members	396,541
	\$ 2,271,428

Total contributions

\$ 2,271,428

Investment income (loss)

Net depreciation in fair value of investments	\$ (12,422,446)
Realized and unrealized gains on investments	2,587,122
Interest	4,322,140
Dividends	1,455,854
	\$ (4,057,330)

Net investment loss

\$ (4,057,330)

Total

\$ (1,785,902)

Deductions

Benefits	\$ 4,483,504
Refunds of contributions	4,893
Administrative expenses	42,134
	\$ 4,530,531

Total deductions

\$ 4,530,531

Net Decrease

\$ (6,316,433)

Net Assets Held in Trust for Pension Benefits - July 1, 2001

161,190,876

Net Assets Held in Trust for Pension Benefits - June 30, 2002

\$ 154,874,443

Net Assets

Reserved for pension benefits	\$ 129,871,293
Reserved for health benefits	25,003,150
	\$ 154,874,443

Net Assets Held in Trust for Pension Benefits - June 30, 2002

\$ 154,874,443

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, 2002**

	Proprietary Fund Types	
	Enterprise	Internal Service
Cash Flows From Operating Activities:		
Operating income (loss)	\$ 830,231	\$ 161,543
Adjustments:		
Depreciation	\$ 2,276,278	\$ 1,232,041
Tap in fees reflected as contributions in aid of construction	1,894,794	-
Transfer of property	837,798	-
Changes in assets and liabilities:		
Decrease in accrued interest receivable	46,577	9,171
Increase in accounts receivable	(536,335)	-
Decrease (increase) in inventory	(43,453)	(11,982)
Decrease in restricted assets	783,720	-
Decrease in other current assets	-	(23,398)
Decrease in accounts payable	(614,284)	-
Increase (decrease) in due to other funds	(10,572)	-
Increase (decrease) in accrued liabilities	(15,875)	444,012
Increase in deposits and other liabilities	87,605	-
Total adjustments	\$ 4,706,253	\$ 1,649,844
Net cash provided from operating activities	\$ 5,536,484	\$ 1,811,387
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property, plant and equipment	\$ (8,540,043)	\$ (1,189,597)
Proceeds from sale of equipment	-	235,350
Repayment of debt	(800,000)	-
Interest paid	(82,625)	-
Transfers to General Fund	(781,890)	-
Net cash used in capital and related financing activities	\$ (10,204,558)	\$ (954,247)
Cash Flows From Investing Activities:		
Purchase of investment securities	\$ (15,120,352)	\$ (4,153,243)
Proceeds from sale and maturities of investment securities	10,525,062	1,514,214
Interest received	1,042,487	241,320
Net cash provided from (used in) investing activities	\$ (3,552,803)	\$ (2,397,709)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (8,220,877)	\$ (1,540,569)
Cash and Cash Equivalents - July 1, 2001	27,296,433	5,648,160
Cash and Cash Equivalents - June 30, 2002	\$ 19,075,556	\$ 4,107,591
<u>Supplemental Schedule of Noncash Activities</u>		
Net decrease in fair value of investments	\$ (49,935)	\$ (20,709)

(1) The Nonexpendable Trust Fund cash balance of \$53,510, when combined with the cash balance from other Trust and Agency Funds of \$8,275,673, is equal to the cash balance of \$8,329,183 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,	
	2002	2001
Nonexpendable		
Trust		
\$ 3,843	\$ 995,617	\$ (1,092,105)
\$ -	\$ 3,508,319	\$ 3,261,741
-	1,894,794	(712,287)
-	837,798	59,237
171	55,919	387,163
-	(536,335)	(355,892)
-	(55,435)	23,334
-	783,720	826,741
-	(23,398)	-
-	(614,284)	(17,684)
-	(10,572)	142,290
-	428,137	226,071
-	87,605	681,854
<u>\$ 171</u>	<u>\$ 6,356,268</u>	<u>\$ 4,522,568</u>
\$ 4,014	\$ 7,351,885	\$ 3,430,463
\$ -	\$ (9,729,640)	\$ (7,005,887)
-	235,350	164,729
-	(800,000)	(750,000)
-	(82,625)	(138,588)
-	(781,890)	-
<u>\$ -</u>	<u>\$ (11,158,805)</u>	<u>\$ (7,729,746)</u>
\$ (37,081)	\$ (19,310,676)	\$ (15,564,407)
3,951	12,043,227	22,814,634
3,378	1,287,185	3,474,732
<u>\$ (29,752)</u>	<u>\$ (5,980,264)</u>	<u>\$ 10,724,959</u>
\$ (25,738)	\$ (9,787,184)	\$ 6,425,676
79,248	33,023,841	26,598,165
<u>\$ 53,510</u>	<u>\$ 23,236,657</u>	<u>\$ 33,023,841</u>
(1)		
<u>\$ (270)</u>	<u>\$ (70,914)</u>	<u>\$ (241,112)</u>

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CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

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, Downtown Development Authority and the Brownfield Redevelopment 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. The purpose of the Brownfield Redevelopment Authority is to provide assistance for the redevelopment of abandoned, idled, or under-utilized industrial or commercial properties which are complicated by real or perceived environmental contamination. A separate audit report for the Downtown Development Authority and the Brownfield Redevelopment 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, 2002

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, 2002

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, 2002

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, 2002

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, 2002

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, 2002

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, 2002

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, 2002, are recorded as prepaid items.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

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, 2002

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, 2002, was \$2,212,503.

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, 2002

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.

"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, 2002

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.

Reclassification of Prior Period Retained Earnings

Retained earnings for the prior years have been reclassified to properly reflect capital in accordance with GASB 33 contributions received in aid of construction in total equity of the Water Fund and the Sanitary Sewer Fund.

Cumulative Effect of Change in Accounting Principle

For the year ended June 30, 2001, 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 in the prior year.

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, 2002

Note 2 - Deposits and Investments - Continued

The City's deposits and investments at June 30, 2002 are included in the financial statements under the following classifications:

	Financial Statement Classification		
	Cash and Cash Equivalents	Investments	Total
Deposits	\$ 79,389,795	\$ -	\$ 79,389,795
Investments	-	199,871,117	199,871,117
Petty cash and cash on hand	13,382	-	13,382
Total	\$ 79,403,177	\$ 199,871,117	\$ 279,274,294

Deposits

At year end, the carrying amount of the City's deposits was \$79,389,795 consisting of cash and cash equivalents. The bank balance was \$75,807,231. Of the bank balance, \$2,060,685 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, 2002

Note 2 - Deposits and Investments - Continued

Investments - Continued

	Category			Carrying Amount	Fair Value
	1	2	3		
Preferred stock	\$ -	\$ -	\$ 998,200	\$ 998,200	\$ 998,200
Common stock	-	-	59,855,911	59,855,911	59,855,911
Corporate bonds	-	-	38,671,171	38,671,171	38,671,171
U.S. Government Securities	-	-	23,523,859	23,523,859	23,523,859
U.S. Treasury Bills	-	-	60,731,147	60,731,147	60,731,147
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,780,288</u>	183,780,288	183,780,288
Investment in Mutual Funds				12,732,650	12,732,650
Investment in Real Estate				<u>3,358,179</u>	<u>3,358,179</u>
Total investments				<u>\$ 199,871,117</u>	<u>\$ 199,871,117</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 \$139,139,970 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, 2002, are recorded at fair value and are comprised as follows:

	Fair Value
Employees' Retirement Fund:	
Preferred stock	\$ 998,200
Common stock	59,855,911
Corporate bonds	38,671,171
U.S. Government Securities	18,260,847
Mutual funds	12,732,650
Real estate	<u>3,358,179</u>
	<u>\$ 133,876,958</u>
Discretionary Fire Incentive Reserve Fund:	
U.S. Government Securities	<u>\$ 5,263,012</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, 2002 is as follows:

Net appreciation (depreciation) in fair value of investments	\$ (12,422,446)
Realized gains on sale of investments	<u>2,587,122</u>
Total	<u>\$ (9,835,324)</u>

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 3 - Receivables

Receivables which includes amounts due from other governments at June 30, 2002, are summarized as follows:

	<u>Governments</u>	<u>Other</u>
General Fund		
Due from State of Michigan	\$ 1,237,436	\$ -
Invoices and advances	-	3,270,995
Less allowance for doubtful accounts	-	(62,585)
Total General Fund	1,237,436	3,208,410
Special Revenue Funds		
Due from Federal Government	179,742	-
Due from State of Michigan	805,700	-
Total Special Revenue Funds	985,442	-
Capital Projects Fund		
Due from Federal Government	652,319	-
Due from State of Michigan	129,069	-
Accounts receivable	-	318,342
Total Capital Projects Fund	781,388	318,342
Enterprise Funds		
Billed accounts receivable	-	1,252,113
Unbilled accounts receivable	-	4,051,428
Total Enterprise Funds	-	5,303,541
Internal Service Funds		
Accounts receivable	-	23,398
Total Receivables	\$ 3,004,266	\$ 8,853,691

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

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, 2002:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
General Fixed Assets Account Group				
Buildings and improvements	\$ 42,575,922	\$ 20,572,886	\$ -	\$ 63,148,808
Miscellaneous equipment	5,799,954	567,955	3,761,507	2,606,402
Vehicles	4,978,083	825,956	289,101	5,514,938
Office equipment	297,109	100,770	190,210	207,669
Furniture	1,785,560	366,524	1,006,339	1,145,745
Books and audiovisual aids	5,319,469	384,907	283,342	5,421,034
Land and land improvements	15,664,835	5,026,254	-	20,691,089
Computer software	309,865	-	-	309,865
Computer hardware	<u>1,824,496</u>	<u>59,586</u>	<u>993,178</u>	<u>890,904</u>
Total General Fixed Assets	<u>\$ 78,555,293</u>	<u>\$ 27,904,838</u>	<u>\$ 6,523,677</u>	<u>\$ 99,936,454</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>\$ 78,555,293</u>	<u>\$ 27,904,838</u>	<u>\$ 6,523,677</u>	<u>\$ 99,936,454</u>
Enterprise Funds				
Water and sewer transmission and distribution system	\$ 94,350,982	\$ 1,525,945	\$ -	\$ 95,876,927
Service connections	750,121	-	-	750,121
Land, buildings and improvements	10,283,781	16,250	-	10,300,031
Miscellaneous equipment	1,630,538	123,216	10,200	1,743,554
Furniture, fixtures and other	261,330	-	-	261,330
Construction-in-progress	<u>27,313,882</u>	<u>6,874,816</u>	<u>837,798</u>	<u>33,350,900</u>
Undepreciated cost	134,590,634	8,540,227	847,998	142,282,863
Less accumulated depreciation	<u>44,310,669</u>	<u>2,276,278</u>	<u>10,016</u>	<u>46,576,931</u>
Total Enterprise Funds	<u>\$ 90,279,965</u>	<u>\$ 6,263,949</u>	<u>\$ 837,982</u>	<u>\$ 95,705,932</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 4 - Property, Plant and Equipment - Continued

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Internal Service Funds				
Land, buildings and improvements	\$ 1,718,116	\$ -	\$ -	\$ 1,718,116
Motor vehicles	9,937,642	1,189,415	1,026,577	10,100,480
Miscellaneous equipment	<u>259,488</u>	<u>-</u>	<u>-</u>	<u>259,488</u>
Undepreciated cost	11,915,246	1,189,415	1,026,577	12,078,084
Less accumulated depreciation	<u>7,491,506</u>	<u>1,231,858</u>	<u>988,434</u>	<u>7,734,930</u>
Total Internal Service Funds	<u>\$ 4,423,740</u>	<u>\$ (42,443)</u>	<u>\$ 38,143</u>	<u>\$ 4,343,154</u>

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 5 - Interfund Transactions

The amounts of interfund transactions are as follows as of June 30, 2002:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 15,223,899	\$ 6,697,066
Special Revenue Funds		
Downtown Development Authority Fund	-	148,650
Community Development Block Grant Fund	-	179,742
Debt Service Funds		
General Debt Service Fund	393,893	1,407,061
Capital Projects Fund	20,572	13,266,377
Enterprise Funds		
Aquatic Center Fund	-	358,955
Fiduciary Funds		
Employees' Retirement Fund	6,676,494	-
Discretionary Fire Incentive Reserve Fund	<u>-</u>	<u>257,007</u>
	<u>\$ 22,314,858</u>	<u>\$ 22,314,858</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

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:

2003	\$ 133,550
2004	133,550
2005	106,125

Lease costs for the year ended June 30, 2002, are \$121,304.

Note 7 - Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2002:

	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	Construction			
Long-term debt payable at July 1, 2001	\$ 750,000	\$ 17,837,925	\$ 6,875,000	\$ 15,135,000	\$ 2,400,000	\$ 2,180,000	\$45,177,925
Addition of accumulated unpaid sick pay - net	-	-	-	-	-	235,000	235,000
Addition of new debt	-	19,926,247	-	24,000,000	-	-	43,926,247 *
Long-term debt retired	(575,000)	(1,549,651)	(1,400,000)	(16,205,000)	(800,000)	-	(20,529,651)
Total long-term debt payable at June 30, 2002	<u>\$ 175,000</u>	<u>\$ 36,214,521</u>	<u>\$ 5,475,000</u>	<u>\$ 22,930,000</u>	<u>\$ 1,600,000</u>	<u>\$ 2,415,000</u>	<u>\$68,809,521</u>

* Addition of new debt in the amount of \$43,926,247 includes \$9,745,000 in Downtown Development Authority Refunding Bonds.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Note 7 - Long-Term Debt - Continued

General Long-Term Debt

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2002</u>
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	\$ 570,575	\$ (570,575)	\$ -
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	97,600	(97,600)	-
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	4,150,000	(50,000)	4,100,000
Street, Roads and Streetscape Improvement General Obligation Bonds dated 11/1/01; original issuance amount \$6,850,000; bearing interest at 3.25% to 4.70%; principal due in annual installments of \$150,000 to \$600,000 through October 1, 2020	-	6,850,000	6,850,000

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2002</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	\$ (80,000)	\$ 2,250,000
Public Safety Facilities and City Hall General Obligation Bonds dated 11/1/01; original issuance amount \$1,170,000; bearing interest at 3.75% to 4.75%; principal due in annual installments of \$15,000 to \$110,000 through October 1, 2020	-	1,170,000	1,170,000
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	(130,000)	8,400,000

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2002</u>
Community Center and Recreational Facilities General Obligation Bonds dated 11/1/01; original issuance amount \$9,470,000; bearing interest at 3.00% to 4.625%; principal due in annual installments of \$200,000 to \$700,000 through October 1, 2020	\$ -	\$ 9,470,000	\$ 9,470,000
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	1,004,125	(91,284)	912,841
George W. Kuhn Drain District Drain Bonds, Series 2001C dated 10/1/01; original issuance amount \$2,102,682; bearing interest at 2.50%; principal due in annual installments of \$82,368 to \$131,609 through April 1, 2024	-	2,102,682	2,102,682

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2002</u>
George W. Kuhn Drain District Drain Bonds, Series 2001D dated 1/1/02; original issuance amount \$81,089; bearing interest at 2.50%; principal due in annual installments of \$3,198 to \$5,116 through April 1, 2024	\$ -	\$ 81,089	\$ 81,089
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	4,500,000	(1,200,000)	3,300,000
Downtown Development Authority Development Bonds, dated 7/19/01; original issuance amount \$14,255,000; bearing interest at 4.00% to 5.50%; principal due in annual installments of \$545,000 to \$1,165,000 through November 1, 2018	-	14,255,000 (605,000)	13,650,000

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2002</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>	\$ 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>	280,192	(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>	2,375,000	(200,000)	2,175,000

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2002</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>	\$ 9,035,000	\$ (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>	6,100,000	(6,100,000)	-
<p>Downtown Development Authority Refunding Bonds, dated 7/19/01; original issuance amount \$9,745,000; bearing interest at 4.00% to 5.50%; principal due in annual installments of \$380,000 to \$800,000 through November 1, 2018</p>	-	9,745,000 (465,000)	9,280,000

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2002</u>
1986 Special Assessment Bonds, date of issue 8/1/86; original issuance amount \$930,000; bearing interest at 6.75% to 6.85%; principal due in annual installments of \$25,000 to \$50,000 through August 1, 2006	\$ 200,000	\$ (25,000)	\$ 175,000
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

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Note 7 - Long-Term Debt - Continued

General Long-Term Debt - Continued

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2002</u>
<p>George W. Kuhn Drain District Drain Bonds, Series 2001E dated 1/1/02; original issuance amount \$252,476; bearing interest at 4.00% to 5.25%; principal due in annual installments of \$8,953 to \$18,415 through April 1, 2024</p>	\$ -	\$ 252,476	\$ 252,476
<p>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</p>	175,000	(175,000)	-
<p>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</p>	<u>375,000</u>	<u>(375,000)</u>	<u>-</u>
<p style="text-align: center;">Total General Long-Term Debt</p>	<u>\$ 40,597,925</u>	<u>\$ 24,196,596</u>	<u>\$ 64,794,521</u>

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 7 - Long-Term Debt - Continued

Internal Service Funds

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2002</u>
Accumulated sick pay	\$ 2,180,000	\$ 235,000	\$ 2,415,000

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	\$ 1,800,000	\$ (600,000)	\$ 1,200,000
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>600,000</u>	<u>(200,000)</u>	<u>400,000</u>
Total Enterprise Funds	<u>\$ 2,400,000</u>	<u>\$ (800,000)</u>	<u>\$ 1,600,000</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

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, 2002, \$32,500,000 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, 2002, 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					
2003	\$ 779,306	\$ 800,000	\$ 25,000	\$ 925,000	\$ 1,500,000	\$ 2,991,932	\$ 7,021,238
2004	1,005,332	800,000	25,000	960,000	350,000	2,810,877	5,951,209
2005	1,281,002	-	25,000	1,005,000	400,000	2,692,102	5,403,104
2006	1,454,202	-	50,000	1,045,000	425,000	2,626,249	5,600,451
2007	1,632,527	-	50,000	1,050,000	450,000	2,450,125	5,632,652
2008	1,725,853	-	-	1,100,000	475,000	2,313,957	5,614,810
2009	1,781,610	-	-	1,150,000	500,000	2,174,002	5,605,612
2010	1,860,190	-	-	1,200,000	525,000	2,046,196	5,631,386
2011	2,118,900	-	-	1,265,000	175,000	1,850,675	5,409,575
2012	1,677,482	-	-	1,365,000	200,000	1,698,629	4,941,111
2013	1,886,830	-	-	1,440,000	225,000	1,542,136	5,093,966
2014	1,950,795	-	-	1,515,000	250,000	1,364,914	5,080,709
2015	2,129,632	-	-	1,600,000	-	1,174,243	4,903,875
2016	2,144,365	-	-	1,690,000	-	986,172	4,820,537
2017	2,253,969	-	-	1,780,000	-	792,634	4,826,603
2018	2,343,702	-	-	1,875,000	-	591,951	4,810,653
2019	2,447,922	-	-	1,965,000	-	380,719	4,793,641
2020	2,552,909	-	-	-	-	210,518	2,763,427
2021	2,692,898	-	-	-	-	82,710	2,775,608
2022	188,649	-	-	-	-	14,204	202,853
2023	151,306	-	-	-	-	8,660	159,966
2024	155,140	-	-	-	-	4,384	159,524
Total	\$ 36,214,521	\$ 1,600,000	\$ 175,000	\$ 22,930,000	\$ 5,475,000	\$ 30,807,989	\$ 97,202,510

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

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.

Defeased Debt

Refunding and Defeasance of the Downtown Development Authority of the City of Troy Series 1995 A and 1995 B Bonds.

Series 1995 A Bonds

On July 19, 2001, the Downtown Development Authority of the City of Troy (the "DDA") issued \$24,000,000 Development and Refunding Bonds, Series 2001, a portion of which (\$9,796,280) was deposited in the 1995A Escrow Account for the purchase of State and Local Governments Securities ("SLUGS") to advance refund the 1995 Development Bonds, Series A of the Downtown Development Authority dated June 1, 1995. The escrow provided for the purchase of sufficient SLUGS to pay to maturity, the following bonds:

<u>November 1,</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
2001	5.20%	\$ 300,000
2002	5.30%	315,000
2003	5.40%	335,000
2004	5.50%	355,000
2005	5.60%	375,000

Additionally, the Escrow provided for the Advance Refunding to the first call date, (November 1, 2005), bonds as follows:

<u>November 1,</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
2010	6.10%	\$ 2,030,000
2018	6.375%	5,325,000

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 7 - Long-Term Debt - Continued

Defeased Debt - Continued

Series 1995 B Bonds

Additionally, the DDA deposited, from Funds on Hand, in the DDA, the amount of \$6,937,279 into the 1995B Escrow Fund to defease to maturity the following:

<u>November 1,</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
2001	7.35%	\$ 380,000
2002	7.45%	440,000
2003	7.55%	505,000
2004	8.00%	575,000

and to defease to the first call date, (November 1, 2005) Series B Bonds due November 1, 2009, which carry an interest rate of 8.00% and the amount is \$4,200,000.

That portion of the proceeds from the Series 2001 bonds that were issued to defease the 1995 Series A bonds and the cash on hand from the DDA that was used to defease the 1995 Series B bonds was used to purchase SLUGS which were deposited in an irrevocable trust, for each Series with the Escrow Agent (Fifth Third Bank) and provides sufficient monies, without reinvestment, to meet the debt service payments on each Series of the 1995 bonds until the bonds either mature or are callable, in the case of the term bonds, on November 5, 2005. Both the Advance Refunding Bonds (Series A) and the cash deposit for the Series B Bonds met the requirements for an in substance debt defeasance, bonds are removed from the City's government wide financial statements.

A result of the Advance Refunding of the Series A Bonds and the Defeasance of the Series B Bonds, the DDA has reduced its total debt service requirements from \$15,083,181 to \$14,636,373, which results in an economic gain (the difference between the present value of the debt service payments on the old and the new debt) of \$293,726 for the 1995 Series A Bonds.

A result of the cash contribution for the Series B Bonds, the DDA has reduced its total debt service requirements from \$8,683,454 to \$8,002,454, which results in an economic gain of \$681,000 for the 1995 Series B Bonds.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 8 - Restricted Assets

For the year ended June 30, 2001, the receivable from Oakland County in the amount of \$783,720 was received during the fiscal year ending June 30, 2002. The receivable represented the City's pro rata share of monies received by the County in excess of the financing requirements of the Water System.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 9 - 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 \$759,035 representing the portion of the fund balance that is not available for other future expenditures.

Reserve for Debt Service

The fund balance of \$14,071,780 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 \$1,417,740 in the Capital Projects Fund. These reserves represent outstanding purchase commitments at June 30, 2002.

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:

Special Revenue Fund	
Project Commitments	\$ 1,037,608
Capital Projects Fund	
Project Commitments	2,893,981
Cleary Landfill Site improvements	370,782
Special assessment projects	11,997,063
Bonded projects	902,050
Subdivision improvements	<u>232,237</u>
Subtotal	16,396,113
Trust and Agency	
Cemetery future maintenance	<u>148,509</u>
Total	<u>\$ 17,582,230</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 9 - 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 proceeds 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	\$ 704,224
Right of way condemnation suits	<u>4,800,000</u>
Subtotal	5,504,224
Special Revenue Funds	
Snow and ice control	<u>700,000</u>
Total	<u>\$ 6,204,224</u>

Unreserved, Designated

The General Fund, Special Revenue Funds (Downtown Development Authority, Refuse Fund, Major Street Fund and Local Street Fund) and Capital Projects Fund have designated \$3,322,000, \$853,940 and \$7,562,173, respectively, for subsequent years budgets.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 10 - 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, 2002, 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, 2002</u>	<u>Year Ended</u> <u>June 30, 2001</u>
Estimated liability - beginning of year	\$ 714,070	\$ 906,855
Estimated claims incurred, including changes in estimates	589,452	489,017
Claim payments	<u>685,338</u>	<u>681,802</u>
Estimated liability - end of year	<u>\$ 618,184</u>	<u>\$ 714,070</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 11 - 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, 2002, is as follows:

	<u>Water Fund</u>	<u>Sanitary Sewer Fund</u>	<u>Aquatic Center Fund</u>	<u>Golf Course Fund</u>
Operating revenues	\$ 9,553,855	\$ 7,635,479	\$ 388,507	\$ 1,247,212
Depreciation expense	1,026,632	909,010	157,898	182,738
Operating income (loss)	755,670	206,727	(159,817)	27,651
Net income (loss)	2,325,463	688,849	(159,817)	48,502
Unbilled accounts receivable	2,168,455	1,855,421	-	-
Property, plant and equipment - Additions	924,077	601,868	19,300	120,165
Net working capital	20,791,949	19,442,708	(331,403)	1,926,599
Bonds and contracts payable from operating revenues	1,600,000	-	-	-
Total assets	81,353,196	51,295,008	2,785,036	4,661,921
Total equity	79,280,312	51,166,830	2,426,081	4,661,921

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 12 - 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 \$141,460,400 (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, 2002.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Note 13 - 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 2001-2002 levy was \$4,686,250,942, 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, 1.65 and .83 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, 2002

Note 14 - 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 1.0 to 4.0 percent as of June 30, 2002. The City's total payroll for the year ended June 30, 2002, was \$30,789,777. Included in this total was \$15,077,207 and \$12,592,763 of covered payroll for the employee retirement system and the employee defined contribution plan, respectively. \$3,119,807 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, 2001</u>
Retirees and beneficiaries currently receiving benefits	169
Vested terminated employees	21
Active employees:	
Fully vested	165
Nonvested	76

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, 2002 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, 2002, contributions totaling \$1,857,996 (\$1,461,455 employer and \$396,541 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2000, which was net of the amortization of assets in excess of unfunded actuarial accrued liability. Employer and employee contributions were based on 9.7 percent and 2.6 percent, respectively, of covered payroll.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 14 - 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 \$1,461,455, \$1,461,451 represented the amount attributable to healthcare benefits. This contribution represented 5.3 percent of covered payroll during the current year. During the current year, healthcare benefits paid for retirees totaled \$839,826.

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, 2002 was determined using an individual entry age funding method. At December 31, 2001, the benefit payment amount was \$411 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, 2002, was \$413,432. 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 19 years.

<u>Group</u>	<u>December 31, 2001</u>
Retirees and beneficiaries currently receiving benefits	62
Vested terminated employees	28
Active employees:	
Fully vested	86
Nonvested	73

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 14 - 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>
2000	1998	\$ 1,087	100.0%	None
2001	1999	1,174	100.0	None
2002	2000	1,461	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>
2000	1998	\$ 330	100.0%	None
2001	1999	360	100.0	None
2002	2000	413	100.0	None

The plans do not issue a separate financial report.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Note 15 - 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. In 2002, the City afforded the option to TPOA members of the Employees Retirement System to elect a transfer to the TCP of which 19 employees elected such transfer. The DCP is also in effect for all new full-time employees. Total membership in the DCP as of June 30, 2002 was 254.

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, 2002, was \$12,592,763, and the City's total payroll was \$30,789,777. The required contributions, which matched those actually made, were \$521,743 by employees and \$1,493,090 by the City, representing 4.1 percent and 11.9 percent of covered payroll, respectively.

Note 16 - Subsequent Event

On July 1, 2002, the Municipal Building Authority of the City of Troy, issued Michigan Golf Course Bonds, Series 2002 in the amount of \$12,000,000. The purpose of the bond issue is to pay for the costs related to the project.

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>
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)
2001	123,669	97,140	(26,529)	127.3	14,566	(182.1)

HEALTH ONLY

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
2001	23,645	27,804	4,159	85.0	26,847	15.5

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)

Fiscal Year Ended <u>June 30,</u>	Actuarial Valuation Date <u>December 31,</u>	Annual Required Contribution	Percent Contributed
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
2002	2000	1,461	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>
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
2001*&	5,109	8,160	3,051	62.6

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>
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
2002	2000	413	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, 2002
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)

ASSETS

	June 30,	
	2002	2001
Cash and certificates of deposit	\$ 16,405,179	\$ 15,703,613
Investments - at fair value	455,989	7,265,419
Accrued interest receivable	12,922	84,856
Taxes and penalties receivable - net of allowance for doubtful accounts of \$150,000 in 2002 and 2001	545,384	357,128
Accounts receivable - net of allowance for doubtful accounts of \$62,585 in 2002 and \$70,260 in 2001	4,445,846	2,560,041
Due from other City of Troy funds		
Aquatic Center Fund	358,955	369,527
Community Development Block Grant Fund	179,742	48,149
Debt Fund	1,407,473	1,407,369
Downtown Development Authority Fund	148,650	-
Capital Projects Fund	12,872,072	2,538,420
Fire Reserve Fund	257,007	420,268
Employees' Retirement Fund	-	1,636,607
Total due from other City of Troy funds	15,223,899	6,420,340
Inventory	265,813	125,978
Prepaid items	493,222	426,707
Total assets	\$ 37,848,254	\$ 32,944,082

CITY OF TROY, MICHIGAN
GENERAL FUND

BALANCE SHEET
JUNE 30, 2002

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)

LIABILITIES AND FUND BALANCE

	June 30,	
	2002	2001
Liabilities		
Accounts payable	\$ 7,084,212	\$ 7,713,168
Accrued payroll and withholdings	380,911	447,430
Other accrued liabilities	1,046,012	961,843
Due to other City of Troy funds	6,697,066	-
Deferred revenue	679,944	443,745
Total liabilities	\$ 15,888,145	\$ 9,566,186
 Fund Balance		
Reserved for insurance	\$ 1,724,939	\$ 1,724,939
Reserved for inventory and prepaid items	759,035	552,685
Reserved for tax appeals	900,000	900,000
Unreserved, designated	3,322,000	4,727,480
Unreserved, designated for improvements and maintenance		
Unreserved for retention pond maintenance	704,224	678,659
Unreserved for condemnation suits	4,800,000	4,800,000
Total unreserved, designated for improvements and maintenance	5,504,224	5,478,659
Unreserved, undesignated	9,749,911	9,994,133
Total fund balance	\$ 21,960,109	\$ 23,377,896
Total liabilities and fund balance	\$ 37,848,254	\$ 32,944,082

CITY OF TROY, MICHIGAN
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes, penalties and interest	\$ 29,375,690	\$ 29,085,526	\$ (290,164)
Licenses and permits	1,593,200	1,522,133	(71,067)
Intergovernmental			
Federal	59,300	69,453	10,153
State	8,047,000	8,492,956	445,956
County	95,800	159,268	63,468
Charges for sales and services	2,567,450	3,084,118	516,668
Fines and forfeits	815,000	1,171,749	356,749
Investment income	1,623,000	844,164	(778,836)
Miscellaneous	2,007,150	2,509,017	501,867
	\$ 46,183,590	\$ 46,938,384	\$ 754,794
Expenditures			
Current			
General government	\$ 8,189,770	\$ 7,568,285	\$ 621,485
Public safety	24,955,430	24,721,059	234,371
Roads and streets	3,810,090	3,321,820	488,270
Other public works	4,083,980	3,808,488	275,492
Parks, recreation and cemeteries	7,066,290	6,245,061	821,229
Library and museum	4,227,870	4,042,658	185,212
	\$ 52,333,430	\$ 49,707,371	\$ 2,626,059
Excess (deficiency) of revenues over (under) expenditures	\$ (6,149,840)	\$ (2,768,987)	\$ 3,380,853
Other Financing Sources (Uses)			
Operating transfers in (out)			
Major and Local Road Funds	\$ 3,329,950	\$ 3,329,950	\$ -
Capital Fund	(2,909,290)	(2,909,290)	-
Sewer Fund	781,890	781,890	-
Downtown Development Authority	229,810	148,650	(81,160)
	\$ 1,432,360	\$ 1,351,200	\$ (81,160)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (4,717,480)	\$ (1,417,787)	\$ 3,299,693
Fund Balance - July 1, 2001	23,377,896	23,377,896	-
Fund Balance - June 30, 2002	\$ 18,660,416	\$ 21,960,109	\$ 3,299,693

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF REVENUES BY SOURCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Property taxes, penalties and interest			
Property taxes	\$ 29,040,690	\$ 28,692,201	\$ (348,489)
Penalties and interest	335,000	393,325	58,325
	\$ 29,375,690	\$ 29,085,526	\$ (290,164)
Licenses and permits			
Business licenses and permits	\$ 47,200	\$ 41,334	\$ (5,866)
Refrigeration and air conditioning	45,000	40,555	(4,445)
Building	900,000	839,033	(60,967)
Electrical	155,000	172,722	17,722
Heating	90,000	93,785	3,785
Plumbing	95,000	99,332	4,332
Sewer inspection	25,000	16,593	(8,407)
Sidewalk	13,500	7,988	(5,512)
Grading	17,000	10,920	(6,080)
Other	205,500	199,871	(5,629)
	\$ 1,593,200	\$ 1,522,133	\$ (71,067)
Intergovernmental			
Federal programs	\$ 59,300	\$ 69,453	\$ 10,153
State programs			
Library assistance	80,000	70,958	(9,042)
Other	30,000	28,781	(1,219)
State-shared revenues	7,937,000	8,393,217	456,217
County programs			
Library assistance	95,800	159,268	63,468
	\$ 8,202,100	\$ 8,721,677	\$ 519,577
Charges for sales and services			
Sales			
Tree planting, landscaping and greenbelts	\$ 45,000	\$ 90,869	\$ 45,869
Other	94,000	72,843	(21,157)
	\$ 139,000	\$ 163,712	\$ 24,712
Services			
County road maintenance	\$ 390,000	\$ 245,823	\$ (144,177)
Engineering	600,000	1,300,265	700,265
Weed cutting	32,000	39,544	7,544
Right-of-way fees	150,000	43,380	(106,620)
Other	398,750	261,045	(137,705)
	\$ 1,570,750	\$ 1,890,057	\$ 319,307

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF REVENUES BY SOURCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Charges for sales and services - Continued			
Fees			
Cable TV franchise fees	\$ 650,000	\$ 811,640	\$ 161,640
Towing fees	25,000	20,170	(4,830)
Plan review fees	75,000	55,777	(19,223)
Other	107,700	142,762	35,062
	\$ 857,700	\$ 1,030,349	\$ 172,649
Total charges for sales and services	\$ 2,567,450	\$ 3,084,118	\$ 516,668
Fines and forfeits			
Library fines	\$ 80,000	\$ 78,303	\$ (1,697)
District court reimbursement	375,000	476,826	101,826
Other	360,000	616,620	256,620
	\$ 815,000	\$ 1,171,749	\$ 356,749
Investment income			
General	\$ 1,623,000	\$ 844,164	\$ (778,836)
Miscellaneous			
Administrative fees	\$ 307,450	\$ 307,450	\$ -
Other	297,700	343,314	45,614
Recreation			
Summer program	700,000	755,780	55,780
Winter program	515,000	599,640	84,640
Tennis bubble rent	27,000	25,000	(2,000)
Community Center	110,000	438,918	328,918
Outdoor educational center	40,000	30,861	(9,139)
Other recreation	10,000	8,054	(1,946)
	\$ 2,007,150	\$ 2,509,017	\$ 501,867
Total revenues	\$ 46,183,590	\$ 46,938,384	\$ 754,794

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
General government			
Council/Executive administration			
Council	\$ 85,460	\$ 91,092	\$ (5,632)
City Manager	682,430	711,644	(29,214)
Attorney	993,890	902,445	91,445
	\$ 1,761,780	\$ 1,705,181	\$ 56,599
Finance			
Assessing	\$ 848,960	\$ 787,947	\$ 61,013
Clerk	359,330	370,731	(11,401)
Elections	146,620	122,498	24,122
Accounting	881,950	851,905	30,045
Independent audit	42,630	41,424	1,206
Human resources	532,570	454,680	77,890
Purchasing	298,780	318,454	(19,674)
Board of review	1,790	1,258	532
Treasurer	586,520	456,242	130,278
Community Affairs	659,270	514,749	144,521
	\$ 4,358,420	\$ 3,919,888	\$ 438,532
Other general government			
City Hall	\$ 754,310	\$ 771,419	\$ (17,109)
District Court	201,970	193,939	8,031
Planning	562,360	443,728	118,632
Real estate and development	550,930	534,130	16,800
	\$ 2,069,570	\$ 1,943,216	\$ 126,354
Total general government	\$ 8,189,770	\$ 7,568,285	\$ 621,485
Public safety			
Police			
Administrative	\$ 1,238,760	\$ 1,264,737	\$ (25,977)
Support services	5,370,170	5,467,807	(97,637)
Investigations	2,588,300	2,667,369	(79,069)
Juvenile Units	681,580	627,834	53,746
Uniform Patrol	9,887,120	9,646,174	240,946
	\$ 19,765,930	\$ 19,673,921	\$ 92,009

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Public safety - Continued			
Fire			
Administration	\$ 1,872,520	\$ 1,919,153	\$ (46,633)
Communications	154,820	134,791	20,029
Volunteer companies	778,200	773,278	4,922
Fire halls	585,560	522,436	63,124
	\$ 3,391,100	\$ 3,349,658	\$ 41,442
Building inspection	1,798,400	1,697,480	100,920
Total public safety	\$ 24,955,430	\$ 24,721,059	\$ 234,371
Roads and streets			
Major roads			
Repair - surface maintenance	\$ 572,580	\$ 563,823	\$ 8,757
Drain structures and ditches	107,940	104,151	3,789
Signs	52,430	24,903	27,527
Snow and ice removal	322,840	180,113	142,727
Administrative	331,910	574,752	(242,842)
Other	297,250	244,490	52,760
	\$ 1,684,950	\$ 1,692,232	\$ (7,282)
Local roads			
Repair - surface maintenance	\$ 396,320	\$ 306,952	\$ 89,368
Sweeping	149,680	156,094	(6,414)
Drain structures and ditches	295,430	247,093	48,337
Grass and weed control	7,420	1,047	6,373
Dust control	17,870	22,604	(4,734)
Signs	142,170	166,522	(24,352)
Snow and ice removal	330,050	175,095	154,955
Administration	257,380	248,305	9,075
Other	38,720	20,475	18,245
	\$ 1,635,040	\$ 1,344,187	\$ 290,853
County roads			
Snow and ice removal	\$ 268,490	\$ 171,360	\$ 97,130
Administration	18,270	14,632	3,638
Other	203,340	99,409	103,931
	\$ 490,100	\$ 285,401	\$ 204,699
Total roads and streets	\$ 3,810,090	\$ 3,321,820	\$ 488,270

CITY OF TROY, MICHIGAN
GENERAL FUND

SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002
(CONTINUED)

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Other public works			
Street lighting	\$ 356,990	\$ 300,827	\$ 56,163
Sidewalk maintenance	109,430	144,522	(35,092)
Weed cutting and other	59,540	52,504	7,036
	\$ 525,960	\$ 497,853	\$ 28,107
General services			
Engineering	\$ 2,776,130	\$ 2,634,796	\$ 141,334
Storm drain and retention pond maintenance			
Storm drains	\$ 339,090	\$ 275,564	\$ 63,526
Retention ponds	242,730	230,081	12,649
Administration	200,070	170,194	29,876
	\$ 781,890	\$ 675,839	\$ 106,051
Total other public works	\$ 4,083,980	\$ 3,808,488	\$ 275,492
Parks, recreation and cemeteries			
City grounds	\$ 401,910	\$ 271,975	\$ 129,935
Athletic fields	309,680	213,094	96,586
Administration	933,310	1,203,139	(269,829)
Summer program	725,370	668,406	56,964
Winter program	603,380	635,590	(32,210)
Community Center	1,548,210	1,110,251	437,959
Community Fair	160,750	62,702	98,048
Park maintenance and development	1,464,290	1,299,835	164,455
Tree and street island maintenance	869,660	728,142	141,518
Cemeteries	49,730	51,927	(2,197)
Total parks, recreation and cemeteries	\$ 7,066,290	\$ 6,245,061	\$ 821,229
Library and Museum			
Library	\$ 3,803,070	\$ 3,658,862	\$ 144,208
Museum	424,800	383,796	41,004
Total library and museum	\$ 4,227,870	\$ 4,042,658	\$ 185,212
Total expenditures	\$ 52,333,430	\$ 49,707,371	\$ 2,626,059

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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.

Brownfield Redevelopment Authority Fund

This fund represents an authority established for the purpose of providing assistance for the redevelopment of abandoned, idled, or under-utilized industrial or commercial properties which are complicated by real or perceived environmental contamination.

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, 2002
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)

ASSETS

	Downtown Develop- ment Authority	Major Street Fund	Local Street Fund	Refuse Fund	Brownfield Redevelop- ment Authority	Community Develop- ment Block Grant	June 30,	
							2002	2001
Cash and certificates of deposit	\$ 671,246	\$ 606,345	\$ 436,845	\$ 631,589	\$ -	\$ -	\$ 2,346,025	\$ 4,710,812
Investment - at fair value	1,184,852	1,070,292	771,098	1,114,852	-	-	4,141,094	3,846,189
Accounts receivable	-	-	-	-	-	-	-	273
Accrued interest receivable	6,837	6,176	4,450	6,433	-	-	23,896	42,545
Delinquent taxes receivable	212,508	-	-	-	-	-	212,508	144,907
Receivable from State government	-	576,367	229,333	-	-	-	805,700	754,067
Due from Federal government	-	-	-	-	-	179,742	179,742	48,149
Total assets	\$ 2,075,443	\$ 2,259,180	\$ 1,441,726	\$ 1,752,874	\$ -	\$ 179,742	\$ 7,708,965	\$ 9,546,942

LIABILITIES AND FUND EQUITY

Liabilities

Due to other City of Troy funds	\$ 148,650	\$ -	\$ -	\$ -	\$ -	\$ 179,742	\$ 328,392	\$ 48,149
Deferred revenue	212,508	-	-	-	-	-	212,508	144,907
Total liabilities	\$ 361,158	\$ -	\$ -	\$ -	\$ -	\$ 179,742	\$ 540,900	\$ 193,056

Fund Equity

Reserved for projects	\$ 1,037,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,037,608	\$ -
Reserved for tax appeals	676,677	-	-	-	-	-	676,677	676,677
Unreserved, designated for snow and ice control	-	300,000	400,000	-	-	-	700,000	700,000
Unreserved, undesignated	-	1,467,360	959,946	1,472,534	-	-	3,899,840	4,357,041
Unreserved, designated	-	491,820	81,780	280,340	-	-	853,940	3,620,168
Total fund equity	\$ 1,714,285	\$ 2,259,180	\$ 1,441,726	\$ 1,752,874	\$ -	\$ -	\$ 7,168,065	\$ 9,353,886
Total liabilities and fund equity	\$ 2,075,443	\$ 2,259,180	\$ 1,441,726	\$ 1,752,874	\$ -	\$ 179,742	\$ 7,708,965	\$ 9,546,942

CITY OF TROY, MICHIGAN
SPECIAL REVENUE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001)**

	Downtown Develop- ment Authority	Major Street Fund	Local Street Fund	Refuse Fund	Brownfield Redevelop- ment Authority	Community Develop- ment Block Grant	Year Ended June 30,	
							2002	2001
Revenues								
Property taxes	\$ 3,883,170	\$ -	\$ -	\$ 3,636,077	\$ 61,225	\$ -	\$ 7,580,472	\$ 7,533,127
Intergovernmental - Community Development Block Grant	-	-	-	-	-	468,893	468,893	161,945
State-shared gas and weight taxes	-	3,415,410	1,363,109	-	-	-	4,778,519	4,412,467
Charges for sales and services	-	-	-	921	-	-	921	1,431
Investment income	93,772	54,801	28,715	88,981	-	-	266,269	627,524
Total revenues	\$ 3,976,942	\$ 3,470,211	\$ 1,391,824	\$ 3,725,979	\$ 61,225	\$ 468,893	\$ 13,095,074	\$ 12,736,494
Expenditures - Current								
Sanitation								
Contracted disposal service	-	-	-	1,841,188	-	-	1,841,188	1,801,107
Incinerator fees	-	-	-	1,662,830	-	-	1,662,830	1,503,941
Resource recovery	-	-	-	122,584	-	-	122,584	125,364
Other refuse expenditures	-	-	-	44,673	-	-	44,673	46,977
Downtown Development Authority	145,039	-	-	-	-	-	145,039	235,929
Economic and Physical Development	-	-	-	-	61,225	468,893	530,118	161,945
Total expenditures	\$ 145,039	\$ -	\$ -	\$ 3,671,275	\$ 61,225	\$ 468,893	\$ 4,346,432	\$ 3,875,263
Excess of revenues over expenditures	\$ 3,831,903	\$ 3,470,211	\$ 1,391,824	\$ 54,704	\$ -	\$ -	\$ 8,748,642	\$ 8,861,231
Other Financing Sources (Uses)								
Operating transfers - in (out)								
General Fund	(148,650)	(1,694,950)	(1,635,000)	-	-	-	(3,478,600)	(3,282,545)
Capital Projects Fund	-	(2,000,000)	-	-	-	-	(2,000,000)	(3,041,192)
Major Streets Debt Fund	(319,575)	-	-	-	-	-	(319,575)	(303,725)
General Debt Fund	(163,000)	-	-	-	-	-	(163,000)	-
Local Street Fund	-	(250,000)	-	-	-	-	(250,000)	(250,000)
Major Street Fund	-	-	250,000	-	-	-	250,000	250,000
Downtown Development Authority Debt Fund	(4,973,288)	-	-	-	-	-	(4,973,288)	(1,668,201)
Total other financing sources (uses) - net	\$ (5,604,513)	\$ (3,944,950)	\$ (1,385,000)	\$ -	\$ -	\$ -	\$ (10,934,463)	\$ (8,295,663)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (1,772,610)	\$ (474,739)	\$ 6,824	\$ 54,704	\$ -	\$ -	\$ (2,185,821)	\$ 565,568
Fund Balance - July 1, 2001	3,486,895	2,733,919	1,434,902	1,698,170	-	-	9,353,886	8,907,399
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-	(119,081)
Fund Balance - June 30, 2002	\$ 1,714,285	\$ 2,259,180	\$ 1,441,726	\$ 1,752,874	\$ -	\$ -	\$ 7,168,065	\$ 9,353,886

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, 2002

	Downtown Development Authority		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes	\$ 4,060,645	\$ 3,883,170	\$ (177,475)
State-shared gas and weight taxes	-	-	-
Investment income	100,000	93,772	(6,228)
Total revenues	\$ 4,160,645	\$ 3,976,942	\$ (183,703)
 Expenditures			
Current	\$ 220,000	\$ 145,039	\$ 74,961
 Other Financing Sources (Uses)			
Operating transfers - in (out)			
General Fund	\$ (229,810)	\$ (148,650)	\$ 81,160
Capital Projects Fund	-	-	-
Major Streets Debt Fund	(319,600)	(319,575)	25
General Debt Fund	(225,000)	(163,000)	62,000
Local Street Fund	-	-	-
Major Street Fund	-	-	-
Downtown Development Authority Debt Fund	(5,000,000)	(4,973,288)	26,712
Other financing sources (uses) - net	\$ (5,774,410)	\$ (5,604,513)	\$ 169,897
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (1,833,765)	\$ (1,772,610)	\$ 61,155
 Fund Balance - July 1, 2001	3,486,895	3,486,895	-
 Fund Balance - June 30, 2002	\$ 1,653,130	\$ 1,714,285	\$ 61,155

Major Street Fund			Local Street Fund		
Amended Budget	Actual	Variance-Favorable (Unfavorable)	Amended Budget	Actual	Variance-Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,120,000	3,415,410	295,410	1,250,000	1,363,109	113,109
100,000	54,801	(45,199)	50,000	28,715	(21,285)
\$ 3,220,000	\$ 3,470,211	\$ 250,211	\$ 1,300,000	\$ 1,391,824	\$ 91,824
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ (1,694,950)	\$ (1,694,950)	\$ -	\$ (1,635,000)	\$ (1,635,000)	\$ -
(2,000,000)	(2,000,000)	-	-	-	-
-	-	-	-	-	-
(250,000)	(250,000)	-	-	-	-
-	-	-	250,000	250,000	-
-	-	-	-	-	-
\$ (3,944,950)	\$ (3,944,950)	\$ -	\$ (1,385,000)	\$ (1,385,000)	\$ -
\$ (724,950)	\$ (474,739)	\$ 250,211	\$ (85,000)	\$ 6,824	\$ 91,824
2,733,919	2,733,919	-	1,434,902	1,434,902	-
\$ 2,008,969	\$ 2,259,180	\$ 250,211	\$ 1,349,902	\$ 1,441,726	\$ 91,824

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, 2002
 (CONTINUED)

	Refuse Fund		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes	\$ 3,672,000	\$ 3,636,077	\$ (35,923)
Intergovernmental - Community Development Block Grant	-	-	-
Charges for sales and services	500	921	421
Investment income	116,500	88,981	(27,519)
Total revenues	\$ 3,789,000	\$ 3,725,979	\$ (63,021)
Expenditures			
Sanitation			
Contracted disposal service	\$ 2,006,670	\$ 1,841,188	\$ 165,482
Incinerator fees	1,575,000	1,662,830	(87,830)
Resource recovery	157,650	122,584	35,066
Other refuse expenditures	49,680	44,673	5,007
Economic and Physical Development	-	-	-
Total expenditures	\$ 3,789,000	\$ 3,671,275	\$ 117,725
Excess of revenues over expenditures	\$ -	\$ 54,704	\$ 54,704
Fund Balance - July 1, 2001	1,698,170	1,698,170	-
Fund Balance - June 30, 2002	\$ 1,698,170	\$ 1,752,874	\$ 54,704

Brownfield Redevelopment Authority			Community Development Block Grant		
Amended Budget	Actual	Variance-Favorable (Unfavorable)	Amended Budget	Actual	Variance-Favorable (Unfavorable)
\$ 61,300	\$ 61,225	\$ (75)	\$ -	\$ -	\$ -
-	-	-	488,750	468,893	(19,857)
-	-	-	-	-	-
1,700	-	(1,700)	-	-	-
\$ 63,000	\$ 61,225	\$ (1,775)	\$ 488,750	\$ 468,893	\$ (19,857)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
63,000	61,225	1,775	488,750	468,893	19,857
\$ 63,000	\$ 61,225	\$ 1,775	\$ 488,750	\$ 468,893	\$ 19,857
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2002
(CONTINUED)

	Totals		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes	\$ 7,793,945	\$ 7,580,472	\$ (213,473)
Intergovernmental - Community Development Block Grant	488,750	468,893	(19,857)
State-shared gas and weight taxes	4,370,000	4,778,519	408,519
Sales and services	500	921	421
Investment income	368,200	266,269	(101,931)
Total revenues	\$ 13,021,395	\$ 13,095,074	\$ 73,679
Expenditures			
Sanitation			
Contracted disposal service	\$ 2,006,670	\$ 1,841,188	\$ 165,482
Incinerator fees	1,575,000	1,662,830	(87,830)
Resource recovery	157,650	122,584	35,066
Other refuse expense	49,680	44,673	5,007
Economic and Physical Development Downtown Development Authority	551,750	530,118	21,632
	220,000	145,039	74,961
Total expenditures	\$ 4,560,750	\$ 4,346,432	\$ 214,318
Excess of revenues over expenditures	\$ 8,460,645	\$ 8,748,642	\$ 287,997
Other Financing Sources (Uses)			
Operating transfers - in (out)			
General Fund	\$ (3,559,760)	\$ (3,478,600)	\$ 81,160
Capital Projects Fund	(2,000,000)	(2,000,000)	-
Major Streets Debt Fund	(319,600)	(319,575)	25
General Debt Fund	(225,000)	(163,000)	62,000
Local Street Fund	250,000	250,000	-
Major Street Fund	(250,000)	(250,000)	-
Downtown Development Authority Debt Fund	(5,000,000)	(4,973,288)	26,712
Total other financing sources (uses)	\$ (11,104,360)	\$ (10,934,463)	\$ 169,897
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (2,643,715)	\$ (2,185,821)	\$ 457,894
Fund Balance - July 1, 2001	9,353,886	9,353,886	-
Fund Balance - June 30, 2002	\$ 6,710,171	\$ 7,168,065	\$ 457,894

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, 2002
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)

ASSETS

				Community Center Bond Fund	General Debt Service Fund	Downtown Develop- ment Authority Debt Fund	Major Streets Debt Fund	June 30,	
	Proposal A Bond Fund	Proposal B Bond Fund	Proposal C Bond Fund					2002	2001
Cash and certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ 4,935,140	\$ -	\$ -	\$ 4,935,140	\$ 6,728,399
Investments - at fair value	-	-	-	-	8,711,277	1,355,155	-	10,066,432	5,581,439
Accrued interest receivable	-	-	-	-	50,270	-	-	50,270	60,767
Special assessment receivable	-	-	-	-	1,042,945	-	-	1,042,945	1,326,039
Due from other City of Troy funds	-	-	-	-	393,893	-	-	393,893	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ 15,133,525	\$ 1,355,155	\$ -	\$ 16,488,680	\$ 13,696,644

LIABILITIES AND FUND EQUITY

Liabilities

Due to other City of Troy funds	\$ -	\$ -	\$ -	\$ -	\$ 1,407,061	\$ -	\$ -	\$ 1,407,061	\$ 1,407,369
Deferred revenue	-	-	-	-	1,009,839	-	-	1,009,839	1,272,239
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ 2,416,900	\$ -	\$ -	\$ 2,416,900	\$ 2,679,608

Fund Equity

Reserved for

General debt service	\$ -	\$ -	\$ -	\$ -	\$ 12,541,625	\$ 1,355,155	\$ -	\$ 13,896,780	\$ 10,267,036
Special assessment debt	-	-	-	-	175,000	-	-	175,000	750,000
Total fund equity	\$ -	\$ -	\$ -	\$ -	\$ 12,716,625	\$ 1,355,155	\$ -	\$ 14,071,780	\$ 11,017,036
Total liabilities and fund equity	\$ -	\$ -	\$ -	\$ -	\$ 15,133,525	\$ 1,355,155	\$ -	\$ 16,488,680	\$ 13,696,644

CITY OF TROY, MICHIGAN
DEBT SERVICE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001)**

	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,	
								2002	2001
Revenues									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,285,612	\$ -	\$ -	\$ 3,285,612	\$ 3,090,122
Special assessments	-	-	-	-	262,400	-	-	262,400	303,557
State grant	-	-	-	-	1,259,120	-	-	1,259,120	-
Income earned on special assessments	-	-	-	-	111,211	-	-	111,211	138,210
Investment income	-	-	-	-	354,773	54,448	-	409,221	780,564
Miscellaneous	-	-	-	-	-	1,212,737	-	1,212,737	-
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ 5,273,116	\$ 1,267,185	\$ -	\$ 6,540,301	\$ 4,312,453
Expenditures									
Administration charge by the City of Troy - General Fund	\$ -	\$ -	\$ -	\$ -	\$ 36,930	\$ -	\$ -	\$ 36,930	\$ 35,680
Debt services									
Principal	50,000	80,000	130,000	-	1,959,460	7,170,000	200,000	9,589,460	2,969,940
Interest	336,363	128,171	606,918	-	316,895	1,717,993	119,175	3,225,515	2,160,865
Paying agent fees	413	413	413	673	1,908	-	400	4,220	1,262
Total expenditures	\$ 386,776	\$ 208,584	\$ 737,331	\$ 673	\$ 2,315,193	\$ 8,887,993	\$ 319,575	\$ 12,856,125	\$ 5,167,747
Excess (deficiency) of revenues over (under) expenditures	\$ (386,776)	\$ (208,584)	\$ (737,331)	\$ (673)	\$ 2,957,923	\$ (7,620,808)	\$ (319,575)	\$ (6,315,824)	\$ (855,294)
Other Financing Sources									
Operating transfers - in (out)									
Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,914,705	\$ -	\$ 3,914,705	\$ 5,000
General Debt Fund	386,776	208,584	737,331	-	-	-	-	1,332,691	516,704
Proposal Debt Fund	-	-	-	-	(1,332,691)	-	-	(1,332,691)	(516,704)
Downtown Development Authority Fund	-	-	-	-	163,000	4,973,288	319,575	5,455,863	1,971,926
Total other financing sources	\$ 386,776	\$ 208,584	\$ 737,331	\$ -	\$ (1,169,691)	\$ 8,887,993	\$ 319,575	\$ 9,370,568	\$ 1,976,926
Excess (deficiency) of revenues over (under) expenditures and other financing sources	\$ -	\$ -	\$ -	\$ (673)	\$ 1,788,232	\$ 1,267,185	\$ -	\$ 3,054,744	\$ 1,121,632
Fund Balance - July 1, 2001	-	-	-	673	10,928,393	87,970	-	11,017,036	9,895,404
Fund Balance - June 30, 2002	\$ -	\$ -	\$ -	\$ -	\$ 12,716,625	\$ 1,355,155	\$ -	\$ 14,071,780	\$ 11,017,036

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, 2002

	Proposal A Bond Fund			Proposal B Bond Fund		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Debt service						
Principal	\$ 150,000	\$ 50,000	\$ 100,000	\$ 80,000	\$ 80,000	\$ -
Interest	399,000	336,363	62,637	294,000	128,171	165,829
Paying agent fees	1,000	413	587	1,000	413	587
Total expenditures	\$ 550,000	\$ 386,776	\$ 163,224	\$ 375,000	\$ 208,584	\$ 166,416
Excess (deficiency) of revenues over (under) expenditures	\$ (550,000)	\$ (386,776)	\$ 163,224	\$ (375,000)	\$ (208,584)	\$ 166,416
Other Financing Sources						
Operating transfers - in (out) General Debt Fund	\$ 550,000	\$ 386,776	\$ (163,224)	\$ 375,000	\$ 208,584	\$ (166,416)
Excess (deficiency) of revenues over (under) expenditures and other financing sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance - July 1, 2001	-	-	-	-	-	-
Fund Balance - June 30, 2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Proposal C Bond Fund			Community Center Bond Fund		
Amended Budget	Actual	Variance-Favorable (Unfavorable)	Amended Budget	Actual	Variance-Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 700	\$ -	\$ (700)
\$ 250,000	\$ 130,000	\$ 120,000	\$ -	\$ -	\$ -
1,643,170	606,918	1,036,252	-	-	-
2,000	413	1,587	700	673	27
<u>\$ 1,895,170</u>	<u>\$ 737,331</u>	<u>\$ 1,157,839</u>	<u>\$ 700</u>	<u>\$ 673</u>	<u>\$ 27</u>
\$ (1,895,170)	\$ (737,331)	\$ 1,157,839	\$ -	\$ (673)	\$ (673)
<u>\$ 1,895,170</u>	<u>\$ 737,331</u>	<u>\$ (1,157,839)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ (673)	\$ (673)
-	-	-	673	673	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673</u>	<u>\$ -</u>	<u>\$ (673)</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, 2002
(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	\$ 3,318,000	\$ 3,285,612	\$ (32,388)	\$ -	\$ -	\$ -
Special assessments	-	262,400	262,400	-	-	-
State grant	1,200,000	1,259,120	59,120	-	-	-
Income earned on special assessments	-	111,211	111,211	-	-	-
Investment income	415,500	354,773	(60,727)	-	54,448	54,448
Miscellaneous	-	-	-	-	1,212,737	1,212,737
Total revenues	\$ 4,933,500	\$ 5,273,116	\$ 339,616	\$ -	\$ 1,267,185	\$ 1,267,185
Expenditures						
Administration charge by the City of Troy - General Fund	\$ 36,930	\$ 36,930	\$ -	\$ -	\$ -	\$ -
Tax refunds	19,000	-	19,000	-	-	-
Debt service						
Principal	1,959,500	1,959,460	40	10,880,000	7,170,000	3,710,000
Interest	316,940	316,895	45	1,900,000	1,717,993	182,007
Paying agent fees	2,300	1,908	392	-	-	-
Total expenditures	\$ 2,334,670	\$ 2,315,193	\$ 19,477	\$ 12,780,000	\$ 8,887,993	\$ 3,892,007
Excess (deficiency) of revenues over (under) expenditures	\$ 2,598,830	\$ 2,957,923	\$ 359,093	\$ (12,780,000)	\$ (7,620,808)	\$ 5,159,192
Other Financing Sources						
Operating transfers - in (out)						
Capital Projects Fund	\$ -	\$ -	\$ -	\$ 4,000,000	\$ 3,914,705	\$ (85,295)
Proposal Debt Fund	(2,820,170)	(1,332,691)	1,487,479	-	-	-
Downtown Development Authority Fund	221,340	163,000	(58,340)	8,780,000	4,973,288	(3,806,712)
Total other financing sources	\$ (2,598,830)	\$ (1,169,691)	\$ 1,429,139	\$ 12,780,000	\$ 8,887,993	\$ (3,892,007)
Excess of revenues over expenditures and other financing sources	-	1,788,232	1,788,232	-	1,267,185	1,267,185
Fund Balance - July 1, 2001	10,928,393	10,928,393	-	87,980	87,970	-
Fund Balance - June 30, 2002	\$ 10,928,393	\$ 12,716,625	\$ 1,788,232	\$ 87,980	\$ 1,355,155	\$ 1,267,185

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, 2002
(CONTINUED)**

	Major Streets Debt Fund			Totals		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 3,318,000	\$ 3,285,612	\$ (32,388)
Special assessments	-	-	-	-	262,400	262,400
State grant	-	-	-	1,200,000	1,259,120	59,120
Income earned on special assessments	-	-	-	-	111,211	111,211
Investment income	-	-	-	416,200	409,221	(6,979)
Miscellaneous	-	-	-	-	1,212,737	1,212,737
Total revenues	\$ -	\$ -	\$ -	\$ 4,934,200	\$ 6,540,301	\$ 1,606,101
Expenditures						
Administration charge by the City of Troy - General Fund	\$ -	\$ -	\$ -	\$ 36,930	\$ 36,930	\$ -
Tax refunds	-	-	-	19,000	-	19,000
Debt service						
Principal	200,000	200,000	-	13,519,500	9,589,460	3,930,040
Interest	119,200	119,175	25	4,672,310	3,225,515	1,446,795
Paying agent fees	400	400	-	7,400	4,220	3,180
Total expenditures	\$ 319,600	\$ 319,575	\$ 25	\$ 18,255,140	\$ 12,856,125	\$ 5,399,015
Excess (deficiency) of revenues over (under) expenditures	\$ (319,600)	\$ (319,575)	\$ 25	\$ (13,320,940)	\$ (6,315,824)	\$ 7,005,116
Other Financing Sources						
Operating transfers - in (out)						
Capital Projects Fund	\$ -	\$ -	\$ -	\$ 4,000,000	\$ 3,914,705	\$ (85,295)
General Debt Fund	-	-	-	2,820,170	1,332,691	(1,487,479)
Proposal Debt Fund	-	-	-	(2,820,170)	(1,332,691)	1,487,479
Downtown Development Authority Fund	319,600	319,575	(25)	9,320,940	5,455,863	(3,865,077)
Total other financing sources	\$ 319,600	\$ 319,575	\$ (25)	\$ 13,320,940	\$ 9,370,568	\$ (3,950,372)
Excess of revenues over expenditures and other financing sources	\$ -	\$ -	\$ -	\$ -	\$ 3,054,744	\$ 3,054,744
Fund Balance - July 1, 2001	-	-	-	11,017,036	11,017,036	-
Fund Balance - June 30, 2002	\$ -	\$ -	\$ -	\$ 11,017,036	\$ 14,071,780	\$ 3,054,744

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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, 2002
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)

ASSETS

	June 30,	
	2002	2001
Cash and certificates of deposit	\$ 24,204,503	\$ 24,827,595
Investments - at fair value	18,775,680	14,783,236
Accrued interest receivable	116,249	121,663
Accounts receivable grants	1,099,730	936,440
Accounts receivable - from special assessments	1,949,551	2,145,876
Due from other City of Troy Funds	20,572	-
	<u>\$ 46,166,285</u>	<u>\$ 42,814,810</u>

LIABILITIES AND FUND EQUITY

Liabilities

Accounts payable	\$ -	\$ 557,717
Contract retainage	176,502	41,527
Due to other City of Troy funds	13,266,377	2,538,420
Deferred revenue	4,772,726	2,896,138
	<u>\$ 18,215,605</u>	<u>\$ 6,033,802</u>

Fund Equity

Reserved for		
Encumbrances	\$ 1,417,740	\$ 1,653,605
Construction, improvements and maintenance		
Construction	902,050	8,308,312
Project commitments	2,893,981	2,815,079
Cleary site improvements	370,782	370,782
Subdivision improvements	232,237	232,237
Special assessment projects	11,997,063	11,979,141
	<u>16,396,113</u>	<u>23,705,551</u>
Total reserve for construction, improvements and maintenance		
Unreserved, designated	7,562,173	8,462,108
Unreserved, undesignated	2,574,654	2,959,744
	<u>\$ 27,950,680</u>	<u>\$ 36,781,008</u>
Total fund equity		
	<u>\$ 46,166,285</u>	<u>\$ 42,814,810</u>

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, 2002**

	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Property taxes and special assessments	\$ 7,600,000	\$ 7,506,099	\$ (93,901)
Intergovernmental			
Federal	-	30,964	30,964
State	4,132,900	2,638,751	(1,494,149)
Fees charged for construction	153,000	582,497	429,497
Interest income	1,432,600	1,056,699	(375,901)
Sale of land and fixed assets	-	277,847	277,847
	<u>\$ 13,318,500</u>	<u>\$ 12,092,857</u>	<u>\$ (1,225,643)</u>
Expenditures			
Capital			
Streets and drains	\$ 34,162,569	\$ 25,361,203	\$ 8,801,366
Police and criminal justice	1,910,232	908,837	1,001,395
Recreation and Civic Center	25,546,050	22,653,573	2,892,477
Fire	5,625,710	4,347,635	1,278,075
Library and museum	1,556,733	903,739	652,994
Computer	1,846,696	272,893	1,573,803
Other	3,321,203	1,042,577	2,278,626
Debt requirements	608,710	608,560	150
	<u>\$ 74,577,903</u>	<u>\$ 56,099,017</u>	<u>\$ 18,478,886</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (61,259,403)	\$ (44,006,160)	\$ 17,253,243
Other Financing Sources (Uses)			
Operating transfers - in			
General Fund	\$ 2,909,290	\$ 2,909,290	\$ -
Major Street Fund	2,000,000	2,000,000	-
Downtown Development Authority Fund	3,888,524	-	(3,888,524)
Bond proceeds	38,527,284	34,181,247	(4,346,037)
Operating transfers - out			
Downtown Development Authority Debt Fund	(4,000,000)	(3,914,705)	85,295
	<u>\$ 43,325,098</u>	<u>\$ 35,175,832</u>	<u>\$ (8,149,266)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (17,934,305)	\$ (8,830,328)	\$ 9,103,977
Fund Balance - July 1, 2001	<u>36,781,008</u>	<u>36,781,008</u>	<u>-</u>
Fund Balance - June 30, 2002	<u>\$ 18,846,703</u>	<u>\$ 27,950,680</u>	<u>\$ 9,103,977</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, 2002
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)

ASSETS

	Water Fund	Sanitary Sewer Fund	Aquatic Center Fund
Current Assets			
Cash and certificates of deposit	\$ 11,686,476	\$ 6,689,152	\$ -
Investments - at fair value	6,408,572	10,882,229	-
Accrued interest receivable	63,775	71,827	-
Accounts receivable			
Billed	1,252,113	-	-
Unbilled	2,168,455	1,855,421	-
Contracts receivable - current portion	51,000	43,000	-
Miscellaneous receivables	-	-	27,552
Inventory	434,442	29,257	-
Total current assets	\$ 22,064,833	\$ 19,570,886	\$ 27,552
Restricted Assets			
Receivable from Oakland County	\$ -	\$ -	\$ -
Property, Plant and Equipment			
Land and improvements	\$ -	\$ -	\$ 4,026,883
Building and improvements	-	2,630,489	-
Sewer and water system	50,327,562	45,549,365	-
Service connections	750,121	-	-
Miscellaneous	287,421	285,022	280,415
Furniture, fixtures and other	261,330	-	-
Construction-in-progress	28,886,080	4,447,570	-
	\$ 80,512,514	\$ 52,912,446	\$ 4,307,298
Less accumulated depreciation	(21,530,968)	(21,680,866)	(1,549,814)
Undepreciated cost	\$ 58,981,546	\$ 31,231,580	\$ 2,757,484
Other Assets			
Contracts receivable - noncurrent	306,817	492,542	-
Total assets	\$ 81,353,196	\$ 51,295,008	\$ 2,785,036

Golf Course Fund	June 30,	
	2002	2001
\$ 699,928	\$ 19,075,556	\$ 27,296,433
1,192,181	18,482,982	13,887,692
6,879	142,481	189,058
	1,252,113	969,540
	4,023,876	3,586,854
	94,000	105,000
-	27,552	106,230
27,611	491,310	447,857
<u>\$ 1,926,599</u>	<u>\$ 43,589,870</u>	<u>\$ 46,588,664</u>
\$ -	\$ -	\$ 783,720
\$ 2,810,912	\$ 6,837,795	\$ 2,810,912
831,747	3,462,236	7,472,869
-	95,876,927	94,350,982
-	750,121	750,121
890,696	1,743,554	1,630,539
-	261,330	261,330
17,250	33,350,900	27,313,882
<u>\$ 4,550,605</u>	<u>\$ 142,282,863</u>	<u>\$ 134,590,635</u>
<u>(1,815,283)</u>	<u>(46,576,931)</u>	<u>(44,310,670)</u>
\$ 2,735,322	\$ 95,705,932	\$ 90,279,965
	799,359	892,941
<u>\$ 4,661,921</u>	<u>\$ 140,095,161</u>	<u>\$ 138,545,290</u>

CITY OF TROY, MICHIGAN
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
 JUNE 30, 2002
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)
 (CONTINUED)

LIABILITIES AND RETAINED EARNINGS

	<u>Water Fund</u>	<u>Sanitary Sewer Fund</u>	<u>Aquatic Center Fund</u>
Current Liabilities			
Current portion of long-term debt	\$ 800,000	\$ -	\$ -
Contract retainage	368,806	128,178	-
Accrued interest	18,350	-	-
Deposits and other	85,728	-	-
Due to other City of Troy funds	<u>-</u>	<u>-</u>	<u>358,955</u>
Total current liabilities	\$ 1,272,884	\$ 128,178	\$ 358,955
Long-Term Debt			
Contractual obligations payable to Oakland County	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	\$ 2,072,884	\$ 128,178	\$ 358,955
Fund Equity			
Contributions in aid of construction	\$ -	\$ -	\$ -
Retained Earnings			
Reserved			
Debt service	\$ 6,023,862	\$ -	\$ -
System replacements and extensions	1,473,607	61,289	-
Unreserved	<u>71,782,843</u>	<u>51,105,541</u>	<u>2,426,081</u>
Total retained earnings	<u>\$ 79,280,312</u>	<u>\$ 51,166,830</u>	<u>\$ 2,426,081</u>
Total liabilities and retained earnings/fund equity	<u>\$ 81,353,196</u>	<u>\$ 51,295,008</u>	<u>\$ 2,785,036</u>

Golf Course Fund	June 30,	
	2002	2001
\$ -	\$ 800,000	\$ 600,000
-	496,984	999,494
-	18,350	34,225
-	85,728	109,897
-	358,955	369,527
<u>\$ -</u>	<u>\$ 1,760,017</u>	<u>\$ 2,113,143</u>
\$ -	\$ 800,000	\$ 1,800,000
<u>\$ -</u>	<u>\$ 2,560,017</u>	<u>\$ 3,913,143</u>
\$ -	\$ -	\$ 72,975,626
\$ -	\$ 6,023,862	\$ 6,458,100
-	1,534,896	5,988,133
<u>4,661,921</u>	<u>129,976,386</u>	<u>49,210,288</u>
<u>\$ 4,661,921</u>	<u>\$ 137,535,144</u>	<u>\$ 61,656,521</u>
<u>\$ 4,661,921</u>	<u>\$ 140,095,161</u>	<u>\$ 138,545,290</u>

CITY OF TROY, MICHIGAN
ENTERPRISE FUNDS

COMBINING STATEMENTS OF OPERATIONS AND CHANGES
IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001)

	Water Fund	Sanitary Sewer Fund	Aquatic Center Fund
Operating Revenues			
Charges for sales and services			
Water, sewage disposal, aquatic park receipts and golf fees	\$ 8,803,580	\$ 7,635,479	\$ 388,507
Rental			
Golf equipment	-	-	-
Restaurant	-	-	-
Hydrant	125,900	-	-
Tap-in inspection and connection fees	373,706	-	-
Miscellaneous			
Penalties and other	250,669	-	-
Total operating revenues	\$ 9,553,855	\$ 7,635,479	\$ 388,507
Operating Expenses			
Cost of water and sewage disposal	\$ 5,223,259	\$ 5,548,812	\$ -
Maintenance and operation	1,569,680	574,758	390,426
Meters and tap costs	220,830	-	-
Depreciation	1,026,632	909,010	157,898
General, administrative and customer service	757,784	396,172	-
Total operating expenses	\$ 8,798,185	\$ 7,428,752	\$ 548,324
Operating income (loss)	\$ 755,670	\$ 206,727	\$ (159,817)
Nonoperating Revenues (Expenses)			
Developers' contributions	\$ 1,131,800	\$ 762,994	\$ -
Earnings on revenues held by County	16,280	-	-
Interest income	504,338	501,018	-
Interest expense	(82,625)	-	-
Total nonoperating revenues (expenses)	\$ 1,569,793	\$ 1,264,012	\$ -
Income (loss) before operating transfers	\$ 2,325,463	\$ 1,470,739	\$ (159,817)
Operating Transfers In (Out) - General Fund	\$ -	\$ (781,890)	\$ -
Net Income (Loss)	\$ 2,325,463	\$ 688,849	\$ (159,817)
Retained Earnings - July 1, 2001	43,977,971	10,479,233	2,585,898
Reclassification of Prior Period Retained Earnings	32,976,878	39,998,748	-
Retained Earnings - June 30, 2002	\$ 79,280,312	\$ 51,166,830	\$ 2,426,081

Golf Course Fund	Year Ended June 30,	
	2002	2001
\$ 957,369	\$ 17,784,935	\$ 14,446,106
226,843	226,843	200,101
63,000	63,000	45,000
-	125,900	117,925
-	373,706	876,608
-	250,669	302,276
<u>\$ 1,247,212</u>	<u>\$ 18,825,053</u>	<u>\$ 15,988,016</u>
\$ -	\$ 10,772,071	\$ 9,340,303
1,036,823	3,571,687	4,177,485
-	220,830	219,789
182,738	2,276,278	2,254,923
-	1,153,956	1,073,867
<u>\$ 1,219,561</u>	<u>\$ 17,994,822</u>	<u>\$ 17,066,367</u>
\$ 27,651	\$ 830,231	\$ (1,078,351)
\$ -	\$ 1,894,794	\$ -
-	16,280	159,275
20,851	1,026,207	2,578,111
-	(82,625)	(138,588)
<u>\$ 20,851</u>	<u>\$ 2,854,656</u>	<u>\$ 2,598,798</u>
\$ 48,502	\$ 3,684,887	\$ 1,520,447
\$ -	\$ (781,890)	\$ -
\$ 48,502	\$ 2,902,997	\$ 1,520,447
4,613,419	61,656,521	58,621,056
-	72,975,626	1,515,018
<u>\$ 4,661,921</u>	<u>\$ 137,535,144</u>	<u>\$ 61,656,521</u>

CITY OF TROY, MICHIGAN
ENTERPRISE FUNDS

COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001)

	Water Fund	Sanitary Sewer Fund	Aquatic Center Fund
Cash Flows From Operating Activities:			
Operating income (loss)	\$ 755,670	\$ 206,727	\$ (159,817)
Adjustments:			
Depreciation	\$ 1,026,632	\$ 909,010	\$ 157,898
Tap-in fees and receipts from other funds reflected as contributions in aid of construction	1,131,800	762,994	-
Loss on disposal and transfer of property	-	-	-
Changes in assets and liabilities:			
Decrease (increase) in accrued interest receivable	12,686	36,259	-
Decrease (increase) in accounts receivable	(476,416)	(138,597)	31,791
Decrease (increase) in inventory	(51,354)	(296)	-
Decrease in restricted assets	783,720	-	-
Decrease in accounts payable	(614,284)	-	-
Increase (decrease) in due to other funds	-	-	(10,572)
Decrease in accrued interest	(15,875)	-	-
Increase (decrease) in deposits and other liabilities	(24,169)	111,774	-
	\$ 1,772,740	\$ 1,681,144	\$ 179,117
Total adjustments			
Net cash provided from operating activities	\$ 2,528,410	\$ 1,887,871	\$ 19,300
Cash Flows From Capital and Related Financing Activities:			
Acquisition of property, plant and equipment	\$ (4,671,545)	\$ (3,711,783)	\$ (19,300)
Repayment of debt	(800,000)	-	-
Interest paid	(82,625)	-	-
Transfers to General Fund	-	(781,890)	-
	\$ (5,554,170)	\$ (4,493,673)	\$ (19,300)
Net cash used in capital and related financing activities			
Cash Flows From Investing Activities:			
Purchase of investment securities	\$ (7,016,304)	\$ (6,442,828)	\$ -
Proceeds from sale and maturities of investment securities	5,474,978	4,173,246	-
Interest received	520,618	501,018	-
	\$ (1,020,708)	\$ (1,768,564)	\$ -
Net cash provided from (used in) investing activities			
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (4,046,468)	\$ (4,374,366)	\$ -
Cash and Cash Equivalents - July 1, 2001	15,732,944	11,063,518	-
Cash and Cash Equivalents - June 30, 2002	\$ 11,686,476	\$ 6,689,152	\$ -

Supplemental Schedule of Noncash Activities

Net decrease in fair value of investments	\$ (15,448)	\$ (31,082)	\$ -
---	-------------	-------------	------

Golf Course Fund	Year Ended June 30,	
	2002	2001
\$ 27,651	\$ 830,231	\$ (1,078,351)
\$ 182,738	\$ 2,276,278	\$ 2,254,923
-	1,894,794	(712,287)
837,798	837,798	4,018
(2,368)	46,577	307,451
46,887	(536,335)	(355,892)
8,197	(43,453)	14,140
-	783,720	826,741
-	(614,284)	(17,684)
-	(10,572)	142,290
-	(15,875)	(8,338)
-	87,605	681,854
<u>\$ 1,073,252</u>	<u>\$ 4,706,253</u>	<u>\$ 3,137,216</u>
\$ 1,100,903	\$ 5,536,484	\$ 2,058,865
\$ (137,415)	\$ (8,540,043)	\$ (8,571,987)
-	(800,000)	(750,000)
-	(82,625)	(138,588)
-	(781,890)	-
<u>\$ (137,415)</u>	<u>\$ (10,204,558)</u>	<u>\$ (9,460,575)</u>
\$ (1,661,220)	\$ (15,120,352)	\$ (9,516,375)
876,838	10,525,062	18,551,618
20,851	1,042,487	2,885,562
<u>\$ (763,531)</u>	<u>\$ (3,552,803)</u>	<u>\$ 11,920,805</u>
\$ 199,957	\$ (8,220,877)	\$ 4,519,095
499,971	27,296,433	22,777,338
<u>\$ 699,928</u>	<u>\$ 19,075,556</u>	<u>\$ 27,296,433</u>
<u>\$ (3,405)</u>	<u>\$ (49,935)</u>	<u>\$ (180,377)</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 Technology 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, 2002
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)

ASSETS

	Compensated Absences Fund	Unemployment Compensation Fund	Custodial Services Fund
Current Assets			
Cash and certificates of deposit	\$ 1,993,053	\$ 133,389	\$ -
Investments - at fair value	3,518,044	235,453	-
Accrued interest receivable	20,301	1,359	-
Accounts receivable	-	-	-
Inventory	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total current assets	\$ 5,531,398	\$ 370,201	\$ -
 Property, Plant and Equipment			
Land, building and improvements	\$ -	\$ -	\$ -
Motor vehicle	-	-	-
Miscellaneous equipment	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total property, plant and equipment	\$ -	\$ -	\$ -
Less accumulated depreciation	<u> </u>	<u> </u>	<u> </u>
Undepreciated cost	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,531,398</u>	<u>\$ 370,201</u>	<u>\$ -</u>

Information Technology Fund	Motor Equipment Fund	Workers' Compensation Fund	June 30,	
			2002	2001
\$ 235,993	\$ 1,055,680	\$ 689,476	\$ 4,107,591	\$ 5,648,160
416,563	1,863,438	1,217,029	7,250,527	4,611,498
2,404	10,753	7,023	41,840	51,011
-	23,398	-	23,398	-
-	115,172	-	115,172	103,190
<u>\$ 654,960</u>	<u>\$ 3,068,441</u>	<u>\$ 1,913,528</u>	<u>\$ 11,538,528</u>	<u>\$ 10,413,859</u>
\$ -	\$ 1,718,116	\$ -	\$ 1,718,116	\$ 1,718,116
-	10,100,480	-	10,100,480	9,937,642
-	259,488	-	259,488	259,488
<u>\$ -</u>	<u>\$ 12,078,084</u>	<u>\$ -</u>	<u>\$ 12,078,084</u>	<u>\$ 11,915,246</u>
-	7,734,930	-	7,734,930	7,491,506
-	4,343,154	-	4,343,154	4,423,740
<u>\$ 654,960</u>	<u>\$ 7,411,595</u>	<u>\$ 1,913,528</u>	<u>\$ 15,881,682</u>	<u>\$ 14,837,599</u>

CITY OF TROY, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2002
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)
(CONTINUED)

LIABILITIES AND RETAINED EARNINGS

	Compensated Absences Fund	Unemployment Compensation Fund	Custodial Services Fund
Current Liabilities			
Accrued compensated absences payable	\$ 2,876,767	\$ -	\$ -
 Long-Term Liabilities			
Accrued compensated absences payable	\$ 2,415,000	\$ -	\$ -
Total liabilities	\$ 5,291,767	\$ -	\$ -
 Retained Earnings			
Reserved for employee benefits	\$ 239,631	\$ 370,201	\$ -
Reserved for collision losses	-	-	-
Unreserved	-	-	-
Total retained earnings	\$ 239,631	\$ 370,201	\$ -
Total liabilities and retained earnings	\$ 5,531,398	\$ 370,201	\$ -

Information Technology Fund	Motor Equipment Fund	Workers' Compensation Fund	June 30,	
			2002	2001
\$ -	\$ -	\$ -	\$ 2,876,767	\$ 2,667,755
\$ -	\$ -	\$ -	\$ 2,415,000	\$ 2,180,000
\$ -	\$ -	\$ -	\$ 5,291,767	\$ 4,847,755
\$ 654,960	\$ -	\$ 1,913,528	\$ 3,178,320	\$ 2,246,615
-	174,742	-	174,742	174,742
-	7,236,853	-	7,236,853	7,568,487
\$ 654,960	\$ 7,411,595	\$ 1,913,528	\$ 10,589,915	\$ 9,989,844
\$ 654,960	\$ 7,411,595	\$ 1,913,528	\$ 15,881,682	\$ 14,837,599

CITY OF TROY, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENTS OF OPERATIONS AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001)

	Compensated Absences Fund	Unemployment Compensation Fund	Custodial Services Fund
Operating Revenues			
Charges to other funds of the City	\$ 3,849,098	\$ -	\$ 1,298,270
Equipment rental	-	-	-
Building rental	-	-	-
Workers' compensation	-	-	-
Other	-	356	-
	-	356	-
Total operating revenues	\$ 3,849,098	\$ 356	\$ 1,298,270
Operating Expenses			
Payments to employees for compensated time off	\$ 3,866,332	\$ -	\$ -
Unemployment and workers' compensation coverage	-	27,424	-
Custodial labor, supplies and equipment rental	-	-	1,298,270
Computer services	-	-	-
Motor vehicle and garage expenses	-	-	-
Administration	-	-	-
Equipment maintenance and operation	-	-	-
Garage maintenance	-	-	-
Depreciation	-	-	-
	-	27,424	-
Total operating expenses	\$ 3,866,332	\$ 27,424	\$ 1,298,270
Operating income (loss)	\$ (17,234)	\$ (27,068)	\$ -
Nonoperating Revenues (Expense)			
Investment income	\$ 109,589	\$ 8,894	\$ -
Gain on disposal of property	-	-	-
	-	-	-
Total nonoperating revenues (expense), net	\$ 109,589	\$ 8,894	\$ -
Net income (loss)	\$ 92,355	\$ (18,174)	\$ -
Retained Earnings - July 1, 2001	147,276	388,375	-
Retained Earnings - June 30, 2002	\$ 239,631	\$ 370,201	\$ -

Information Technology Fund	Motor Equipment Fund	Workers' Compensation Fund	Year Ended June 30,	
			2002	2001
\$ 993,600	\$ -	\$ -	\$ 6,140,968	\$ 5,195,614
-	3,156,026	-	3,156,026	3,222,427
-	152,250	-	152,250	155,264
-	-	250,139	250,139	197,298
-	156,164	176,490	333,010	146,974
<u>\$ 993,600</u>	<u>\$ 3,464,440</u>	<u>\$ 426,629</u>	<u>\$ 10,032,393</u>	<u>\$ 8,917,577</u>
\$ -	\$ -	\$ -	\$ 3,866,332	\$ 3,349,157
-	-	261,892	289,316	281,139
-	-	-	1,298,270	1,109,641
944,631	-	-	944,631	1,028,642
-	430,891	-	430,891	389,831
-	1,464,431	-	1,464,431	1,479,391
-	344,938	-	344,938	294,769
-	1,232,041	-	1,232,041	1,006,818
<u>\$ 944,631</u>	<u>\$ 3,472,301</u>	<u>\$ 261,892</u>	<u>\$ 9,870,850</u>	<u>\$ 8,939,388</u>
\$ 48,969	\$ (7,861)	\$ 164,737	\$ 161,543	\$ (21,811)
\$ 13,857	\$ 71,153	\$ 37,827	\$ 241,320	\$ 510,483
-	197,208	-	197,208	55,219
<u>\$ 13,857</u>	<u>\$ 268,361</u>	<u>\$ 37,827</u>	<u>\$ 438,528</u>	<u>\$ 565,702</u>
\$ 62,826	\$ 260,500	\$ 202,564	\$ 600,071	\$ 543,891
<u>592,134</u>	<u>7,151,095</u>	<u>1,710,964</u>	<u>9,989,844</u>	<u>9,445,953</u>
<u>\$ 654,960</u>	<u>\$ 7,411,595</u>	<u>\$ 1,913,528</u>	<u>\$ 10,589,915</u>	<u>\$ 9,989,844</u>

CITY OF TROY, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001)

	Compensated Absences Fund	Unemployment Compensation Fund	Custodial Services Fund
Cash Flows From Operating Activities:			
Operating income (loss)	\$ (17,234)	\$ (27,068)	\$ -
Adjustments:			
Depreciation	\$ -	\$ -	\$ -
Gain on disposal of property	-	-	-
Changes in assets and liabilities:			
Decrease in accrued interest receivable	4,412	562	-
Decrease (increase) in inventory	-	-	-
Increase in other current assets	-	-	-
Increase in accrued liabilities	444,012	-	-
Total adjustments	\$ 448,424	\$ 562	\$ -
Net cash provided from (used in) operating activities	\$ 431,190	\$ (26,506)	\$ -
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	\$ (1,470,521)	\$ (74,983)	\$ -
Proceeds from sale and maturities of investment securities	186,529	13,233	-
Interest received	109,589	8,894	-
Net cash used in investing activities	\$ (1,174,403)	\$ (52,856)	\$ -
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (743,213)	\$ (79,362)	\$ -
Cash and Cash Equivalents - July 1, 2001	2,736,266	212,751	-
Cash and Cash Equivalents - June 30, 2002	\$ 1,993,053	\$ 133,389	\$ -
<u>Supplemental Schedule of Noncash Activities</u>			
Net decrease in fair value of investments	\$ (10,048)	\$ (673)	\$ -

Information Technology Fund	Motor Equipment Fund	Workers' Compensation Fund	Year Ended June 30,	
			2002	2001
\$ 48,969	\$ (7,861)	\$ 164,737	\$ 161,543	\$ (21,811)
\$ -	\$ 1,232,041	\$ -	\$ 1,232,041	\$ 1,006,818
-	-	-	-	55,219
525	2,230	1,442	9,171	78,687
-	(11,982)	-	(11,982)	9,194
-	(23,398)	-	(23,398)	-
-	-	-	444,012	234,409
<u>\$ 525</u>	<u>\$ 1,198,891</u>	<u>\$ 1,442</u>	<u>\$ 1,649,844</u>	<u>\$ 1,384,327</u>
\$ 49,494	\$ 1,191,030	\$ 166,179	\$ 1,811,387	\$ 1,362,516
\$ -	\$ (1,189,597)	\$ -	\$ (1,189,597)	\$ 1,566,100
-	235,350	-	235,350	164,729
\$ -	\$ (954,247)	\$ -	\$ (954,247)	\$ 1,730,829
\$ (717,599)	\$ (1,209,281)	\$ (680,859)	\$ (4,153,243)	\$ (6,029,861)
565,871	519,514	229,067	1,514,214	4,225,293
13,857	71,153	37,827	241,320	589,170
<u>\$ (137,871)</u>	<u>\$ (618,614)</u>	<u>\$ (413,965)</u>	<u>\$ (2,397,709)</u>	<u>\$ (1,215,398)</u>
\$ (88,377)	\$ (381,831)	\$ (247,786)	\$ (1,540,569)	\$ 1,877,947
324,370	1,437,511	937,262	5,648,160	3,770,213
<u>\$ 235,993</u>	<u>\$ 1,055,680</u>	<u>\$ 689,476</u>	<u>\$ 4,107,591</u>	<u>\$ 5,648,160</u>
<u>\$ (1,190)</u>	<u>\$ (5,322)</u>	<u>\$ (3,476)</u>	<u>\$ (20,709)</u>	<u>\$ (59,895)</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, 2002
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2001)

ASSETS

	Pension Trust Funds		Agency Fund
	Employees'	Discretionary	
	Retirement	Fire	
	Fund	Incentive	Agency
		Reserve	Fund
		Fund	
Cash and certificates of deposit	\$ 5,843,522	\$ 367,456	\$ 2,064,695
Investments - at fair value			
Government securities	18,260,847	5,263,012	1,463,989
Corporate bonds	38,671,171	-	-
Preferred stock	998,200	-	-
Common stock	59,855,911	-	-
Other	16,090,829	-	-
Accrued interest receivable	2,978,280	130,228	9,201
Due from City of Troy - General Fund	6,676,494	-	-
Taxes receivable	-	-	345,004
	\$ 149,375,254	\$ 5,760,696	\$ 3,882,889

LIABILITIES AND FUND BALANCE

Liabilities			
Advances on property taxes	\$ -	\$ -	\$ 41,822
Due to City of Troy - General Fund	-	257,007	-
Performance deposits	-	4,500	3,841,067
	\$ -	\$ 261,507	\$ 3,882,889
Fund Balance			
Reserved for cemetery perpetual care	\$ -	-	-
Reserved for employees' benefits	149,375,254	5,499,189	-
	\$ 149,375,254	\$ 5,499,189	\$ -
	\$ 149,375,254	\$ 5,760,696	\$ 3,882,889

Non-Expendable Trust Fund Cemetery Perpetual Care Fund	June 30,	
	2002	2001
\$ 53,510	\$ 8,329,183	\$ 7,922,125
94,454	25,082,302	27,452,658
-	38,671,171	44,620,390
-	998,200	-
-	59,855,911	70,877,461
-	16,090,829	14,612,850
545	3,118,254	3,026,893
-	6,676,494	-
-	345,004	350,756
<u>\$ 148,509</u>	<u>\$ 159,167,348</u>	<u>\$ 168,863,133</u>
\$ -	\$ 41,822	\$ 190,205
-	257,007	2,056,875
-	3,845,567	5,280,511
<u>\$ -</u>	<u>\$ 4,144,396</u>	<u>\$ 7,527,591</u>
\$ 148,509	\$ 148,509	\$ 144,666
-	154,874,443	161,190,876
<u>\$ 148,509</u>	<u>\$ 155,022,952</u>	<u>\$ 161,335,542</u>
<u>\$ 148,509</u>	<u>\$ 159,167,348</u>	<u>\$ 168,863,133</u>

CITY OF TROY, MICHIGAN
PENSION TRUST FUNDS

COMBINING STATEMENT OF PLAN NET ASSETS
JUNE 30, 2002

	<u>Employees'</u> <u>Retirement</u> <u>Fund</u>	<u>Discretionary</u> <u>Fire</u> <u>Incentive</u> <u>Reserve Fund</u>	<u>Totals</u>
Assets			
Cash and certificates of deposit	\$ 5,843,522	\$ 367,456	\$ 6,210,978
Investments - at fair value			
Government securities	18,260,847	5,263,012	23,523,859
Corporate bonds	38,671,171	-	38,671,171
Preferred stock	998,200	-	998,200
Common stock	59,855,911	-	59,855,911
Other	16,090,829	-	16,090,829
	<u> </u>	<u> </u>	<u> </u>
Total investments	\$ 133,876,958	\$ 5,263,012	\$ 139,139,970
Due from City of Troy - General Fund	6,676,494	-	6,676,494
Accrued interest receivable	2,978,280	130,228	3,108,508
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 149,375,254</u>	<u>\$ 5,760,696</u>	<u>\$ 155,135,950</u>
Liabilities			
Performance deposits	\$ -	\$ 4,500	\$ 4,500
Due to City of Troy - General Fund	-	257,007	257,007
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ -</u>	<u>\$ 261,507</u>	<u>\$ 261,507</u>
Net Assets Held in Trust for Pension Benefits	<u><u>\$ 149,375,254</u></u>	<u><u>\$ 5,499,189</u></u>	<u><u>\$ 154,874,443</u></u>

CITY OF TROY, MICHIGAN
PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002

	Employees' Retirement Fund	Discretionary Fire Incentive Reserve Fund	Totals
Additions			
Contributions			
Employer	\$ 1,461,455	\$ 413,432	\$ 1,874,887
Plan members	396,541	-	396,541
Total contributions	\$ 1,857,996	\$ 413,432	\$ 2,271,428
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	\$ (12,471,506)	\$ 49,060	\$ (12,422,446)
Interest	3,893,007	429,133	4,322,140
Dividends	1,455,854	-	1,455,854
Gain on sale of investments	2,587,122	-	2,587,122
Net investment income (loss)	(4,535,523)	478,193	(4,057,330)
Total	(2,677,527)	891,625	(1,785,902)
Deductions			
Benefits	\$ 4,238,708	\$ 244,796	\$ 4,483,504
Refunds of contributions	4,893	-	4,893
Administrative expenses	32,259	9,875	42,134
Total deductions	\$ 4,275,860	\$ 254,671	\$ 4,530,531
Net Increase (Decrease)	(6,953,387)	636,954	(6,316,433)
Net Assets Held in Trust for Pension Benefits - July 1, 2001	\$ 156,328,641	\$ 4,862,235	\$ 161,190,876
Net Assets Held in Trust for Pension Benefits - June 30, 2002	\$ 149,375,254	\$ 5,499,189	\$ 154,874,443

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001)

	Year Ended June 30,	
	2002	2001
Cash Flows From Operating Activities:		
Operating income	\$ 3,843	\$ 8,057
Adjustments:		
Changes in assets:		
Decrease in accrued interest receivable	171	1,025
Net cash provided from operating activities	\$ 4,014	\$ 9,082
Cash Flows From Investing Activities:		
Purchase of investment securities	(37,081)	(18,171)
Proceeds from sale and maturity of investment securities	3,951	37,723
Interest received	3,378	-
Net cash provided from (used in) investing activities	\$ (29,752)	\$ 19,552
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (25,738)	\$ 28,634
Cash and Cash Equivalents - July 1, 2001	79,248	50,614
Cash and Cash Equivalents - June 30, 2002	\$ 53,510	\$ 79,248
<u>Supplemental Schedule of Noncash Activity</u>		
Net decrease in fair value of investments	\$ (270)	\$ (840)

CITY OF TROY, MICHIGAN
AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2002

	AGENCY FUND			
	Balance July 1, 2001	Additions	Deductions	
Assets				
Cash	\$ 4,964,449	\$ 192,147,914	\$ 195,047,668	\$ 2,064,695
Investments - at fair value	153,810	3,509,697	2,199,518	1,463,989
Interest receivable	1,701	9,201	1,701	9,201
Taxes receivable	350,756	194,384,937	194,390,689	345,004
Total assets	<u>\$ 5,470,716</u>	<u>\$ 390,051,749</u>	<u>\$ 391,639,576</u>	<u>\$ 3,882,889</u>
 Liabilities				
Advances on property taxes	\$ 190,205	\$ 41,822	\$ 190,205	\$ 41,822
Deposits	5,280,511	4,845,638	6,285,082	3,841,067
Total liabilities	<u>\$ 5,470,716</u>	<u>\$ 4,887,460</u>	<u>\$ 6,475,287</u>	<u>\$ 3,882,889</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, 2002

<u>Function</u>	<u>Buildings and Improvements</u>	<u>Equipment and Furniture</u>	<u>Vehicles</u>	<u>Other</u>	<u>Total</u>
General Government	\$ 39,916,150	\$ 1,867,836	\$ 103,393	\$ -	\$ 41,887,379
Public Safety	9,222,813	1,298,201	5,236,340	-	15,757,354
Public Works	2,250,429	152,379	11,147	-	2,413,955
Parks and Recreation	24,023,220	1,651,926	164,058	-	25,839,204
Library	6,481,116	177,436	-	5,204,534	11,863,086
Other Functions	1,946,169	12,807	-	216,500	2,175,476
	<u>\$ 83,839,897</u>	<u>\$ 5,160,585</u>	<u>\$ 5,514,938</u>	<u>\$ 5,421,034</u>	<u>\$ 99,936,454</u>

CITY OF TROY, MICHIGAN

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2002**

<u>Function</u>	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2002</u>
General Government	\$ 39,912,978	\$ 3,455,987	\$ 1,481,586	\$ 41,887,379
Public Safety	13,940,436	5,598,203	3,781,285	15,757,354
Public Works	1,876,897	747,415	210,357	2,413,955
Parks and Recreation	9,594,897	16,780,733	536,426	25,839,204
Library	11,350,025	953,594	440,533	11,863,086
Other Functions	<u>1,880,060</u>	<u>368,906</u>	<u>73,490</u>	<u>2,175,476</u>
	<u>\$ 78,555,293</u>	<u>\$ 27,904,838</u>	<u>\$ 6,523,677</u>	<u>\$ 99,936,454</u>

CITY OF TROY, MICHIGAN

**SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
JUNE 30, 2002**

General Fixed Assets

Buildings and improvements	\$ 83,839,897
Equipment and furniture	5,160,585
Vehicles	5,514,938
Other	<u>5,421,034</u>
Investment in General Fixed Assets From Capital Projects Fund	<u><u>\$ 99,936,454</u></u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
JUNE 30, 2002

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, 2002</u>
King Drain assessment dated 11/1/93; original issuance amount \$1,675,000; bearing interest at 3.4% to 5.0%	4/1/03	\$ 91,284	\$ 91,284
	4/1/04-05	136,926	273,852
	4/1/06-08	182,568	<u>547,705</u>
			912,841
 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, 2002
 (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, 2002</u>
George W. Kuhn Drain District Drain Bonds, Series 2001E dated 1/1/02; original issuance amount \$252,476; bearing interest at 4.00% to 5.25%	4/1/05-07	\$ 8,953	\$ 26,859
	4/1/08-09	9,593	19,186
	4/1/10-11	10,232	20,464
	4/1/12	10,872	10,872
	4/1/13-14	11,511	23,022
	4/1/15	12,151	12,151
	4/1/16	12,790	12,790
	4/1/17	13,430	13,430
	4/1/18	14,069	14,069
	4/1/19	14,709	14,709
	4/1/20	15,348	15,348
	4/1/21	15,988	15,988
	4/1/22	17,267	17,267
	4/1/23	17,906	17,906
	4/1/24	18,415	18,415
			252,476
George W. Kuhn Drain District Drain Bonds, Series 2001C dated 10/1/01; original issuance amount \$2,102,682; bearing interest at 2.50%	4/1/05	82,368	82,368
	4/1/06	84,414	84,414
	4/1/07	86,461	86,461
	4/1/08	88,635	88,635
	4/1/09	90,809	90,809
	4/1/10	93,111	93,111
	4/1/11	95,414	95,414
	4/1/12	97,844	97,844
	4/1/13	100,274	100,274
	4/1/14	102,832	102,832
	4/1/15	105,390	105,390
	4/1/16	108,076	108,076
	4/1/17	110,762	110,762
	4/1/18	113,448	113,448
	4/1/19	116,261	116,261
	4/1/20	119,203	119,203
	4/1/21	122,145	122,145
	4/1/22	125,214	125,214
	4/1/23	128,412	128,412
	4/1/24	131,609	131,609
			2,102,682

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
JUNE 30, 2002
(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, 2002</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
			168,061
George W. Kuhn Drain District Drain Bonds, Series 2001D dated 1/1/02; original issuance amount \$81,089; bearing interest at 2.50%	4/1/05-06	3,198	6,396
	4/1/07	3,325	3,325
	4/1/08-09	3,453	6,906
	4/1/10	3,581	3,581
	4/1/11-12	3,709	7,418
	4/1/13	3,837	3,837
	4/1/14	3,965	3,965
	4/1/15	4,093	4,093
	4/1/16-17	4,221	8,442
	4/1/18	4,349	4,349
	4/1/19	4,477	4,477
	4/1/20	4,604	4,604
	4/1/21	4,732	4,732
	4/1/22	4,860	4,860
	4/1/23	4,988	4,988
	4/1/24	5,116	5,116
			81,089
Total general storm drain assessments payable to Oakland County, being serviced by the City General Debt Service Fund			\$ 3,974,521

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
 JUNE 30, 2002
 (CONTINUED)

General Obligation Bonds - Continued

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2002</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%	10/1/02	\$ 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>
			8,400,000
Street, Roads and Streetscape Improvement General Obligation Bonds dated 11/1/01; original issuance amount \$6,850,000; bearing interest at 3.25% to 4.70%	10/1/02	150,000	150,000
	10/1/03	175,000	175,000
	10/1/04	200,000	200,000
	10/1/05	225,000	225,000
	10/1/06-07	250,000	500,000
	10/1/08-09	300,000	600,000
	10/1/10	325,000	325,000
	10/1/11	350,000	350,000
	10/1/12	375,000	375,000
	10/1/13	400,000	400,000
	10/1/14-15	450,000	900,000
	10/1/16	475,000	475,000
	10/1/17	500,000	500,000
	10/1/18	525,000	525,000
	10/1/19	550,000	550,000
	10/1/20	600,000	<u>600,000</u>
			6,850,000

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
JUNE 30, 2002
(CONTINUED)

General Obligation Bonds - Continued

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2002</u>
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%	10/1/02	\$ 50,000	\$ 50,000
	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>
			4,100,000
Community Center and Recreational Facilities General Obligation Bonds dated 11/1/01; original issuance amount \$9,470,000; bearing interest at 3.00% to 4.625%	10/1/02	200,000	200,000
	10/1/03	250,000	250,000
	10/1/04	300,000	300,000
	10/1/05	350,000	350,000
	10/1/06	400,000	400,000
	10/1/07	425,000	425,000
	10/1/08	450,000	450,000
	10/1/09	475,000	475,000
	10/1/10	500,000	500,000
	10/1/11	525,000	525,000
	10/1/12	550,000	550,000
	10/1/13	575,000	575,000
	10/1/14-15	600,000	1,200,000
	10/1/16	620,000	620,000
	10/1/17	625,000	625,000
	10/1/18	650,000	650,000
	10/1/19	675,000	675,000
	10/1/20	700,000	<u>700,000</u>
			9,470,000

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
 JUNE 30, 2002
 (CONTINUED)

General Obligation Bonds - Continued

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2002</u>
Public Safety Facilities and City Hall General Obligation Bonds dated 11/1/01; original issuance amount \$1,170,000; bearing interest at 3.75% to 4.75%	10/1/02	\$ 15,000	\$ 15,000
	10/1/03	20,000	20,000
	10/1/04-06	25,000	75,000
	10/1/07	40,000	40,000
	10/1/08-09	50,000	100,000
	10/1/10	55,000	55,000
	10/1/11	60,000	60,000
	10/1/12	65,000	65,000
	10/1/13-14	75,000	150,000
	10/1/15	85,000	85,000
	10/1/16	95,000	95,000
	10/1/17-19	100,000	300,000
	10/1/20	110,000	<u>110,000</u>
			1,170,000
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%	10/1/02-03	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>
			<u>2,250,000</u>
Total storm drains and other debt serviced by Governmental Funds			<u>\$ 36,214,521</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
 JUNE 30, 2002
 (CONTINUED)

General Obligation Bonds - Continued

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2002</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%	11/1/02	\$ 200,000	\$ 200,000
	11/1/03	225,000	225,000
	11/1/04-05	250,000	500,000
	11/1/06	275,000	275,000
	11/1/07	300,000	300,000
	11/1/08	325,000	325,000
	11/1/09	350,000	<u>350,000</u>
			2,175,000
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%	5/1/03	1,300,000	1,300,000
	5/1/04	125,000	125,000
	5/1/05	150,000	150,000
	5/1/06-11	175,000	1,050,000
	5/1/12	200,000	200,000
	5/1/13	225,000	225,000
	5/1/14	250,000	<u>250,000</u>
			<u>3,300,000</u>
Total street bonds serviced by Governmental Funds			<u>5,475,000</u>
Total debt serviced by Governmental Funds			<u>\$ 41,689,521</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
 JUNE 30, 2002
 (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, 2002</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%	10/1/02-03	\$ 600,000	\$ <u>1,200,000</u>
Series II: Troy Water Supply System Dated 11/1/74; original issue amount \$2,500,000; bearing interest at 5.0% to 7.7%	10/1/02 10/1/03	\$ 200,000 200,000	\$ 200,000 <u>200,000</u>
			<u>400,000</u>
Total general obligation long-term debt, being serviced by the City Water Fund			\$ <u>1,600,000</u>
Total general obligation long-term debt, being serviced by the City Enterprise Funds			\$ <u>1,600,000</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS
 JUNE 30, 2002
 (CONTINUED)

Serviced by the Downtown Development Authority Fund

	<u>Maturity Date</u>	<u>Principal Amount</u>	
		<u>Annual Maturity</u>	<u>Outstanding June 30, 2002</u>
Downtown Development Authority Development Bonds dated 7/19/01; original issuance amount \$14,255,000; bearing interest at 4.00% to 5.50%	11/1/02	\$ 545,000	\$ 545,000
	11/1/03	565,000	565,000
	11/1/04	590,000	590,000
	11/1/05	615,000	615,000
	11/1/06	640,000	640,000
	11/1/07	670,000	670,000
	11/1/08	700,000	700,000
	11/1/09	730,000	730,000
	11/1/10	770,000	770,000
	11/1/11	805,000	805,000
	11/1/12	850,000	850,000
	11/1/13	895,000	895,000
	11/1/14	945,000	945,000
	11/1/15	1,000,000	1,000,000
	11/1/16	1,055,000	1,055,000
	11/1/17	1,110,000	1,110,000
	11/1/18	1,165,000	<u>1,165,000</u>
			13,650,000
Downtown Development Authority Refunding Bonds dated 7/19/01; original issuance amount \$9,745,000; bearing interest at 4.00% to 5.50%	11/1/02	380,000	380,000
	11/1/03	395,000	395,000
	11/1/04	415,000	415,000
	11/1/05	430,000	430,000
	11/1/06	410,000	410,000
	11/1/07	430,000	430,000
	11/1/08	450,000	450,000
	11/1/09	470,000	470,000
	11/1/10	495,000	495,000
	11/1/11	560,000	560,000
	11/1/12	590,000	590,000
	11/1/13	620,000	620,000
	11/1/14	655,000	655,000
	11/1/15	690,000	690,000
	11/1/16	725,000	725,000
	11/1/17	765,000	765,000
	11/1/18	800,000	<u>800,000</u>
			<u>9,280,000</u>
Total general obligation long-term debt, being serviced by the Downtown Development Authority Fund			<u>\$ 22,930,000</u>

CITY OF TROY, MICHIGAN

SCHEDULE OF INDEBTEDNESS JUNE 30, 2002 (CONTINUED)

Special Assessment Bonds, Serviced by Governmental Funds

Backed by Full Faith and Credit of the City

		Principal Amount	
Maturity Date	Annual Maturity	\$	Outstanding June 30, 2002
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%			
8/1/02-04	\$ 25,000	\$	75,000
8/1/05-06	50,000		100,000
Total special assessment bonds outstanding		\$	175,000
Total of long-term storm drain assessments, general obligation, revenue, and special assessment bonds		\$	66,394,521
Long-term portion of earned but unpaid sick pay, expected to be ultimately paid, being serviced by the City Internal Service Fund			2,415,000
Total long-term and current portion of long-term debt		\$	68,809,521

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
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
2002	40,214,010	1,522,133	538,346	14,530,595	159,268	3,085,039

Fiscal Year Ended June 30,	General Government	Public Safety	Roads and Streets	Sanitation	Other Public Works	Parks, Recreation and Cemeteries
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
2002	7,605,215	24,721,059	3,321,820	3,671,275	3,808,488	6,245,061

<u>Fines and Forfeits</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total Revenues By Source</u>
\$ 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
1,171,749	1,630,865	3,721,754	66,573,759

<u>Library and Museum</u>	<u>Debt Service</u>	<u>Downtown Development Authority</u>	<u>Economic and Physical Development</u>	<u>Total Expenditures by Function</u>
\$ 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
4,042,658	12,819,195	145,039	530,118	66,909,928

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
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
2002	41,803,788	41,016,410	98.12	632,486	99.63	308,641	.74

CITY OF TROY, MICHIGAN

VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
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
2002	4,036,688,730	649,562,212	4,686,250,942

EQUALIZED VALUATION OF TAXABLE PROPERTY

<u>Fiscal Year Ended June 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
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
2002	5,003,001,730	649,562,212	5,652,563,942

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				
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	
2002 H	9.48	10.06	4.64	1.60	3.46	.32	6.00	35.56	
2002 NH	9.48	21.13	4.64	1.60	3.46	.32	6.00	46.63	

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>
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
2002	737,948	858,117

CITY OF TROY, MICHIGAN

**COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2002**

Equalized Valuation at December 31, 2000 \$ 5,652,563,942

			<u>Legal Margin</u>	
	<u>Annual Net Debt</u>	<u>Percentage of State Equalized Valuation</u>	<u>Amount</u>	<u>Legal Debt Margin</u>
General obligation debt	\$ 36,214,521	10%	\$ 565,256,394	\$ 529,041,873
Emergency bonds	-	3/8	21,197,115	21,197,115
Special assessment bonds	<u>175,000</u>	12	<u>678,307,673</u>	<u>678,132,673</u>
Total debt	<u>\$ 36,389,521</u>		<u>\$ 1,264,761,182</u>	<u>\$ 1,228,371,661</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 (\$5,652,563,942), 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

Fiscal Year Ended June 30,	Taxable Value	Estimated Population	Gross Bonded Debt Outstanding	Debt Service Fund Balance	Debt Payable from Other than General Resources	Net Bonded Debt	Percent of Net Bonded Debt to Taxable Value	Net Bonded Debt Per Capita
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	-	-	-
2002	4,686,250,942	80,959	66,394,521	14,071,780	52,319,741	-	-	-

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
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
2002	1,549,651	1,229,717	2,779,368	66,909,928	4.15

Includes General, Special Revenue and Debt Service Funds.

CITY OF TROY, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2002

<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	\$ 36,214,521	100.00%	\$ 36,214,521
Avondale School District	61,713,392	16.87	10,411,049
Birmingham School District	111,000,000	3.77	4,184,700
Bloomfield Hills School District	24,260,000	2.09	507,034
Lamphere School District	31,170,000	14.41	4,491,597
Royal Oak School District	28,034,000	3.56	998,010
Troy School District	96,645,000	100.00	96,645,000
Warren School District	115,738,000	9.07	10,497,437
 Oakland County	 67,821,841	 9.85	 6,680,451
Oakland Intermediate School District	425,000	9.20	39,100
Oakland County Community College	<u>13,895,000</u>	9.92	<u>1,378,384</u>
 Total overlapping debt	 <u>550,702,233</u>		 <u>135,832,762</u>
 Total direct and overlapping debt	 <u>\$ 586,916,754</u>		 <u>\$ 172,047,283</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>
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	*
2002	11,305,127,884	143,908,032	*

* Information Not Available.

CITY OF TROY, MICHIGAN

PRINCIPAL TAXPAYERS

JUNE 30, 2002

Rank	Taxpayer	2001 Taxable Valuation	Number of Parcels	Business Activity	Percent of Total Taxable Valuation
1	Gale & Wentworth, L.L.C.	\$ 58,932,510	9	Office Leasing	1.26%
2	Frankel Forbes/Cohen Associates	58,776,560	3	Somerset North and South (Malls)	1.25
3	Nykel Management Co.	53,855,480	23	Apartment Leasing	1.15
4	WRC Properties, Inc.	46,965,090	4	Office Leasing	1.00
5	K-Mart	46,290,090	8	Corporate Headquarters and Retail	.99
6	Detroit Edison	44,301,330	17	Utility	.95
7	Liberty Property Limited Partnership	41,769,980	25	Office and Industrial Leasing	.89
8	Flagstar Bank FSB	38,629,980	1	Corporate Headquarters	.82
9	Riggs & Co.	29,067,770	3	Office Leasing	.62
10	Sheffield Office, L.P.	28,274,960	4	Office Leasing	.60
11	First Industrial Realty Trust	27,559,980	43	Industrial Leasing	.59
12	Standard Federal	26,483,760	5	Corporate Headquarters and Banking	.57
13	Nemer Troy Place Realty, L.L.C.	24,400,740	5	Office Leasing	.52
14	Trett Associates, Inc. (Top of Troy)	24,271,630	1	Office Leasing	.52
15	Troy Corporate Center Associates	23,710,750	2	Office Leasing	.51
16	Meritor Heavy Vehicle Systems	22,419,880	3	Manufacturing	.48
17	Electronic Data Systems	22,413,910	8	Computer Leasing and Financing	.48
18	Delphi Automotive Systems	21,519,590	13	Manufacturing	.46
19	BDR-20 Associates	20,387,900	2	Apartment Leasing	.44
20	Jay Kogan	20,284,840	5	Oakland Mall, Square, Plaza	.43
	Total	<u>\$ 680,316,730</u>			<u>14.53%</u>
	2001 Total Taxable Valuation	<u>\$ 4,686,250,942</u>			

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>
July 2003	Year 2000
July 2004	Year 2001

State Land Sale:

The General Property Tax Act, Public Act 206 of 1893, as amended, requires the County Treasurer to foreclose on real property for failure to pay delinquent property taxes. On March 1st, following the year taxes went delinquent a \$175.00 fee and a \$18.00 recording fee will be added to the parcel. The interest rate on the unpaid balance increases to 1.5% per month retroactive to the previous March 1st. In February properties that are delinquent for two years will be taken to the Circuit Court for foreclosure. Property owners have 21 days from the foreclosure judgment date to redeem the property by paying all taxes, penalties, interest and fees. After 21 days the State is granted first right of refusal to purchase property at the greater of minimum bid or fair market value. The City has second right of refusal to purchase property for a public purpose at the minimum bid price. The County may purchase property at the minimum bid price following the local unit decision not to purchase. Properties that are not purchased will be available for land sale. The land sale will be a live auction. Parcels will be sold as-is at time of auction. Minimum opening bid will be the sum of all delinquent taxes, including all interests, penalties, fees and expenses.

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	84
Michigan Association of Police - Clerical, Police Services Aides	6/30/04	74
Troy Command Officers Association - Command Police Officers	6/30/05	36
Troy Police Officers Association - Police Officers	6/30/05	100
Troy Firestaff Officers Association - Fire Career Professionals	6/30/06	12

CITY OF TROY, MICHIGAN

THE ECONOMIC DEVELOPMENT CORPORATION BONDS JUNE 30, 2002

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 1, 2002)		54,712
	Number of voters voting in General election April 1, 2002		9,433
	Percentage of registered voters voted		17.24%
	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>	487 regular, 420 seasonal, summer and fall programs		
<u>Fire Protection:</u>	6 stations, training center, 170 volunteer fire fighters, 14 career personnel, ISO Class 3		
<u>Police Protection:</u>	1 station, 137 police officers, 43 non-sworn and 14 civilian employees		
<u>Building Construction:</u>	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
	2001 - 2002	1,938 permits	143,908,032 estimated value
<u>Streets:</u>	365.9 miles improved 7.4 miles unimproved		
<u>Sewers:</u>	2.3 miles (combination storm and sanitary) 377 miles sanitary sewer 277.6 miles storm sewer		
<u>Streets Lights:</u>	712 Detroit Edison owned 1,122 City owned		
<u>Water Plant:</u>	Accounts:		
	City-regular		26,392
	Annual Distribution		574,611,000 cubic feet
	Watermains		536 miles
	Hydrants		5,467

CITY OF TROY, MICHIGAN

ECONOMIC AND STATISTICAL DATA - CONTINUED

Recreation:

14 public parks (896 acres)
15 play structures
18 tennis courts (16 lighted)
1 outdoor education center/farm
1 18-hole golf course
1 community center/indoor pool, gym
1 aquatic center

Population Growth:

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)
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
2002	84,531	31,371	70,342	12,043	38.1	3.2

Source:

- (1) Estimates provided by City Planning Department
- (2) U.S. Bureau of the Census
- (3) "Survey of Buying Power" 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, 2002, and have issued our report thereon dated September 13, 2002. 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 fluid and cursive, with the first name "Doeren" written in a larger, more prominent script than the last name "Mayhew".

DOEREN MAYHEW

September 13, 2002
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, 2002. 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, 2002.

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 13, 2002
Troy, Michigan

CITY OF TROY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2002

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 programs tested as major programs were: Highway Planning and Construction CFDA No. 20.205, and the Community Development Block Grant CFDA No. 14.218.
8. Total federal expenditures amounted to \$1,516,921. Two individual programs exceeded \$300,000 in expenditures, which were considered Type A programs. The City of Troy, Michigan also had one program that expended between \$300,000 and \$100,000, which was considered a Type B program.
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, 2002**

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, 2002**

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, 2002

Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Revenue Recognized	Expenditures 7-1-01 - 6-30-02
U.S. Department of Justice				
Public Safety and Community				
Policing Grants				
63016-01	16.726	\$ 34,299	\$ 28,566	\$ 28,566
63016-02	16.726	34,974	9,276	9,276
99shwx0119	16.726	125,000	31,611	31,611
Total Policing Grants		194,273	69,453	69,453
Byrne Formula Grant	16.579	125,040	91,184	91,184
2001-LBBX-3057	16.592	30,964	30,964	30,964
Total U.S. Department of Justice		350,277	191,601	191,601
U.S. Department of Housing and Urban Development				
Passed Through Oakland County, Michigan				
Community Development Block Grant				
CB-98-UC-260002	14.218	208,750	67,893	67,893
CB-99-UC-260002	14.218	208,750	153,750	153,750
CB-00-UC-260002	14.218	208,750	172,418	172,418
CB-01-UC-260002	14.218	213,290	74,831	74,831
Total U.S. Department of Housing and Urban Development		839,540	468,892	468,892
U.S. Department of Transportation				
Passed Through State of Michigan Department of Transportation				
Highway Planning and Construction				
JJ0910	20.205	1,127,067	15,314	15,314
UB2039	20.205	135,000	79,494	79,494
HH2221	20.205	452,087	165,447	165,447
RR2727	20.205	1,876,663	362,279	362,279
RR2346	20.205	309,431	198,035	198,035
HH2948	20.205	80,000	14,566	14,566
Total Highway Planning and Construction		3,980,248	835,135	835,135
Passed Through Michigan Office of Highway Safety Planning				
Passed Through Traffic Improvement Association of Oakland County				
Drive Michigan Safely Taskforce	20.600	6,074	6,074	6,074
Total U.S. Department of Transportation		3,986,322	841,209	841,209
U.S. Environmental Protection Agency				
Passed Through Wayne County, Michigan				
Rouge River National Wet Weather Demonstration Project				
20255643-000 OB	xP995743	123,000	15,219	15,219
Total All Programs		\$ 5,299,139	\$ 1,516,921	\$ 1,516,921

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CITY OF TROY, MICHIGAN

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2002

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.

