



CITY OF TROY | 2020/2021

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



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City of Troy,
Michigan



Year Ended
June 30, 2021

Annual Comprehensive Financial Report

City Council

Mayor
Mayor Pro Tem
Council Members

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

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

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CITY OF TROY, MICHIGAN

Table of Contents

Page

INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart	7
GFOA Certificate of Achievement	8
Principal Officials	9
Fund Organization Chart	10

FINANCIAL SECTION

Independent Auditors' Report	13
Management's Discussion and Analysis	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet – Governmental Funds	34
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	36
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	37
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	38
Statement of Net Position – Proprietary Funds	40
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	41
Statement of Cash Flows – Proprietary Funds	42
Statement of Fiduciary Net Position - Fiduciary Funds	43
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	44
Combining Statement of Net Position – Discretely Presented Component Units	45
Combining Statement of Activities – Discretely Presented Component Units	46
Notes to Financial Statements	47

CITY OF TROY, MICHIGAN

Table of Contents

Page

FINANCIAL SECTION, CONTINUED

Required Supplementary Information:

Employee Retirement System:

Schedule of Changes in Net Pension Asset and Related Ratios	98
Schedule of Net Pension Asset	100
Schedule of Contributions	101
Schedule of Investment Returns	102

Volunteer Firefighter Incentive Plan:

Schedule of Changes in Net Pension Liability and Related Ratios	104
Schedule of Net Pension Liability	106
Schedule of Contributions	107
Schedule of Investment Returns	108

Other Postemployment Benefits:

Schedule of Changes in Net Other Postemployment Benefit (OPEB) Liability and Related Ratios	109
Schedule of Net OPEB Liability	110
Schedule of Contributions	111
Schedule of Investment Returns	112

Combining and Individual Fund Financial Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	118
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual:	
Major Streets Fund	120
Local Streets Fund	121
Refuse Fund	122
Transit Center Fund	123
Drug Forfeiture Fund	124
Library Fund	125
Community Development Block Grant Fund	126

Nonmajor Enterprise Funds:

Combining Statement of Net Position	127
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	128
Combining Statement of Cash Flows	129

Internal Service Funds:

Combining Statement of Net Position	130
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	132
Combining Statement of Cash Flows	134

CITY OF TROY, MICHIGAN

Table of Contents

Page

FINANCIAL SECTION, CONTINUED

Combining and Individual Fund Financial Statements and Schedules, Continued:

Component Units:

Downtown Development Authority:

Statement of Net Position and Governmental Fund Balance Sheet 136

Reconciliation of Fund Balance for Governmental

Fund to Net Position of Governmental Activities 137

Statement of Activities and Governmental Fund Revenues, Expenditures and
Changes in Fund Balance 138

Reconciliation of Net Changes in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities 139

Local Development Financing Authority:

Statement of Net Position and Governmental Fund Balance Sheet 140

Statement of Activities and Governmental Fund Revenues, Expenditures and
Changes in Fund Balance 141

Brownfield Redevelopment Authority:

Statement of Net Position and Governmental Fund Balance Sheet 142

Reconciliation of Fund Balance for Governmental

Fund to Net Position of Governmental Activities 143

Statement of Activities and Governmental Fund Revenues, Expenditures and
Changes in Fund Balance 144

Reconciliation of Net Changes in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities 145

STATISTICAL SECTION (UNAUDITED)

Financial Trends:

Net Position by Component 150

Changes in Net Position 152

Fund Balances - Governmental Funds 156

Changes in Fund Balances - Governmental Funds 158

General Governmental Tax Revenue by Source 161

Revenue Capacity:

Property Tax Levies and Collections 162

Direct and Overlapping Property Tax Rates 164

Assessed Value and Taxable Value of Property 166

Principal Property Taxpayers 168

CITY OF TROY, MICHIGAN

Table of Contents

Page

STATISTICAL SECTION (UNAUDITED), CONTINUED

Debt Capacity:	
Ratios of Outstanding Debt by Type	170
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt	172
Computation of Direct and Overlapping Debt	173
Computation of Legal Debt Margin	175
Legal Debt Margin Information	176
Pledged Revenue Coverage	179
Demographic and Economic Information:	
Demographic Statistics	180
Principal Employers by Industry	182
Operating Information:	
Operating Indicators by Function/Program	184
Capital Asset Statistics by Function/Program	190
Building Construction	193
Full and Part-Time City Government Employees by Function/Program	194
Continuing Disclosure:	
State Shared Revenues	196
Gas and Weight Taxes	196
Labor Agreements	197



INTRODUCTORY SECTION

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December 9, 2021

Dear Honorable Mayor and City Council Members:

The *Annual Comprehensive Financial Report* (ACFR) for the City of Troy, Michigan for the year ended June 30, 2021 is hereby submitted. The report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2020/21 and the financial condition of the various funds as of fiscal year end. This report was prepared by a team comprised of executive members, financial staff and department leaders of the City. Troy's staff is responsible for the accuracy of data and completeness and fairness of the presentation, including all disclosures.

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The economic condition of the City of Troy remains strong in spite of the continued issues that COVID-19 brings to our society. Because of our vigorous process of obtaining CARES Act funding and ARPA funding from the Federal Government, we have been able to maintain our financial stability. Residential housing has continued to remain very strong despite the pandemic. We continue to monitor the potential impact on our commercial properties as the pandemic lingers into the next fiscal year.

The City reached the low point in taxable value in the 2013 fiscal year at \$4.219 billion after Michigan Tax Tribunal and Board of Review adjustments. Since then, the City has experienced modest annual growth in taxable value averaging 2.7%. The City experienced growth in net taxable value for fiscal 2021 at 3.0% and was comprised of growth in residential properties of 4.1%, and growth in both commercial properties (2.3%) and industrial properties (4.2%). For Michigan cities, Troy ranked fourth for the largest taxable values in the state. However, in this era of competition for business retention and attraction, we need to advance a preferred future in which residents and businesses continue to aspire to locate here.

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

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

Home 2 Suites Hotel

This 4-story, 107-room hotel located on Wilshire Drive at Crooks Road opened in 2021.

Tru by Hilton Hotel

This 124-room hotel located at Maple Road and I-75 opened in 2021.

Holiday Inn Hotel

This 138-room full service hotel located on Tower Drive at I-75 is under construction.

801-803 W. Big Beaver Road

The former Huntington Bank office property is being transformed into a mixed-use development, including a 137-room Hyatt Place Hotel, prominent restaurant, 355-space parking structure and renovated office towers. The Troy Downtown Development Authority approved a Quality Development Initiative incentive for the public parking structure.

Troy City Center

The transformation of 888 W. Big Beaver Road into a vibrant mixed-use development has been largely completed. Façade and interior renovations for the 298,000 square foot office tower have been completed, a new 1600-space parking deck has been built and several new retail and restaurant establishments have opened. New retail tenants include Condado Tacos, Kura Revolving Sushi Bar, City BBQ, Red Effect, Great Greek Mediterranean, and Pokeworks. In addition, the first tenants have moved into the 272-unit Zen Apartments. The Troy Downtown Development Authority supported the construction of the project's parking structure through its Quality Development Initiative.

Troy Marketplace

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

Somerset Shoppes

The project is open and nearly 100 percent occupied. Tenants include Aldana's Mexican Grill, Planet Fitness, First Watch, SVS Vision, Duck Donuts, Detroit Wing Company, Clean Juice and Profile by Sanford. The Troy Brownfield Redevelopment Authority provided Brownfield Plan financial assistance for the expansion and renovation of this retail center located at the corner of Maple Road and Coolidge.

Uptown Apartments

This \$55 million development includes 383 residential rental units. The first phase of the project has been completed and tenants have moved in. The project is located on a parcel just south of the MJR movie theaters. The Troy Brownfield Redevelopment Authority provided Brownfield Plan financial assistance for this project located at 205 Park Street.

Regency at Troy

This \$26 million project includes the new construction of a 94,000 square foot, 3-story, 154-bed Skilled Nursing Facility. The project, located on Maple Road at Axtell, is now under construction. The Maple Road frontage will be dedicated to commercial uses.

Electric Last Mile

ELMS has moved its electric vehicle operations into this building located at 1055 W. Square Lake Road. The site can accommodate 200 employees.

Hyzon Motors

Hyzon is a global supplier of zero emission hydrogen fuel cell powered commercial vehicles. Located at 1208 E. Maple Road, Hyzon's new Troy research and development facility opened in 2021, employing nine people with growth expected.

Imbranded

This large format graphic display company purchased the former 136,632 square foot Kamax site at 500 W. Long Lake Road and moved its operations into the facility in 2021. The company employs 130 people.

Belfor

This property restoration company purchased 1849 W. Maple Road. Belfor will consolidate some of its smaller operations into this facility and will lease out the upper floor for other businesses. A total of 60 employees are expected to work in the facility.

Total Education Solutions

TES is a provider of special education, speech, occupational and physical therapy. Located at 1742 Crooks Road, this company employs 46 people in its 11,000 square foot office.

365 Retail Markets

This self-service vending technology company renovated its facility at 1743 Maplelawn Street to accommodate its Innovation Lab, Training Lab, Product Showroom and Global Support Center. The company employs 250 people.

Virginia Tile

Virginia Tile has opened its new, 50,000 square foot showroom at 900 W. Maple Road.

FINANCIAL INFORMATION

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

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

Budgeting Controls

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

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

General Government Functions

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

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

Tax Rate Limitations

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

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

In fiscal year 2021, the voters approved a new library millage of 1.1 mills for 10 years, which will go into effect on July 1, 2021 for fiscal year 2022. Additionally, the debt service millage was not levied for fiscal year 2022 as the debt in which it was levied for was paid off in fiscal year 2021.

Long-Term Financial Planning

Unassigned fund balance for the General Fund at year end was \$21.1 million or 38.3% of total general fund expenditures. This is above the general fund unassigned fund balance policy of 20%-30% of annual general fund expenditures.

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

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Troy, Michigan for its ACFR for the fiscal year ended June 30, 2020.


This was the twenty fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a certificate, the ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

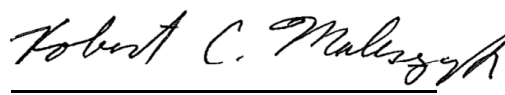
A certificate of achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

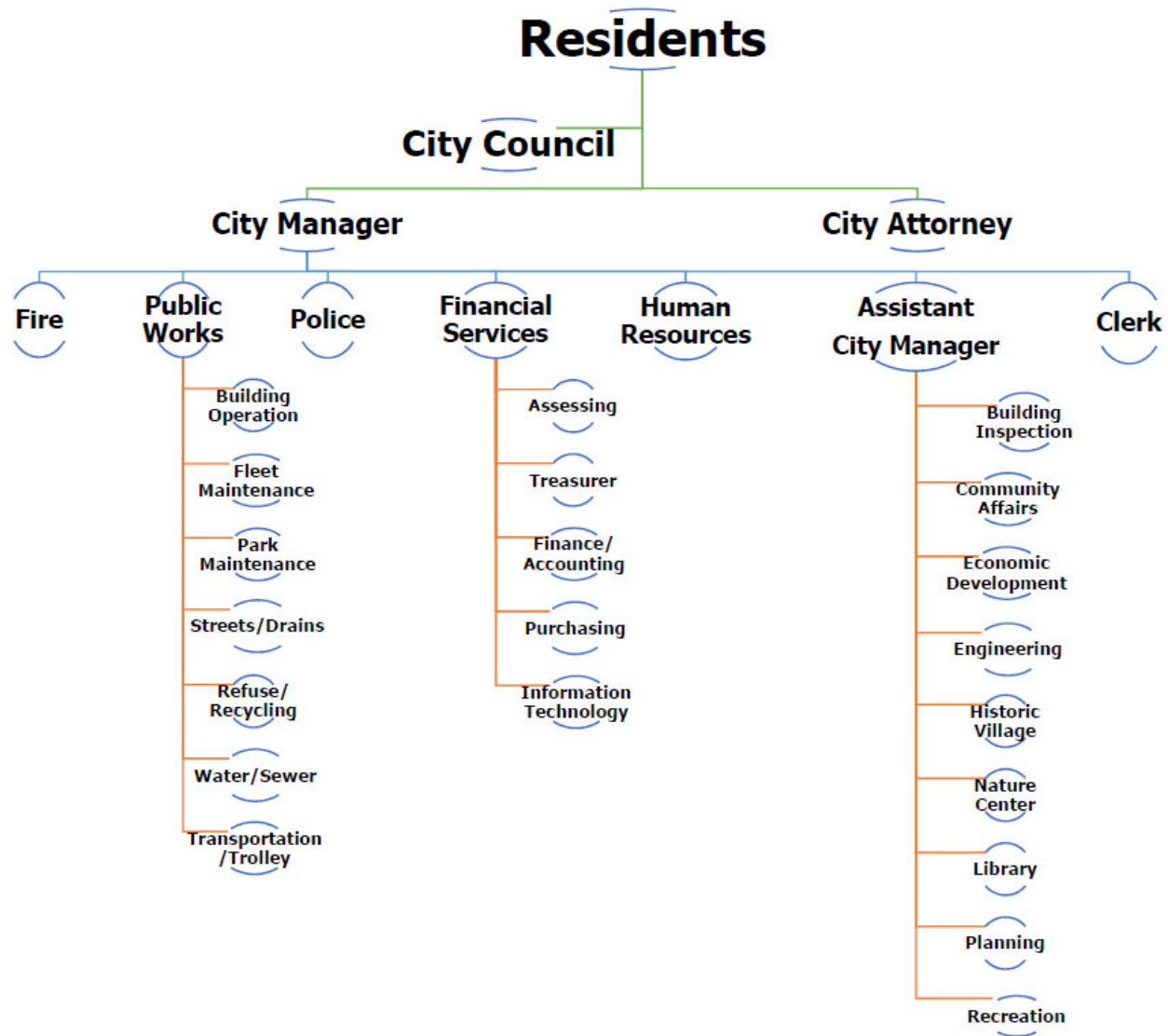
Acknowledgements

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


Mark F. Miller
City Manager


Robert C. Maleszyk
Chief Financial Officer

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Troy
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF TROY, MICHIGAN
PRINCIPAL OFFICIALS

City Manager	Mark Miller
City Attorney	Lori Grigg Bluhm
Assistant City Manager	Robert Bruner
Chief Financial Officer	Robert Maleszyk
Controller	Lisa Burnham
City Assessor	Kelly Timm
City Clerk	Aileen Dickson
City Engineer	William Huotari
City Treasurer	Renee Hazen
Community Affairs Director	Cynthia Stewart
Community Development Director	Brent Savidant
Fire Chief	Chuck Riesterer
Human Resources Director	Jeanette Menig
Information Technology Director	Gertrude Paraskevin
Library Director	Emily Dumas
Recreation Director	Brian Goul
Police Chief	Frank Nastasi
Public Works Director	Kurt Bovensiep
Purchasing Manager	Emily Frontera
Facilities and Grounds Manager	Dennis Trantham
Fleet Operations Manager	Brian Varney
Streets and Drains Operations Manager	Scott Carruthers
Water and Sewer Operations Manager	Paul Trosper

CITY OF TROY, MICHIGAN

FUND ORGANIZATION CHART

Governmental Funds

■ General Fund*

Special Revenue Funds

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

Debt Service Funds

- General Debt Service
- Proposal A
- Proposal B
- Proposal C
- Series 2013 & 2020*

■ Capital Projects Fund*

Permanent Fund

- Cemetery Perpetual Care

Proprietary Funds

Enterprise Funds

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

Internal Service

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

Fiduciary Component Units

Pension and OPEB Trust

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

Component Units

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

*Major funds under GASB No. 34

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 9, 2021

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Troy, Michigan** (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Rehmann is an independent member of Nexia International.



📍 675 Robinson Road, Jackson, MI 49203

📞 517.787.6503

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Troy, Michigan, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules for the pension and other postemployment benefit plans listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 9, 2021, on our consideration of the City of Troy, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

As management of the City of Troy, Michigan (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found as listed in the table of contents of this report.

Financial Highlights

• Total net position	\$ 485,465,347
• Change in total net position	29,440,153
• Fund balances, governmental funds	65,786,255
• Change in fund balances, governmental funds	6,018,031
• Unassigned fund balance, general fund	21,089,929
• Change in fund balance, general fund	6,637,432
• Installment debt outstanding	17,129,291
• Change in installment debt	(6,646,446)

Overview of the Financial Statements

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

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

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

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

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

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

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

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

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

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

Information for each of the City's individual governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service series 2013 & 2020 fund, and capital projects fund, which are considered to be the City's major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

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

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

The City's combined net position increased \$29.4 million over the course of the fiscal year to a total of \$485.5 million. Net position of governmental activities increased \$28.6 million or 9.9%, and business-type activities increased \$0.8 million or 0.5%. Explanations for those changes are described below under the *governmental activities* and *business-type activities* sections of this Management's Discussion and Analysis.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 188,762,127	\$ 138,928,987	\$ 34,850,438	\$ 40,489,622	\$ 223,612,565	\$ 179,418,609
Capital assets, net	230,743,393	229,127,908	147,755,625	138,746,578	378,499,018	367,874,486
	<u>419,505,520</u>	<u>368,056,895</u>	<u>182,606,063</u>	<u>179,236,200</u>	<u>602,111,583</u>	<u>547,293,095</u>
Deferred outflows of resources						
	<u>5,427,553</u>	<u>1,502,081</u>	<u>656,377</u>	<u>525,072</u>	<u>6,083,930</u>	<u>2,027,153</u>
Liabilities						
Long-term debt	17,681,694	23,530,709	6,073,573	6,882,148	23,755,267	30,412,857
Other liabilities	35,475,955	46,029,093	7,901,377	6,121,145	43,377,332	52,150,238
	<u>53,157,649</u>	<u>69,559,802</u>	<u>13,974,950</u>	<u>13,003,293</u>	<u>67,132,599</u>	<u>82,563,095</u>
Deferred inflows of resources						
	<u>53,439,014</u>	<u>10,305,883</u>	<u>2,158,553</u>	<u>426,076</u>	<u>55,597,567</u>	<u>10,731,959</u>
Net position						
Net investment in capital assets	230,145,408	211,643,485	142,141,489	132,389,502	372,286,897	344,032,987
Restricted	77,713,480	71,427,127	1,763,231	1,334,545	79,476,711	72,761,672
Unrestricted	<u>10,477,522</u>	<u>6,622,679</u>	<u>23,224,217</u>	<u>32,607,856</u>	<u>33,701,739</u>	<u>39,230,535</u>
Total net position	<u>\$ 318,336,410</u>	<u>\$ 289,693,291</u>	<u>\$ 167,128,937</u>	<u>\$ 166,331,903</u>	<u>\$ 485,465,347</u>	<u>\$ 456,025,194</u>

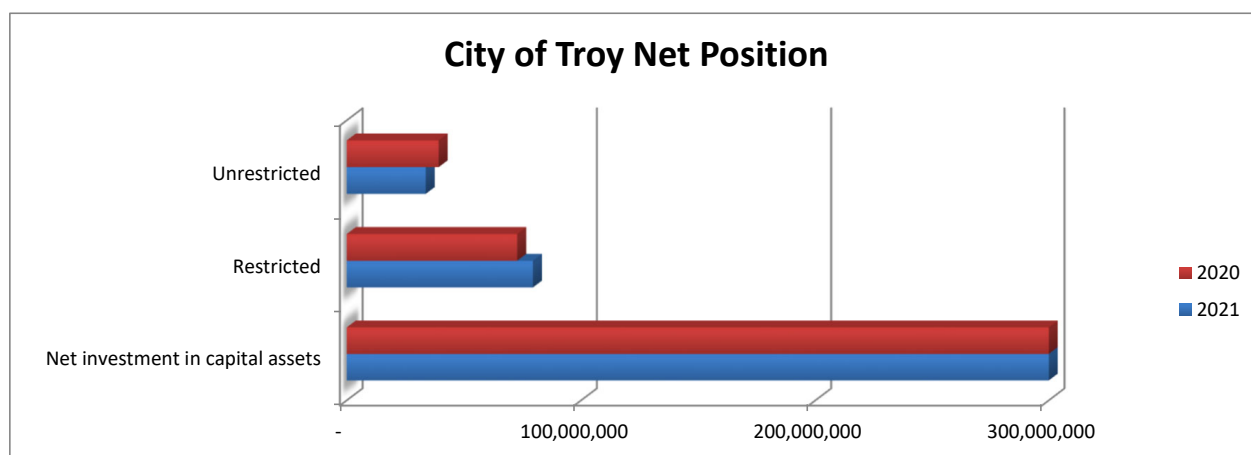
CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

The largest portion of the City's net position (76.7%) reflects its investment in capital assets of \$372.3 million (e.g., land, museum artifacts, construction in progress, infrastructure, land improvements, buildings and improvements, miscellaneous equipment, office equipment, vehicles, library books, and the water and sewer system), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its residents. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$79.5 million (16.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$33.7 million (6.9%) is unrestricted and may be used to meet the City's ongoing obligations to its residents and creditors.

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



CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

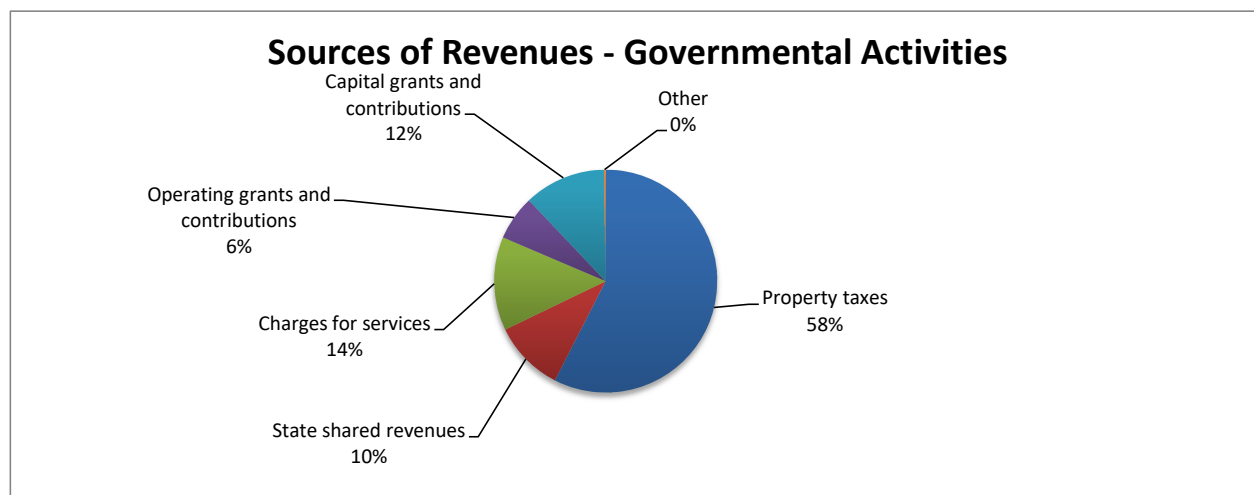
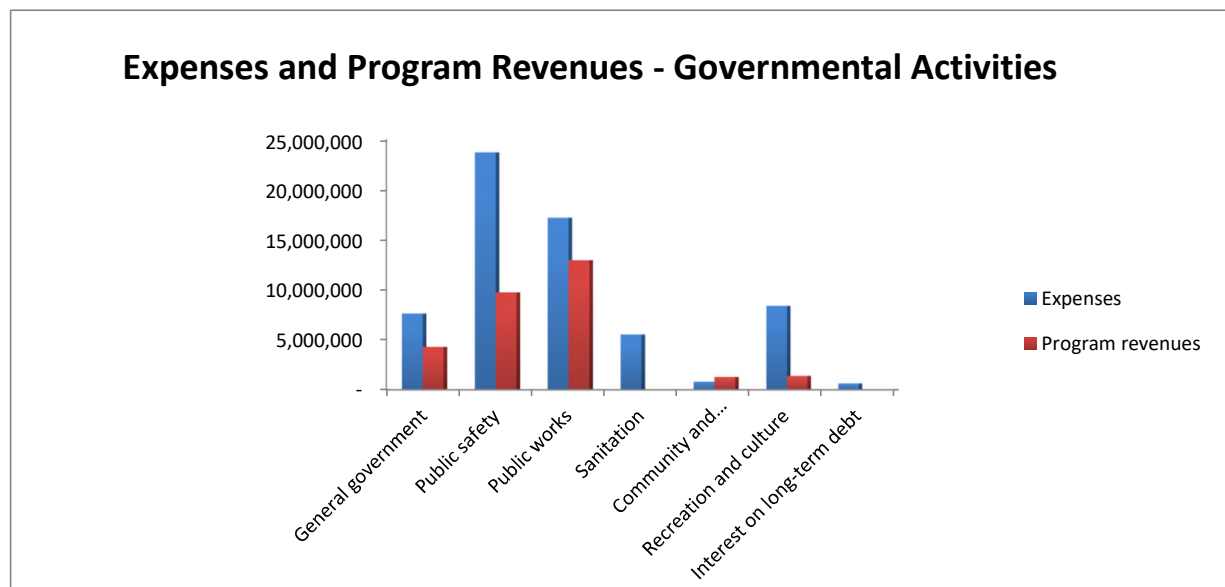
The following condensed financial information was derived from the government-wide statement of activities and reflects how the City's net position changed during the fiscal year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues						
Charges for services	\$ 12,622,213	\$ 12,425,214	\$ 38,605,563	\$ 35,221,470	\$ 51,227,776	\$ 47,646,684
Operating grants and contributions	6,042,781	964,952	-	-	6,042,781	964,952
Capital grants and contributions	11,003,755	9,903,857	2,077,664	196,436	13,081,419	10,100,293
General revenues						
Property taxes	53,623,652	52,975,285	-	-	53,623,652	52,975,285
State-shared revenues	9,601,689	8,346,267	-	-	9,601,689	8,346,267
Investment earnings (loss)	(526,158)	2,003,122	(248,509)	949,431	(774,667)	2,952,553
Other revenue	240,261	253,253	-	-	240,261	253,253
Total revenues	<u>92,608,193</u>	<u>86,871,950</u>	<u>40,434,718</u>	<u>36,367,337</u>	<u>133,042,911</u>	<u>123,239,287</u>
Expenses						
General government	7,630,092	6,511,152	-	-	7,630,092	6,511,152
Public safety	23,743,952	23,297,176	-	-	23,743,952	23,297,176
Public works	17,217,363	17,216,100	-	-	17,217,363	17,216,100
Sanitation	5,534,606	5,358,719	-	-	5,534,606	5,358,719
Community and economic development	805,526	275,784	-	-	805,526	275,784
Recreation and culture	8,396,449	9,982,617	-	-	8,396,449	9,982,617
Interest expense	637,086	843,586	-	-	637,086	843,586
Water	-	-	20,639,128	19,914,841	20,639,128	19,914,841
Sanitary sewer	-	-	15,063,368	14,590,131	15,063,368	14,590,131
Aquatic center	-	-	473,997	515,238	473,997	515,238
Golf courses	-	-	3,461,191	3,115,018	3,461,191	3,115,018
Total expenses	<u>63,965,074</u>	<u>63,485,134</u>	<u>39,637,684</u>	<u>38,135,228</u>	<u>103,602,758</u>	<u>101,620,362</u>
Change in net position	28,643,119	23,386,816	797,034	(1,767,891)	29,440,153	21,618,925
Net position, beginning of year	<u>289,693,291</u>	<u>266,306,475</u>	<u>166,331,903</u>	<u>168,099,794</u>	<u>456,025,194</u>	<u>434,406,269</u>
Net position, end of year	<u>\$ 318,336,410</u>	<u>\$ 289,693,291</u>	<u>\$ 167,128,937</u>	<u>\$ 166,331,903</u>	<u>\$ 485,465,347</u>	<u>\$ 456,025,194</u>

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

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



Total governmental revenue is reported at approximately \$92.6 million, an increase of \$5.7 million from the prior year. The increase is primarily due to capital grants and contributions of approximately \$1.1 million and an increase in operating grants and contributions of \$5.1 million. The capital contributions are received primarily from the Road Commission of Oakland County, Oakland County, Michigan Department of Transportation and the Federal Department of Transportation for street improvements. The City also received approximately \$4.6 million in CARES Act funding to combat the pandemic which is the main driver for the increase in operating grants. Charges for services include building permit fees, recreation fees, and engineering fees charged to the capital projects fund. These remained consistent with the prior year as the City was continuing to work through the COVID-19 pandemic.

Total governmental expenses are reported at \$64.0 million, an increase of \$0.5 million from the prior year. The increase is primarily due to an increase in expenses in general government of \$1.1 million due to an uptick in operations throughout the City since the height of the COVID-19 pandemic.

CITY OF TROY, MICHIGAN

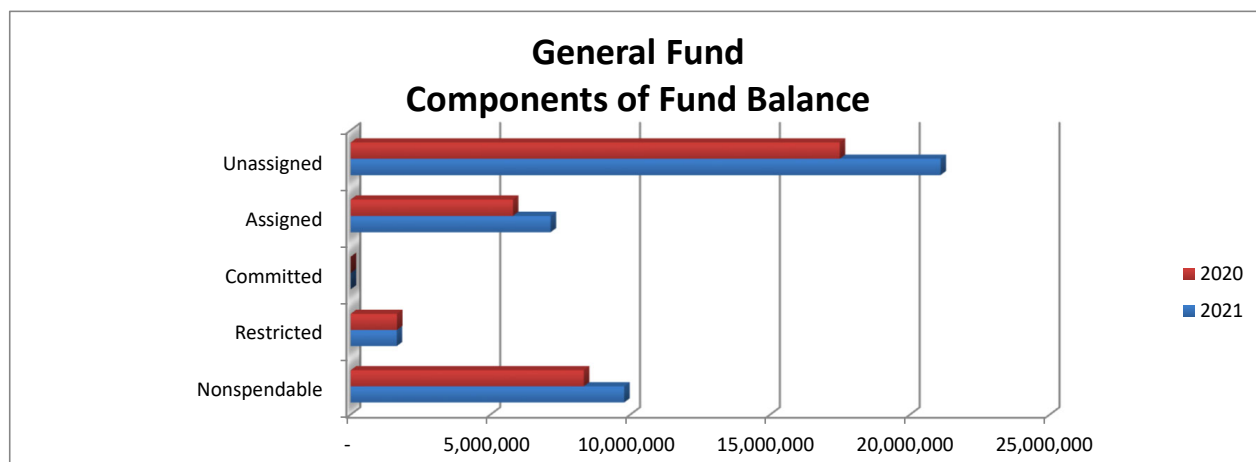
Management's Discussion and Analysis

Business-type Activities. The City's business-type activities consist of water supply, sanitary sewer, aquatic center, and two municipal golf courses. Water and sanitary sewer services, classified as major funds, are provided to City residents through the Great Lakes Water Authority (GLWA) and Oakland County Water Resource Commission (OCWRC), respectively. Change in net position for business-type activities increased by \$0.8 million. This increase is due to increased water and sewer sales and increase in developer contributions of approximately \$1.0 million.

Financial Analysis of the City's Governmental Funds

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

The City's governmental funds reported combined fund balances of \$65.8 million, an increase of \$6.0 million compared to the prior year. Approximately 32.1% of this amount (\$21.1 million) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact/restricted for particular purposes, 3) committed for particular purposes, or 4) assigned for particular purposes.



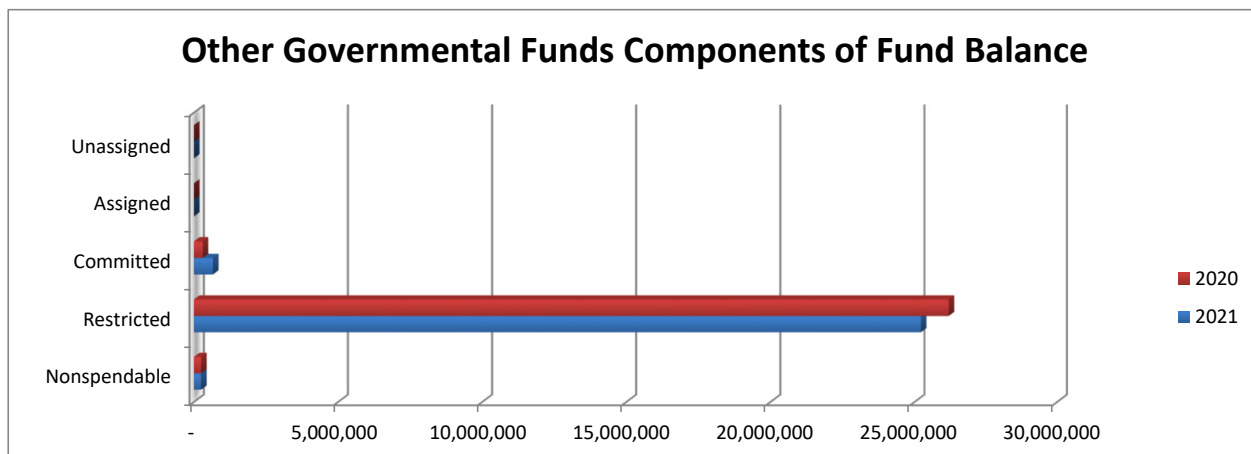
The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21.1 million, while total general fund balance increased \$6.6 million to \$39.7 million. A decrease in general fund fund balance was budgeted at \$1.4 million however favorable results in revenues of \$2.5 million in addition to favorable results with expenditures of \$5.6 million caused a \$6.6 million increase. The general fund unassigned fund balance has a target limits of 20% to 30% of annual expenditures. As a measure of the general funds liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 38.3% of total general fund expenditures, while total general fund balance represents approximately 72.1% of the same amount.

As mentioned, total general fund balance increased by \$6.6 million in the current fiscal year. Total revenues of \$62.6 million had an increase of \$6.8 million or 12.2% compared to the prior year. The increase was primarily due to the City receiving approximately \$4.6 million in CARES Act funding and increases to the bi-monthly State Revenue Sharing distributions.

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

General fund expenditures (before transfers) of \$55.0 million decreased \$4.0 million or 6.8%. The decrease was more than explained by the \$4.1 million decrease in public works expenditures due to the reclassification of ACT 51 expenditures being recorded directly into the Major and Local Street funds. Additionally, recreation and culture had a decrease of approximately \$1.5 million; however, these decreases were offset with increases in public safety expenditures.



The Series 2013 & 2020 debt service fund, a major fund, was issued by the City to advance refund prior debt issuance of the Troy Downtown Development Authority (TDDA), a discrete component unit of the City. The debt was issued by the City to mitigate the financial impact of debt burden on the TDDA that was facing decreased tax capture from the district due to the 2008 recession and to take advantage of the City's AAA bond rating to receive favorable rates. Restructure of the TDDA district provides funding for debt service payments that are derived through charges from the City to the TDDA for reimbursement purposes. In the current fiscal year, the 2013 debt was refunded. The fund maintains a zero fund balance.

The capital projects fund, a major fund, had an increase in fund balance of \$2.3 million during the current year for a total of \$16.0 million. Major capital projects included major street improvements of \$4.2 million and local street improvements of \$3.1 million. It should be noted that the general fund contributed \$1.0 million towards the construction of trails and pathways. The major streets fund contributed \$4.7 million and the local streets fund contributed \$1.8 million.

Financial Analysis of the City's Proprietary Funds

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

The unrestricted net position of the water fund was \$10.2 million and the sanitary sewer fund was \$18.7 million at the end of the current fiscal year. The Sanctuary Lake Golf Course had an unrestricted net deficit of \$9.2 million. The water fund total net position increased by \$0.8 million while the sanitary sewer fund decreased by \$0.5 million, and the Sanctuary Lake Golf Course increased by \$0.1 million. This was primarily due to increased water and sewer charges in addition to increased cost of sales and operations.

General Fund Budgetary Highlights

Over the course of the year, City Council amended the budget to take into account events during the year. The most significant amendment in the current year was the reclassification of ACT 51 expenditures being recorded directly into the Major and Local Street funds. This caused a reduction to the public works roads and streets budget of \$5.6 million.

Revenues of \$62.6 million were \$2.5 million more than amended budget amounts. The favorable variance was more than explained by the City receiving approximately \$4.6 million in CARES Act funding and increases to the bi-monthly State Revenue Sharing distributions. Charges for services also increased and were favorable when compared to the budget due to increased activity within the City as the City continues to work through the pandemic.

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

Expenditures of \$55.0 million were \$5.6 million under amended budget amounts. The expenditures by function contributing to a majority of the expenditures under the amended budget include recreation expenditures were \$2.1 million under budget due to the continued closure of the community center during the first portion of the fiscal year and the gradual reopening through the end of the fiscal year in June 2021. Public safety expenditures were under budget by \$1.7 million primarily from police personnel service costs. Additionally, general government and community and economic development expenditures were under budget primarily due to decreases in personnel and contractual costs.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2021, the City had invested \$378.5 million, net of accumulated depreciation, in a broad range of capital assets (see the table below). Additional information regarding the City's capital assets can be found in Note 6 to the financial statements.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 37,462,124	\$ 37,462,124	\$ 6,738,504	\$ 6,738,504	\$ 44,200,628	\$ 44,200,628
Museum artifacts	2,082,845	2,082,845	-	-	2,082,845	2,082,845
Construction in progress	1,847,767	4,559,191	13,153,912	7,175,009	15,001,679	11,734,200
Infrastructure	140,340,083	139,724,946	-	-	140,340,083	139,724,946
Land improvements	3,638,382	3,108,519	5,352,998	5,614,077	8,991,380	8,722,596
Buildings and improvements	31,170,164	29,023,398	1,311,320	984,125	32,481,484	30,007,523
Miscellaneous equipment	3,847,098	3,570,969	1,204,482	1,005,102	5,051,580	4,576,071
Office equipment	269,395	303,601	-	-	269,395	303,601
Vehicles	7,459,755	6,653,288	672,056	756,061	8,131,811	7,409,349
Library books/audio visual	2,625,780	2,639,027	-	-	2,625,780	2,639,027
Water and sewer transmission and distribution system	-	-	119,322,353	116,473,700	119,322,353	116,473,700
Total capital assets, net	\$ 230,743,393	\$ 229,127,908	\$ 147,755,625	\$ 138,746,578	\$ 378,499,018	\$ 367,874,486

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$16.7 million. Of this amount, \$16.2 million is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources. Additional information on the City's long-term debt can be found in Note 9 to the financial statements.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 10,545,000	\$ 16,145,000	\$ 5,605,000	\$ 6,305,000	\$ 16,150,000	\$ 22,450,000
Public drains	597,985	848,323	-	-	597,985	848,323
Capital leases	-	-	381,306	477,414	381,306	477,414
Deferred amounts for issuance premiums	-	491,100	87,267	99,734	87,267	590,834
Compensated absences	5,126,404	4,864,256	-	-	5,126,404	4,864,256
Estimated self-insurance claims	1,412,305	1,182,030	-	-	1,412,305	1,182,030
Total long-term debt	\$ 17,681,694	\$ 23,530,709	\$ 6,073,573	\$ 6,882,148	\$ 23,755,267	\$ 30,412,857

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

Economic Condition and Outlook

The following economic factors currently affect the City and were considered in developing the 2021/2022 through 2023/2024 three year fiscal budget.

- The millage rate for the 2021/2022 fiscal year increased to 10.0154 mills compared to the 9.9991 mills for the 2020/2021 fiscal year. This is due to a voter approved increase to the library millage and the removal of the debt service millage as the associated debt was paid off in 2021. The total millage of 10.0154 mills includes general operating millage of 6.5 mills, capital projects of 1.3312 mills, refuse of 1.09 mills, and library operations of 1.0942 mills.
- Total general fund revenues and other sources are expected to generate approximately \$58.9 million. This is a decrease of \$6.3 million or 9.7% compared to the fiscal 2020/2021 budget of \$65.2 million. Property tax revenues which accounts for approximately 61.66% of total general fund revenues is expected to generate \$36.3 million. This is an increase of \$0.9 million or 2.49%.
- General fund expenditures and other uses are budgeted at \$63.0 million. This is a decrease of \$5.0 million or 7.35% compared to fiscal 2020/2021 budget. The decrease is primarily due to decreases in public works of \$5.4 million as these expenditures are now recorded directly in Major and Local Street funds.
- The City purchases its water and sanitary sewer services from the Great Lakes Water Authority (GLWA) and Oakland County Water Resource Commission (OCWRC), respectively. The 2021/2022 budget recognizes a stabilized sales volume of approximately 470,000 mcf. This is a leveling of sales volume compared to a steady decrease over the last several years. Rates for the systems are developed based on estimated sales volume to cover estimated costs and capital requirements. Water rates were established at \$42.50 per mcf. Sanitary sewer rates increased to \$30.00 per mcf. The City prides itself on having one of the lowest combined water and sewer rates of any Southeastern Michigan community.
- The City maintains a long and established practice of using a conservative approach in developing its three-year budget.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

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CITY OF TROY, MICHIGAN

Statement of Net Position

June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 87,247,561	\$ 30,196,573	\$ 117,444,134	\$ 3,944,719
Receivables, net	15,379,402	8,280,468	23,659,870	113,708
Internal balances	7,439,645	(7,439,645)	-	-
Other assets	2,393,732	592,383	2,986,115	-
Net pension asset	76,301,787	3,220,659	79,522,446	-
Capital assets not being depreciated	41,392,736	19,892,416	61,285,152	-
Capital assets being depreciated, net	189,350,657	127,863,209	317,213,866	-
Total assets	419,505,520	182,606,063	602,111,583	4,058,427
Deferred outflows of resources				
Deferred charge on refunding	94,856	459,437	554,293	-
Deferred pension amounts	666,914	-	666,914	-
Deferred other postemployment benefit amounts	4,665,783	196,940	4,862,723	-
Total deferred outflows of resources	5,427,553	656,377	6,083,930	-
Liabilities				
Accounts payable	4,901,702	4,966,232	9,867,934	2,717
Accrued payroll	1,917,608	-	1,917,608	-
Accrued liabilities	7,208,000	2,661,865	9,869,865	27,944
Unearned revenue	4,099,460	-	4,099,460	-
Long-term debt:				
Due within one year	4,722,578	796,831	5,519,409	440,000
Due in more than one year	12,959,116	5,276,742	18,235,858	10,105,000
Net pension liability (due in more than one year)	10,874,809	-	10,874,809	-
Net other postemployment benefit liability (due in more than one year)	6,474,376	273,280	6,747,656	-
Total liabilities	53,157,649	13,974,950	67,132,599	10,575,661
Deferred inflows of resources				
Deferred pension amounts	36,828,427	1,457,428	38,285,855	-
Deferred other postemployment benefit amounts	16,610,587	701,125	17,311,712	-
Total deferred inflows of resources	53,439,014	2,158,553	55,597,567	-
Net position				
Net investment in capital assets	230,145,408	142,141,489	372,286,897	-
Restricted for:				
Debt service	10,446,904	-	10,446,904	-
Capital projects	15,376,637	-	15,376,637	-
Highways and streets	6,948,958	-	6,948,958	-
Sanitation services	1,051,745	-	1,051,745	-
Library services	526,037	-	526,037	-
Other services	1,351,000	-	1,351,000	-
Perpetual care:				
Nonexpendable	164,000	-	164,000	-
Expendable	74,854	-	74,854	-
Pension	41,773,345	1,763,231	43,536,576	-
Unrestricted (deficit)	10,477,522	23,224,217	33,701,739	(6,517,234)
Total net position (deficit)	\$ 318,336,410	\$ 167,128,937	\$ 485,465,347	\$ (6,517,234)

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

CITY OF TROY, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2021

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues
Primary government					
Governmental activities:					
General government	\$ 7,630,092	\$ 4,115,452	\$ 177,140	\$ -	\$ (3,337,500)
Public safety	23,743,952	4,563,533	5,186,443	-	(13,993,976)
Public works	17,217,363	2,888,371	175,550	9,911,706	(4,241,736)
Sanitation	5,534,606	422	-	-	(5,534,184)
Community and economic development	805,526	-	232,777	1,042,019	469,270
Recreation and culture	8,396,449	1,054,435	270,871	50,030	(7,021,113)
Interest on long-term debt	637,086	-	-	-	(637,086)
Total governmental activities	63,965,074	12,622,213	6,042,781	11,003,755	(34,296,325)
Business-type activities:					
Water	20,639,128	20,488,367	-	1,115,475	964,714
Sanitary sewer	15,063,368	13,759,793	-	962,189	(341,386)
Sanctuary Lake golf course	2,202,815	2,310,026	-	-	107,211
Sylvan Glen golf course	1,258,376	1,800,034	-	-	541,658
Aquatic center	473,997	247,343	-	-	(226,654)
Total business-type activities	39,637,684	38,605,563	-	2,077,664	1,045,543
Total primary government	\$ 103,602,758	\$ 51,227,776	\$ 6,042,781	\$ 13,081,419	\$ (33,250,782)
Component units					
Downtown development authority	\$ 1,043,634	\$ -	\$ -	\$ 4,029,736	\$ 2,986,102
Local development financing authority	217,716	-	-	-	(217,716)
Brownfield redevelopment authority	24,093	-	-	-	(24,093)
Total component units	\$ 1,285,443	\$ -	\$ -	\$ 4,029,736	\$ 2,744,293

continued...

CITY OF TROY, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expenses) revenues	\$ (34,296,325)	\$ 1,045,543	\$ (33,250,782)	\$ 2,744,293
General revenues:				
Property taxes	35,627,322	-	35,627,322	-
Property taxes for refuse purposes	5,601,191	-	5,601,191	-
Property taxes for community and economic development	-	-	-	1,868,567
Property taxes for library	3,495,199	-	3,495,199	-
Property taxes for capital projects	6,941,975	-	6,941,975	-
Property taxes for debt service	1,957,965	-	1,957,965	-
State shared revenue, unrestricted	9,601,689	-	9,601,689	51,815
Grants and contributions not restricted to specific programs	27,884	-	27,884	-
Unrestricted investment loss	(526,158)	(248,509)	(774,667)	(26,738)
Gain on sale of capital assets	212,377	-	212,377	-
Total general revenues	62,939,444	(248,509)	62,690,935	1,893,644
Change in net position	28,643,119	797,034	29,440,153	4,637,937
Net position (deficit), beginning of year	289,693,291	166,331,903	456,025,194	(11,155,171)
Net position (deficit), end of year	<u>\$ 318,336,410</u>	<u>\$ 167,128,937</u>	<u>\$ 485,465,347</u>	<u>\$ (6,517,234)</u>
				concluded

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

CITY OF TROY, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2021

	General	Debt Service Series 2013 & 2020	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 41,653,069	\$ -	\$ 18,706,924	\$ 8,773,682	\$ 69,133,675
Receivables:					
Accounts receivable, net	1,145,468	-	80,207	215,326	1,441,001
Taxes-delinquent, net	146,946	-	-	-	146,946
Special assessments	-	-	827	-	827
Due from component units	-	10,478,088	-	-	10,478,088
Due from other governments	1,640,781	-	-	1,605,126	3,245,907
Inventories	497,977	-	-	-	497,977
Prepaid items	1,503,005	-	-	82,425	1,585,430
Advances to other funds	7,778,384	-	-	-	7,778,384
Total assets	<u>\$ 54,365,630</u>	<u>\$ 10,478,088</u>	<u>\$ 18,787,958</u>	<u>\$ 10,676,559</u>	<u>\$ 94,308,235</u>
Liabilities					
Accounts payable	\$ 1,558,659	\$ -	\$ 2,324,803	555,853	\$ 4,439,315
Accrued payroll	1,917,608	-	-	-	1,917,608
Other liabilities	6,716,529	-	430,041	4,112	7,150,682
Unearned revenue	4,099,460	-	-	-	4,099,460
Total liabilities	<u>14,292,256</u>	<u>-</u>	<u>2,754,844</u>	<u>559,965</u>	<u>17,607,065</u>
Deferred inflows of resources					
Unavailable revenue - property tax and long-term receivables	407,123	10,478,088	29,704	-	10,914,915
Fund balances					
Nonspendable	9,779,366	-	-	246,425	10,025,791
Restricted	1,647,133	-	15,346,933	9,870,169	26,864,235
Committed	-	-	656,477	-	656,477
Assigned	7,149,823	-	-	-	7,149,823
Unassigned	21,089,929	-	-	-	21,089,929
Total fund balances	<u>39,666,251</u>	<u>-</u>	<u>16,003,410</u>	<u>10,116,594</u>	<u>65,786,255</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,365,630</u>	<u>\$ 10,478,088</u>	<u>\$ 18,787,958</u>	<u>\$ 10,676,559</u>	<u>\$ 94,308,235</u>

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

CITY OF TROY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2021

Fund balances - total governmental funds	\$ 65,786,255
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Amounts reported for *governmental activities* in the statement of net position are different because:

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

Capital assets not being depreciated	41,199,273
Capital assets being depreciated, net	182,802,777

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

Deferred inflows from DDA debt reimbursements and personal property tax receivables	10,914,915
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Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit assets/liabilities and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension asset	76,301,787
Deferred outflow related to the net pension asset/liability	666,914
Net pension liability	(10,874,809)
Deferred inflow related to the net pension asset/liability	(36,828,427)
Deferred outflow related to the net other postemployment benefit liability	4,665,783
Net other postemployment benefit liability	(6,474,376)
Deferred inflow related to the net other postemployment benefit liability	(16,610,587)

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

Net position of governmental internal service funds.	19,617,262
Portion of internal service funds accumulated operating income attributed to business-type activities	(338,739)

Gains and losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net position

Deferred charge on refunding	94,856
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable	(31,184)
Bonds payable and related premiums	(11,142,985)
Claims incurred but not reported	(1,412,305)

Net position of governmental activities	\$ 318,336,410
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The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

	General	Debt Service Series 2013 & 2020	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 35,702,860	\$ -	\$ 6,941,975	\$ 11,054,355	\$ 53,699,190
Licenses and permits	2,575,884	-	-	-	2,575,884
Intergovernmental:					
Federal sources	4,830,798	-	5,458	71,046	4,907,302
State sources	9,677,569	-	89,831	9,836,650	19,604,050
Local sources	315,970	-	487,060	-	803,030
Charges for services	6,824,052	-	166,445	97,984	7,088,481
Fines and forfeitures	870,385	-	-	73,209	943,594
Investment loss	(257,802)	-	(98,684)	(71,320)	(427,806)
Other	2,090,082	3,990,962	10,800	14,858	6,106,702
Total revenues	62,629,798	3,990,962	7,602,885	21,076,782	95,300,427
Expenditures					
Current:					
General government	8,783,081	-	-	96,607	8,879,688
Public safety	35,357,249	-	-	57,969	35,415,218
Public works	1,795,448	-	-	4,887,051	6,682,499
Sanitation	-	-	-	5,534,659	5,534,659
Community and economic development	3,543,338	-	-	67,076	3,610,414
Recreation and culture	5,514,450	-	-	3,294,231	8,808,681
Debt service:					
Principal	-	375,000	250,338	2,760,000	3,385,338
Interest	-	403,562	19,831	145,061	568,454
Bond issuance costs	-	154,147	-	-	154,147
Capital outlay	-	-	13,195,645	-	13,195,645
Total expenditures	54,993,566	932,709	13,465,814	16,842,654	86,234,743
Revenues over (under) expenditures	7,636,232	3,058,253	(5,862,929)	4,234,128	9,065,684
Other financing sources (uses)					
Proceeds from sale of capital assets	-	-	10,600	-	10,600
Issuance of long-term debt	-	10,105,000	-	-	10,105,000
Payment to escrow agent	-	(13,163,253)	-	-	(13,163,253)
Transfers in	1,200	-	8,111,369	4,312,575	12,425,144
Transfers out	(1,000,000)	-	-	(11,425,144)	(12,425,144)
Total other financing sources (uses)	(998,800)	(3,058,253)	8,121,969	(7,112,569)	(3,047,653)
Net change in fund balances	6,637,432	-	2,259,040	(2,878,441)	6,018,031
Fund balances, beginning of year	33,028,819	-	13,744,370	12,995,035	59,768,224
Fund balances, end of year	\$ 39,666,251	\$ -	\$ 16,003,410	\$ 10,116,594	\$ 65,786,255

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

CITY OF TROY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 6,018,031
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Acquisition/construction of capital assets	13,193,356
Depreciation expense	(13,150,764)
Proceeds from sale of capital assets	(10,600)
Loss on disposal of capital assets	(42,438)

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

Change in deferred inflows for property taxes	(75,538)
Change in deferred inflows for accounts receivable	285,298
Change in long-term receivable	(3,016,019)

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

Principal payments on long-term debt	3,385,338
Issuance of long-term debt	(10,105,000)
Payment to escrow agent	13,163,253

Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenues (expense) attributable to those funds is reported with governmental activities.

Net income from governmental activities in the internal service funds	771,735
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in the net pension liability/asset and related deferred amounts	10,532,543
Change in the net OPEB liability and related deferred amounts	7,838,684
Change in accrued interest payable and amortization of bond premiums	85,515
Change in accrued claims payable	(230,275)

Change in net position of governmental activities	\$ 28,643,119
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The accompanying notes are an integral part of these basic financial statements.

CITY OF TROY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 35,804,700	\$ 35,404,700	\$ 35,702,860	\$ 298,160
Licenses and permits	3,348,520	2,948,520	2,575,884	(372,636)
Intergovernmental:				
Federal sources	11,420	4,004,430	4,830,798	826,368
State sources	8,431,479	8,431,479	9,677,569	1,246,090
Local sources	382,155	440,545	315,970	(124,575)
Charges for services	8,155,950	5,652,950	6,824,052	1,171,102
Fines and forfeitures	1,030,500	730,500	870,385	139,885
Investment earnings (loss)	442,000	442,000	(257,802)	(699,802)
Other	2,401,710	2,101,710	2,090,082	(11,628)
Total revenues	60,008,434	60,156,834	62,629,798	2,472,964
Expenditures				
General government:				
Council and executive administration	5,039,090	5,094,090	4,670,055	(424,035)
Finance	2,973,424	2,973,424	2,801,102	(172,322)
Other	1,447,540	1,447,540	1,311,924	(135,616)
Total general government	9,460,054	9,515,054	8,783,081	(731,973)
Public safety:				
Police	28,330,920	28,330,920	26,947,348	(1,383,572)
Fire	6,145,696	6,235,696	6,175,934	(59,762)
Building inspection	2,463,040	2,463,040	2,233,967	(229,073)
Total public safety	36,939,656	37,029,656	35,357,249	(1,672,407)
Public works -				
Roads and streets	7,581,248	1,981,432	1,795,448	(185,984)
Community and economic development:				
Engineering	3,351,810	3,351,810	2,676,401	(675,409)
Planning	1,077,698	1,077,698	866,937	(210,761)
Total community and economic development	4,429,508	4,429,508	3,543,338	(886,170)
Recreation and culture:				
Parks	3,222,986	2,423,186	2,486,448	63,262
Recreation	4,791,016	4,791,016	2,662,314	(2,128,702)
Historic village and nature center	420,610	420,610	365,688	(54,922)
Total recreation and culture	8,434,612	7,634,812	5,514,450	(2,120,362)
Total expenditures	66,845,078	60,590,462	54,993,566	(5,596,896)

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CITY OF TROY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues over (under) expenditures	\$ (6,836,644)	\$ (433,628)	\$ 7,636,232	\$ 8,069,860
Other financing sources (uses)				
Transfers in	5,059,646	1,200	1,200	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	4,059,646	(998,800)	(998,800)	-
Net change in fund balance	(2,776,998)	(1,432,428)	6,637,432	8,069,860
Fund balance, beginning of year	33,028,819	33,028,819	33,028,819	-
Fund balance, end of year	<u>\$ 30,251,821</u>	<u>\$ 31,596,391</u>	<u>\$ 39,666,251</u>	<u>\$ 8,069,860</u>

concluded.

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

CITY OF TROY, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$ 8,486,877	\$ 19,784,949	\$ 821,863	\$ 1,102,884	\$ 30,196,573	\$ 18,113,886
Accounts receivable, net:						
Billed	2,822,335	586	1,500	219,995	3,044,416	66,633
Unbilled	2,860,429	2,019,127	-	-	4,879,556	-
Due from other funds	-	-	-	3,143	3,143	-
Inventories	410,492	30,674	35,743	34,574	511,483	310,325
Prepaid items	-	-	43,742	37,158	80,900	-
Total current assets	14,580,133	21,835,336	902,848	1,397,754	38,716,071	18,490,844
Noncurrent assets:						
Contracts receivable	17,586	338,910	-	-	356,496	-
Advances to other funds	-	-	-	2,844,230	2,844,230	-
Net pension asset	2,679,906	540,753	-	-	3,220,659	-
Capital assets not being depreciated	6,508,437	9,275,964	2,213,463	1,894,552	19,892,416	193,463
Capital assets being depreciated, net	83,076,638	36,713,267	5,642,671	2,430,633	127,863,209	6,547,880
Total noncurrent assets	92,282,567	46,868,894	7,856,134	7,169,415	154,177,010	6,741,343
Total assets	106,862,700	68,704,230	8,758,982	8,567,169	192,893,081	25,232,187
Deferred outflows of resources						
Deferred other postemployment benefit amounts	163,874	33,066	-	-	196,940	-
Deferred charge on refunding	-	-	459,437	-	459,437	-
Total deferred outflows of resources	163,874	33,066	459,437	-	656,377	-
Liabilities						
Current liabilities:						
Accounts payable	1,778,047	3,002,473	2,782	182,930	4,966,232	462,187
Due to other funds	-	-	3,143	-	3,143	-
Accrued liabilities	2,003,887	311,259	177,019	169,700	2,661,865	26,334
Compensated absences	-	-	-	-	-	3,077,432
Bonds and capital leases payable	-	-	747,149	49,682	796,831	-
Total current liabilities	3,781,934	3,313,732	930,093	402,312	8,428,071	3,565,953
Noncurrent liabilities:						
Compensated absences	-	-	-	-	-	2,048,972
Advances from other funds	-	-	9,942,312	680,302	10,622,614	-
Net other postemployment benefit liability	227,396	45,884	-	-	273,280	-
Bonds and capital leases payable	-	-	5,135,771	140,971	5,276,742	-
Total noncurrent liabilities	227,396	45,884	15,078,083	821,273	16,172,636	2,048,972
Total liabilities	4,009,330	3,359,616	16,008,176	1,223,585	24,600,707	5,614,925
Deferred inflows of resources						
Deferred pension amounts	1,212,724	244,704	-	-	1,457,428	-
Deferred other postemployment benefit amounts	583,405	117,720	-	-	701,125	-
Total deferred inflows of resources	1,796,129	362,424	-	-	2,158,553	-
Net position						
Net investment in capital assets	89,585,075	45,989,231	2,432,651	4,134,532	142,141,489	6,741,343
Restricted for pension	1,467,182	296,049	-	-	1,763,231	-
Unrestricted (deficit)	10,168,858	18,729,976	(9,222,408)	3,209,052	22,885,478	12,875,919
Total net position (deficit)	\$ 101,221,115	\$ 65,015,256	\$ (6,789,757)	\$ 7,343,584	166,790,198	\$ 19,617,262
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					338,739	
Net position of business type activities					\$ 167,128,937	

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

CITY OF TROY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 19,563,529	\$ 13,753,883	\$ 2,308,538	\$ 1,545,280	\$ 37,171,230	\$ 9,562,071
Rental:						
Golf course	-	-	1,488	297,185	298,673	-
Restaurant	-	-	-	86,840	86,840	-
Hydrant	5,765	-	-	-	5,765	-
Building	-	-	-	-	-	221,376
Equipment	-	-	-	-	-	3,829,161
Tap and connections fees	507,560	-	-	-	507,560	-
Penalties	398,772	-	-	-	398,772	-
Other services	12,741	5,910	-	118,072	136,723	-
Other services to City funds	-	-	-	-	-	463,287
Total operating revenues	20,488,367	13,759,793	2,310,026	2,047,377	38,605,563	14,075,895
Operating expenses						
Cost of sales and services	14,324,990	11,572,038	-	-	25,897,028	9,162,993
General and administrative	395,664	817,445	-	-	1,213,109	696,454
Operations	2,881,423	1,024,184	1,639,687	1,320,507	6,865,801	2,504,792
Depreciation	3,072,195	1,678,484	354,021	336,182	5,440,882	1,018,967
Total operating expenses	20,674,272	15,092,151	1,993,708	1,656,689	39,416,820	13,383,206
Operating income (loss)	(185,905)	(1,332,358)	316,318	390,688	(811,257)	692,689
Nonoperating revenues (expenses)						
Investment loss	(138,204)	(109,203)	-	(1,102)	(248,509)	(98,352)
Interest expense	-	-	(212,840)	(1,672)	(214,512)	-
Gain on sale of capital assets	-	-	-	-	-	254,815
Loss on disposal of capital assets	-	-	-	(83,769)	(83,769)	-
Total nonoperating revenues (expenses)	(138,204)	(109,203)	(212,840)	(86,543)	(546,790)	156,463
Income (loss) before contributions	(324,109)	(1,441,561)	103,478	304,145	(1,358,047)	849,152
Developer and capital grant contributions	1,115,475	962,189	-	-	2,077,664	-
Change in net position	791,366	(479,372)	103,478	304,145	719,617	849,152
Net position (deficit), beginning of year	100,429,749	65,494,628	(6,893,235)	7,039,439		18,768,110
Net position (deficit), end of year	\$ 101,221,115	\$ 65,015,256	\$ (6,789,757)	\$ 7,343,584		\$ 19,617,262
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					77,417	
Change in net position of business-type activities					\$ 797,034	

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

CITY OF TROY, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and others	\$ 21,142,790	\$ 13,787,025	\$ 2,309,607	\$ 2,002,318	\$ 39,241,740	\$ -
Cash received from interfund services	-	-	-	-	-	14,044,070
Cash payments to employees	(1,016,012)	(986,198)	(743,862)	(572,385)	(3,318,457)	(9,022,523)
Cash payments to suppliers for goods and services	(16,569,790)	(10,347,405)	(838,058)	(540,239)	(28,295,492)	(2,688,086)
Cash payments for interfund services	(422,060)	(407,083)	(42,900)	(38,588)	(910,631)	-
Net cash provided by operating activities	3,134,928	2,046,339	684,787	851,106	6,717,160	2,333,461
Cash flows from noncapital financing activities						
Advances from other funds	-	-	1,000,000	500,000	1,500,000	-
Cash flows from capital and related financing activities						
Purchase of capital assets	(5,232,550)	(6,700,309)	(35,676)	(487,499)	(12,456,034)	(2,657,747)
Proceeds from sale of capital assets	-	-	-	-	-	267,664
Principal on capital lease	-	-	(48,054)	(48,054)	(96,108)	-
Principal on bonds	-	-	(700,000)	-	(700,000)	-
Bond and capital lease interest payments	-	-	(159,672)	(1,672)	(161,344)	-
Net cash used in capital and related financing activities	(5,232,550)	(6,700,309)	(943,402)	(537,225)	(13,413,486)	(2,390,083)
Cash flows from investing activities						
Investment loss	(138,204)	(109,203)	-	(1,102)	(248,509)	(98,352)
Net change in cash and investments	(2,235,826)	(4,763,173)	741,385	812,779	(5,444,835)	(154,974)
Cash and investments, beginning of year	10,722,703	24,548,122	80,478	290,105	35,641,408	18,268,860
Cash and investments, end of year	\$ 8,486,877	\$ 19,784,949	\$ 821,863	\$ 1,102,884	\$ 30,196,573	\$ 18,113,886
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (185,905)	\$ (1,332,358)	\$ 316,318	\$ 390,688	\$ (811,257)	\$ 692,689
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	3,072,195	1,678,484	354,021	336,182	5,440,882	1,018,967
Changes in assets and liabilities:						
Accounts receivable	645,278	17,103	(419)	(52,795)	609,167	(31,825)
Due from other funds	-	-	-	7,736	7,736	-
Inventories	(82,881)	12,272	2,019	(8,332)	(76,922)	4,680
Prepaid items	-	-	(7,532)	(7,879)	(15,411)	-
Contracts receivable	9,145	10,129	-	-	19,274	-
Net pension asset	(1,468,106)	(296,236)	-	-	(1,764,342)	-
Deferred outflows of resources related to the net other postemployment benefit liability	(163,874)	(33,066)	-	-	(196,940)	-
Accounts payable	(1,063,221)	1,789,422	1,640	177,085	904,926	360,468
Due to other funds	-	-	(7,736)	-	(7,736)	-
Accrued liabilities	1,372,339	(1,183)	26,476	8,421	1,406,053	26,334
Compensated absences	-	-	-	-	-	262,148
Net other postemployment benefit liability	(441,634)	(89,113)	-	-	(530,747)	-
Deferred inflows of resources related to the net pension asset	1,111,398	224,258	-	-	1,335,656	-
Deferred inflows of resources related to the net other postemployment benefit liability	330,194	66,627	-	-	396,821	-
Net cash provided by operating activities	\$ 3,134,928	\$ 2,046,339	\$ 684,787	\$ 851,106	\$ 6,717,160	\$ 2,333,461
Noncash investing, capital, and financing activities						
Contributions of capital assets	\$ 1,115,475	\$ 962,189	\$ -	\$ -	\$ 2,077,664	\$ -

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

CITY OF TROY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

	Pension and Other Postemployment Benefit Trusts	Tax Collection Custodial Fund
Assets		
Cash and cash equivalents	\$ 6,886,357	\$ -
Investments:		
U.S. government securities and agencies	9,778,357	-
Corporate bonds	24,064,144	-
Corporate equities	78,050,650	-
Mutual funds	209,307,755	-
Exchange traded funds	52,019,681	-
Interest receivable	168,920	-
Total assets	<u>380,275,864</u>	<u>-</u>
Liabilities		
Accounts payable	60,752	-
Accrued liabilities	158,288	-
Total liabilities	<u>219,040</u>	<u>-</u>
Net position		
Restricted for pension benefits	257,745,217	-
Restricted for postemployment healthcare benefits	122,311,607	-
Total net position	<u>\$ 380,056,824</u>	<u>\$ -</u>

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

CITY OF TROY, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2021

	Pension and Other Postemployment Benefit Trusts	Tax Collection Custodial Fund
Additions		
Contributions:		
Employer contributions	\$ 6,796,133	\$ -
Employee contributions	157,698	-
On-behalf contributions	147,156	-
	<u>7,100,987</u>	<u>-</u>
Total contributions		
	7,100,987	-
Investment earnings:		
Interest	808,964	-
Dividends	7,341,015	-
Other income	219,032	-
Net adjustment in fair value of investments	81,476,748	-
Less: investment expense	(937,215)	-
	<u>88,908,544</u>	<u>-</u>
Net investment earnings		
	88,908,544	-
Taxes collected for other governments	-	215,768,624
	<u>-</u>	<u>215,768,624</u>
Total additions	<u>96,009,531</u>	<u>215,768,624</u>
Deductions		
Benefits	17,997,569	-
Administrative expenses	206,710	-
Payments of taxes to other governments	-	215,768,624
	<u>-</u>	<u>215,768,624</u>
Total deductions	<u>18,204,279</u>	<u>215,768,624</u>
Net change in net position	77,805,252	-
Net position, beginning of year	302,251,572	-
	<u>302,251,572</u>	<u>-</u>
Net position, end of year	<u>\$ 380,056,824</u>	<u>\$ -</u>

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

CITY OF TROY, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2021

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 3,067,523	\$ 112,771	\$ 764,425	\$ 3,944,719
Receivables:				
Revolving loans receivable	-	-	59,140	59,140
Taxes receivable	54,568	-	-	54,568
Total assets	<u>3,122,091</u>	<u>112,771</u>	<u>823,565</u>	<u>4,058,427</u>
Liabilities				
Accounts payable	2,717	-	-	2,717
Interest payable	27,944	-	-	27,944
Long-term debt:				
Due within one year	440,000	-	-	440,000
Due in more than one year	10,105,000	-	-	10,105,000
Total liabilities	<u>10,575,661</u>	<u>-</u>	<u>-</u>	<u>10,575,661</u>
Net position				
Unrestricted (deficit)	<u>\$ (7,453,570)</u>	<u>\$ 112,771</u>	<u>\$ 823,565</u>	<u>\$ (6,517,234)</u>

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

CITY OF TROY, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2021

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Revenues				
Program revenues -				
Capital grants and contributions	\$ 4,029,736	\$ -	\$ -	\$ 4,029,736
General:				
Property taxes	1,695,938	150,188	22,441	1,868,567
Intergovernmental	-	51,815	-	51,815
Investment loss	(21,395)	(1,049)	(4,294)	(26,738)
Total revenues	<u>5,704,279</u>	<u>200,954</u>	<u>18,147</u>	<u>5,923,380</u>
Expenses				
Community and economic development	304,062	217,716	24,093	545,871
Interest	739,572	-	-	739,572
Total expenses	<u>1,043,634</u>	<u>217,716</u>	<u>24,093</u>	<u>1,285,443</u>
Change in net position	4,660,645	(16,762)	(5,946)	4,637,937
Net position (deficit), beginning of year	(12,114,215)	129,533	829,511	(11,155,171)
Net position (deficit), end of year	<u>\$ (7,453,570)</u>	<u>\$ 112,771</u>	<u>\$ 823,565</u>	<u>\$ (6,517,234)</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF TROY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of government-wide financial statements

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

Reporting Entity

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

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

Component Units

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

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Fiduciary Component Units

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Basis of Presentation - Government-Wide Financial Statements

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

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

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Basis of Presentation - Fund Accounting

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

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

Governmental Funds

The City reports the following major and nonmajor governmental funds:

Major Governmental Funds

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

Debt Service Series 2013 & 2020 Fund. This fund is used to account for proceeds received by the City from the Troy Downtown Development Authority (TDDA). The proceeds are to reimburse the City for principal and interest payments on City issued debt to refinance debt originally issued by the TDDA.

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

Nonmajor Governmental Funds

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

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Proprietary Funds

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

The following proprietary funds are reported:

Enterprise Funds

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

The City reports the following major enterprise funds:

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

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

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

Internal Service Funds

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

Custodial Fund

The custodial fund is used to account for assets held by the City as an agent for individuals, private organizations, and/or other governments. They primarily hold tax remittances due to schools and other governmental units.

Measurement Focus and Basis of Accounting

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The government-wide financial statements are reported using the *economic resources* measurement focus and the *full accrual* basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

Cash and Investments

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Investments are stated at fair value.

Statutory Authority

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

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

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

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

Inventories and Prepaid Items

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Capital Assets

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

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

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

Accrued Vacation and Other Compensated Absences

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

Long-Term Obligations

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Deferred Outflows/Inflows of Resources

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

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

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted - net position* and *unrestricted - net position* in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider *restricted - net position* to have been depleted before *unrestricted - net position* is applied.

Fund Balance Flow Assumption

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

Notes to Financial Statements

Fund Balance Policies

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

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

Pension and Other Postemployment Benefits

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

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

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

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

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

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

During the year ended June 30, 2021, the City incurred expenditures in certain funds which were in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Actual Over Final Budget
General fund			
Recreation and culture -			
Parks	\$ 2,423,186	\$ 2,486,448	\$ 63,262
Transit center fund			
General government	94,110	96,607	2,497
Library fund			
Transfers out	595,000	611,369	16,369
Community development block grant fund			
Community and economic development	45,000	67,076	22,076

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State Construction Code Act

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

A summary of the current year activity is as follows:

Current year building permit revenue	<u>\$ 2,593,180</u>
Related expenses:	
Direct costs	2,920,994
Estimated indirect costs (8.50%)	<u>248,176</u>
Total construction code expenses	<u>3,169,170</u>
Net deficit for the year ended June 30, 2021	<u><u>\$ (575,990)</u></u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances

The following is a reconciliation of deposit and investment balances segregated by cash and cash equivalents and investments as of June 30, 2021:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and investments	\$ 117,444,134	\$ 3,944,719	\$ 121,388,853
Statement of fiduciary net position			
Pension and OPEB trust funds:			
Cash and cash equivalents	6,886,357	-	6,886,357
Investments	373,220,587	-	373,220,587
Total	<u>\$ 497,551,078</u>	<u>\$ 3,944,719</u>	<u>\$ 501,495,797</u>
Deposits and investments			
Bank deposits:			
Checking / savings accounts			\$ 45,264,755
Certificates of deposit			13,542,901
Investment in securities and mutual funds:			
Pooled investments			69,451,673
Pension and OPEB investments			373,220,587
Cash on hand			<u>15,881</u>
Total			<u>\$ 501,495,797</u>

Deposit and Investment Risk

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City deposits may not be returned. State law does not require and the City's investment policy does not directly address a deposit policy for custodial credit risk. At year end, \$46,258,071 of the City's bank deposits (certificates of deposit, checking, and cash) of \$62,408,486 was exposed to custodial credit risk because they were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Investments

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

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

Investment	Fair Value	Weighted Average Maturity
Pooled investments		
U.S. Government or agency bond/note	\$ 56,354,486	3.7 years
Municipal bonds	11,281,017	8.5 years
Pension and OPEB investments		
U.S. Government or agency bond/note	9,778,357	11.9 years
Corporate bonds	24,064,144	5.4 years
Exchange traded funds -fixed income	7,636,565	7.9 years
Mutual Funds - fixed income	53,679,365	7.4 years

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

	Pooled Investments	Pension and OPEB Investments	Total
AAA	\$ 58,033,385	\$ 35,071,019	\$ 93,104,404
AA to AA-	5,009,801	2,932,244	7,942,045
A to A-	4,592,317	9,946,410	14,538,727
BBB to BBB-	-	36,179,248	36,179,248
B to B-	-	8,934,829	8,934,829
CCC or below	-	163,291	163,291
Not rated	-	1,931,390	1,931,390
Total	\$ 67,635,503	\$ 95,158,431	\$ 162,793,934

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

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

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

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in markets that are not active; and c) inputs other than quoted prices that are observable for the asset or liability, such as: (1) interest rates and yield curves observable at commonly quoted intervals; (2) implied volatilities and (3) credit spreads. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the City's investment managers. These are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment managers will request the information from the fund manager if necessary. The City had the following recurring fair value measurements as of June 30, 2021.

	Level 1	Level 2	Net Asset Value	Total
United States government obligations	\$ 15,811,815	\$ 57,957,593	\$ -	\$ 73,769,408
State and municipal bonds	-	11,281,017	-	11,281,017
Corporate bonds and fixed income commingled funds	72,711,027	5,032,482	-	77,743,509
Common stocks and equity mutual funds	278,062,155	-	-	278,062,155
Local government investment pool	-	-	1,816,171	1,816,171
Total	\$ 366,584,997	\$ 74,271,092	\$ 1,816,171	\$ 442,672,260

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

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

At year end, the net asset value of the City's investment in Michigan CLASS was \$1,816,171. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

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

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

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

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

Fund Investments - Commingled Funds and Trusts

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

5. RECEIVABLES

Receivables, which include amounts due from other governments at June 30, 2021, are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Billed accounts receivable	\$ 1,606,417	\$ 3,066,172	\$ -
Allowance for billed accounts receivable	(98,783)	(21,756)	-
Unbilled accounts receivable	-	4,879,556	-
Revolving loan fund	-	-	59,140
Delinquent personal property taxes	200,108	-	83,287
Allowance for delinquent personal property taxes	(53,162)	-	(28,719)
Special assessments	827	-	-
Contracts receivable	-	356,496	-
Due from Downtown Development Authority	10,478,088	-	-
Due from other governments	3,245,907	-	-
	<u>\$ 15,379,402</u>	<u>\$ 8,280,468</u>	<u>\$ 113,708</u>
Amount not expected to be collected within one year	<u>\$ 10,105,000</u>	<u>\$ 356,496</u>	<u>\$ 59,140</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 37,462,124	\$ -	\$ -	\$ -	\$ 37,462,124
Museum artifacts	2,082,845	-	-	-	2,082,845
Construction in progress	4,559,191	1,372,038	(18,400)	(4,065,062)	1,847,767
	<u>44,104,160</u>	<u>1,372,038</u>	<u>(18,400)</u>	<u>(4,065,062)</u>	<u>41,392,736</u>
Capital assets, being depreciated:					
Infrastructure:					
Major/county/local roads	268,864,227	6,912,866	-	3,367,252	279,144,345
Local donated roads	33,551,524	-	-	-	33,551,524
Sidewalks	35,585,090	390,048	-	-	35,975,138
Drains	11,271,874	-	-	-	11,271,874
Land improvements	11,366,612	827,642	(50,289)	-	12,143,965
Buildings and					
improvements	100,423,454	2,867,212	(844,098)	640,037	103,086,605
Miscellaneous equipment	9,165,826	777,143	(99,075)	57,773	9,901,667
Office equipment	3,194,860	64,322	(143,453)	-	3,115,729
Vehicles	20,719,531	2,064,451	(668,585)	-	22,115,397
Library books/audio visual	6,321,109	575,381	(296,778)	-	6,599,712
	<u>500,464,107</u>	<u>14,479,065</u>	<u>(2,102,278)</u>	<u>4,065,062</u>	<u>516,905,956</u>
Less accumulated depreciation for:					
Infrastructure:					
Major/county/local roads	(146,012,985)	(8,959,099)	-	-	(154,972,084)
Local donated roads	(31,501,844)	(399,559)	-	-	(31,901,403)
Sidewalks	(30,406,138)	(458,434)	-	-	(30,864,572)
Drains	(1,626,802)	(237,937)	-	-	(1,864,739)
Land improvements	(8,258,093)	(297,779)	50,289	-	(8,505,583)
Buildings and					
improvements	(71,400,056)	(1,343,320)	826,935	-	(71,916,441)
Miscellaneous equipment	(5,594,857)	(541,314)	81,602	-	(6,054,569)
Office equipment	(2,891,259)	(98,528)	143,453	-	(2,846,334)
Vehicles	(14,066,243)	(1,245,133)	655,734	-	(14,655,642)
Library books/audio visual	(3,682,082)	(588,628)	296,778	-	(3,973,932)
	<u>(315,440,359)</u>	<u>(14,169,731)</u>	<u>2,054,791</u>	<u>-</u>	<u>(327,555,299)</u>
Total capital assets					
being depreciated, net	<u>185,023,748</u>	<u>309,334</u>	<u>(47,487)</u>	<u>4,065,062</u>	<u>189,350,657</u>
Governmental activities					
capital assets, net	<u>\$ 229,127,908</u>	<u>\$ 1,681,372</u>	<u>\$ (65,887)</u>	<u>\$ -</u>	<u>\$ 230,743,393</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 6,738,504	\$ -	\$ -	\$ -	\$ 6,738,504
Construction in progress	7,175,009	12,045,919	-	(6,067,016)	13,153,912
	<u>13,913,513</u>	<u>12,045,919</u>	<u>-</u>	<u>(6,067,016)</u>	<u>19,892,416</u>
Capital assets, being depreciated:					
Water and sewer transmission and distribution system	214,648,886	1,964,603	-	5,577,170	222,190,659
Service connections	750,121	-	-	-	750,121
Land improvements	9,728,677	-	-	-	9,728,677
Buildings and improvements	7,656,354	176,581	(297,567)	489,846	8,025,214
Miscellaneous equipment	2,509,992	346,595	(82,490)	-	2,774,097
Vehicles	1,147,768	-	-	-	1,147,768
Furniture, fixtures and other	24,500	-	-	-	24,500
	<u>236,466,298</u>	<u>2,487,779</u>	<u>(380,057)</u>	<u>6,067,016</u>	<u>244,641,036</u>
Less accumulated depreciation for:					
Water and sewer transmission and distribution system	(98,175,186)	(4,693,120)	-	-	(102,868,306)
Service connections	(750,121)	-	-	-	(750,121)
Land improvements	(4,114,600)	(261,079)	-	-	(4,375,679)
Buildings and improvements	(6,672,229)	(274,718)	233,053	-	(6,713,894)
Miscellaneous equipment	(1,504,890)	(127,960)	63,235	-	(1,569,615)
Vehicles	(391,707)	(84,005)	-	-	(475,712)
Furniture, fixtures and other	(24,500)	-	-	-	(24,500)
	<u>(111,633,233)</u>	<u>(5,440,882)</u>	<u>296,288</u>	<u>-</u>	<u>(116,777,827)</u>
Total capital assets being depreciated, net	<u>124,833,065</u>	<u>(2,953,103)</u>	<u>(83,769)</u>	<u>6,067,016</u>	<u>127,863,209</u>
Business-type activities capital assets, net	<u>\$ 138,746,578</u>	<u>\$ 9,092,816</u>	<u>\$ (83,769)</u>	<u>\$ -</u>	<u>\$ 147,755,625</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Depreciation of governmental activities by function

General government	\$ 1,323,858
Public safety	598,850
Public works	10,205,049
Community and economic development	115,395
Recreation and culture	907,612
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,018,967</u>

Total depreciation expense - governmental activities	\$ 14,169,731
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Depreciation of business-type activities by function

Water	\$ 3,072,195
Sanitary Sewer	1,678,484
Sanctuary Lake Golf Course	354,021
Nonmajor enterprise funds	336,182

Total depreciation expense - business-type activities	\$ 5,440,882
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7. INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The amounts of interfund receivables and payables are as follows as of June 30, 2021:

	Due to Other Funds	Due from Other Funds
Sanctuary Lake Golf Course	\$ 3,143	\$ -
Nonmajor Enterprise Funds	-	3,143
Total	\$ 3,143	\$ 3,143

The amounts of interfund advances are as follows as of June 30, 2021:

	Advanced to Other Funds	Advanced from Other Funds
General Fund	\$ 7,778,384	\$ -
Enterprise Funds:		
Sanctuary Lake Golf Course	-	9,942,312
Nonmajor Enterprise Funds	2,844,230	680,302
Total	\$ 10,622,614	\$ 10,622,614

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Interfund transfers reported in the fund statements are as follows as of June 30, 2021:

Transfers out	Transfers In			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
General Fund	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Nonmajor Governmental Funds	1,200	7,111,369	4,312,575	11,425,144
Total	\$ 1,200	\$ 8,111,369	\$ 4,312,575	\$ 12,425,144

General Fund

Transfers to the capital projects fund of \$1.0 million are for the construction of major streets.

Nonmajor Governmental Funds

The capital projects fund is responsible for all governmental activity type capital projects with the exception of internal service funds. Funding sources include major street fund and local street fund transfers to the capital projects fund in the amounts of \$4,700,000 and \$1,800,000, respectively, representing partial funding for capital street improvements. In addition, the library fund transferred \$611,369 to the capital projects fund for library capital purchases including collections. The major street fund transfer to the local street fund of \$1,500,000 represents allowable redirection of state funding. The general debt service fund transferred to the Proposal A, B, and C debt service funds in the amount of \$2,812,575 for principal and interest payments on outstanding debt. The cemetery perpetual care fund transferred \$1,200 to the general fund for administration charges.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

8. OPERATING LEASES

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

Year Ended June 30,	Amount
2022	\$ 5,936
2023	4,962
2024	4,962
2025	<u>2,488</u>
	<u>\$ 18,348</u>

Lease costs for the year ended June 30, 2021, were \$12,979.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

9. LONG-TERM DEBT

Primary Government

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 16,145,000	\$ 10,105,000	\$ (15,705,000)	\$ 10,545,000	\$ 440,000
Notes from direct borrowings and direct placements	848,323	-	(250,338)	597,985	200,145
Total installment debt	16,993,323	10,105,000	(15,955,338)	11,142,985	640,145
Deferred amounts for issuance premiums	491,100	-	(491,100)	-	-
Accrued compensated absences	4,864,256	5,288,514	(5,026,366)	5,126,404	3,077,432
Estimated self-insurance claims	1,182,030	9,412,368	(9,182,093)	1,412,305	1,005,001
Total governmental activities debt	<u>\$ 23,530,709</u>	<u>\$ 24,805,882</u>	<u>\$ (30,654,897)</u>	<u>\$ 17,681,694</u>	<u>\$ 4,722,578</u>
Business-type activities					
General obligation bonds	\$ 6,305,000	\$ -	\$ (700,000)	\$ 5,605,000	\$ 685,000
Capital leases	477,414	-	(96,108)	381,306	99,364
Deferred amounts for issuance premiums	99,734	-	(12,467)	87,267	12,467
Total business-type activities	<u>\$ 6,882,148</u>	<u>\$ -</u>	<u>\$ (808,575)</u>	<u>\$ 6,073,573</u>	<u>\$ 796,831</u>
Total primary government	<u>\$ 30,412,857</u>	<u>\$ 24,805,882</u>	<u>\$ (31,463,472)</u>	<u>\$ 23,755,267</u>	<u>\$ 5,519,409</u>

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is \$691.6 million, which significantly exceeds the City's outstanding general obligation debt subject to limitation of \$16.2 million.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Debt issues outstanding are as follows:

	Maturity Date	Original Issue	Interest Rate	Amount Outstanding
Primary Government				
Governmental activities				
General obligation bonds:				
Series 2013 - DDA Refunding	2022	\$ 14,945,000	2.0-5.25%	\$ 440,000
Series 2020 - DDA Refunding	2034	10,105,000	0.32-2.17%	10,105,000
Notes from direct borrowings and direct placements:				
GWK Series 2000A	2022	457,372	2.50%	28,650
GWK Series 2001C	2024	2,102,682	2.50%	385,235
GWK Series 2001D	2024	81,089	2.50%	10,170
GWK Series 2005	2026	41,440	1.63%	11,151
GWK Series 2007G	2028	46,242	1.63%	17,518
GWK Series 2008H	2029	196,953	2.50%	89,113
GWK Series 2016	2024	190,572	2.33%	56,148
Total governmental activities		<u>28,166,350</u>		<u>11,142,985</u>
Business-type activities				
General obligation bonds -				
Golf course series 2012	2028	<u>9,655,000</u>	1.5-3.0%	<u>5,605,000</u>
Total primary government		<u>\$ 37,821,350</u>		<u>\$ 16,747,985</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The annual debt requirements to maturity for the general obligation bonds outstanding as of June 30, 2021 are as follows:

Year Ended June 30,	Primary Government			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 440,000	\$ 156,664	\$ 685,000	\$ 140,238
2023	485,000	144,895	770,000	122,050
2024	560,000	142,858	755,000	102,988
2025	680,000	139,108	840,000	83,050
2026	805,000	133,285	820,000	62,300
2027-2031	4,930,000	481,536	1,735,000	52,575
2032-2034	2,645,000	81,898	-	-
	<u>\$ 10,545,000</u>	<u>\$ 1,280,244</u>	<u>\$ 5,605,000</u>	<u>\$ 563,201</u>

The annual debt requirements to maturity for the notes from direct borrowings and direct placements outstanding as of June 30, 2021 are as follows:

Year Ended June 30,	Primary Government	
	Governmental Activities	
	Principal	Interest
2022	\$ 200,145	\$ 14,080
2023	162,036	9,257
2024	164,407	5,320
2025	16,111	1,320
2026	16,477	960
2027-2029	38,809	840
	<u>\$ 597,985</u>	<u>\$ 31,777</u>

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

Capital Leases

The City entered into a lease agreement as lessee for financing the acquisition of golf carts for both Sylvan Glenn and Sanctuary Lake Golf Courses in April 2019. The equipment was valued at \$840,068 with a ten (10) year useful life. Total accumulated depreciation on the leased assets was \$168,014 at year end. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Future minimum lease payments are as follows:

	Year Ended June 30,	Payments
	2022	\$ 110,265
	2023	110,265
	2024	110,265
	2025	73,510
		<u>404,305</u>
Less amount representing interest		<u>(22,999)</u>
		<u>\$ 381,306</u>

Component Units

The following is a summary of long-term liability transactions of the City's component units for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Downtown development authority					
Obligated tax captures -					
City G.O. bonds					
Series 2013 & 2020	\$ 13,385,000	\$ -	\$ (2,840,000)	\$ 10,545,000	\$ 440,000

The Troy Downtown Development Authority (TDDA) has pledged future tax captures to reimburse the City for principal and interest payments for debt issued by the City in the Series 2013 & 2020 general obligation bonds to refinance TDDA general obligation debt.

Component unit debt issues outstanding are as follows:

	Maturity Date	Original Issue	Interest Rate	Amount Outstanding
Downtown development authority				
Obligated tax capture:				
City issued Series 2013 DDA refinancing debt	2022	\$ 14,945,000	2.0-5.25%	\$ 440,000
City issued Series 2020 DDA refinancing debt	2034	<u>10,105,000</u>	0.32-2.17%	<u>10,105,000</u>
		<u>\$ 25,050,000</u>		<u>\$ 10,545,000</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The annual debt requirements to maturity for all component unit long-term obligations as of June 30, 2021 are as follows:

Year Ended June 30,	Component Unit - Downtown Development Authority	
	Principal	Interest
2022	\$ 440,000	\$ 156,664
2023	485,000	144,895
2024	560,000	142,858
2025	680,000	139,108
2026	805,000	133,285
2027-2031	4,930,000	481,536
2032-2034	2,645,000	81,898
	<u>\$ 10,545,000</u>	<u>\$ 1,280,244</u>

Advance Refunding and Defeased Debt

During the current fiscal year, the City issued Series 2020 general obligation bonds in the amount of \$10,105,000 in combination of available funds of \$3,212,400 to refund debt outstanding for the 2013 bonds in the amount of \$12,570,000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. The refunding resulted in a cash savings of \$3,041,053 and an economic gain of \$2,384,464. The balance of the defeased bonds outstanding was \$12,859,836 at June 30, 2021.

10. RISK MANAGEMENT

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

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

No settlements have exceeded insurance coverage during the last three years. The City has made no significant reductions in insurance coverage during the year. The City has received no indication that any significant losses exist at June 30, 2021.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Beginning Balance	Additions	Deductions	Ending Balance
2019	\$ 1,079,592	\$ 11,529,643	\$ (11,191,162)	\$ 1,418,073
2020	1,418,073	9,797,335	(10,033,378)	1,182,030
2021	1,182,030	9,412,368	(9,182,093)	1,412,305

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

11. LITIGATION AND CONTINGENT LIABILITIES

Litigation

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

Tax Appeals to the Michigan Tax Tribunal

The City has a minimal amount of outstanding property tax assessment appeals totaling approximately \$840,000 in contended taxable values to the Michigan Tax Tribunal. If the City is not successful with a portion of these appeals, the City's share of the tax to be refunded would be the levied millage rate (approximately \$10 per thousand of taxable value) plus interest. The maximum amount of the refunds (if any) is approximately \$8,400 as of June 30, 2021.

12. PROPERTY TAXES

Property taxes are recorded on the modified accrual basis of accounting and are levied, and become a lien on July 1st on the taxable valuation of the property located within its boundaries as of the preceding December 31st. Taxable value is determined by the prior year's taxable value plus 5% or the Consumer Price Index whichever is less, starting with the 1994 state equalized value as the base taxable value. Assessed values are equalized by the State, to closely approximate fifty percent of estimated current market value. The final taxable value of real and personal property subject to property tax within the City for the fiscal 2020-2021 levy was \$5,142,727,890. The City's operating tax rate was 6.50 mills for the same year with additional mills of 1.09 for refuse removal and disposal, 0.68 for library operations, 0.38 for debt service, and 1.35 for capital preservation and improvements.

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

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

13. TAX ABATEMENT

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

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

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Tax Abatement Program	Amount of Taxes Abated During Fiscal Year
Industrial Facility Tax - Full Rate	\$ 2,084
Industrial Facility Tax - Half Rate	34,204
Payment in Lieu of Taxes (PILOT)	61,552
Brownfield Redevelopment	<u>47,084</u>
Total Tax Abatements	<u><u>\$ 144,924</u></u>

14. DEFINED BENEFIT PENSION PLANS

Employee Retirement System

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

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

Plan Membership. At December 31, 2020, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	329
Vested terminated employees	6
Active employees	<u>39</u>
Total membership	<u><u>374</u></u>

The defined benefit pension plan is closed to new members.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

General plan members are eligible for non-duty disability benefits after 10 years of service (AFSCME and MAP members 5 years of service) and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and shall not be less than the amount it would be if they had attained 10 years of credited service.

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

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

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

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

Contributions. Employee contributions for classified and exempt employees is 5% of eligible wages. Members of collective bargaining groups contribution are directed by contract. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2021, the active member contribution rate was between 1.5% and 4.5% of their annual covered salary, depending on bargaining unit, and the City's average contribution rate was 0.0% of annual eligible wages.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equities (Domestic 40% and International 19%)	59.00%	5.70%	3.37%
Fixed income	29.00%	1.20%	0.35%
Real estate	7.00%	6.00%	0.42%
Cash	5.00%	1.00%	0.05%
	<u>100.00%</u>		<u>4.19%</u>
Inflation expectation			<u>2.31%</u>
Investment rate of return			<u><u>6.50%</u></u>

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 30.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The long-term rate of return is estimated at 6.50%.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2020	\$ 160,435,319	\$ 196,393,768	\$ (35,958,449)
Changes for the year:			
Service cost	832,121	-	832,121
Interest	10,081,514	-	10,081,514
Differences between expected and actual experience	1,144,561	-	1,144,561
Changes in assumptions	2,445,899	-	2,445,899
Employee contributions	-	157,698	(157,698)
Net investment income	-	58,046,577	(58,046,577)
Benefit payments, including refunds of employee contributions	(11,672,985)	(11,672,985)	-
Administrative expense	-	(136,183)	136,183
Net changes	2,831,110	46,395,107	(43,563,997)
Balances at June 30, 2021	\$ 163,266,429	\$ 242,788,875	\$ (79,522,446)

Pension Plan Fiduciary Net Position. The plan's fiduciary net position as a percentage of the total pension liability was 148.7% at June 30, 2021.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2020 with a measurement and reporting date of June 30, 2021. The following actuarial assumptions were applied to all periods included in the measurement:

Actuarial cost method	Entry-age normal
Inflation	2.5%
Salary increases (including inflation)	3.5% to 7.5%
Investment rate of return	6.5%
Mortality rates	PubG-2010 amount-weighted
Actuarial experience study	2001-2006

Actuarial assumption changes. The only assumption change for the current year is updates to the mortality tables. All other assumptions are the same as those used in the prior year.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
City's TERS net pension asset	\$ (63,028,000)	\$ (79,522,446)	\$ (93,542,501)

Pension Expense and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021, the City recognized pension expense of \$(10,584,842). At June 30, 2021, the City reported pension-related deferred inflows of resources from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 35,985,870

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

Year Ended June 30,	Amount
2022	\$ (10,156,252)
2023	(8,633,184)
2024	(8,064,503)
2025	(9,131,931)
Total	\$ (35,985,870)

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Volunteer Firefighter Incentive Plan (VFIP)

The City of Troy has a noncontributory incentive plan and trust established by resolution of the City Council covering its volunteer firefighters. The single-employer plan benefits are determined based on annual contribution amounts for each year of incentive service. The normal cost and amortization payment for the year ended June 30, 2021 was determined using an individual entry age funding method.

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

Plan Membership. At December 31, 2020 volunteer firefighter incentive plan membership consisted of the following:

Volunteers and beneficiaries currently receiving benefits	106
Inactive, nonretired members	28
Members on leave of absence	5
Active volunteers	<u>136</u>
Total membership	<u><u>275</u></u>

Benefits provided. At July 1, 2020, the benefit payment was \$819 per year for incentive service. Participants are eligible for payments at age 55 with ten or more years of volunteer service, age 50 with 25 years of volunteer service or any age with 30 years or more of volunteer service.

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

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

Contributions. The City makes contributions to the plan through actuarially determined and recommended amounts by an independent actuary. Funding is established through City Council resolution during the budget process. The City's contribution to the plan for the year ended June 30, 2021 was \$1,734,594 and the actuarially determined contribution was \$1,319,272. The volunteer firefighters are not paid any remuneration for their service.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equities (Domestic 40% and International 19%)	62.00%	5.70%	3.54%
Fixed income	26.00%	1.20%	0.31%
Real estate	7.00%	6.00%	0.42%
Cash	5.00%	1.00%	0.05%
	<u>100.00%</u>		<u>4.32%</u>
Inflation expectation			<u>2.18%</u>
Investment rate of return			<u><u>6.50%</u></u>

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on volunteer firefighter incentive plan investments, net of investment expenses was 27.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The long-term estimated rate of return is 6.50%.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 25,398,965	\$ 11,224,175	\$ 14,174,790
Changes for the year:			
Service cost	734,992	-	734,992
Interest	1,588,789	-	1,588,789
Differences between expected and actual experience	(507,609)	-	(507,609)
Changes in assumptions	(369,007)	-	(369,007)
Employer contributions	-	1,734,594	(1,734,594)
Net investment income	-	3,027,047	(3,027,047)
Benefit payments, including refunds of employee contributions	(1,014,979)	(1,014,979)	-
Administrative expense	-	(14,495)	14,495
Net changes	432,186	3,732,167	(3,299,981)
Balances at June 30, 2021	\$ 25,831,151	\$ 14,956,342	\$ 10,874,809

Pension Plan Fiduciary Net Position. The plan's fiduciary net position as a percentage of the total pension liability was 57.9% at June 30, 2021.

Actuarial assumptions. The total plan liability was determined by an actuarial valuation as of December 31, 2020 with a measurement and reporting date of June 30, 2021. The following actuarial assumptions were applied to all periods included in the measurement.

Actuarial cost method	Individual Entry-Age Normal
Remaining amortization period	25 years
Inflation	N/A
Investment rate of return	6.5%
Mortality rates	PubG-2010 amount-weighted

Actuarial assumption changes. The assumption changes from the prior year include the Single Discount Rate (SDR), which changed from 6.29% to 6.50%, and the mortality tables were updated to the fully generational Pub-2010 Amount Weighted, General Employee (pre-retirement), Healthy and Disabled (post-retirement) Mortality Tables using improvement scale MP-2020. All other assumptions are the same as those used in the prior year.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Single discount rate. A single discount rate of 6.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on investments of 6.50% and a municipal bond rate of 1.92%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2079. As a result, the long-term expected rate of return on plan investments was applied to projected benefit payments through the year 2079, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability, calculated using a single discount rate of 6.50%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's net VFIP plan liability	\$ 15,064,002	\$ 10,874,809	\$ 7,506,358

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021, the City recognized pension expense of \$1,358,206. At June 30, 2021, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 258,689	\$ 495,446	\$ (236,757)
Changes in assumptions	408,225	415,404	(7,179)
Net difference between projected and actual earnings on pension plan investments	-	1,389,135	(1,389,135)
Total	\$ 666,914	\$ 2,299,985	\$ (1,633,071)

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Amount
2022	\$ (278,464)
2023	(313,573)
2024	(360,275)
2025	(488,540)
2026	(69,731)
Thereafter	<u>(122,488)</u>
Total	<u>\$ (1,633,071)</u>

Summary of Pension Plans

	Employee Retirement System	Volunteer Firefighter Incentive Plan	Total
Net pension asset (NPA)	\$ 79,522,446	\$ -	\$ 79,522,446
Net pension liability (NPL)	-	10,874,809	10,874,809
Deferred outflows related to the NPA/NPL	-	666,914	666,914
Deferred inflows related to the NPA/NPL	35,985,870	2,299,985	38,285,855
Pension expense	(10,584,842)	1,358,206	(9,226,636)

15. RETIREE HEALTHCARE TRUST (OPEB) PLAN

Plan Description

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Plan Membership. At December 31, 2020 plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	355
Active employees	<u>170</u>
Total membership	<u><u>525</u></u>

The defined benefit OPEB plan is closed to new members.

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

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

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

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

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

Contributions. There are no required employee contributions to the plan. Employer contributions are established based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability over a twenty five year period. The City is not required to contribute the actuarially determined rate but has an established and long history of making the contribution. For the year ended June 30, 2021, the City's average contribution rate was 29.91% of eligible wages.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Investments

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

Long-term expected rate of return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equities (Domestic 40% and International 19%)	59.00%	5.70%	3.37%
Fixed income	29.00%	1.20%	0.35%
Real estate	7.00%	6.00%	0.42%
Cash	5.00%	1.00%	0.05%
	<u>100.00%</u>		<u>4.19%</u>
Inflation expectation			<u>2.31%</u>
Investment rate of return			<u><u>6.50%</u></u>

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expenses, was 29.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The long-term rate of return is estimated at 6.50%.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 114,486,138	\$ 94,633,629	\$ 19,852,509
Changes for the year:			
Service cost	746,215	-	746,215
Interest	7,293,289	-	7,293,289
Changes in benefit terms	1,038,759	-	1,038,759
Differences between expected and actual experience	9,872,511	-	9,872,511
Changes in assumptions	931,956	-	931,956
Employer contributions	-	5,061,539	(5,061,539)
On-behalf contributions	-	147,156	(147,156)
Net investment income	-	27,834,920	(27,834,920)
Benefit payments	(5,309,605)	(5,309,605)	-
Administrative and other changes	-	(56,032)	56,032
Net changes	14,573,125	27,677,978	(13,104,853)
Balances at June 30, 2021	\$ 129,059,263	\$ 122,311,607	\$ 6,747,656

OPEB Plan Fiduciary Net Position. The plan's fiduciary net position as a percentage of the total OPEB liability was 94.8% at June 30, 2021.

Actuarial assumptions. The total OPEB plan liability was determined by an actuarial valuation as of December 31, 2020 with a measurement and reporting date of June 30, 2021. The following actuarial assumptions were applied to all periods included in the measurement.

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary increases	3.5% including inflation
Investment rate of return	6.5%, net of expense, including inflation
Healthcare cost trend rates	7.5% gradually decreasing to ultimate 3.50%
Mortality rates	PubG-2010 amount-weighted

Actuarial assumption changes. The assumption changes from the prior year include updating the mortality tables, coverage election assumptions were updated based on recent experience, and a decrease in the health care trend assumptions.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
City's net OPEB liability (asset)	\$ 23,780,103	\$ 6,747,656	\$ (5,569,469)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the net OPEB liability (asset) of the City, calculated using the healthcare cost trend rates of 7.5 percent decreasing to 3.5 percent, as well as what the City's net OPEB liability (asset) would be if it were calculated using the healthcare cost trend rates that are 1% lower (6.5 percent decreasing to 2.5 percent) or 1% higher (8.5 percent decreasing to 4.5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 2.5%)	Current (7.5% decreasing to 3.5%)	1% Increase (8.5% decreasing to 4.5%)
City's net OPEB liability (asset)	\$ (6,671,645)	\$ 6,747,656	\$ 25,082,291

OPEB Expense Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2021, the City recognized OPEB expense of \$(3,108,011). At June 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 4,443,281	\$ 21,218	\$ 4,422,063
Changes in assumptions	419,442	140,383	279,059
Net difference between projected and actual earnings on pension plan investments	-	17,150,111	(17,150,111)
Total	\$ 4,862,723	\$ 17,311,712	\$ (12,448,989)

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Amount
2022	\$ 152,022
2023	(4,270,375)
2024	(3,991,914)
2025	<u>(4,338,722)</u>
Total	\$ <u>(12,448,989)</u>

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

Statements of Fiduciary Net Position

	Employee Retirement System	Volunteer Firefighter Incentive Plan	Retiree Healthcare Trust Fund	Total
Assets				
Cash	\$ 4,755,020	\$ 1,260,574	\$ 870,763	\$ 6,886,357
Investments, at fair value:				
U.S. government				
securities and agencies	8,897,776	880,581	-	9,778,357
Corporate bonds	5,932,372	115,322	18,016,450	24,064,144
Corporate equities	53,112,274	4,852,119	20,086,257	78,050,650
Mutual funds	139,597,316	4,697,619	65,012,820	209,307,755
Exchange traded funds	30,576,736	3,166,316	18,276,629	52,019,681
Interest receivable	3,510	-	165,410	168,920
Total assets	242,875,004	14,972,531	122,428,329	380,275,864
Liabilities				
Accounts payable	51,858	8,894	-	60,752
Accrued liabilities	34,271	7,295	116,722	158,288
Total liabilities	86,129	16,189	116,722	219,040
Net position				
Restricted for:				
Pension benefits	242,788,875	14,956,342	-	257,745,217
Retiree healthcare benefits	-	-	122,311,607	122,311,607
Total net position	\$ 242,788,875	\$ 14,956,342	\$ 122,311,607	\$ 380,056,824

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Statements of Changes in Fiduciary Net Position

	Employee Retirement System	Volunteer Firefighter Incentive Plan	Retiree Healthcare Trust Fund	Total
Additions				
Contributions:				
Employer	\$ -	\$ 1,734,594	\$ 5,061,539	\$ 6,796,133
Plan members	157,698	-	-	157,698
On-behalf	-	-	147,156	147,156
Total contributions	157,698	1,734,594	5,208,695	7,100,987
Investment earnings:				
Interest	356,012	41,348	411,604	808,964
Dividends	5,352,616	220,277	1,768,122	7,341,015
Other income	219,032	-	-	219,032
Net adjustment in fair value of investments	52,619,375	2,818,189	26,039,184	81,476,748
Total investment earnings	58,547,035	3,079,814	28,218,910	89,845,759
Less: investment expense	500,458	52,767	383,990	937,215
Net investment earnings	58,046,577	3,027,047	27,834,920	88,908,544
Total additions	58,204,275	4,761,641	33,043,615	96,009,531
Deductions				
Benefits - pension	11,672,985	1,014,979	-	12,687,964
Benefits - retiree healthcare	-	-	5,309,605	5,309,605
Administrative expenses	136,183	14,495	56,032	206,710
Total deductions	11,809,168	1,029,474	5,365,637	18,204,279
Change in net position	46,395,107	3,732,167	27,677,978	77,805,252
Restricted net position, beginning				
Pension benefits	196,393,768	11,224,175	-	207,617,943
Retiree healthcare benefits	-	-	94,633,629	94,633,629
Total restricted, beginning	196,393,768	11,224,175	94,633,629	302,251,572
Restricted net position, ending				
Pension benefits	242,788,875	14,956,342	-	257,745,217
Retiree healthcare benefits	-	-	122,311,607	122,311,607
Total restricted, ending	\$ 242,788,875	\$ 14,956,342	\$ 122,311,607	\$ 380,056,824

CITY OF TROY, MICHIGAN

Notes to Financial Statements

17. DEFINED CONTRIBUTION PLAN

The City maintains a defined contribution plan (DCP) administered by the International City Manager's Association Retirement Corporation (ICMARC), which qualifies under the Internal Revenue Code Section 401(a). Classified, Exempt and Fire Staff Officers in the City's Employees Retirement System were given the option to transfer to the DCP by December 31, 1997. Employees who elected to transfer to the DCP had their individually actuarially determined earned retirement benefits in the Employees Retirement System determined as of the date of election to transfer to the DCP. In 1998, the City afforded the option to AFSCME members of the Employees Retirement System to elect a transfer to the DCP, of which 41 employees elected such transfer. In 1999, the City afforded the option to MAP members of the Employees Retirement System to elect a transfer to the DCP, of which 29 employees elected such transfer. In 2000, the City afforded the option to TCOA members of the Employees Retirement System to elect a transfer to the DCP, of which 20 employees elected such transfer. In 2002, the City afforded the option to TPOA members of the Employees Retirement System to elect a transfer to the DCP of which 19 employees elected such transfer. The DCP is also in effect for all new full-time employees. Total membership in the DCP as of June 30, 2021 was 296.

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

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

The City's payroll for employees covered by the DCP for the year ended June 30, 2021, was \$23,029,944. The required contributions, which matched those actually made, were \$1,140,980 by employees and \$2,579,080 by the City, representing 5.0 percent and 11.2 percent of covered payroll, respectively.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

18. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Inventories	\$ 497,977	\$ -	\$ -	\$ 497,977
Prepaid items	1,503,005	-	82,425	1,585,430
Permanent fund corpus	-	-	164,000	164,000
Advance to Sanctuary Lake golf course	7,098,082	-	-	7,098,082
Advance to Aquatic Center	680,302	-	-	680,302
Total nonspendable	9,779,366	-	246,425	10,025,791
Restricted				
Special revenue funding source restrictions:				
Public safety	-	-	1,340,298	1,340,298
Highways and streets	-	-	6,948,958	6,948,958
Sanitation	-	-	1,051,745	1,051,745
Library	-	-	443,612	443,612
Other	-	-	10,702	10,702
Cemetery perpetual care	-	-	74,854	74,854
Budget stabilization	1,647,133	-	-	1,647,133
Capital improvements	-	14,954,599	-	14,954,599
Dog park development	-	34,394	-	34,394
Federal transportation	-	357,940	-	357,940
Total restricted	1,647,133	15,346,933	9,870,169	26,864,235
Committed				
Construction projects	-	656,477	-	656,477
Assigned				
Insurance claims	3,000,000	-	-	3,000,000
Tax appeals	6,440	-	-	6,440
Subsequent years budget	4,143,383	-	-	4,143,383
Total assigned	7,149,823	-	-	7,149,823
Unassigned	21,089,929	-	-	21,089,929
Total fund balances	\$ 39,666,251	\$ 16,003,410	\$ 10,116,594	\$ 65,786,255

CITY OF TROY, MICHIGAN

Notes to Financial Statements

19. NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 41,392,736	\$ 19,892,416
Capital assets being depreciated, net	189,350,657	127,863,209
	<u>230,743,393</u>	<u>147,755,625</u>
Long-term debt related to capital assets:		
General obligation bonds	10,545,000	5,605,000
Notes from direct borrowings and direct placements	597,985	-
Capital leases	-	381,306
Less: debt not related to capital assets	(10,545,000)	-
Deferred amounts		
for issuance premiums	-	87,267
Deferred charge on refunding	(94,856)	(459,437)
Add: deferred charge on refunding not related to capital assets	94,856	-
	<u>597,985</u>	<u>5,614,136</u>
Net long-term debt related to capital assets		
	<u>597,985</u>	<u>5,614,136</u>
Net investment in capital assets	\$ 230,145,408	\$ 142,141,489

20. DEFICIT NET POSITION

The Sanctuary Lake golf course fund has a net position deficit of \$6,789,757 at June 30, 2021.

The Sanctuary Lake golf course completed its sixteenth year of operations with operating income of \$316,318 including depreciation expense of \$354,021. Nonoperating activity included interest expense of \$212,840. This resulted in an increase change in net position of \$103,478. This compares to a decrease change in net position of \$228,540 last fiscal year. Cash flows from operations were positive in the amount of \$684,787. As such, the deficit is a result of operating income insufficient to meet the debt funding requirements. The fund has incurred advances from primarily the general fund and Sylvan Glen golf course fund to meet its cash debt financing requirements.

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

The Downtown Development Authority (component unit) reported a net position deficit of \$7,453,570 compared to \$12,114,215 last fiscal year. This deficit is attributable to recognizing outstanding long-term debt to be financed with future tax increment revenues from the district.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

21. BUDGET STABILIZATION FUND

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

22. SIGNIFICANT COMMITMENTS

As of June 30, 2021, the City had \$2,964,709 in construction commitments outstanding for various projects including street improvements, water system improvements and sanitary sewer improvements. The commitments will be satisfied using grant funding, millage proceeds and fund balance.

23. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The City directly received over \$4.6 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as State public safety and public health programs, purchases of personal protection equipment (PPE), transportation assistance, library assistance, and election assistance.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System

Schedule of Changes in Net Pension Asset and Related Ratios

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total pension liability					
Service cost	\$ 832,121	\$ 892,618	\$ 919,922	\$ 915,316	\$ 951,388
Interest	10,081,514	10,166,772	10,145,675	10,153,512	10,180,968
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	1,144,561	(827,202)	1,345,828	176,027	(238,774)
Changes of assumptions	2,445,899	-	(701,730)	-	-
Benefit payments, including refunds of employee contributions	(11,672,985)	(11,360,090)	(11,382,935)	(11,352,909)	(11,245,246)
Net change in total pension liability	2,831,110	(1,127,902)	326,760	(108,054)	(351,664)
Total pension liability, beginning of year	160,435,319	161,563,221	161,236,461	161,344,515	161,696,179
Total pension liability, end of year	163,266,429	160,435,319	161,563,221	161,236,461	161,344,515
Plan fiduciary net position					
Employer contributions	-	-	-	-	658,557
Employee contributions	157,698	157,335	164,311	159,830	163,907
Net investment income (loss)	58,046,577	7,323,662	15,253,371	19,495,709	23,674,177
Benefit payments, including refunds of employee contributions	(11,672,985)	(11,360,090)	(11,382,935)	(11,352,909)	(11,245,246)
Administrative expense	(136,183)	(220,079)	(147,374)	(137,054)	(136,279)
Net change in plan fiduciary net position	46,395,107	(4,099,172)	3,887,373	8,165,576	13,115,116
Plan fiduciary net position, beginning of year	196,393,768	200,492,940	196,605,567	188,439,991	175,324,875
Plan fiduciary net position, end of year	242,788,875	196,393,768	200,492,940	196,605,567	188,439,991
City's net pension asset	\$ (79,522,446)	\$ (35,958,449)	\$ (38,929,719)	\$ (35,369,106)	\$ (27,095,476)
Plan fiduciary net position as a percentage of total pension liability	148.71%	122.41%	124.10%	121.94%	116.79%
Covered payroll	\$ 4,429,886	\$ 4,714,838	\$ 4,695,195	\$ 4,428,407	\$ 4,532,372
City's net pension asset as a percentage of covered payroll	-1795.14%	-762.67%	-829.14%	-798.69%	-597.82%

Notes:

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

2019 actuarial assumption changes. The assumption changes from the prior year include a decrease in the long-term municipal bond rate.

2021 actuarial assumption changes. The assumption changes from the prior year include updating the mortality tables.



Year Ended June 30,		
2016	2015	2014

\$ 993,515	\$ 966,066	\$ 985,140
10,251,205	9,626,619	9,635,941
(10,477)	-	-
(1,118,247)	1,874,178	286,868
-	8,167,150	-
(11,108,572)	(11,128,133)	(10,955,507)
(992,576)	9,505,880	(47,558)

162,688,755	153,182,875	153,230,433
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161,696,179	162,688,755	153,182,875
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314,025	1,451,198	1,867,473
166,434	165,624	174,214
(330,035)	6,229,392	35,667,991

(11,108,572)	(11,128,133)	(10,955,507)
(133,867)	(129,870)	(242,023)

(11,092,015)	(3,411,789)	26,512,148
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186,416,890	189,828,679	163,316,531
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175,324,875	186,416,890	189,828,679
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\$ (13,628,696)	\$ (23,728,135)	\$ (36,645,804)
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108.43%	114.58%	123.92%
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\$ 4,910,089	\$ 4,902,224	\$ 4,768,908
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-277.57%	-484.03%	-768.43%
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CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System
Schedule of Net Pension Asset

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Asset	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Asset as Percentage of Covered Payroll
2013	\$ 153,230,433	\$ 163,316,531	\$ (10,086,098)	106.6%	\$ 5,069,499	-199.0%
2014	153,182,875	189,828,679	(36,645,804)	123.9%	4,768,908	-768.4%
2015	162,688,755	186,416,890	(23,728,135)	114.6%	4,902,224	-484.0%
2016	161,696,179	175,324,875	(13,628,696)	108.4%	4,910,089	-277.6%
2017	161,344,515	188,439,991	(27,095,476)	116.8%	4,532,372	-597.8%
2018	161,236,461	196,605,567	(35,369,106)	121.9%	4,428,407	-798.7%
2019	161,563,221	200,492,940	(38,929,719)	124.1%	4,695,195	-829.1%
2020	160,435,319	196,393,768	(35,958,449)	122.4%	4,714,838	-762.7%
2021	163,266,429	242,788,875	(79,522,446)	148.7%	4,429,886	-1795.1%

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

CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System
Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2012	\$ 2,157,379	\$ 2,195,477	\$ (38,098)	\$ 5,427,637	40.4%
2013	1,883,530	1,883,530	-	5,069,499	37.2%
2014	1,845,880	1,867,473	(21,593)	4,768,908	39.2%
2015	1,451,198	1,451,198	-	4,902,224	29.6%
2016	314,025	314,025	-	4,910,089	6.4%
2017	658,557	658,557	-	4,532,372	14.5%
2018	-	-	-	4,428,407	0.0%
2019	-	-	-	4,695,195	0.0%
2020	-	-	-	4,714,838	0.0%
2021	-	-	-	4,429,886	0.0%

Notes to Schedule of Contributions

Valuation Date: December 31, 2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market
Inflation	2.5%; No explicit price inflation assumption is used in this valuation
Salary increases	3.5% to 7.5% including inflation
Investment rate of return	6.50%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. First used for the 1973 valuation; Classified, Exempt, Command Officers first used for the 1981 valuation; Non-Classified/Exempt General members first used for the 1986 valuation.
Mortality	RP-2014 Healthy Annuitant, Employee and Disabled Retiree tables for males and females with fully generational projection with the MP-2018 mortality improvement scale.
Other information	None

CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System
Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2012	-1.10%
2013	18.20%
2014	22.20%
2015	3.29%
2016	-0.23%
2017	13.79%
2018	10.56%
2019	8.12%
2020	3.86%
2021	30.32%

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

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CITY OF TROY, MICHIGAN

Required Supplementary Information

Volunteer Firefighter Incentive Plan

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total pension liability					
Service cost	\$ 734,992	\$ 570,840	\$ 545,049	\$ 549,611	\$ 512,549
Interest	1,588,789	1,336,338	1,272,457	1,191,740	1,124,731
Changes in benefit terms	-	2,924,680	-	-	-
Differences between expected and actual experience	(507,609)	34,319	(64,876)	353,853	126,281
Changes of assumptions	(369,007)	299,159	155,633	(27,953)	(238,964)
Benefit payments	(1,014,979)	(919,149)	(854,863)	(803,388)	(685,085)
Net change in total pension liability	432,186	4,246,187	1,053,400	1,263,863	839,512
Total pension liability, beginning of year	25,398,965	21,152,778	20,099,378	18,835,515	17,996,003
Total pension liability, end of year	25,831,151	25,398,965	21,152,778	20,099,378	18,835,515
Plan fiduciary net position					
Employer contributions	1,734,594	1,260,920	1,285,300	1,712,500	1,113,496
Net investment income	3,027,047	70,581	518,466	628,552	399,329
Benefit payments	(1,014,979)	(919,149)	(854,863)	(803,388)	(685,085)
Administrative expense	(14,495)	(18,165)	(12,180)	(13,227)	(54,948)
Net change in plan fiduciary net position	3,732,167	394,187	936,723	1,524,437	772,792
Plan fiduciary net position, beginning of year	11,224,175	10,829,988	9,893,265	8,368,828	7,596,036
Plan fiduciary net position, end of year	14,956,342	11,224,175	10,829,988	9,893,265	8,368,828
City's net pension liability	\$ 10,874,809	\$ 14,174,790	\$ 10,322,790	\$ 10,206,113	\$ 10,466,687
Plan fiduciary net position as a percentage of total pension liability	57.90%	44.19%	51.20%	49.22%	44.43%
Covered payroll	N/A	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Notes:

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

2019 actuarial assumption changes. The assumption changes from the prior year include a decrease in the discount rate.

2020 actuarial assumption changes. The assumption changes from the prior year include a decrease in the discount rate.

2021 actuarial assumption changes. The assumption changes from the prior year include updating the mortality tables and an increase in the discount rate.



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

CITY OF TROY, MICHIGAN

Required Supplementary Information

Volunteer Firefighter Incentive Plan

Schedule of Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2013	\$ 13,069,207	\$ 5,378,140	\$ 7,691,067	41.2%	N/A	N/A
2014	16,387,367	5,351,492	11,035,875	32.7%	N/A	N/A
2015	17,288,425	7,523,121	9,765,304	43.5%	N/A	N/A
2016	17,996,003	7,596,036	10,399,967	42.2%	N/A	N/A
2017	18,835,515	8,368,828	10,466,687	44.4%	N/A	N/A
2018	20,099,378	9,893,265	10,206,113	49.2%	N/A	N/A
2019	21,152,778	10,829,988	10,322,790	51.2%	N/A	N/A
2020	25,398,965	11,224,175	14,174,790	44.2%	N/A	N/A
2021	25,831,151	14,956,342	10,874,809	57.9%	N/A	N/A

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

CITY OF TROY, MICHIGAN

Required Supplementary Information

Volunteer Firefighter Incentive Plan

Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2013	\$ 868,074	\$ 868,074	\$ -	N/A	N/A
2014	858,472	1,078,500	(220,028)	N/A	N/A
2015	843,872	3,078,500	(2,234,628)	N/A	N/A
2016	1,100,632	1,100,632	-	N/A	N/A
2017	1,113,496	1,113,496	-	N/A	N/A
2018	1,112,471	1,712,500	(600,029)	N/A	N/A
2019	1,285,259	1,285,300	(41)	N/A	N/A
2020	1,260,916	1,260,920	(4)	N/A	N/A
2021	1,319,272	1,734,594	(415,322)	N/A	N/A

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

Notes to Schedule of Contributions

Valuation Date: December 31, 2018

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

Methods and assumptions used to determine contribution rates:

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

Mortality RP-2014 Healthy Annuitant, Employee, and Disabled Retiree Mortality tables for males and females with fully generational projection with the MP-2018 mortality improvement scale. Before the 2018 valuation, RP-2014 Healthy Annuitant Mortality Table for males and females projected 5 years to 2019, with MP-2014 Mortality Improvement Scale. Before the 2015 valuation, the RP-2000 Mortality Table for males and females projected to 2017 using Projection Scale BB. Before the 2013 valuation, the 1983 Group Annuity Mortality Table.

Benefit changes

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

CITY OF TROY, MICHIGAN

Required Supplementary Information

Volunteer Firefighter Incentive Plan

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2014	4.79%
2015	1.04%
2016	1.79%
2017	4.14%
2018	6.42%
2019	5.54%
2020	0.98%
2021	27.19%

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

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

CITY OF TROY, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits - Retiree Healthcare

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

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 746,215	\$ 785,891	\$ 838,659	\$ 1,166,226	\$ 1,285,223
Interest	7,293,289	7,611,207	8,918,237	8,761,601	8,476,587
Changes in benefit terms	1,038,759	-	-	-	-
Differences between expected and actual experience	9,872,511	(1,033,980)	(22,311,315)	(1,499,301)	-
Changes of assumptions	931,956	(6,841,243)	(1,719,651)	-	-
Benefit payments	(5,309,605)	(5,476,571)	(6,138,831)	(5,571,068)	(5,063,891)
Net change in total OPEB liability	14,573,125	(4,954,696)	(20,412,901)	2,857,458	4,697,919
Total OPEB liability, beginning of year	114,486,138	119,440,834	139,853,735	136,996,277	132,298,358
Total OPEB liability, end of year	129,059,263	114,486,138	119,440,834	139,853,735	136,996,277
Plan fiduciary net position					
Employer contributions	5,061,539	5,914,107	6,000,551	4,812,375	4,668,805
On-behalf contributions	147,156	164,491	136,413	149,655	36,244
Net investment income	27,834,920	4,130,941	6,829,397	6,403,187	7,980,021
Benefit payments	(5,309,605)	(5,476,571)	(6,138,831)	(5,571,068)	(5,063,891)
Administrative and other changes	(56,032)	(32,654)	(43,298)	(39,518)	(4,214)
Net change in plan fiduciary net position	27,677,978	4,700,314	6,784,232	5,754,631	7,616,965
Plan fiduciary net position, beginning of year	94,633,629	89,933,315	83,149,083	77,394,452	69,777,487
Plan fiduciary net position, end of year	122,311,607	94,633,629	89,933,315	83,149,083	77,394,452
City's net OPEB liability	\$ 6,747,656	\$ 19,852,509	\$ 29,507,519	\$ 56,704,652	\$ 59,601,825
Plan fiduciary net position as a percentage of total OPEB liability	94.77%	82.66%	75.30%	59.45%	56.49%
Covered payroll	\$ 16,924,155	\$ 16,962,271	\$ 16,962,271	\$ 17,101,107	\$ 17,101,107
City's net OPEB liability as a percentage of covered payroll	39.87%	117.04%	173.96%	331.58%	348.53%

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

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

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

2021 actuarial assumption changes. The assumption changes from the prior year include updating the mortality tables, coverage election assumptions were updated based on recent experience, and a decrease in the health care trend assumptions.

CITY OF TROY, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits - Retiree Healthcare

Schedule of Net OPEB Liability

Fiscal Year Ended June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2016	\$ 132,298,358	\$ 69,777,487	\$ 62,520,871	52.74%	\$ 19,614,000	318.76%
2017	136,996,277	77,394,452	59,601,825	56.49%	17,101,107	348.53%
2018	139,853,735	83,149,083	56,704,652	59.45%	17,101,107	331.58%
2019	119,440,834	89,933,315	29,507,519	75.30%	16,962,271	173.96%
2020	114,486,138	94,633,629	19,852,509	82.66%	16,962,271	117.04%
2021	129,059,263	122,311,607	6,747,656	94.77%	16,924,155	39.87%

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

CITY OF TROY, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits - Retiree Healthcare

Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2016	\$ 4,793,327	\$ 4,793,327	\$ -	\$ 19,614,000	24.44%
2017	4,668,805	4,668,805	-	17,101,107	27.30%
2018	4,654,492	4,812,375	(157,883)	17,101,107	28.14%
2019	5,646,672	6,000,551	(353,879)	16,962,271	35.38%
2020	5,579,325	5,914,107	(334,782)	16,962,271	34.87%
2021	3,231,801	5,061,539	(1,829,738)	16,924,155	29.91%

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

Notes to Schedule of Contributions

Valuation Date: December 31, 2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	23 years for FY beginning July 1, 2020
Asset valuation method	Market Value
Inflation	2.60%
Salary increases	3.50-8.00% including inflation
Investment rate of return	6.50%, net OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to type of eligibility condition
Mortality	<i>Post Retirement:</i> RP-2014 Healthy Annuitant, Employee and Disabled Retiree tables for males and females projection with the MP-2018 mortality improvement scale. The provision for future mortality improvement is the fully generational projection table MP-2018 beginning in 2006. <i>Disabled Retirement:</i> The RP-2014 Disabled Retiree Mortality Table projected using fully generational projection with the MP-2018 mortality improvement scale. The provision for future mortality improvement is the fully generational projection table MP-2018 beginning in 2006. <i>Pre Retirement:</i> The RP-2014 Employee Mortality Table for males and females using fully generational projection with the MP-2018 mortality improvement scale. The provision for future mortality improvement is the fully generational projection table MP-2018 beginning in 2006.
Health care trend rates	Trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 3.50%
Aging factors	The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health costs.
Expenses	Investment and administrative expenses are net of the investment returns.
Other information	None

CITY OF TROY, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits - Retiree Healthcare

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2017	11.53%
2018	8.53%
2019	8.39%
2020	4.69%
2021	29.55%

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

PERMANENT FUND

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

ENTERPRISE FUNDS

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (concluded)

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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CITY OF TROY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

	Special Revenue					
	Major Streets	Local Streets	Refuse	Transit Center	Drug Forfeiture	Library
Assets						
Cash and investments	\$ 2,184,515	\$ 3,213,963	\$ 1,518,541	\$ -	\$ 1,377,517	\$ 308,239
Accounts receivable	-	-	3,255	32,887	-	179,184
Due from other governments	1,111,071	439,409	-	-	-	-
Prepaid items	-	-	-	-	-	82,425
Total assets	<u>\$ 3,295,586</u>	<u>\$ 3,653,372</u>	<u>\$ 1,521,796</u>	<u>\$ 32,887</u>	<u>\$ 1,377,517</u>	<u>\$ 569,848</u>
Liabilities						
Negative equity in cash and investments	\$ -	\$ -	\$ -	\$ 17,801	\$ -	\$ -
Accounts payable	-	-	470,051	4,384	37,219	39,699
Other liabilities	-	-	-	-	-	4,112
Total liabilities	<u>-</u>	<u>-</u>	<u>470,051</u>	<u>22,185</u>	<u>37,219</u>	<u>43,811</u>
Fund balances						
Nonspendable	-	-	-	-	-	82,425
Restricted	3,295,586	3,653,372	1,051,745	10,702	1,340,298	443,612
Total fund balances	<u>3,295,586</u>	<u>3,653,372</u>	<u>1,051,745</u>	<u>10,702</u>	<u>1,340,298</u>	<u>526,037</u>
Total liabilities and fund balances	<u>\$ 3,295,586</u>	<u>\$ 3,653,372</u>	<u>\$ 1,521,796</u>	<u>\$ 32,887</u>	<u>\$ 1,377,517</u>	<u>\$ 569,848</u>

Special Revenue	Debt Service				Permanent Fund	
Community Development Block Grant	General Debt Service	Proposal A Debt Service	Proposal B Debt Service	Proposal C Debt Service	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ 463	\$ -	\$ -	\$ -	\$ 238,854	\$ 8,842,092
-	-	-	-	-	-	215,326
54,646	-	-	-	-	-	1,605,126
-	-	-	-	-	-	82,425
<u>\$ 54,646</u>	<u>\$ 463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,854</u>	<u>\$ 10,744,969</u>
\$ 50,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,410
4,037	463	-	-	-	-	555,853
-	-	-	-	-	-	4,112
<u>54,646</u>	<u>463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628,375</u>
-	-	-	-	-	164,000	246,425
-	-	-	-	-	74,854	9,870,169
-	-	-	-	-	238,854	10,116,594
<u>\$ 54,646</u>	<u>\$ 463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,854</u>	<u>\$ 10,744,969</u>

CITY OF TROY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue					
	Major Streets	Local Streets	Refuse	Transit Center	Drug Forfeiture	Library
Revenues						
Property taxes	\$ -	\$ -	\$ 5,601,191	\$ -	\$ -	\$ 3,495,199
Intergovernmental:						
Federal sources	-	-	-	-	3,970	-
State sources	6,785,651	2,683,567	70,463	-	-	257,947
Charges for services	-	-	422	95,762	-	475
Fines and forfeitures	-	-	-	-	70,441	2,768
Investment loss	(18,666)	(20,889)	(13,980)	-	(7,491)	(8,547)
Other	-	-	-	-	-	14,858
Total revenues	<u>6,766,985</u>	<u>2,662,678</u>	<u>5,658,096</u>	<u>95,762</u>	<u>66,920</u>	<u>3,762,700</u>
Expenditures						
Current:						
General government	-	-	-	96,607	-	-
Public safety	-	-	-	-	57,969	-
Public works	2,440,845	2,446,206	-	-	-	-
Sanitation	-	-	5,534,659	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	3,294,231
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>2,440,845</u>	<u>2,446,206</u>	<u>5,534,659</u>	<u>96,607</u>	<u>57,969</u>	<u>3,294,231</u>
Revenues over (under) expenditures	<u>4,326,140</u>	<u>216,472</u>	<u>123,437</u>	<u>(845)</u>	<u>8,951</u>	<u>468,469</u>
Other financing sources (uses)						
Transfers in	-	1,500,000	-	-	-	-
Transfers out	(6,200,000)	(1,800,000)	-	-	-	(611,369)
Total other financing sources (uses)	<u>(6,200,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(611,369)</u>
Net change in fund balances	<u>(1,873,860)</u>	<u>(83,528)</u>	<u>123,437</u>	<u>(845)</u>	<u>8,951</u>	<u>(142,900)</u>
Fund balances, beginning of year	<u>5,169,446</u>	<u>3,736,900</u>	<u>928,308</u>	<u>11,547</u>	<u>1,331,347</u>	<u>668,937</u>
Fund balances, end of year	<u>\$ 3,295,586</u>	<u>\$ 3,653,372</u>	<u>\$ 1,051,745</u>	<u>\$ 10,702</u>	<u>\$ 1,340,298</u>	<u>\$ 526,037</u>

Special Revenue	Debt Service				Permanent Fund	
Community Development Block Grant	General Debt Service	Proposal A Debt Service	Proposal B Debt Service	Proposal C Debt Service	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ 1,957,965	\$ -	\$ -	\$ -	\$ -	\$ 11,054,355
67,076	-	-	-	-	-	71,046
-	39,022	-	-	-	-	9,836,650
-	-	-	-	-	1,325	97,984
-	-	-	-	-	-	73,209
-	(418)	-	-	-	(1,329)	(71,320)
-	-	-	-	-	-	14,858
67,076	1,996,569	-	-	-	(4)	21,076,782
-	-	-	-	-	-	96,607
-	-	-	-	-	-	57,969
-	-	-	-	-	-	4,887,051
-	-	-	-	-	-	5,534,659
67,076	-	-	-	-	-	67,076
-	-	-	-	-	-	3,294,231
-	-	940,000	1,155,000	665,000	-	2,760,000
-	92,486	18,800	20,475	13,300	-	145,061
67,076	92,486	958,800	1,175,475	678,300	-	16,842,654
-	1,904,083	(958,800)	(1,175,475)	(678,300)	(4)	4,234,128
-	-	958,800	1,175,475	678,300	-	4,312,575
-	(2,812,575)	-	-	-	(1,200)	(11,425,144)
-	(2,812,575)	958,800	1,175,475	678,300	(1,200)	(7,112,569)
-	(908,492)	-	-	-	(1,204)	(2,878,441)
-	908,492	-	-	-	240,058	12,995,035
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,854	\$ 10,116,594

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State sources	\$ 6,976,570	\$ 6,976,570	\$ 6,785,651	\$ (190,919)
Investment earnings (loss)	50,000	50,000	(18,666)	(68,666)
Total revenues	7,026,570	7,026,570	6,766,985	(259,585)
Expenditures				
Current -				
Public works	-	3,228,161	2,440,845	(787,316)
Revenues over (under) expenditures	7,026,570	3,798,409	4,326,140	527,731
Other financing uses				
Transfers out	(8,776,101)	(6,200,000)	(6,200,000)	-
Net change in fund balance	(1,749,531)	(2,401,591)	(1,873,860)	(527,731)
Fund balance, beginning of year	5,169,446	5,169,446	5,169,446	-
Fund balance, end of year	<u>\$ 3,419,915</u>	<u>\$ 2,767,855</u>	<u>\$ 3,295,586</u>	<u>\$ 527,731</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State sources	\$ 2,753,650	\$ 2,753,650	\$ 2,683,567	\$ (70,083)
Investment earnings (loss)	32,000	32,000	(20,889)	(52,889)
Total revenues	2,785,650	2,785,650	2,662,678	(122,972)
Expenditures				
Current -				
Public works	-	3,171,455	2,446,206	(725,249)
Revenues over (under) expenditures	2,785,650	(385,805)	216,472	602,277
Other financing sources (uses)				
Transfers in	1,500,000	1,500,000	1,500,000	-
Transfers out	(4,282,345)	(1,800,000)	(1,800,000)	-
Total other financing sources (uses)	(2,782,345)	(300,000)	(300,000)	-
Net change in fund balance	3,305	(685,805)	(83,528)	(602,277)
Fund balance, beginning of year	3,736,900	3,736,900	3,736,900	-
Fund balance, end of year	<u>\$ 3,740,205</u>	<u>\$ 3,051,095</u>	<u>\$ 3,653,372</u>	<u>\$ 602,277</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Refuse Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 5,630,000	\$ 5,630,000	\$ 5,601,191	\$ (28,809)
Intergovernmental -				
State sources	-	-	70,463	70,463
Charges for services	600	600	422	(178)
Investment earnings (loss)	40,000	40,000	(13,980)	(53,980)
Total revenues	5,670,600	5,670,600	5,658,096	(12,504)
Expenditures				
Current -				
Sanitation	5,586,855	5,586,855	5,534,659	(52,196)
Net change in fund balance	83,745	83,745	123,437	39,692
Fund balance, beginning of year	928,308	928,308	928,308	-
Fund balance, end of year	<u>\$ 1,012,053</u>	<u>\$ 1,012,053</u>	<u>\$ 1,051,745</u>	<u>\$ 39,692</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Transit Center Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 94,110	\$ 94,110	\$ 95,762	\$ 1,652
Expenditures				
Current -				
General government	94,110	94,110	96,607	2,497
Net change in fund balance	-	-	(845)	(845)
Fund balance, beginning of year	11,547	11,547	11,547	-
Fund balance, end of year	<u>\$ 11,547</u>	<u>\$ 11,547</u>	<u>\$ 10,702</u>	<u>\$ (845)</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Drug Forfeiture Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeitures	\$ 116,000	\$ 116,000	\$ 70,441	\$ (45,559)
Intergovernmental -				
Federal sources	15,000	15,000	3,970	(11,030)
Investment earnings (loss)	10,000	10,000	(7,491)	(17,491)
Total revenues	141,000	141,000	66,920	(74,080)
Expenditures				
Current -				
Public safety	289,500	289,500	57,969	(231,531)
Revenues over (under) expenditures	(148,500)	(148,500)	8,951	157,451
Other financing uses				
Transfers out	(114,000)	(114,000)	-	(114,000)
Net change in fund balance	(262,500)	(262,500)	8,951	271,451
Fund balance, beginning of year	1,331,347	1,331,347	1,331,347	-
Fund balance, end of year	<u>\$ 1,068,847</u>	<u>\$ 1,068,847</u>	<u>\$ 1,340,298</u>	<u>\$ 271,451</u>

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Library Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,452,000	\$ 3,452,000	\$ 3,495,199	\$ 43,199
Intergovernmental -				
State sources	202,000	202,000	257,947	55,947
Charges for services	17,800	17,800	475	(17,325)
Fines and forfeitures	50,000	50,000	2,768	(47,232)
Investment earnings (loss)	3,000	3,000	(8,547)	(11,547)
Other	10,000	10,000	14,858	4,858
Total revenues	3,734,800	3,734,800	3,762,700	27,900
Expenditures				
Current -				
Recreation and culture	3,532,518	3,532,518	3,294,231	(238,287)
Revenues over expenditures	202,282	202,282	468,469	266,187
Other financing uses				
Transfers out	(595,000)	(595,000)	(611,369)	16,369
Net change in fund balance	(392,718)	(392,718)	(142,900)	249,818
Fund balance, beginning of year	668,937	668,937	668,937	-
Fund balance, end of year	\$ 276,219	\$ 276,219	\$ 526,037	\$ 249,818

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Community Development Block Grant Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal sources	\$ 150,000	\$ 150,000	\$ 67,076	\$ (82,924)
Expenditures				
Current -				
Community and economic development	45,000	45,000	67,076	22,076
Revenues over expenditures	105,000	105,000	-	(105,000)
Other financing uses				
Transfers out	(105,000)	(105,000)	-	(105,000)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF TROY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2021

	Sylvan Glen Golf Course	Aquatic Center	Total
Assets			
Current assets:			
Cash and investments	\$ 492,410	\$ 610,474	\$ 1,102,884
Accounts receivable	204,000	15,995	219,995
Due from other funds	3,143	-	3,143
Inventories	34,574	-	34,574
Prepaid items	37,158	-	37,158
Total current assets	<u>771,285</u>	<u>626,469</u>	<u>1,397,754</u>
Noncurrent assets:			
Advances to other funds	2,844,230	-	2,844,230
Capital assets not being depreciated	1,894,552	-	1,894,552
Capital assets being depreciated, net	1,942,293	488,340	2,430,633
Total noncurrent assets	<u>6,681,075</u>	<u>488,340</u>	<u>7,169,415</u>
Total assets	<u>7,452,360</u>	<u>1,114,809</u>	<u>8,567,169</u>
Liabilities			
Current liabilities:			
Accounts payable	60,846	122,084	182,930
Accrued liabilities	166,208	3,492	169,700
Current portion of capital lease payable	49,682	-	49,682
Total current liabilities	<u>276,736</u>	<u>125,576</u>	<u>402,312</u>
Noncurrent liabilities:			
Advances from other funds	-	680,302	680,302
Capital lease payable	140,971	-	140,971
Total noncurrent liabilities	<u>140,971</u>	<u>680,302</u>	<u>821,273</u>
Total liabilities	<u>417,707</u>	<u>805,878</u>	<u>1,223,585</u>
Net position			
Net investment in capital assets	3,646,192	488,340	4,134,532
Unrestricted (deficit)	3,388,461	(179,409)	3,209,052
Total net position	<u>\$ 7,034,653</u>	<u>\$ 308,931</u>	<u>\$ 7,343,584</u>

CITY OF TROY, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended June 30, 2021

	Sylvan Glen Golf Course	Aquatic Center	Total
Operating revenues			
Charges for services	\$ 1,300,059	\$ 245,221	\$ 1,545,280
Rental:			
Golf course	297,185	-	297,185
Restaurant	86,840	-	86,840
Other services	115,950	2,122	118,072
Total operating revenues	<u>1,800,034</u>	<u>247,343</u>	<u>2,047,377</u>
Operating expenses			
Operations	1,091,754	228,753	1,320,507
Depreciation	168,686	167,496	336,182
Total operating expenses	<u>1,260,440</u>	<u>396,249</u>	<u>1,656,689</u>
Operating income (loss)	<u>539,594</u>	<u>(148,906)</u>	<u>390,688</u>
Nonoperating expenses			
Investment loss	-	(1,102)	(1,102)
Interest expense	(1,672)	-	(1,672)
Loss on disposal of capital assets	-	(83,769)	(83,769)
Total nonoperating expenses	<u>(1,672)</u>	<u>(84,871)</u>	<u>(86,543)</u>
Change in net position	537,922	(233,777)	304,145
Net position, beginning of year	<u>6,496,731</u>	<u>542,708</u>	<u>7,039,439</u>
Net position, end of year	<u>\$ 7,034,653</u>	<u>\$ 308,931</u>	<u>\$ 7,343,584</u>

CITY OF TROY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2021

	Sylvan Glen Golf Course	Aquatic Center	Total
Cash flows from operating activities			
Cash received from customers and others	\$ 1,770,970	\$ 231,348	\$ 2,002,318
Cash payments to employees	(504,768)	(67,617)	(572,385)
Cash payments to suppliers for goods and services	(530,443)	(9,796)	(540,239)
Cash payments for interfund services	(10,551)	(28,037)	(38,588)
Net cash provided by operating activities	<u>725,208</u>	<u>125,898</u>	<u>851,106</u>
Cash flows from noncapital financing activities			
Advances from other funds	-	500,000	500,000
Cash flows from capital and related financing activities			
Purchase of capital assets	(223,173)	(264,326)	(487,499)
Principal on capital lease	(48,054)	-	(48,054)
Interest on capital lease	(1,672)	-	(1,672)
Net cash used in capital and related financing activities	<u>(272,899)</u>	<u>(264,326)</u>	<u>(537,225)</u>
Cash flows from investing activities			
Investment loss	-	(1,102)	(1,102)
Net change in cash and investments	452,309	360,470	812,779
Cash and investments, beginning of year	<u>40,101</u>	<u>250,004</u>	<u>290,105</u>
Cash and investments, end of year	<u>\$ 492,410</u>	<u>\$ 610,474</u>	<u>\$ 1,102,884</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 539,594	\$ (148,906)	\$ 390,688
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	168,686	167,496	336,182
Changes in assets and liabilities:			
Accounts receivable	(36,800)	(15,995)	(52,795)
Due from other funds	7,736	-	7,736
Inventories	(8,332)	-	(8,332)
Prepaid items	(7,879)	-	(7,879)
Accounts payable	57,274	119,811	177,085
Accrued liabilities	4,929	3,492	8,421
Net cash provided by operating activities	<u>\$ 725,208</u>	<u>\$ 125,898</u>	<u>\$ 851,106</u>

CITY OF TROY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2021

	Compensated Absences	Unemployment Compensation	Custodial Services
Assets			
Current assets:			
Cash and investments	\$ 6,191,986	\$ 40,819	\$ 1,320,021
Accounts receivable	-	-	-
Inventories	-	-	-
Total current assets	<u>6,191,986</u>	<u>40,819</u>	<u>1,320,021</u>
Noncurrent assets:			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>6,191,986</u>	<u>40,819</u>	<u>1,320,021</u>
Liabilities			
Current liabilities:			
Accounts payable	-	322	2,608
Accrued liabilities	-	-	-
Compensated absences	3,077,432	-	-
Total current liabilities	<u>3,077,432</u>	<u>322</u>	<u>2,608</u>
Noncurrent liabilities -			
Compensated absences	<u>2,048,972</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>5,126,404</u>	<u>322</u>	<u>2,608</u>
Net position			
Investment in capital assets	-	-	-
Unrestricted	<u>1,065,582</u>	<u>40,497</u>	<u>1,317,413</u>
Total net position	<u>\$ 1,065,582</u>	<u>\$ 40,497</u>	<u>\$ 1,317,413</u>

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Information Technology	Motor Equipment	Workers' Compensation	Total
\$ 1,678,338	\$ 6,859,348	\$ 2,023,374	\$ 18,113,886
11,644	54,989	-	66,633
-	310,325	-	310,325
<u>1,689,982</u>	<u>7,224,662</u>	<u>2,023,374</u>	<u>18,490,844</u>
183,215	10,248	-	193,463
148,486	6,399,394	-	6,547,880
<u>331,701</u>	<u>6,409,642</u>	<u>-</u>	<u>6,741,343</u>
<u>2,021,683</u>	<u>13,634,304</u>	<u>2,023,374</u>	<u>25,232,187</u>
134,152	325,105	-	462,187
26,334	-	-	26,334
-	-	-	3,077,432
<u>160,486</u>	<u>325,105</u>	<u>-</u>	<u>3,565,953</u>
-	-	-	2,048,972
<u>160,486</u>	<u>325,105</u>	<u>-</u>	<u>5,614,925</u>
331,701	6,409,642	-	6,741,343
<u>1,529,496</u>	<u>6,899,557</u>	<u>2,023,374</u>	<u>12,875,919</u>
<u>\$ 1,861,197</u>	<u>\$ 13,309,199</u>	<u>\$ 2,023,374</u>	<u>\$ 19,617,262</u>

CITY OF TROY, MICHIGAN

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

Internal Service Funds

For the Year Ended June 30, 2021

	Compensated Absences	Unemployment Compensation	Custodial Services
Operating revenues			
Charges for services	\$ 5,319,909	\$ -	\$ 1,463,680
Rental:			
Building	-	-	-
Equipment	-	-	-
Other services to City funds	-	3,069	-
Total operating revenues	<u>5,319,909</u>	<u>3,069</u>	<u>1,463,680</u>
Operating expenses			
Cost of sales and services	5,288,514	2,849	1,304,442
General and administrative	-	-	-
Operations	-	-	-
Depreciation	-	-	-
Total operating expenses	<u>5,288,514</u>	<u>2,849</u>	<u>1,304,442</u>
Operating income	<u>31,395</u>	<u>220</u>	<u>159,238</u>
Nonoperating revenues (expenses)			
Investment loss	(31,396)	(220)	(7,948)
Gain on sale of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>(31,396)</u>	<u>(220)</u>	<u>(7,948)</u>
Change in net position	(1)	-	151,290
Net position, beginning of year	<u>1,065,583</u>	<u>40,497</u>	<u>1,166,123</u>
Net position, end of year	<u>\$ 1,065,582</u>	<u>\$ 40,497</u>	<u>\$ 1,317,413</u>

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Information Technology	Motor Equipment	Workers' Compensation	Total
\$ 2,252,386	\$ 18,170	\$ 507,926	\$ 9,562,071
-	221,376	-	221,376
-	3,829,161	-	3,829,161
-	425,913	34,305	463,287
2,252,386	4,494,620	542,231	14,075,895
2,036,232	-	530,956	9,162,993
-	696,454	-	696,454
-	2,504,792	-	2,504,792
52,082	966,885	-	1,018,967
2,088,314	4,168,131	530,956	13,383,206
164,072	326,489	11,275	692,689
(8,462)	(39,051)	(11,275)	(98,352)
-	254,815	-	254,815
(8,462)	215,764	(11,275)	156,463
155,610	542,253	-	849,152
1,705,587	12,766,946	2,023,374	18,768,110
\$ 1,861,197	\$ 13,309,199	\$ 2,023,374	\$ 19,617,262

CITY OF TROY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2021

	Compensated Absences	Unemployment Compensation	Custodial Services
Cash flows from operating activities			
Cash received from interfund services	\$ 5,319,909	\$ 3,069	\$ 1,463,680
Cash payments to employees	(5,026,366)	-	(1,056,829)
Cash payments to suppliers for goods and services	-	(2,640)	(255,227)
Net cash provided by operating activities	<u>293,543</u>	<u>429</u>	<u>151,624</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Investment loss	(31,396)	(220)	(7,948)
Net change in cash and investments	262,147	209	143,676
Cash and investments, beginning of year	<u>5,929,839</u>	<u>40,610</u>	<u>1,176,345</u>
Cash and investments, end of year	<u>\$ 6,191,986</u>	<u>\$ 40,819</u>	<u>\$ 1,320,021</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 31,395	\$ 220	\$ 159,238
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
Accounts receivable	-	-	-
Inventories	-	-	-
Accounts payable	-	209	(7,614)
Accrued liabilities	-	-	-
Compensated absences	262,148	-	-
Net cash provided by operating activities	<u>\$ 293,543</u>	<u>\$ 429</u>	<u>\$ 151,624</u>

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Information Technology	Motor Equipment	Workers' Compensation	Total
\$ 2,260,715	\$ 4,454,466	\$ 542,231	\$ 14,044,070
(1,297,743)	(1,641,585)	-	(9,022,523)
(601,531)	(1,297,732)	(530,956)	(2,688,086)
<u>361,441</u>	<u>1,515,149</u>	<u>11,275</u>	<u>2,333,461</u>
(247,537)	(2,410,210)	-	(2,657,747)
-	267,664	-	267,664
<u>(247,537)</u>	<u>(2,142,546)</u>	<u>-</u>	<u>(2,390,083)</u>
(8,462)	(39,051)	(11,275)	(98,352)
105,442	(666,448)	-	(154,974)
<u>1,572,896</u>	<u>7,525,796</u>	<u>2,023,374</u>	<u>18,268,860</u>
<u>\$ 1,678,338</u>	<u>\$ 6,859,348</u>	<u>\$ 2,023,374</u>	<u>\$ 18,113,886</u>
\$ 164,072	\$ 326,489	\$ 11,275	\$ 692,689
52,082	966,885	-	1,018,967
8,329	(40,154)	-	(31,825)
-	4,680	-	4,680
110,624	257,249	-	360,468
26,334	-	-	26,334
-	-	-	262,148
<u>\$ 361,441</u>	<u>\$ 1,515,149</u>	<u>\$ 11,275</u>	<u>\$ 2,333,461</u>

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Downtown Development Authority

June 30, 2021

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 3,067,523	\$ -	\$ 3,067,523
Receivables -			
Taxes receivable	54,568	-	54,568
Total assets	<u>\$ 3,122,091</u>	<u>-</u>	<u>3,122,091</u>
Liabilities			
Accounts payable	\$ 2,717	-	2,717
Interest payable	-	27,944	27,944
Long-term debt:			
Due within one year	-	440,000	440,000
Due in more than one year	-	10,105,000	10,105,000
Total liabilities	<u>2,717</u>	<u>10,572,944</u>	<u>10,575,661</u>
Deferred inflows of resources			
Unavailable property taxes	57,845	(57,845)	-
Fund balance			
Unassigned	3,061,529	(3,061,529)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,122,091</u>		
Net position			
Unrestricted (deficit)		<u>\$ (7,453,570)</u>	<u>\$ (7,453,570)</u>

CITY OF TROY, MICHIGAN

Reconciliation

Fund Balance for Governmental Fund
to Net Position of Governmental Activities
Downtown Development Authority
June 30, 2021

Fund balance - total governmental fund	\$ 3,061,529
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Amounts reported for *governmental activities* in the statement of net position are different because:

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

Deferred inflows from unavailable property tax receivables	57,845
--	--------

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

Accrued interest payable	(27,944)
Debt reimbursement payable	<u>(10,545,000)</u>

Net position of governmental activities	<u><u>\$ (7,453,570)</u></u>
--	------------------------------

CITY OF TROY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,

Expenditures and Changes in Fund Balance

Downtown Development Authority

For the Year Ended June 30, 2021

	Operating	Adjustments	Statement of Activities
Revenues			
Program revenues -			
Capital grants and contributions	\$ 4,029,736	\$ -	\$ 4,029,736
General:			
Property taxes	1,676,790	19,148	1,695,938
Investment loss	(21,395)	-	(21,395)
Total revenues	<u>5,685,131</u>	<u>19,148</u>	<u>5,704,279</u>
Expenditures/expenses			
Community and economic development	304,062	-	304,062
Debt service:			
Principal	2,840,000	(2,840,000)	-
Interest	996,815	(411,390)	585,425
Bond issuance costs	154,147	-	154,147
Total expenditures/expenses	<u>4,295,024</u>	<u>(3,251,390)</u>	<u>1,043,634</u>
Net change in fund balances/ net position	1,390,107	3,270,538	4,660,645
Fund balance/net position (deficit), beginning of year	<u>1,671,422</u>	<u>(13,785,637)</u>	<u>(12,114,215)</u>
Fund balance/net position (deficit), end of year	<u>\$ 3,061,529</u>	<u>\$ (10,515,099)</u>	<u>\$ (7,453,570)</u>

CITY OF TROY, MICHIGAN

Reconciliation

Net Changes in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities
Downtown Development Authority
For the Year Ended June 30, 2021

Net change in fund balance - total governmental fund	\$ 1,390,107
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Amounts reported for *governmental activities* in the statement of activities are different because:

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

Net difference in deferred inflows	19,148
------------------------------------	--------

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

Principal payments on long-term debt	2,840,000
--------------------------------------	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest expense	<u>411,390</u>
------------------------------------	----------------

Change in net position of governmental activities	<u>\$ 4,660,645</u>
--	----------------------------

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Local Development Financing Authority

June 30, 2021

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 112,771	\$ -	\$ 112,771
Fund balance			
Unassigned	\$ 112,771	(112,771)	-
Net position			
Unrestricted		\$ 112,771	\$ 112,771

CITY OF TROY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,

Expenditures and Changes in Fund Balance

Local Development Financing Authority

For the Year Ended June 30, 2021

	Operating	Adjustments	Statement of Activities
Revenues			
General:			
Property taxes	\$ 150,188	\$ -	\$ 150,188
Intergovernmental	51,815	-	51,815
Investment loss	(1,049)	-	(1,049)
Total revenues	200,954	-	200,954
Expenditures/expenses			
Community and economic development	217,716	-	217,716
Net change in fund balance/net position	(16,762)	-	(16,762)
Fund balance/net position, beginning of year	129,533	-	129,533
Fund balance/net position, end of year	<u>\$ 112,771</u>	<u>\$ -</u>	<u>\$ 112,771</u>

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Brownfield Redevelopment Authority

June 30, 2021

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 764,425	\$ -	\$ 764,425
Receivables -			
Revolving loans receivable	59,140	-	59,140
Total assets	<u>\$ 823,565</u>	<u>-</u>	<u>823,565</u>
Deferred inflows of resources			
Unavailable revenue - loans receivable	\$ 59,140	(59,140)	-
Fund balance			
Unassigned	764,425	(764,425)	-
Total deferred inflows and fund balance	<u>\$ 823,565</u>		
Net position			
Unrestricted		<u>\$ 823,565</u>	<u>\$ 823,565</u>

CITY OF TROY, MICHIGAN

Reconciliation

Fund Balance for Governmental Fund
to Net Position of Governmental Activities
Brownfield Redevelopment Authority
June 30, 2021

Fund balance - total governmental fund	\$	764,425
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Amounts reported for *governmental activities* in the statement of net position are different because:

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

59,140

Net position of governmental activities	\$	823,565
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CITY OF TROY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,

Expenditures and Changes in Fund Balance

Brownfield Redevelopment Authority

For the Year Ended June 30, 2021

	Operating	Adjustments	Statement of Activities
Revenues			
General:			
Property taxes	\$ 95,575	\$ (73,134)	\$ 22,441
Investment loss	(4,294)	-	(4,294)
Total revenues	91,281	(73,134)	18,147
Expenditures/expenses			
Community and economic development	24,093	-	24,093
Net change in fund balance/net position	67,188	(73,134)	(5,946)
Fund balance/net position, beginning of year	697,237	132,274	829,511
Fund balance/net position, end of year	<u>\$ 764,425</u>	<u>\$ 59,140</u>	<u>\$ 823,565</u>

CITY OF TROY, MICHIGAN

Reconciliation

Net Changes in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities
Brownfield Redevelopment Authority
For the Year Ended June 30, 2021

Net change in fund balance - total governmental fund	\$	67,188
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Amounts reported for *governmental activities* in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred inflows to the following fiscal year.	<u>(73,134)</u>
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Change in net position of governmental activities	<u>\$</u>	<u>(5,946)</u>
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STATISTICAL SECTION

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CITY OF TROY, MICHIGAN

Statistical Section Table of Contents

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

	<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 150
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 162
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 170
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 180
Operating Information	These schedules contain serve and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 184
Continuing Disclosure	Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market. 196

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

CITY OF TROY, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 175,292,324	\$ 179,616,224	\$ 168,722,287	\$ 178,865,098
Restricted	16,096,939	18,414,931	25,024,969	24,785,605
Unrestricted	48,526,117	54,304,874	65,673,197	82,121,441
Total governmental activities	<u>\$ 239,915,380</u>	<u>\$ 252,336,029</u>	<u>\$ 259,420,453</u>	<u>\$ 285,772,144</u>
Business-type activities				
Net investment in capital assets	\$ 118,170,260	\$ 117,311,016	\$ 118,730,653	\$ 119,825,109
Restricted	-	-	-	-
Unrestricted	47,550,528	51,044,950	48,878,034	45,659,008
Total business-type activities	<u>\$ 165,720,788</u>	<u>\$ 168,355,966</u>	<u>\$ 167,608,687</u>	<u>\$ 165,484,117</u>
Primary government				
Net investment in capital assets	\$ 293,462,584	\$ 296,927,240	\$ 287,452,940	\$ 298,690,207
Restricted	16,096,939	18,414,931	25,024,969	24,785,605
Unrestricted	96,076,645	105,349,824	114,551,231	127,780,449
Total primary government	<u>\$ 405,636,168</u>	<u>\$ 420,691,995</u>	<u>\$ 427,029,140</u>	<u>\$ 451,256,261</u>

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

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

Schedule 1
Unaudited

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2016	2017	2018	2019	2020	2021
\$ 194,299,483	\$ 202,939,709	\$ 209,330,214	\$ 211,012,892	\$ 211,643,485	\$ 230,145,408
19,460,570	19,429,092	17,995,682	49,675,789	71,427,127	77,713,480
79,865,292	13,264,407	17,351,506	5,617,794	6,622,679	10,477,522
<u>\$ 293,625,345</u>	<u>\$ 235,633,208</u>	<u>\$ 244,677,402</u>	<u>\$ 266,306,475</u>	<u>\$ 289,693,291</u>	<u>\$ 318,336,410</u>
\$ 127,611,126	\$ 129,220,049	\$ 128,565,431	\$ 128,316,680	\$ 132,389,502	\$ 142,141,489
-	-	-	1,194,908	1,334,545	1,763,231
38,593,816	39,342,785	39,035,755	38,588,206	32,607,856	23,224,217
<u>\$ 166,204,942</u>	<u>\$ 168,562,834</u>	<u>\$ 167,601,186</u>	<u>\$ 168,099,794</u>	<u>\$ 166,331,903</u>	<u>\$ 167,128,937</u>
\$ 321,910,609	\$ 332,159,758	\$ 337,895,645	\$ 339,329,572	\$ 344,032,987	\$ 372,286,897
19,460,570	19,429,092	17,995,682	50,870,697	72,761,672	79,476,711
118,459,108	52,607,192	56,387,261	44,206,000	39,230,535	33,701,739
<u>\$ 459,830,287</u>	<u>\$ 404,196,042</u>	<u>\$ 412,278,588</u>	<u>\$ 434,406,269</u>	<u>\$ 456,025,194</u>	<u>\$ 485,465,347</u>

CITY OF TROY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 9,677,191	\$ 8,459,810	\$ 9,875,913	\$ 10,449,379
Public safety	27,228,933	26,878,737	28,860,117	35,744,673
Public works	13,703,006	13,626,846	15,478,239	17,224,145
Sanitation	4,216,260	4,331,500	4,267,388	4,606,627
Community and economic development	854,593	1,366,075	16,303,702	1,018,643
Recreation and culture	8,812,144	9,145,272	9,432,683	10,091,847
Interest on long-term debt	1,101,675	1,019,021	1,065,510	1,444,384
Total governmental activities	<u>65,593,802</u>	<u>64,827,261</u>	<u>85,283,552</u>	<u>80,579,698</u>
Business-type activities:				
Water	13,904,820	14,434,204	15,479,500	15,767,708
Sanitary Sewer	11,767,038	12,215,434	12,864,584	12,807,380
Sanctuary Lake golf course	1,821,384	1,676,239	1,735,921	1,733,846
Sylvan Glen golf course	1,061,139	1,052,043	1,096,974	1,130,082
Aquatic center	566,978	543,834	531,369	583,709
Total business-type activities	<u>29,121,359</u>	<u>29,921,754</u>	<u>31,708,348</u>	<u>32,022,725</u>
Total primary government expenses	<u>94,715,161</u>	<u>94,749,015</u>	<u>116,991,900</u>	<u>112,602,423</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	3,039,578	3,114,515	3,241,183	3,783,480
Public safety	3,219,618	3,545,823	4,076,054	4,691,450
Public works	2,357,325	2,223,031	2,634,542	3,364,953
Sanitation	5,700	6,012	6,358	6,590
Recreation and culture	3,444,462	3,651,142	3,536,383	3,589,925
Operating grants and contributions	912,173	1,196,458	835,352	1,097,166
Capital grants and contributions	6,723,177	10,435,694	23,832,070	10,447,244
Total governmental activities	<u>19,702,033</u>	<u>24,172,675</u>	<u>38,161,942</u>	<u>26,980,808</u>

2016	2017	2018	2019	2020	2021
\$ 11,305,100	\$ 10,925,546	\$ 10,527,094	\$ 9,161,093	\$ 6,511,152	\$ 7,630,092
31,023,545	29,403,916	29,357,164	23,995,136	23,297,176	23,743,952
16,269,932	16,553,537	18,123,198	17,532,358	17,216,100	17,217,363
4,517,499	4,889,569	5,007,584	5,250,265	5,358,719	5,534,606
955,880	794,535	851,314	305,789	275,784	805,526
10,248,458	10,442,184	11,320,591	11,114,884	9,982,617	8,396,449
1,344,219	1,206,243	1,095,894	975,567	843,586	637,086
<u>75,664,633</u>	<u>74,215,530</u>	<u>76,282,839</u>	<u>68,335,092</u>	<u>63,485,134</u>	<u>63,965,074</u>
18,508,493	18,992,183	20,809,872	20,163,346	19,914,841	20,639,128
12,584,209	12,401,390	14,441,047	14,545,633	14,590,131	15,063,368
1,900,990	1,917,677	1,930,551	1,960,575	1,908,982	2,202,815
1,143,351	1,114,618	1,082,544	1,111,941	1,206,036	1,258,376
700,430	717,905	655,821	699,130	515,238	473,997
<u>34,837,473</u>	<u>35,143,773</u>	<u>38,919,835</u>	<u>38,480,625</u>	<u>38,135,228</u>	<u>39,637,684</u>
<u>110,502,106</u>	<u>109,359,303</u>	<u>115,202,674</u>	<u>106,815,717</u>	<u>101,620,362</u>	<u>103,602,758</u>
3,766,949	3,983,385	3,862,669	3,953,495	3,792,227	4,115,452
4,451,076	4,612,475	4,975,806	5,243,086	4,370,991	4,563,533
3,335,490	2,916,921	3,082,359	2,046,635	2,077,937	2,888,371
8,630	8,199	25,923	1,118	940	422
3,587,481	3,683,297	3,698,180	3,756,819	2,183,119	1,054,435
760,549	951,275	1,134,640	810,436	964,952	6,042,781
<u>11,466,690</u>	<u>9,304,781</u>	<u>10,501,834</u>	<u>11,438,685</u>	<u>9,903,857</u>	<u>11,003,755</u>
<u>27,376,865</u>	<u>25,460,333</u>	<u>27,281,411</u>	<u>27,250,274</u>	<u>23,294,023</u>	<u>29,668,749</u>

continued...

CITY OF TROY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2013	2014	2015
Business-type activities:				
Charges for services:				
Water	\$ 15,923,727	\$ 15,965,202	\$ 15,078,684	\$ 14,626,110
Sanitary Sewer	13,177,412	12,978,863	12,451,888	11,900,157
Sanctuary Lake golf course	1,442,755	1,295,277	1,335,433	1,375,137
Sylvan Glen golf course	1,290,051	1,173,838	984,908	1,128,968
Aquatic center	577,757	481,424	532,293	431,141
Operating grants and contributions	-	-	-	19,153
Capital grants and contributions	150,603	528,416	262,237	285,963
Total business-type activities	<u>32,562,305</u>	<u>32,423,020</u>	<u>30,645,443</u>	<u>29,766,629</u>
Total primary government program revenues	<u>52,264,338</u>	<u>56,595,695</u>	<u>68,807,385</u>	<u>56,747,437</u>
Net (expense)/revenue				
Governmental activities	(45,891,769)	(40,654,586)	(47,121,610)	(53,598,890)
Business-type activities	<u>3,440,946</u>	<u>2,501,266</u>	<u>(1,062,905)</u>	<u>(2,256,096)</u>
Total primary government net expense	<u>(42,450,823)</u>	<u>(38,153,320)</u>	<u>(48,184,515)</u>	<u>(55,854,986)</u>
General revenues				
Governmental activities:				
General revenues:				
Property taxes	46,295,903	46,419,615	46,759,393	46,993,478
State-shared revenues	6,136,066	6,279,381	6,435,145	6,541,560
Grants and contributions not restricted to specific programs	33,400	50,485	54,535	22,848
Unrestricted investment earnings (loss)	245,077	185,302	424,286	258,208
Miscellaneous	121,187	140,452	532,674	523,636
Transfers	596,316	-	-	-
Total governmental activities	<u>53,427,949</u>	<u>53,075,235</u>	<u>54,206,033</u>	<u>54,339,730</u>
Business-type activities:				
General revenues:				
Unrestricted investment earnings (loss)	210,585	133,912	305,126	131,526
Miscellaneous	-	-	10,500	-
Transfers	(596,316)	-	-	-
Total business-type activities	<u>(385,731)</u>	<u>133,912</u>	<u>315,626</u>	<u>131,526</u>
Total primary government	<u>53,042,218</u>	<u>53,209,147</u>	<u>54,521,659</u>	<u>54,471,256</u>
Change in net position				
Governmental activities	7,536,180	12,420,649	7,084,423	740,840
Business-type activities	<u>3,055,215</u>	<u>2,635,178</u>	<u>(747,279)</u>	<u>(2,124,570)</u>
Total primary government	<u>\$ 10,591,395</u>	<u>\$ 15,055,827</u>	<u>\$ 6,337,144</u>	<u>\$ (1,383,730)</u>

2016	2017	2018	2019	2020	2021
\$ 17,465,511	\$ 20,699,381	\$ 20,154,112	\$ 19,679,644	\$ 19,189,709	\$ 20,488,367
12,470,724	13,513,930	13,335,048	13,125,364	12,702,238	13,759,793
1,809,386	1,739,789	1,781,278	1,782,237	1,684,938	2,310,026
1,291,367	1,363,358	1,298,319	1,269,017	1,339,293	1,800,034
728,589	591,389	578,108	552,340	305,292	247,343
-	-	-	-	-	-
1,104,132	2,681,660	738,252	1,064,065	196,436	2,077,664
34,869,709	40,589,507	37,885,117	37,472,667	35,417,906	40,683,227
62,246,574	66,049,840	65,166,528	64,722,941	58,711,929	70,351,976
(48,287,768)	(48,755,197)	(49,001,428)	(41,084,818)	(40,191,111)	(34,296,325)
32,236	5,445,734	(1,034,718)	(1,007,958)	(2,717,322)	1,045,543
(48,255,532)	(43,309,463)	(50,036,146)	(42,092,776)	(42,908,433)	(33,250,782)
48,369,185	48,184,737	49,396,636	51,108,963	52,975,285	53,623,652
6,535,632	8,091,385	8,378,417	8,535,476	8,346,267	9,601,689
24,472	14,619	20,070	18,188	18,210	27,884
1,079,714	12,506	93,835	2,635,494	2,003,122	(526,158)
131,968	-	156,664	415,770	235,043	212,377
-	-	-	-	-	-
56,140,971	56,303,247	58,045,622	62,713,891	63,577,927	62,939,444
681,643	29,858	73,070	1,466,100	949,431	(248,509)
6,946	-	-	40,466	-	-
-	-	-	-	-	-
688,589	29,858	73,070	1,506,566	949,431	(248,509)
56,829,560	56,333,105	58,118,692	64,220,457	64,527,358	62,690,935
7,853,203	7,548,050	9,044,194	21,629,073	23,386,816	28,643,119
720,825	5,475,592	(961,648)	498,608	(1,767,891)	797,034
\$ 8,574,028	\$ 13,023,642	\$ 8,082,546	\$ 22,127,681	\$ 21,618,925	\$ 29,440,153

concluded.

CITY OF TROY, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015
General fund				
Nondisposable	\$ 3,884,686	\$ 4,369,038	\$ 4,417,528	\$ 5,287,206
Restricted	1,514,118	1,525,598	1,534,139	1,538,879
Committed	1,517,000	2,771,300	6,622,968	-
Assigned	3,655,000	3,148,000	3,162,000	8,075,520
Unassigned	23,340,380	24,946,170	21,856,139	19,716,862
Total general fund	<u>33,911,184</u>	<u>36,760,106</u>	<u>37,592,774</u>	<u>34,618,467</u>
All other governmental funds				
Nondisposable	158,200	160,579	224,977	200,512
Restricted	15,938,739	18,472,876	21,023,992	23,781,735
Committed	2,662,187	3,099,166	3,776,000	803,358
Total all other governmental funds	<u>18,759,126</u>	<u>21,732,621</u>	<u>25,024,969</u>	<u>24,785,605</u>
Total governmental funds	<u>\$ 52,670,310</u>	<u>\$ 58,492,727</u>	<u>\$ 62,617,743</u>	<u>\$ 59,404,072</u>

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2016	2017	2018	2019	2020	2021
\$ 5,669,290	\$ 6,260,979	\$ 6,885,751	\$ 7,215,136	\$ 8,084,436	\$ 9,779,366
1,563,203	1,563,397	1,565,721	1,617,390	1,656,276	1,647,133
-	-	-	-	-	-
5,312,270	4,561,613	6,326,870	5,895,860	5,801,438	7,149,823
20,062,397	19,776,349	18,661,478	19,674,536	17,486,669	21,089,929
32,607,160	32,162,338	33,439,820	34,402,922	33,028,819	39,666,251
196,900	293,680	187,299	268,684	249,339	246,425
19,510,120	19,352,374	17,996,223	21,311,972	26,185,903	25,217,102
2,720,822	945,425	132,263	564,900	304,163	656,477
22,427,842	20,591,479	18,315,785	22,145,556	26,739,405	26,120,004
\$ 55,035,002	\$ 52,753,817	\$ 51,755,605	\$ 56,548,478	\$ 59,768,224	\$ 65,786,255

CITY OF TROY, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015
Revenues				
Property taxes	\$ 46,450,199	\$ 46,470,104	\$ 46,739,163	\$ 47,032,046
Licenses and permits	1,686,633	2,254,775	2,429,459	2,896,533
Intergovernmental - federal	1,040,037	5,119,153	3,189,800	1,909,795
Intergovernmental - state	11,384,502	11,673,045	12,238,420	14,532,201
Intergovernmental - local	614,530	786,068	31,209	587,902
Charges for services	7,660,204	7,760,295	8,378,616	9,375,710
Fines and forfeits	1,154,999	902,183	1,396,241	1,418,354
Investment earnings (loss)	186,897	154,351	348,625	224,322
Other	2,330,595	2,007,022	2,042,877	3,086,024
Total revenues	<u>72,508,596</u>	<u>77,126,996</u>	<u>76,794,410</u>	<u>81,062,887</u>
Expenditures				
Current:				
General government	7,499,219	7,409,887	6,621,292	6,992,997
Public safety	26,644,367	27,371,783	28,082,145	31,108,472
Public works	4,159,761	4,257,865	5,675,847	5,638,918
Other public works	1,680,731	1,779,928	-	-
Sanitation	4,216,324	4,331,560	4,267,898	4,606,610
Community and economic development	133,712	621,439	18,327,123	3,207,237
Recreation and culture	8,060,815	8,243,322	8,556,099	9,186,959
Debt service:				
Principal	2,536,167	2,626,776	2,691,746	2,832,182
Interest and other charges	1,119,964	1,042,839	1,126,667	1,505,715
Bond issuance costs	-	-	-	-
Capital outlay	11,130,331	13,670,400	13,725,931	19,554,175
Total expenditures	<u>67,181,391</u>	<u>71,355,799</u>	<u>89,074,748</u>	<u>84,633,265</u>
Excess of revenues over (under) expenditures	<u>5,327,205</u>	<u>5,771,197</u>	<u>(12,280,338)</u>	<u>(3,570,378)</u>
Other financing sources (uses)				
Transfers in	8,803,101	8,648,930	13,742,158	15,247,847
Transfers out	(8,218,400)	(8,648,930)	(13,292,158)	(15,306,857)
Issuance of debt	-	-	14,945,000	-
Payments to escrow agent	-	-	-	-
Proceeds from sale of capital assets	-	51,220	273,700	415,717
Total other financing sources (uses)	<u>584,701</u>	<u>51,220</u>	<u>15,668,700</u>	<u>356,707</u>
Net change in fund balances	<u>\$ 5,911,906</u>	<u>\$ 5,822,417</u>	<u>\$ 3,388,362</u>	<u>\$ (3,213,671)</u>
Debt service as a percentage of noncapital expenditures	6.5%	6.4%	5.1%	6.7%

2016	2017	2018	2019	2020	2021
\$ 48,181,711	\$ 48,330,909	\$ 49,449,053	\$ 51,118,782	\$ 52,847,967	\$ 53,699,190
2,519,342	2,755,580	2,947,987	2,930,791	2,684,369	2,575,884
2,492,626	564,401	419,889	350,211	410,169	4,907,302
14,016,525	15,102,588	17,266,839	18,707,814	17,461,280	19,604,050
1,401,455	1,624,744	1,227,514	904,756	479,549	803,030
9,636,700	9,198,024	9,328,352	8,353,157	6,763,062	7,088,481
1,183,571	1,415,429	1,617,607	1,557,399	1,097,965	943,594
865,229	10,795	70,137	2,102,986	1,607,993	(427,806)
2,948,266	3,167,305	3,139,232	3,261,326	3,022,060	6,106,702
83,245,425	82,169,775	85,466,610	89,287,222	86,374,414	95,300,427
7,338,404	7,931,122	7,557,035	8,241,232	8,436,783	8,879,688
28,611,021	29,860,208	31,427,553	33,487,111	33,833,913	35,415,218
5,372,214	5,441,176	6,184,744	5,946,526	5,946,118	6,682,499
-	-	-	-	-	-
4,517,910	4,890,106	5,008,258	5,250,790	5,359,069	5,534,659
3,186,003	3,364,862	3,627,340	3,977,888	3,854,144	3,610,414
9,457,699	9,793,755	10,771,468	11,088,389	10,193,878	8,808,681
2,922,716	2,980,066	2,910,420	3,095,470	3,136,159	3,385,338
1,407,944	1,274,264	1,160,095	1,042,658	910,498	568,454
-	-	-	-	-	154,147
24,973,022	18,916,700	17,818,579	12,587,681	11,596,804	13,195,645
87,786,933	84,452,259	86,465,492	84,717,745	83,267,366	86,234,743
(4,541,508)	(2,282,484)	(998,882)	4,569,477	3,107,048	9,065,684
18,223,266	15,568,422	14,583,366	14,694,064	15,649,224	12,425,144
(18,223,266)	(15,568,422)	(14,583,366)	(14,694,064)	(15,649,224)	(12,425,144)
-	-	-	-	-	10,105,000
-	-	-	-	-	(13,163,253)
172,438	1,299	670	223,396	112,698	10,600
172,438	1,299	670	223,396	112,698	(3,047,653)
\$ (4,369,070)	\$ (2,281,185)	\$ (998,212)	\$ 4,792,873	\$ 3,219,746	\$ 6,018,031

6.9%

6.5%

5.9%

5.7%

5.7%

5.4%

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General Governmental Tax Revenue by Source

Last Ten Fiscal Years

	Governmental Activities											
Fiscal Year Ended June 30	General		Refuse	Library	Capital	General Debt Service	Total All Property Taxes					
2012	\$	30,424,031	\$	4,168,478	\$	3,037,539	\$	6,645,570	\$	2,020,285	\$	46,295,903
2013		29,612,174		4,446,398		2,962,459		6,481,465		2,917,119		46,419,615
2014		29,591,708		4,647,626		2,982,973		6,526,304		3,010,782		46,759,393
2015		29,844,976		4,595,925		3,004,907		6,574,245		2,973,425		46,993,478
2016		30,673,539		4,733,992		3,083,735		6,771,668		3,106,251		48,369,185
2017		30,813,146		4,764,992		3,110,616		6,815,995		2,679,988		48,184,737
2018		31,687,325		4,909,101		3,179,008		6,861,168		2,760,034		49,396,636
2019		32,998,890		5,102,374		3,280,407		6,860,470		2,866,822		51,108,963
2020		34,363,615		5,416,656		3,397,872		6,908,413		2,888,729		52,975,285
2021		35,627,322		5,601,191		3,495,199		6,941,975		1,957,965		53,623,652

CITY OF TROY, MICHIGAN

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections To Date
2012	\$ 44,257,157	\$ 43,064,206	97.30%	\$ 1,108,768	\$ 44,172,974
2013	44,391,807	43,575,998	98.16%	729,657	44,305,655
2014	45,071,690	44,160,748	97.98%	609,614	44,770,362
2015	45,097,245	44,545,996	98.78%	483,614	45,029,610
2016	46,462,301	45,764,152	98.50%	615,231	46,379,383
2017	46,326,577	45,802,258	98.87%	476,191	46,278,449
2018	47,541,259	47,004,145	98.87%	481,373	47,485,518
2019	49,116,110	48,572,479	98.89%	477,132	49,049,611
2020	50,921,876	50,214,786	98.61%	572,577	50,787,363
2021	51,398,079	50,852,466	98.94%	497,734	51,350,200

Schedule 6
Unaudited

Percentage of Total Tax Collections To Total Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes To Total Tax Levy
99.81%	\$ 84,183	0.19%
99.81%	86,152	0.19%
99.33%	301,328	0.67%
99.85%	67,635	0.15%
99.82%	82,918	0.18%
99.90%	48,128	0.10%
99.88%	55,741	0.12%
99.86%	66,499	0.14%
99.74%	134,513	0.26%
99.91%	47,879	0.09%

CITY OF TROY, MICHIGAN

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Per \$1,000 of Assessed Valuation)

Tax Year	City of Troy						Overlapping Governments	
	General	Capital	Refuse	Debt	Library	Total	Troy School District	Oakland County
2012 H	6.50	1.53	0.96	0.50	0.70	10.19	10.16	4.65
2012 NH	6.50	1.53	0.96	0.50	0.70	10.19	22.73	4.65
2013 H	6.50	1.53	1.05	0.70	0.70	10.48	10.51	4.65
2013 NH	6.50	1.53	1.05	0.70	0.70	10.48	22.95	4.65
2014 H	6.50	1.53	1.09	0.70	0.70	10.52	10.07	4.65
2014 NH	6.50	1.53	1.09	0.70	0.70	10.52	22.95	4.65
2015 H	6.50	1.53	1.07	0.70	0.70	10.50	9.96	4.65
2015 NH	6.50	1.53	1.07	0.70	0.70	10.50	22.59	4.65
2016 H	6.50	1.53	1.07	0.70	0.70	10.50	9.69	4.55
2016 NH	6.50	1.53	1.07	0.70	0.70	10.50	22.58	4.55
2017 H	6.50	1.53	1.07	0.60	0.70	10.40	10.33	4.49
2017 NH	6.50	1.53	1.07	0.60	0.70	10.40	22.70	4.49
2018 H	6.50	1.44	1.07	0.60	0.69	10.30	10.33	4.49
2018 NH	6.50	1.44	1.07	0.60	0.69	10.30	22.70	4.49
2019 H	6.50	1.39	1.09	0.58	0.68	10.24	9.97	4.48
2019 NH	6.50	1.39	1.09	0.58	0.68	10.24	23.09	4.48
2020 H	6.50	1.35	1.09	0.38	0.68	10.00	9.75	4.58
2020 NH	6.50	1.35	1.09	0.38	0.68	10.00	23.08	4.58
2021 H	6.50	1.33	1.09	-	1.09	10.02	8.47	4.36
2021 NH	6.50	1.33	1.09	-	1.09	10.02	23.08	4.36

H - Homestead

NH - Non-Homestead

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

Overlapping Governments						Total
Oakland County Community College	Intermediate School District	SMART	State Education	Zoo	Art	
1.58	3.37	0.59	6.00	0.10	-	36.64
1.58	3.37	0.59	6.00	0.10	-	49.21
1.58	3.37	0.59	6.00	0.10	0.20	37.48
1.58	3.37	0.59	6.00	0.10	0.20	49.92
1.58	3.37	0.59	6.00	0.10	0.20	37.08
1.58	3.37	0.59	6.00	0.10	0.20	49.96
1.58	3.37	1.00	6.00	0.10	0.20	37.36
1.58	3.37	1.00	6.00	0.10	0.20	49.99
1.58	3.36	1.00	6.00	0.10	0.20	36.98
1.58	3.36	1.00	6.00	0.10	0.20	49.87
1.57	3.34	0.99	6.00	0.10	0.20	37.42
1.57	3.34	0.99	6.00	0.10	0.20	49.80
1.56	3.11	0.99	6.00	0.10	0.20	37.07
1.56	3.11	0.99	6.00	0.10	0.20	49.44
1.53	3.25	0.99	6.00	0.10	0.19	36.74
1.53	3.25	0.99	6.00	0.10	0.20	49.87
1.52	3.23	0.99	6.00	0.10	0.19	36.36
1.52	3.23	0.99	6.00	0.10	0.19	49.69
1.51	3.20	0.98	6.00	0.10	0.19	34.81
1.51	3.20	0.98	6.00	0.10	0.19	49.42

CITY OF TROY, MICHIGAN

Assessed Value and Taxable Value of Property

Last Ten Fiscal Years

Assessment Date	Levy Date	Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Personal Property
12/31/2011	7/01/2012	6/30/2013	\$ 2,643,043,570	\$ 973,996,760	\$ 300,554,800	\$ 395,096,920
12/31/2012	7/01/2013	6/30/2014	2,704,214,970	908,560,198	283,393,700	414,094,580
12/31/2013	7/01/2014	6/30/2015	2,790,011,280	878,242,440	277,484,950	425,887,200
12/31/2014	7/01/2015	6/30/2016	2,894,875,560	891,581,610	281,097,400	437,230,620
12/31/2015	7/01/2016	6/30/2017	2,977,938,320	893,540,330	286,584,670	381,971,050
12/31/2016	7/01/2017	6/30/2018	3,079,437,250	917,513,840	298,329,510	384,517,840
12/31/2017	7/01/2018	6/30/2019	3,226,541,500	956,053,740	308,328,990	382,154,210
12/31/2018	7/01/2019	6/30/2020	3,385,512,720	1,002,161,500	322,138,580	386,182,310
12/31/2019	7/01/2020	6/30/2021	3,524,719,650	1,024,716,730	335,525,460	380,822,580
12/31/2020	7/01/2021	6/30/2022	3,641,174,870	1,025,559,740	346,283,520	365,554,540

Source: City of Troy Assessing records

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

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

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

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

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

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

Total Gross Taxable Value	Michigan Tax Tribunals, Board of Reviews and TIFS	Net Taxable Value	Total Direct Tax Rate	Assessed Value	Taxable Value as a Percentage of Assessed Value
\$ 4,312,692,050	\$ (93,614,668)	\$ 4,219,077,382	10.48	\$ 4,410,108,900	97.79%
4,310,263,448	(63,630,562)	4,246,632,886	10.52	4,491,432,340	95.97%
4,371,625,870	(93,053,718)	4,278,572,152	10.50	4,827,541,740	90.56%
4,504,785,190	(98,475,692)	4,406,309,498	10.50	5,313,611,700	84.78%
4,540,034,370	(79,428,775)	4,460,605,595	10.40	5,626,878,870	80.68%
4,679,798,440	(99,915,047)	4,579,883,393	10.36	5,894,241,720	79.40%
4,873,078,440	(109,210,295)	4,763,868,145	10.30	6,146,885,474	79.28%
5,095,995,110	(101,919,902)	4,994,075,208	10.24	6,536,364,170	77.96%
5,265,784,420	(123,056,530)	5,142,727,890	10.00	6,916,181,470	76.14%
5,378,572,670	(6,847,095)	5,371,725,575	10.01	7,156,234,730	75.16%

CITY OF TROY, MICHIGAN

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	2012		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Frankel Forbes Cohen	\$ 56,391,100	1	1.27%
Emmes Asset Management	38,663,160	2	0.87%
Detroit Edison	30,282,490	3	0.68%
Nykel Management	27,143,990	4	0.61%
Nemer Troy Place	26,385,150	5	0.59%
UrbanCal - Oakland Mall	24,257,180	6	0.55%
CC Troy Assoc. I & II	24,202,140	7	0.54%
Osprey-Troy Place	23,749,190	8	0.53%
888 W Big Beaver Assoc	22,465,880	9	0.50%
Bank of America	20,690,820	10	0.47%
	<u>\$ 294,231,100</u>		<u>6.61%</u>

CITY OF TROY, MICHIGAN

Schedule 9
Unaudited

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	2021		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Somerset Collections	\$ 49,518,400	1	0.92%
DTE	48,436,210	2	0.90%
Troy Apts	31,219,960	3	0.58%
Troy Officentre	26,560,280	4	0.49%
Consumers Energy	23,028,180	5	0.43%
UrbanCal - Oakland Mall	21,907,330	6	0.41%
Wilshire Plaza	17,045,240	7	0.32%
Lithia Real Estate Inc	16,839,070	8	0.31%
Troy KS Development LLC	16,363,720	9	0.30%
755 Tower Associates	15,681,130	10	0.29%
	<u>\$ 266,599,520</u>		<u>4.96%</u>

CITY OF TROY, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities		Business-Type Activities					
Fiscal Year Ended June 30,	General Obligation and County Issued Bonds		General Obligation Bonds and Leases		Total Outstanding Debt	Less: Amounts Restricted to Repaying Principal	Net Outstanding Debt	Percentage of Personal Income
2012	\$	25,247,312	\$	9,900,000	\$ 35,147,312	\$ -	\$ 35,147,312	1.04%
2013		22,620,536		11,160,759	33,781,295	-	33,781,295	0.99%
2014		35,575,364		10,653,108	46,228,472	-	46,228,472	1.35%
2015		32,708,103		10,092,661	42,800,764	-	42,800,764	1.25%
2016		29,750,308		9,334,334	39,084,642	-	39,084,642	1.14%
2017		26,731,709		8,583,041	35,314,750	-	35,314,750	1.03%
2018		23,786,210		7,869,668	31,655,878	-	31,655,878	0.92%
2019		20,655,661		7,702,575	28,358,236	(14,417,642)	13,940,594	0.85%
2020		17,484,423		6,882,148	24,366,571	(14,278,604)	10,087,967	0.63%
2021		11,142,985		6,073,573	17,216,558	(10,446,904)	6,769,654	0.41%

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

Schedule 10
Unaudited

	Debt Per Capita	Debt Per Taxable Value
\$	428	0.79%
	408	0.78%
	555	1.07%
	514	0.98%
	470	0.87%
	425	0.78%
	363	0.68%
	165	0.61%
	120	0.52%
	78	0.37%

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

Fiscal Year Ended June 30	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Governmental Expenditures	Percentage of Debt Service to General Government Expenditures
2012	\$ 2,335,000	\$ 1,045,189	\$ 3,380,189	\$ 55,627,231	6.08%
2013	2,420,000	973,354	3,393,354	57,288,668	5.92%
2014	2,480,000	1,090,225	3,570,225	75,062,875	4.76%
2015	2,615,000	1,447,174	4,062,174	64,791,748	6.27%
2016	2,700,000	1,355,075	4,055,075	62,507,401	6.49%
2017	2,750,000	1,231,176	3,981,176	65,257,482	6.10%
2018	2,675,000	1,123,112	3,798,112	68,371,926	5.56%
2019	2,855,000	1,012,502	3,867,502	71,851,248	5.38%
2020	2,890,000	883,588	3,773,588	71,397,493	5.29%
2021	3,135,000	548,623	3,683,623	72,768,929	5.06%

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

CITY OF TROY, MICHIGAN

Schedule 12
Unaudited

Computation of Direct and Overlapping Debt

June 30, 2021

Jurisdiction	Net General Bonded Debt Outstanding	Percentage Applicable to Troy	Amount Applicable to Troy
City of Troy - Direct debt	\$ 11,142,985	100.00%	\$ 11,142,985
City of Troy - Overlapping Debt:			
Avondale School District	111,427,427	19.64%	21,884,347
Birmingham School District	206,460,000	3.68%	7,597,728
Bloomfield Hills School District	129,255,000	2.33%	3,011,642
Royal Oak School District	48,175,000	2.09%	1,006,858
Troy School District	130,280,000	100.00%	130,280,000
Warren School District	194,000,000	7.49%	14,530,600
Oakland County	253,404,549	8.35%	21,159,280
Macomb Intermediate School District	1,150,000	0.96%	11,040
Oakland Intermediate School District	42,045,000	7.92%	3,329,964
Total overlapping debt	1,116,196,976		202,811,458
Total direct and overlapping debt	\$ 1,127,339,961		\$ 213,954,443

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

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Computation of Legal Debt Margin

June 30, 2021

Assessed Valuation at December 31, 2019

\$ 6,916,181,470

	Annual Net Debt	Legal Margin		
		Percentage of State Equalized Valuation	Amount	Legal Debt Margin
General obligation debt	\$ 16,150,000	10.0%	\$ 691,618,147	\$ 675,468,147
Emergency bonds	-	37.5%	2,593,568,051	2,593,568,051
Special assessment bonds	<u>-</u>	12.0%	<u>829,941,776</u>	<u>829,941,776</u>
Total debt	<u>\$ 16,150,000</u>		<u>\$ 4,115,127,975</u>	<u>\$ 4,098,977,975</u>

The statutory debt limits of net bonded indebtedness incurred for all public purposes shall not at any one time exceed 10% of the assessed valuation of taxable property in the City (\$6,916,181,470), except that this limit may be exceeded by 3/8ths of 1% in case of fire, flood or other calamity. This limitation does not include bonds issued in anticipation of the payment of special assessments, nor bonds issued pursuant to court order for sewage or garbage disposal systems.

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

CITY OF TROY, MICHIGAN

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 454,041,268	\$ 441,010,890	\$ 449,143,234	\$ 482,754,174	\$ 531,361,170
Total net debt applicable to limit	<u>(32,010,000)</u>	<u>(30,420,000)</u>	<u>(42,735,000)</u>	<u>(39,670,000)</u>	<u>(36,325,000)</u>
Legal debt margin	<u><u>\$ 422,031,268</u></u>	<u><u>\$ 410,590,890</u></u>	<u><u>\$ 406,408,234</u></u>	<u><u>\$ 443,084,174</u></u>	<u><u>\$ 495,036,170</u></u>
Total net debt applicable to the limit as a percentage of debt limit	7.05%	6.90%	9.51%	8.22%	6.84%

Schedule 14
Unaudited

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Fiscal Year				
2017	2018	2019	2020	2021
\$ 562,687,887	\$ 589,424,172	\$ 614,688,547	\$ 653,636,417	\$ 691,618,147
(32,940,000)	(29,635,000)	(26,055,000)	(22,450,000)	(16,150,000)
<u>\$ 529,747,887</u>	<u>\$ 559,789,172</u>	<u>\$ 588,633,547</u>	<u>\$ 631,186,417</u>	<u>\$ 675,468,147</u>
5.85%	5.03%	4.24%	3.43%	2.34%

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Pledged Revenue Coverage

Last Ten Fiscal Years

Golf Course Bonds						
		Debt Service				
Fiscal Year Ended	Collections	Principal	Interest	Total	Coverage (1)	
2012	\$ 1,442,755	\$ 400,000	\$ 485,446	\$ 885,446	2	
2013	1,295,277	400,000	419,657	819,657	2	
2014	1,335,433	400,000	328,254	728,254	2	
2015	1,375,137	450,000	298,686	748,686	2	
2016	1,809,386	645,000	289,881	934,881	2	
2017	1,739,789	635,000	273,648	908,648	2	
2018	1,781,278	630,000	253,545	883,545	2	
2019	1,782,237	725,000	238,756	963,756	2	
2020	1,684,938	715,000	227,293	942,293	2	
2021	2,310,026	700,000	212,840	912,840	3	

Michigan Transportation Fund Bonds						
		Debt Service				
Fiscal Year Ended	Collections	Principal	Interest	Total	Coverage (1)	
2012	\$ 2,487,834	\$ 200,000	\$ 36,713	\$ 236,713	11	
2013	2,521,831	225,000	26,013	251,013	10	
2014	2,759,611	250,000	13,750	263,750	10	
2015	-	-	-	-	N/A	
2016	-	-	-	-	N/A	
2017	-	-	-	-	N/A	
2018	-	-	-	-	N/A	
2019	-	-	-	-	N/A	
2020	-	-	-	-	N/A	
2021	-	-	-	-	N/A	

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

CITY OF TROY, MICHIGAN

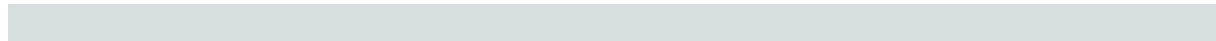
Demographic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (3)	Median Age (3)	Number of Households(3)	Average Household Size (3)	Income Per Capita (3)
2012	82,071	41.8	32,998	2.61	\$ 41,200
2013	82,853	41.8	33,063	2.61	41,200
2014	83,270	41.8	33,182	2.60	41,209
2015	83,319	41.8	33,233	2.60	41,209
2016	83,181	41.8	32,002	2.59	41,209
2017	83,181	41.8	32,002	2.59	41,209
2018	87,177	41.5	30,812	2.71	39,545
2019	84,547	42.2	31,674	2.63	39,545
2020	83,881	43.0	31,368	2.66	45,888
2021	87,294	42.4	32,961	2.63	47,871

Source:

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



			Education Age 25 or Older		
Median Income per Household (1)	Personal Income (millions)	Unemployment Rate (%) (2)	High School (3)	Bachelor Degree (3)	Graduate or Professional Degree (3)
\$ 86,465	\$ 3,381	7.7	73	57	27
85,685	3,414	7.4	73	57	27
84,325	3,431	5.9	95	57	27
85,797	3,433	4.4	95	57	27
87,269	3,428	3.5	95	57	27
87,269	3,428	2.5	95	57	27
85,027	3,447	2.8	95	58	28
93,017	3,343	2.8	95	59	29
97,048	3,849	4.0	95	60	28
101,882	4,179	2.9	96	60	29

CITY OF TROY, MICHIGAN

Principal Employers by Industry

Current and Previous Four Years

Industry	2017			2018		
	Number of Parcels	Rank	Percent of Total Parcels	Number of Parcels	Rank	Percent of Total Parcels
Industrial, Light Manufacturing	644	1	39.03%	635	1	36.73%
Office	257	2	15.58%	254	2	14.69%
Retail Store (Mall, Plaza, Market, Whse, Discount)	155	3	9.39%	154	3	8.91%
All other	96	4	5.82%	75	5	4.34%
Medical Office	84	5	5.09%	85	4	4.92%
Restaurant and Fast Food	71	7	4.30%	72	6	4.16%
Warehouse (Storage, Distribution, Transit)	66	8	4.00%	63	9	3.64%
Apartments	71	6	4.30%	67	7	3.88%
Engineering	64	9	3.88%	66	8	3.82%
Service (Station, Garage, Booth, Convenience)	52	10	3.15%	53	10	3.07%
Loft (Multi Tenant Industrial)	40	11	2.42%	40	11	2.31%
Bank	32	12	1.94%	33	12	1.91%
Auto Dealership	18	13	1.09%	18	13	1.04%
Total commercial/industrial parcels	<u>1,650</u>		<u>100.00%</u>	<u>1,615</u>		<u>93.41%</u>

Source: City Assessor

2019			2020			2021		
Number of Parcels	Rank	Percent of Total Parcels	Number of Parcels	Rank	Percent of Total Parcels	Number of Parcels	Rank	Percent of Total Parcels
637	1	36.84%	633	1	36.61%	676	1	39.10%
260	2	15.04%	258	2	14.92%	259	2	14.98%
154	3	8.91%	139	3	8.04%	148	3	8.56%
72	6	4.16%	82	5	4.74%	97	4	5.61%
85	4	4.92%	85	4	4.92%	93	5	5.38%
76	5	4.40%	75	6	4.34%	82	6	4.74%
68	8	3.93%	66	9	3.82%	81	7	4.68%
70	7	4.05%	74	7	4.28%	74	8	4.28%
67	9	3.88%	67	8	3.88%	71	9	4.11%
50	10	2.89%	49	10	2.83%	55	10	3.18%
40	11	2.31%	38	11	2.20%	43	11	2.49%
33	12	1.91%	33	12	1.91%	32	12	1.85%
18	13	1.04%	18	13	1.04%	18	13	1.04%
<hr/>			<hr/>			<hr/>		
1,630		94.27%	1,617		93.52%	1,729		100.00%
<hr/>			<hr/>			<hr/>		

CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
Building Inspection					
Permits issued	1,699	2,006	2,297	2,369	2,404
Plans reviewed	1,842	2,023	2,641	3,051	3,301
Executive Administration					
City Manager's Office -					
GFOA awards/submittals	2	3	3	3	3
City Attorney's Office -					
District court appearances	6,612	7,884	7,871	8,289	8,059
Community Affairs:					
New resident packets distributed	912	803	790	801	940
Press releases sent	474	479	482	495	500
City Clerk's Office:					
Registered voters	57,470	58,318	56,630	57,400	57,163
Voter turnout% (November)	27%	74%	27%	51%	21%
Human Resources:					
Applications processed	1,566	778	1,274	1,120	809
Job postings	30	26	38	45	51
Labor contracts settled	0	0	3	2	4
Engineering					
Soil erosion inspections	772	628	812	1,089	640
Machine traffic counts	68	52	43	25	25
PASER ratings	6	6	5.7	5.7	5.5

Schedule 18
Unaudited

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2017	2018	2019	2020	2021
3,197	2,988	2,711	2,200	2,490
3,817	3,750	3,335	2,763	3,139
3	3	3	3	3
8,241	8,357	9,994	6,660	5,360
790	801	525	460	75
460	468	475	480	400
58,333	57,619	59,440	60,274	64,590
80%	29%	66%	26%	77%
1,261	1,044	1,052	727	3,048
59	61	67	31	89
0	0	1	2	2
744	779	878	791	621
15	18	14	20	23
5.3	5.2	5.2	5.2	5.1

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CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
Finance					
Accounting/Risk Management:					
Payroll checks processed	23,091	24,073	24,073	26,497	26,822
Invoices issued	10,027	10,033	10,635	10,121	10,119
Liability claims processed	57	53	103	344	84
Insurance certificates approved	328	348	365	385	619
Assessing:					
Residential appraisals	500	642	518	362	390
Reinspections	500	892	892	1,156	1,400
Purchasing:					
Value of goods/services purchased	\$34.2 mil	\$34.6 mil	\$34.0 mil	\$34.5 mil	\$37.8 mil
% of awards without dispute	100%	100%	100%	100%	100%
City Treasurer's Office:					
Tax bills processed	65,900	66,000	66,200	62,685	62,854
Water bills processed	101,055	102,272	102,510	102,807	103,118
Fire					
Fire Department responses	1,090	1,006	1,165	1,077	1,174
Inspections performed	2,013	3,154	2,988	2,398	2,815
Other General Government					
Building Operations -					
Requests for service	12,500	18,550	18,550	16,280	18,150
Planning:					
Site plan reviews	8	9	17	17	15
Special use requests	7	12	3	2	6
Parks, Recreation and Culture					
ROW trees trimmed	2,262	3,508	3,300	3,976	2,611
Recreation programs	468	466	480	485	485
Library cards	51,000	51,000	46,400	49,656	56,961
Police					
Part 1 Crimes	1,865	1,670	1,512	1,419	1,451
Operate while impaired	399	506	473	419	350
Hazardous traffic citations	7,385	6,811	6,704	5,283	4,796
Non-hazardous traffic citations	3,941	3,681	3,168	4,750	3,736
Traffic crashes:					
Property damage	2,434	1,958	3,342	3,163	1,937
Personal injury	386	303	532	468	275
Fatal crash	2	4	4	5	3

Schedule 18
Unaudited



2017	2018	2019	2020	2021
27,665	27,692	27,814	27,215	25,645
10,307	10,193	10,157	9,678	9,135
41	55	74	80	80
693	730	759	750	558
400	324	375	450	485
1,000	1,300	1,500	1,000	1,000
\$43.6 mil	\$45.8 mil	\$48 mil	\$51.4 mil	\$50 mil
100%	100%	100%	100%	100%
62,345	62,669	62,572	62,900	62,772
104,418	107,054	104,890	105,710	106,892
1,216	1,206	1,175	1,111	1,045
2,348	2,096	1,721	1,070	1,910
18,630	18,240	6,958	6,089	5,640
18	17	13	10	9
5	6	15	8	2
4,323	1,849	3,358	2,500	2,931
492	518	520	392	190
61,362	58,598	52,282	57,144	60,135
1,358	1,288	1,227	790	955
392	352	372	291	219
4,510	5,094	9,551	5,330	2,471
3,315	3,722	4,946	2,799	2,476
1,949	2,155	2,212	2,330	2,046
260	307	275	312	224
4	2	2	5	4

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CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
Public Works					
Streets and Drains Division					
Requests for service	1,149	1,370	1,774	1,747	1,509
Water and Sewer Division					
Requests for service	3,366	4,217	4,434	4,140	2,482
Sanitary sewers cleaned in feet	2,100,000	1,300,000	1,630,417	1,250,000	1,151,056
Fleet Maintenance					
Work orders	2,839	2,037	2,532	2,165	2,443
Vehicle tires replaced	566	464	406	487	332
Refuse/Resource Recovery					
Tons of refuse collected	29,816	26,655	27,210	28,462	28,068
Tons of compost collected	10,689	8,786	9,743	9,174	9,104
Information Technology					
Help desk requests	2,485	2,333	3,079	3,018	2,811
Golf Course					
Sylvan Glen rounds of golf	47,293	42,655	37,737	42,887	49,988
Sanctuary Lake rounds of golf	33,485	30,301	30,283	31,840	43,416
Aquatic Center					
Admissions	54,260	47,940	49,066	36,021	42,481

Schedule 18
Unaudited

2017	2018	2019	2020	2021
1,636	1,956	1,594	1,401	1,320
2,776	2,627	2,301	2,490	1,655
835,683	350,269	398,000	593,505	853,737
2,477	2,380	2,945	2,322	2,256
349	458	344	332	337
28,475	26,957	26,453	27,302	28,304
9,580	8,806	10,033	10,654	9,955
3,136	3,389	3,048	2,836	2,302
49,044	45,848	44,112	46,043	58,017
41,459	41,700	40,315	40,293	51,720
34,741	36,492	41,681	31,146	12,859
				concluded.

CITY OF TROY, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
Fire					
Stations	6	6	6	6	6
Police					
Stations	1	1	1	1	1
Streets					
Miles of improved	435	406	406	408	408
Miles of unimproved	4	4	4	4	4
Sewers					
Miles of combination storm/sanitary	10	10	10	6	6
Miles of sanitary	391	392	393	393	395
Miles of storm	589	625	631	529	519
Street Lights					
Detroit Edison owned poles	561	562	562	562	562
City owned poles	1,242	539	539	1,010	1,010
Water					
Annual distribution in million cubic feet	530	539	450	420	450
Miles of watermain	537	539	537	542	543
Number of hydrants	5,863	5,897	5,930	5,962	5,979
Parks and Recreation					
Number of developed parks	14	15	15	15	15
Acres of public parks	1,000	1,000	1,000	1,000	1,000
Number of tennis courts	18	18	18	18	18
Outdoor education center/farm	1	1	1	1	1
18-hole golf course	2	2	2	2	2
Community center	1	1	1	1	1
Aquatic center	1	1	1	1	1

Source: City Departments

Schedule 19
Unaudited

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2017	2018	2019	2020	2021
6	6	6	6	6
1	1	1	1	1
409	409	410	342	343
4	4	4	3	3
6	6	6	6	6
396	397	399	401	401
535	540	546	548	547
562	562	564	544	533
1,010	1,010	1,008	1,100	1,104
495	489	437	386	461
544	545	548	549	549
6,001	6,025	6,064	6,111	6,123
15	16	16	16	14
1,000	1,000	1,000	1,000	1,000
18	18	18	18	18
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1

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Building Construction

Last Ten Fiscal Years

2011 - 2012	1,699	permits	\$ 98,609,054	estimated value
2012 - 2013	2,006	permits	146,556,961	estimated value
2013 - 2014	2,297	permits	165,364,134	estimated value
2014 - 2015	2,369	permits	212,761,431	estimated value
2015 - 2016	2,404	permits	154,161,117	estimated value
2016 - 2017	3,042	permits	166,876,878	estimated value
2017 - 2018	2,988	permits	180,411,536	estimated value
2018 - 2019	2,711	permits	195,324,067	estimated value
2019 - 2020	2,200	permits	167,292,976	estimated value
2020 - 2021	2,490	permits	151,617,417	estimated value

Source: SafeBuilt Inc.

CITY OF TROY, MICHIGAN

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

Last Ten Fiscal Years

Function/Program	2012		2013		2014		2015		2016		2017	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Building Inspection												
Building Inspection	0	0	0	0	0	0	0	0	0	0	0	0
Executive Administration												
City Manager's Office	7	6	7	5	7	7	9	6	9	5	9	4
City Attorney's Office	7	1	7	1	7	0	7	0	6	0	7	0
City Clerk's Office	4	2	4	2	4	2	4	3	4	3	5	1
Human Resources	2	1	3	1	4	1	4	0	4	1	4	1
Community Affairs	0	0	0	0	0	0	0	0	0	0	0	0
Engineering												
Engineering	10	4	11	3	11	3	11	2	11	2	13	2
Finance												
Accounting/Risk Management	4	3	6	1	6	2	6	2	6	1	6	2
Assessing	6	1	6	1	7	1	6	1	7	0	6	0
Purchasing	0	1	2	1	2	1	2	1	2	1	2	1
City Treasurer's Office	4	0	3	1	3	1	4	0	4	0	4	0
Fire												
Fire	11	6	11	6	11	6	12	6	12	4	12	5
Library												
Library	6	68	5	71	9	82	9	83	9	75	11	75
Other General Government												
Building Operations	6	3	7	3	7	4	7	3	7	4	8	2
Planning	4	2	4	2	4	2	4	2	4	3	4	4
Police												
Sworn Police Officers	73	0	74	0	69	0	79	0	78	0	79	0
Command	23	0	22	0	21	0	23	0	23	0	22	0
Other	44	32	44	35	47	31	47	35	48	29	48	24
Parks and Recreation												
Parks	6	12	6	11	6	13	6	14	6	15	6	16
Recreation	6	178	5	171	5	182	6	185	6	183	5	181
Public Works												
Streets and Drains Division	21	11	21	8	23	9	25	11	24	9	25	10
Water and Sewer Division	31	6	31	6	33	6	32	6	31	7	34	6
Fleet Maintenance	11	4	14	3	12	6	14	6	15	2	16	0
Refuse/Resource Recovery	1	0	1	0	1	0	1	0	0	0	0	0
Information Technology												
Information technology	8	1	8	1	9	0	10	0	11	0	11	0
Aquatic Center												
Aquatic center	0	37	0	45	0	42	0	52	0	66	0	60
Total Employees	<u>294</u>	<u>379</u>	<u>301</u>	<u>378</u>	<u>307</u>	<u>401</u>	<u>327</u>	<u>418</u>	<u>327</u>	<u>410</u>	<u>337</u>	<u>394</u>

Source: City Department of Human Resources

Schedule 21
Unaudited

2018		2019		2020		2021	
Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
0	0	0	0	1	0	1	0
7	5	7	3	8	4	7	3
7	1	7	0	7	0	7	0
5	1	4	2	5	1	5	5
3	0	4	1	4	1	5	0
1	0	1	0	1	1	1	1
12	1	11	1	11	2	11	1
6	2	5	3	6	3	6	3
6	0	7	0	7	0	7	0
3	0	2	1	2	1	2	1
4	1	4	0	4	0	4	0
11	3	13	5	12	5	12	4
11	78	12	73	11	69	18	62
9	2	11	1	12	0	12	0
5	2	6	2	5	2	5	1
82	0	90	0	81	0	80	0
24	0	24	0	23	0	26	0
49	27	51	30	48	33	47	23
6	15	6	20	5	15	7	9
7	166	7	214	8	204	7	182
24	6	24	7	23	0	22	0
31	7	33	6	34	0	30	1
16	2	15	1	16	1	15	1
0	0	0	0	0	0	0	0
10	0	10	0	11	0	11	0
0	66	0	33	0	7	0	21
339	385	354	403	345	349	348	318

State Shared Revenues

Last Ten Fiscal Years

Fiscal Year Ended June 30	State Shared Revenue
2012	\$ 6,136,066
2013	6,279,381
2014	6,435,145
2015	6,541,560
2016	6,535,632
2017	8,091,385 *
2018	8,378,417
2019	8,535,476
2020	8,346,267
2021	9,601,689

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

Gas and Weight Taxes

Last Ten Fiscal Years

Fiscal Year Ended June 30	Type of Street		Total Gas and Weight Tax (Act 51) Receipts
	Major Road	Local Road	
2012	\$ 3,572,892	\$ 1,402,776	\$ 4,975,668
2013	3,623,451	1,420,210	5,043,661
2014	3,963,956	1,555,266	5,519,222
2015	4,278,155	1,499,530	5,777,685
2016	4,855,713	1,581,594	6,437,307
2017	4,618,597	1,822,201	6,440,798
2018	6,098,323	2,184,860	8,283,183
2019	6,871,404	2,331,116	9,202,520
2020	6,167,975	2,435,872	8,603,847
2021	6,785,651	2,683,567	9,469,218

Source: City of Troy

Labor Agreements

Name	Expiration Date	Number of Employees Covered
American Federation of State, County, and Municipal Employees, AFSCME - Public Works Employees	6/30/2025	58
Michigan Association of Police - Clerical, Police Services Aides	6/30/2023	41
Troy Command Officers Association - Command Police Officers	6/30/2024	24
Troy Police Officers Association - Police Officers	6/30/2023	83
Troy Firestaff Officers Association - Fire Career Professionals	6/30/2024	9
Troy Communication Supervisors Association - Civilian Communications Supervisors	6/30/2026	8

Source: City Department of Human Resources

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