



CITY OF TROY, MICHIGAN | 2021/2022

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2022



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City of Troy,
Michigan



Year Ended
June 30, 2022

Annual
Comprehensive
Financial Report

City Council

Mayor
Mayor Pro Tem
Council Members

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

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

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CITY OF TROY, MICHIGAN

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INTRODUCTORY SECTION

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December 5, 2022

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, 2022 is hereby submitted. The report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2021/22 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 and the City continues to show steady improvement. Because of our efficient budgeting practices and process of obtaining grant funding from the Federal Government, we have been able to maintain our financial stability.

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 3.4%. The City experienced growth in net taxable value for fiscal 2022 at 4.5% and was comprised of growth in residential properties of 3.3%, and growth in both commercial properties (0.1%) and industrial properties (3.2%). 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.

Business Retention

Troy has embarked on a coordinated local outreach plan with Oakland County and the State of Michigan to retain our local firms. The City does this by providing information on economic development services such as workforce recruitment, financing incentives, business to business matchmaking, and local site selection services. Here are a few of the firms that we have worked together with:

- Witzenmenn
- Global Precision Services
- Vultara
- Excela
- Detroit Engineering Services
- Testing Engineering Consultants
- PNC Bank
- Magna Corporation

These firms represent about 500 jobs with an investment of approximately \$5,000,000 in 2022. The expectation in 2023 is to add an additional 100 jobs and \$1,000,000 of investments.

Small Business

Troy is a desirable community for small business because we offer great city services, quality housing, and a AAA bond rating. The following 11 businesses helped lead the growth of small business during fiscal year 2022:

- 86 Plastic
- Car Fix
- Fyzical Therapy
- SkinWorks Laser and Esthetics
- ASE HR Partners
- Michigan's First Chanel Beauty Boutique
- Books and Folks
- Fisher Insurance
- Imperium Lending
- Mathnasium Learning Center
- Diamonds Direct

These 11 businesses represent an estimated investment of \$2,000,000 dollars and the creation of approximately 120 new jobs.

Brownfield Redevelopment Authority (BRA)

The Harrison Poolside project kicked off in fiscal year 2022 and will continue into fiscal year 2023. This project consists of the construction of 73 new townhomes which is an estimated investment of \$24,000,000.

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 - 10 years	\$1.10
Debt service*	City Charter	Amount necessary for debt payment

*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 \$21.5 million or 37.07% 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 five 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 LLC, was selected by the City Council. The City received an "unmodified opinion" from Rehmann Robson LLC, 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021.

This was the 25th 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 ACFR 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.

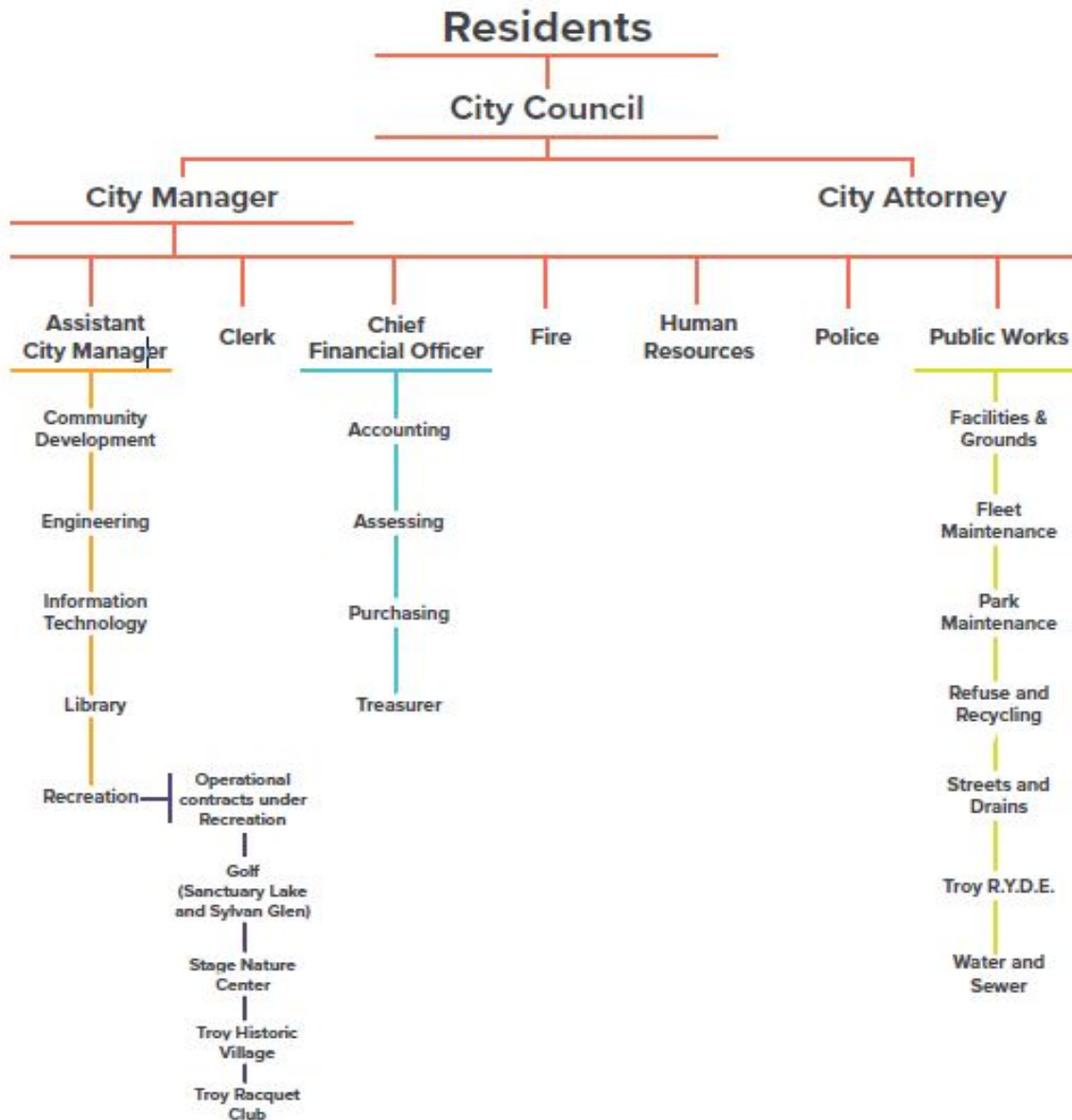


Mark F. Miller
City Manager



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, 2021

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	Dee Ann Irby
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
Financial Compliance Manager	Kyle Vieth
Fire Chief	Peter Hullinger
Human Resources Director	Jeanette Menig
Information Technology Director	Alex Bellak
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 Fund

- 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 Funds

Pension and OPEB Trust

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

Custodial Fund

- Tax Collection

Component Units

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

*Major funds under GASB No. 34

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 5, 2022

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Troy, Michigan** (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above 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, as of June 30, 2022, 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 accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 5, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

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, 2022. 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	\$ 483,318,357
• Change in total net position	(2,146,990)
• Fund balances, governmental funds	62,937,947
• Change in fund balances, governmental funds	(2,848,308)
• Unassigned fund balance, general fund	21,544,036
• Change in fund balance, general fund	(53,022)
• Installment debt outstanding	15,404,782
• Change in installment debt	(1,724,509)

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 decreased \$2.2 million over the course of the fiscal year to a total of \$483.3 million. Net position of governmental activities increased \$2.5 million or 0.8%, and business-type activities decreased \$4.7 million or 2.8%. 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	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 152,534,931	\$ 188,762,127	\$ 24,637,111	\$ 34,850,438	\$ 177,172,042	\$ 223,612,565
Capital assets, net	233,727,362	230,752,952	148,523,307	147,755,625	382,250,669	378,508,577
	<u>386,262,293</u>	<u>419,515,079</u>	<u>173,160,418</u>	<u>182,606,063</u>	<u>559,422,711</u>	<u>602,121,142</u>
Deferred outflows of resources						
	<u>21,359,777</u>	<u>5,427,553</u>	<u>1,171,525</u>	<u>656,377</u>	<u>22,531,302</u>	<u>6,083,930</u>
Liabilities						
Long-term debt	17,259,039	17,681,694	5,278,891	6,073,573	22,537,930	23,755,267
Other liabilities	67,968,194	35,485,514	6,114,837	7,901,377	74,083,031	43,386,891
	<u>85,227,233</u>	<u>53,167,208</u>	<u>11,393,728</u>	<u>13,974,950</u>	<u>96,620,961</u>	<u>67,142,158</u>
Deferred inflows of resources						
	<u>1,513,224</u>	<u>53,439,014</u>	<u>501,471</u>	<u>2,158,553</u>	<u>2,014,695</u>	<u>55,597,567</u>
Net position						
Net investment in capital assets	233,277,547	230,145,408	143,593,325	142,141,489	376,870,872	372,286,897
Restricted	80,401,648	77,713,480	1,982,936	1,763,231	82,384,584	79,476,711
Unrestricted	<u>7,202,418</u>	<u>10,477,522</u>	<u>16,860,483</u>	<u>23,224,217</u>	<u>24,062,901</u>	<u>33,701,739</u>
Total net position	<u>\$ 320,881,613</u>	<u>\$ 318,336,410</u>	<u>\$ 162,436,744</u>	<u>\$ 167,128,937</u>	<u>\$ 483,318,357</u>	<u>\$ 485,465,347</u>

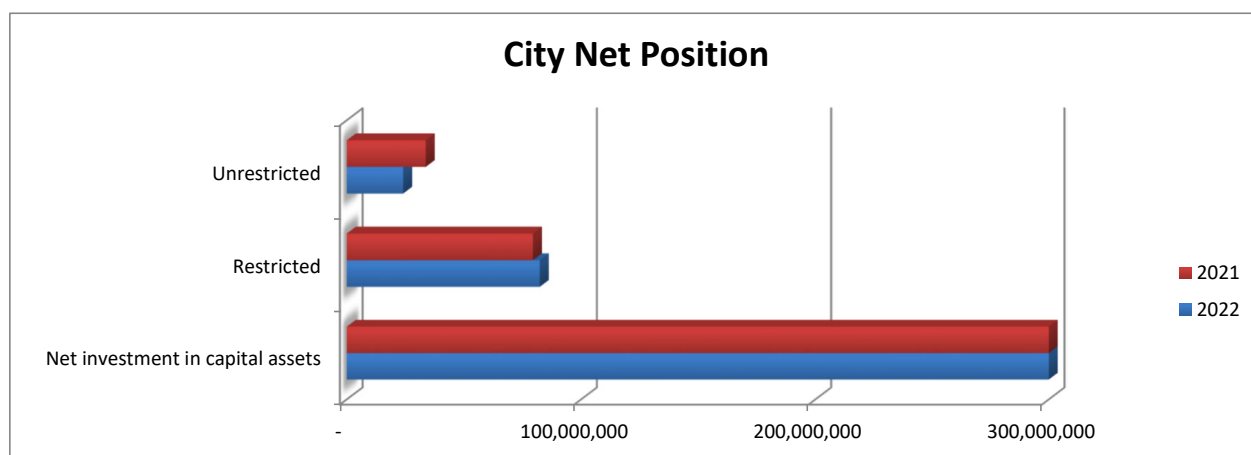
CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

The largest portion of the City's net position (78.0%) reflects its investment in capital assets of \$376.9 million (e.g., land, museum artifacts, construction in progress, infrastructure, land improvements, buildings and improvements, miscellaneous equipment, office equipment, vehicles, library books, leased equipment, 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 \$82.4 million (17.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$24.1 million (5.0%) 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

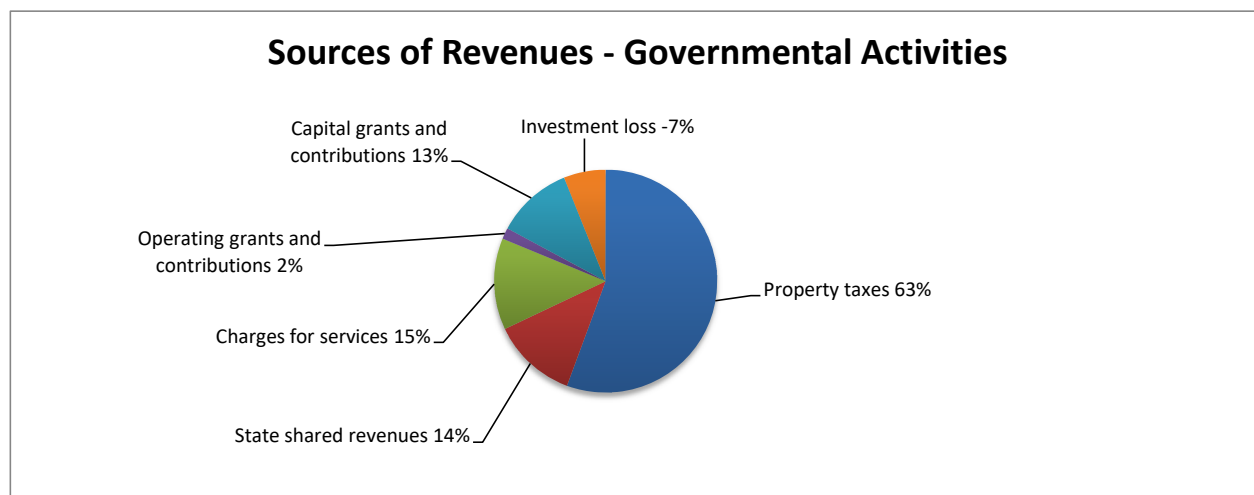
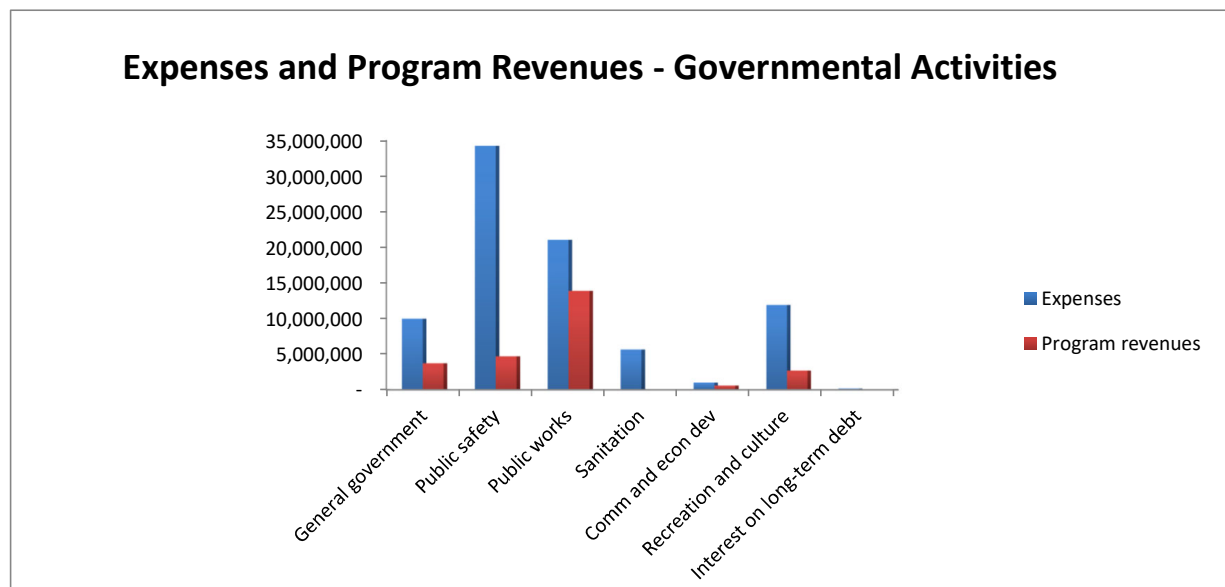
The following condensed financial information was derived from the government-wide statement of activities and reflects how the City's net position changed during the fiscal year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues						
Charges for services	\$ 13,108,000	\$ 12,622,213	\$ 36,695,051	\$ 38,605,563	\$ 49,803,051	\$ 51,227,776
Operating grants and contributions	1,573,630	6,042,781	-	-	1,573,630	6,042,781
Capital grants and contributions	10,951,311	11,003,755	913,952	2,077,664	11,865,263	13,081,419
General revenues						
Property taxes	54,937,941	53,623,652	-	-	54,937,941	53,623,652
State-shared revenues	12,144,090	9,601,689	-	-	12,144,090	9,601,689
Investment loss	(6,244,462)	(526,158)	(1,504,730)	(248,509)	(7,749,192)	(774,667)
Other revenue	231,865	240,261	-	-	231,865	240,261
Total revenues	<u>86,702,375</u>	<u>92,608,193</u>	<u>36,104,273</u>	<u>40,434,718</u>	<u>122,806,648</u>	<u>133,042,911</u>
Expenses						
General government	9,992,627	7,630,092	-	-	9,992,627	7,630,092
Public safety	34,285,696	23,743,952	-	-	34,285,696	23,743,952
Public works	21,100,594	17,217,363	-	-	21,100,594	17,217,363
Sanitation	5,656,929	5,534,606	-	-	5,656,929	5,534,606
Community and economic development	1,009,707	805,526	-	-	1,009,707	805,526
Recreation and culture	11,944,043	8,396,449	-	-	11,944,043	8,396,449
Interest expense	167,576	637,086	-	-	167,576	637,086
Water	-	-	20,927,528	20,639,128	20,927,528	20,639,128
Sanitary sewer	-	-	15,371,118	15,063,368	15,371,118	15,063,368
Aquatic center	-	-	706,923	473,997	706,923	473,997
Golf courses	-	-	3,790,897	3,461,191	3,790,897	3,461,191
Total expenses	<u>84,157,172</u>	<u>63,965,074</u>	<u>40,796,466</u>	<u>39,637,684</u>	<u>124,953,638</u>	<u>103,602,758</u>
Change in net position	2,545,203	28,643,119	(4,692,193)	797,034	(2,146,990)	29,440,153
Net position, beginning 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>
Net position, end of year	<u>\$ 320,881,613</u>	<u>\$ 318,336,410</u>	<u>\$ 162,436,744</u>	<u>\$ 167,128,937</u>	<u>\$ 483,318,357</u>	<u>\$ 485,465,347</u>

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

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



Total governmental revenue is reported at approximately \$86.7 million, a decrease of \$5.9 million from the prior year. The decrease is primarily due to significant investment losses related to the Pension and OPEB Funds of approximately \$5.7 million, which is consistent with the current economic trends. Additionally, there were reduced federal revenues of approximately \$4.7 million related to the CARES funding recognized as revenue in the prior year. The City has received approximately \$8.2 million in Federal ARPA funds which is currently accounted for as unearned revenue. These funds will be recognized as revenue in the fiscal year in which the allowable grant expenditures are made. These decreases in revenue were partially offset with increased State-shared revenues of approximately \$2.5 million.

Total governmental expenses are reported at \$84.2 million, an increase of \$20.2 million from the prior year. The increase is primarily due to the recognition of investment performance expenses related to the Pension and OPEB Funds. This is consistent with the current economic trends.

CITY OF TROY, MICHIGAN

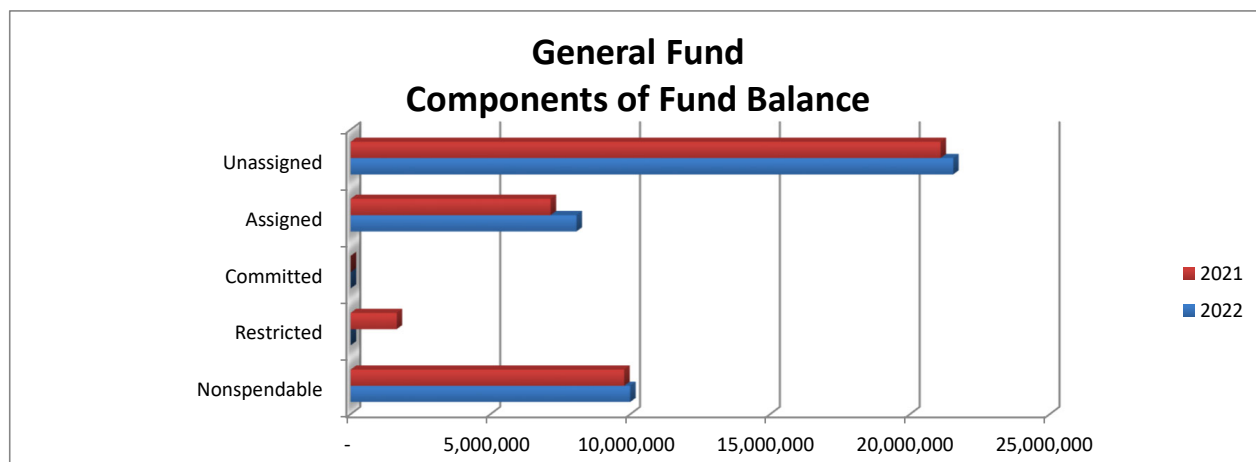
Management's Discussion and Analysis

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 decreased by \$4.7 million. This decrease is primarily due to investment losses of approximately \$1.5 million and a reduction in revenues for charges for services of approximately \$1.9 million. The reduction in charges for services is primarily a result of less water and sewage units used.

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 \$62.9 million, a decrease of \$2.8 million compared to the prior year. Approximately 34.2% of this amount (\$21.5 million) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact/restricted for particular purposes, 3) committed for particular purposes, or 4) assigned for particular purposes.



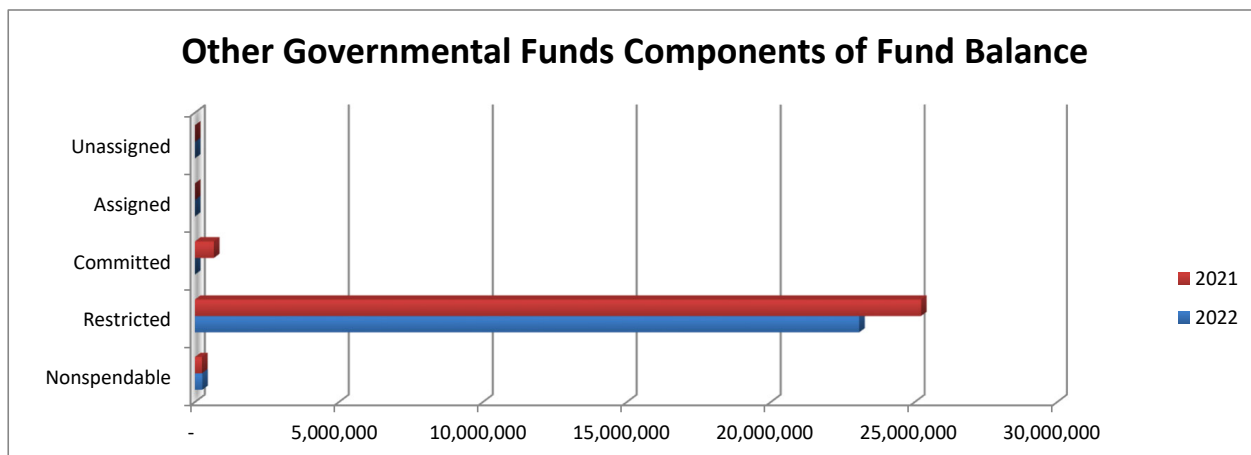
The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21.5 million, while total general fund balance decreased by \$53 thousand to \$39.6 million. A decrease in general fund fund balance was budgeted at \$4.3 million; however, favorable results for expenditures of \$4.9 million offset slightly by revenue below budget of \$0.7 million resulted in a net actual \$53 thousand decrease in fund balance. 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 37.1% of total general fund expenditures, while total general fund balance represents approximately 68.2% of the same amount.

In the current fiscal year, revenues were less than total expenditures and transfers resulting in a decrease to the total general fund balance of \$53 thousand. The total revenues of \$59.0 million had a decrease of \$3.6 million or 5.8% compared to the prior year. The decrease was primarily due to investment losses and decreased grant revenue.

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

General fund expenditures (before transfers) of \$58.1 million increased \$3.1 million or 5.7%. The increase in general fund expenditures was primarily due to increased recreation costs as the City continued to return to pre-pandemic activity. Additionally, public works expenditures increased due to the Red Run Drain maintenance in the current year.



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. The fund maintains a zero fund balance.

The capital projects fund, a major fund, had an decrease in fund balance of \$3.1 million during the current year for a total of \$12.9 million. Major capital projects included major street improvements of \$4.9 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 and the library fund contributed \$0.9 million towards renovations and maintenance. The major streets fund contributed \$3.5 million and the local streets fund contributed \$2.0 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 \$8.8 million and the sanitary sewer fund was \$13.7 million at the end of the current fiscal year. The Sanctuary Lake Golf Course had an unrestricted net deficit of \$9.7 million. The water fund total net position decreased by \$1.8 million while the sanitary sewer fund decreased by \$3.1 million, and the Sanctuary Lake Golf Course decreased by \$0.1 million. This was primarily due to decreased water and sewer usage, which was a result of the wet summer weather.

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 amendments in the current year were to increase State-Shared revenue by approximately \$0.9 million and to increase public works expenditures by \$0.5 million for unexpected Red Run Drain costs from Oakland County.

Revenues of \$59.0 million were \$0.7 million less than amended budget amounts. The variance was primarily due to investment performance in the current year which is consistent with current economic trends.

CITY OF TROY, MICHIGAN

Management's Discussion and Analysis

Expenditures of \$58.1 million were \$4.9 million under amended budget amounts. The expenditures by function contributing to a majority of the expenditures under the amended budget include recreation and public safety. Although recreation actual expenditures were greater than the previous year, in the current year, recreation expenditures were \$0.9 million under budget. Public safety expenditures were under budget by \$3.0 million primarily from police personnel service costs which is a result of a tight labor market resulting in vacant budgeted positions.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2022, the City had invested \$382.3 million, net of accumulated depreciation/amortization, 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/Amortization)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 37,462,124	\$ 37,462,124	\$ 6,738,504	\$ 6,738,504	\$ 44,200,628	\$ 44,200,628
Museum artifacts	2,082,845	2,082,845	-	-	2,082,845	2,082,845
Construction in progress	4,497,247	1,847,767	11,248,553	13,153,912	15,745,800	15,001,679
Infrastructure	137,446,250	140,340,083	-	-	137,446,250	140,340,083
Land improvements	4,708,209	3,638,382	5,091,919	5,352,998	9,800,128	8,991,380
Buildings and improvements	33,070,554	31,170,164	1,018,277	1,311,320	34,088,831	32,481,484
Miscellaneous equipment	4,536,638	3,847,098	1,188,448	1,204,482	5,725,086	5,051,580
Office equipment	537,047	269,395	-	-	537,047	269,395
Vehicles	6,712,916	7,459,755	588,049	672,056	7,300,965	8,131,811
Library books/audio visual	2,621,965	2,625,780	-	-	2,621,965	2,625,780
Water and sewer transmission and distribution system	-	-	122,649,557	119,322,353	122,649,557	119,322,353
Leased equipment	51,567	9,559	-	-	51,567	9,559
Total capital assets, net	\$ 233,727,362	\$ 230,752,952	\$ 148,523,307	\$ 147,755,625	\$ 382,250,669	\$ 378,508,577

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$15.1 million. Of this amount, \$14.7 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	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 10,105,000	\$ 10,545,000	\$ 4,620,000	\$ 5,605,000	\$ 14,725,000	\$ 16,150,000
Public drains	397,840	597,985	-	-	397,840	597,985
Notes from direct borrowings and direct placements	-	-	281,942	381,306	281,942	381,306
Deferred amounts for issuance premiums	-	-	376,949	87,267	376,949	87,267
Compensated absences	5,331,374	5,126,404	-	-	5,331,374	5,126,404
Estimated self-insurance claims	1,424,825	1,412,305	-	-	1,424,825	1,412,305
Total long-term debt	\$ 17,259,039	\$ 17,681,694	\$ 5,278,891	\$ 6,073,573	\$ 22,537,930	\$ 23,755,267

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 2022/2023 through 2024/2025 three year fiscal budget.

- The millage rate for the 2022/2023 fiscal year decreased to 9.8966 mills compared to the 10.0154 mills for the 2021/2022 fiscal year. This is due to a decrease in the Capital and Library millage due to the Headlee millage reduction fraction. The total millage of 9.8966 mills includes general operating millage of 6.5 mills, capital projects of 1.2270 mills, refuse of 1.09 mills, and library operations of 1.0796 mills.
- Total general fund revenues and other sources are expected to generate approximately \$62.2 million. This is an increase of \$3.1 million or 5.3% compared to the fiscal 2021/2022 original budget of \$58.9 million. Property tax revenues which accounts for approximately 61.4% of total general fund revenues is expected to generate \$38.2 million. This is an increase of \$1.9 million or 5.2%.
- General fund expenditures and other uses are budgeted at \$67.2 million. This is an increase of \$4.1 million or 6.7% compared to fiscal 2021/2022 original budget of \$63.0 million. The increase is primarily due to increases in staffing including 10 additional full-time equivalents in the general fund to provide additional services to our residents.
- 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 2022/2023 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 \$45.00 per mcf. Sanitary sewer rates increased to \$30.30 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, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 90,084,111	\$ 20,444,904	\$ 110,529,015	\$ 4,206,051
Receivables, net	15,490,317	9,345,291	24,835,608	90,081
Internal balances	7,416,056	(7,416,056)	-	-
Other assets	2,887,607	715,706	3,603,313	-
Net pension asset	36,656,840	1,547,266	38,204,106	-
Capital assets not being depreciated	44,042,216	17,987,057	62,029,273	-
Capital assets being depreciated/amortized, net	189,685,146	130,536,250	320,221,396	-
Total assets	386,262,293	173,160,418	559,422,711	4,296,132
Deferred outflows of resources				
Deferred charge on refunding	87,559	348,909	436,468	-
Deferred pension amounts	12,104,947	435,670	12,540,617	-
Deferred other postemployment benefit amounts	9,167,271	386,946	9,554,217	-
Total deferred outflows of resources	21,359,777	1,171,525	22,531,302	-
Liabilities				
Accounts payable	6,503,796	3,585,201	10,088,997	-
Accrued payroll	2,509,520	-	2,509,520	-
Accrued liabilities	7,717,426	1,286,120	9,003,546	66,717
Unearned revenue	8,241,035	-	8,241,035	-
Leases payable:				
Due within one year	13,487	-	13,487	-
Due in more than one year	38,488	-	38,488	-
Long-term debt:				
Due within one year	4,691,406	865,555	5,556,961	485,000
Due in more than one year	12,567,633	4,413,336	16,980,969	9,620,000
Net pension liability (due in more than one year)	13,483,864	-	13,483,864	-
Net other postemployment benefit liability (due in more than one year)	29,460,578	1,243,516	30,704,094	-
Total liabilities	85,227,233	11,393,728	96,620,961	10,171,717
Deferred inflows of resources				
Deferred pension amounts	733,525	-	733,525	-
Deferred other postemployment benefit amounts	352,104	14,862	366,966	-
Deferred lease amounts	427,595	486,609	914,204	-
Total deferred inflows of resources	1,513,224	501,471	2,014,695	-
Net position				
Net investment in capital assets	233,277,547	143,593,325	376,870,872	-
Restricted for:				
Debt service	10,011,625	-	10,011,625	-
Capital projects	12,945,829	-	12,945,829	-
Highways and streets	6,221,032	-	6,221,032	-
Sanitation services	1,012,979	-	1,012,979	-
Library services	1,660,839	-	1,660,839	-
Other services	1,343,529	-	1,343,529	-
Perpetual care:				
Nonexpendable	164,000	-	164,000	-
Expendable	63,366	-	63,366	-
Pension	46,978,449	1,982,936	48,961,385	-
Unrestricted (deficit)	7,202,418	16,860,483	24,062,901	(5,875,585)
Total net position (deficit)	\$ 320,881,613	\$ 162,436,744	\$ 483,318,357	\$ (5,875,585)

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, 2022

		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	\$ 9,992,627	\$ 3,445,352	\$ 282,403	\$ -	\$ (6,264,872)
Public safety	34,285,696	4,279,158	415,853	-	(29,590,685)
Public works	21,100,594	2,933,503	233,462	10,746,459	(7,187,170)
Sanitation	5,656,929	575	-	-	(5,656,354)
Community and economic development	1,009,707	-	390,281	204,852	(414,574)
Recreation and culture	11,944,043	2,449,412	251,631	-	(9,243,000)
Interest on long-term debt	167,576	-	-	-	(167,576)
Total governmental activities	84,157,172	13,108,000	1,573,630	10,951,311	(58,524,231)
Business-type activities:					
Water	20,927,528	19,088,120	-	615,479	(1,223,929)
Sanitary sewer	15,371,118	12,953,666	-	298,473	(2,118,979)
Sanctuary Lake golf course	2,381,697	2,253,407	-	-	(128,290)
Sylvan Glen golf course	1,409,200	1,614,615	-	-	205,415
Aquatic center	706,923	785,243	-	-	78,320
Total business-type activities	40,796,466	36,695,051	-	913,952	(3,187,463)
Total primary government	\$ 124,953,638	\$ 49,803,051	\$ 1,573,630	\$ 11,865,263	\$ (61,711,694)
Component units					
Downtown development authority	\$ 636,000	\$ -	\$ -	\$ -	\$ (636,000)
Local development financing authority	194,869	-	-	-	(194,869)
Brownfield redevelopment authority	6,282	-	-	-	(6,282)
Total component units	\$ 837,151	\$ -	\$ -	\$ -	\$ (837,151)

continued...

CITY OF TROY, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expenses) revenues	\$ (58,524,231)	\$ (3,187,463)	\$ (61,711,694)	\$ (837,151)
General revenues:				
Property taxes	36,373,432	-	36,373,432	-
Property taxes for refuse purposes	5,721,634	-	5,721,634	-
Property taxes for community and economic development	-	-	-	1,790,184
Property taxes for library	5,852,034	-	5,852,034	-
Property taxes for capital projects	6,990,841	-	6,990,841	-
State shared revenue, unrestricted	12,144,090	-	12,144,090	-
Grants and contributions not restricted to specific programs	25,153	-	25,153	-
Unrestricted investment loss	(6,244,462)	(1,504,730)	(7,749,192)	(311,384)
Gain on sale of capital assets	206,712	-	206,712	-
Total general revenues	61,069,434	(1,504,730)	59,564,704	1,478,800
Change in net position	2,545,203	(4,692,193)	(2,146,990)	641,649
Net position (deficit), beginning of year	318,336,410	167,128,937	485,465,347	(6,517,234)
Net position (deficit), end of year	<u>\$ 320,881,613</u>	<u>\$ 162,436,744</u>	<u>\$ 483,318,357</u>	<u>\$ (5,875,585)</u>

concluded

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

CITY OF TROY, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2022

	General	Debt Service Series 2013 & 2020	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 39,121,598	\$ -	\$ 24,210,135	\$ 9,470,382	\$ 72,802,115
Receivables:					
Accounts receivable, net	1,089,263	-	51,188	169,540	1,309,991
Taxes-delinquent, net	209,654	-	15,237	28,220	253,111
Leases receivable	399,849	-	27,746	-	427,595
Interfund receivable	38,890	-	-	-	38,890
Due from component units	-	10,038,088	-	-	10,038,088
Due from other governments	1,794,920	-	-	1,644,130	3,439,050
Inventories	494,169	-	-	-	494,169
Prepaid items	1,721,613	-	-	92,177	1,813,790
Advances to other funds	7,778,384	-	-	-	7,778,384
Total assets	<u>\$ 52,648,340</u>	<u>\$ 10,038,088</u>	<u>\$ 24,304,306</u>	<u>\$ 11,404,449</u>	<u>\$ 98,395,183</u>
Liabilities					
Accounts payable	\$ 2,134,829	\$ -	\$ 2,764,568	\$ 876,680	\$ 5,776,077
Interfund payable	-	-	-	38,890	38,890
Accrued payroll	2,509,520	-	-	-	2,509,520
Other liabilities	7,212,845	-	384,617	23,134	7,620,596
Unearned revenue	59,489	-	8,181,546	-	8,241,035
Total liabilities	<u>11,916,683</u>	<u>-</u>	<u>11,330,731</u>	<u>938,704</u>	<u>24,186,118</u>
Deferred inflows of resources					
Unavailable revenue - property tax and long-term receivables	718,579	10,038,088	57,586	29,270	10,843,523
Deferred lease amounts	399,849	-	27,746	-	427,595
Total deferred inflows of resources	<u>1,118,428</u>	<u>10,038,088</u>	<u>85,332</u>	<u>29,270</u>	<u>11,271,118</u>
Fund balances					
Nonspendable	9,994,166	-	-	256,177	10,250,343
Restricted	-	-	12,888,243	10,180,298	23,068,541
Assigned	8,075,027	-	-	-	8,075,027
Unassigned	21,544,036	-	-	-	21,544,036
Total fund balances	<u>39,613,229</u>	<u>-</u>	<u>12,888,243</u>	<u>10,436,475</u>	<u>62,937,947</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 52,648,340</u>	<u>\$ 10,038,088</u>	<u>\$ 24,304,306</u>	<u>\$ 11,404,449</u>	<u>\$ 98,395,183</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, 2022

Fund balances - total governmental funds \$ 62,937,947

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	43,704,723
Capital assets being depreciated/amortized, net	183,238,712

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	10,843,523
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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	36,656,840
Deferred outflow related to the net pension asset/liability	12,104,947
Net pension liability	(13,483,864)
Deferred inflow related to the net pension asset/liability	(733,525)
Deferred outflow related to the net other postemployment benefit liability	9,167,271
Net other postemployment benefit liability	(29,460,578)
Deferred inflow related to the net other postemployment benefit liability	(352,104)

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

Net position of governmental internal service funds.	18,538,593
Portion of internal service funds accumulated operating income attributed to business-type activities	(362,328)

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	87,559
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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	(26,463)
Bonds/notes payable	(10,502,840)
Leases payable	(51,975)
Claims incurred but not reported	(1,424,825)

Net position of governmental activities \$ 320,881,613

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, 2022

	General	Debt Service Series 2013 & 2020	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 36,326,756	\$ -	\$ 6,990,841	\$ 11,573,668	\$ 54,891,265
Licenses and permits	2,499,549	-	-	-	2,499,549
Intergovernmental:					
Federal sources	116,133	-	9,744	47,564	173,441
State sources	12,244,529	-	116,180	10,717,227	23,077,936
Local sources	440,724	-	345,853	-	786,577
Charges for services	7,492,131	-	134,699	118,849	7,745,679
Fines and forfeitures	715,595	-	-	143,341	858,936
Investment loss	(2,878,639)	-	(1,410,630)	(848,579)	(5,137,848)
Other	2,056,016	597,288	10,800	114,031	2,778,135
Total revenues	59,012,794	597,288	6,197,487	21,866,101	87,673,670
Expenditures					
Current:					
General government	8,894,071	-	-	117,982	9,012,053
Public safety	35,384,441	-	-	49,590	35,434,031
Public works	2,567,687	-	-	5,279,259	7,846,946
Sanitation	-	-	-	5,656,977	5,656,977
Community and economic development	4,171,328	-	-	47,564	4,218,892
Recreation and culture	7,043,262	-	-	3,960,758	11,004,020
Debt service:					
Principal	-	440,000	200,145	-	640,145
Lease principal	5,322	-	-	-	5,322
Interest and fiscal charges	905	157,288	14,104	-	172,297
Capital outlay	47,739	-	16,555,845	-	16,603,584
Total expenditures	58,114,755	597,288	16,770,094	15,112,130	90,594,267
Revenues over (under) expenditures	898,039	-	(10,572,607)	6,753,971	(2,920,597)
Other financing sources (uses)					
Proceeds from sale of capital assets	-	-	24,550	-	24,550
Lease issuance	47,739	-	-	-	47,739
Transfers in	1,200	-	7,432,890	1,500,000	8,934,090
Transfers out	(1,000,000)	-	-	(7,934,090)	(8,934,090)
Total other financing sources (uses)	(951,061)	-	7,457,440	(6,434,090)	72,289
Net change in fund balances	(53,022)	-	(3,115,167)	319,881	(2,848,308)
Fund balances, beginning of year	39,666,251	-	16,003,410	10,116,594	65,786,255
Fund balances, end of year	\$ 39,613,229	\$ -	\$ 12,888,243	\$ 10,436,475	\$ 62,937,947

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, 2022

Net change in fund balances - total governmental funds \$ (2,848,308)

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/amortization expense.

Acquisition/construction of capital assets	16,599,394
Depreciation/amortization expense	(13,585,917)
Proceeds from sale of capital assets	(24,550)
Loss on sale of capital assets	(57,101)

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	46,676
Change in deferred inflows for accounts receivable	321,931
Change in long-term receivable	(440,000)

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	640,145
Principal payments on leases payable	5,322
Issuance of leases payable	(47,739)

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 loss from governmental activities in the internal service funds	(1,102,258)
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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	5,278,933
Change in the net OPEB liability and related deferred amounts	(2,226,231)
Change in accrued interest payable	4,721
Amortization of deferred charge on refunding	(7,295)
Change in accrued claims payable	(12,520)

Change in net position of governmental activities \$ 2,545,203

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 36,285,700	\$ 36,285,700	\$ 36,326,756	\$ 41,056
Licenses and permits	2,692,978	2,692,978	2,499,549	(193,429)
Intergovernmental:				
Federal sources	10,000	10,000	116,133	106,133
State sources	8,441,449	9,340,283	12,244,529	2,904,246
Local sources	343,635	343,635	440,724	97,089
Charges for services	7,438,396	7,438,396	7,492,131	53,735
Fines and forfeitures	887,700	887,700	715,595	(172,105)
Investment earnings (loss)	436,000	436,000	(2,878,639)	(3,314,639)
Other	2,314,580	2,314,580	2,056,016	(258,564)
Total revenues	58,850,438	59,749,272	59,012,794	(736,478)
Expenditures				
General government:				
Council and executive administration	4,946,370	5,051,370	4,719,969	(331,401)
Finance	3,080,756	3,125,756	2,831,840	(293,916)
Other	1,500,451	1,500,451	1,342,262	(158,189)
Total general government	9,527,577	9,677,577	8,894,071	(783,506)
Public safety:				
Police	29,159,895	29,159,895	26,997,347	(2,162,548)
Fire	6,448,894	6,632,728	6,282,786	(349,942)
Building inspection	2,560,090	2,560,090	2,104,308	(455,782)
Total public safety	38,168,879	38,352,713	35,384,441	(2,968,272)
Public works -				
Roads and streets	2,137,070	2,602,070	2,567,687	(34,383)
Community and economic development:				
Engineering	3,343,500	3,343,500	3,247,536	(95,964)
Planning	1,105,620	1,105,620	923,792	(181,828)
Total community and economic development	4,449,120	4,449,120	4,171,328	(277,792)
Recreation and culture:				
Parks	2,582,800	2,807,800	2,807,531	(269)
Recreation	4,699,326	4,699,326	3,843,807	(855,519)
Historic village and nature center	430,249	430,249	391,924	(38,325)
Total recreation and culture	7,712,375	7,937,375	7,043,262	(894,113)
Debt service:				
Lease principal	-	-	5,322	5,322
Interest and fiscal charges	-	-	905	905
Total debt service	-	-	6,227	6,227
Capital outlay	-	-	47,739	47,739
Total expenditures	61,995,021	63,018,855	58,114,755	(4,904,100)

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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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues over (under) expenditures	\$ (3,144,583)	\$ (3,269,583)	\$ 898,039	\$ 4,167,622
Other financing sources (uses)				
Lease issuance	-	-	47,739	(47,739)
Transfers in	1,200	1,200	1,200	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	<u>(998,800)</u>	<u>(998,800)</u>	<u>(951,061)</u>	<u>(47,739)</u>
Net change in fund balance	(4,143,383)	(4,268,383)	(53,022)	4,215,361
Fund balance, beginning of year	39,666,251	39,666,251	39,666,251	-
Fund balance, end of year	<u>\$ 35,522,868</u>	<u>\$ 35,397,868</u>	<u>\$ 39,613,229</u>	<u>\$ 4,215,361</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, 2022

	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	\$ 5,696,003	\$ 12,768,061	\$ 428,954	\$ 1,551,886	\$ 20,444,904	\$ 17,281,996
Accounts receivable, net:						
Billed	3,174,447	-	1,500	189,396	3,365,343	22,482
Unbilled	3,096,255	2,084,812	-	-	5,181,067	-
Due from other funds	-	-	-	39,721	39,721	-
Inventories	485,018	22,692	56,381	44,960	609,051	443,791
Prepaid items	935	-	59,362	46,358	106,655	135,857
Total current assets	12,452,658	14,875,565	546,197	1,872,321	29,746,741	17,884,126
Noncurrent assets:						
Contracts receivable	12,018	300,254	-	-	312,272	-
Leases receivable	-	-	-	486,609	486,609	-
Advances to other funds	-	-	-	2,844,230	2,844,230	-
Net pension asset	1,287,478	259,788	-	-	1,547,266	-
Capital assets not being depreciated	3,271,054	10,607,988	2,213,463	1,894,552	17,987,057	337,493
Capital assets being depreciated, net	85,751,745	37,300,937	5,365,959	2,117,609	130,536,250	6,446,434
Total noncurrent assets	90,322,295	48,468,967	7,579,422	7,343,000	153,713,684	6,783,927
Total assets	102,774,953	63,344,532	8,125,619	9,215,321	183,460,425	24,668,053
Deferred outflows of resources						
Deferred charge on refunding	-	-	348,909	-	348,909	-
Deferred pension amounts	362,520	73,150	-	-	435,670	-
Deferred other postemployment benefit amounts	321,977	64,969	-	-	386,946	-
Total deferred outflows of resources	684,497	138,119	348,909	-	1,171,525	-
Liabilities						
Current liabilities:						
Accounts payable	2,535,142	1,014,129	1,020	34,910	3,585,201	727,719
Due to other funds	-	-	39,721	-	39,721	-
Accrued liabilities	414,958	314,879	275,275	281,008	1,286,120	70,367
Compensated absences	-	-	-	-	-	3,254,176
Bonds/notes payable	-	-	814,190	51,365	865,555	-
Total current liabilities	2,950,100	1,329,008	1,130,206	367,283	5,776,597	4,052,262
Noncurrent liabilities:						
Compensated absences	-	-	-	-	-	2,077,198
Advances from other funds	-	-	9,942,312	680,302	10,622,614	-
Net other postemployment benefit liability	1,034,728	208,788	-	-	1,243,516	-
Bonds/notes payable	-	-	4,323,730	89,606	4,413,336	-
Total noncurrent liabilities	1,034,728	208,788	14,266,042	769,908	16,279,466	2,077,198
Total liabilities	3,984,828	1,537,796	15,396,248	1,137,191	22,056,063	6,129,460
Deferred inflows of resources						
Deferred other postemployment benefit amounts	12,367	2,495	-	-	14,862	-
Deferred lease amounts	-	-	-	486,609	486,609	-
Total deferred inflows of resources	12,367	2,495	-	486,609	501,471	-
Net position						
Net investment in capital assets	89,022,799	47,908,925	2,790,411	3,871,190	143,593,325	6,783,927
Restricted for pension	1,649,998	332,938	-	-	1,982,936	-
Unrestricted (deficit)	8,789,458	13,700,497	(9,712,131)	3,720,331	16,498,155	11,754,666
Total net position (deficit)	\$ 99,462,255	\$ 61,942,360	\$ (6,921,720)	\$ 7,591,521	162,074,416	\$ 18,538,593
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					362,328	
Net position of business type activities					\$ 162,436,744	

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, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 18,253,680	\$ 12,953,666	\$ 2,252,639	\$ 2,033,527	\$ 35,493,512	\$ 9,635,754
Rental:						
Golf course	-	-	768	272,313	273,081	-
Restaurant	-	-	-	73,120	73,120	-
Hydrant	5,450	-	-	-	5,450	-
Building	-	-	-	-	-	285,981
Equipment	-	-	-	-	-	4,296,192
Tap and connections fees	398,214	-	-	-	398,214	-
Penalties	417,413	-	-	-	417,413	-
Other services	13,363	-	-	20,898	34,261	-
Other services to City funds	-	-	-	-	-	403,738
Total operating revenues	19,088,120	12,953,666	2,253,407	2,399,858	36,695,051	14,621,665
Operating expenses						
Cost of sales and services	13,811,983	11,507,752	-	-	25,319,735	10,077,580
General and administrative	946,713	899,888	-	-	1,846,601	716,370
Operations	2,972,998	1,136,585	1,782,656	1,708,694	7,600,933	2,842,466
Depreciation	3,210,231	1,833,430	359,281	400,544	5,803,486	1,179,252
Total operating expenses	20,941,925	15,377,655	2,141,937	2,109,238	40,570,755	14,815,668
Operating income (loss)	(1,853,805)	(2,423,989)	111,470	290,620	(3,875,704)	(194,003)
Nonoperating revenues (expenses)						
Investment loss	(520,534)	(947,380)	-	(36,816)	(1,504,730)	(1,106,614)
Interest expense	-	-	(243,433)	(5,867)	(249,300)	-
Gain on sale of capital assets	-	-	-	-	-	221,948
Total nonoperating revenues (expenses)	(520,534)	(947,380)	(243,433)	(42,683)	(1,754,030)	(884,666)
Income (loss) before contributions	(2,374,339)	(3,371,369)	(131,963)	247,937	(5,629,734)	(1,078,669)
Developer and capital grant contributions	615,479	298,473	-	-	913,952	-
Change in net position	(1,758,860)	(3,072,896)	(131,963)	247,937	(4,715,782)	(1,078,669)
Net position (deficit), beginning of year	101,221,115	65,015,256	(6,789,757)	7,343,584		19,617,262
Net position (deficit), end of year	\$ 99,462,255	\$ 61,942,360	\$ (6,921,720)	\$ 7,591,521		\$ 18,538,593
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					23,589	
Change in net position of business-type activities					\$ (4,692,193)	

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, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and others	\$ 18,505,750	\$ 12,927,223	\$ 2,253,407	\$ 2,393,879	\$ 36,080,259	\$ -
Cash received from interfund services	-	-	-	-	-	14,665,816
Cash payments to employees	(3,818,434)	(952,566)	(847,261)	(669,927)	(6,288,188)	(9,279,621)
Cash payments to suppliers for goods and services	(14,389,067)	(14,048,552)	(790,626)	(1,050,944)	(30,279,189)	(4,111,583)
Cash payments for interfund services	(536,113)	(540,962)	(47,955)	(44,121)	(1,169,151)	-
Net cash provided by (used in) operating activities	(237,864)	(2,614,857)	567,565	628,887	(1,656,269)	1,274,612
Cash flows from capital and related financing activities						
Purchase of capital assets	(2,032,476)	(3,454,651)	(82,569)	(87,520)	(5,657,216)	(1,236,493)
Proceeds from sale of capital assets	-	-	-	-	-	236,605
Principal paid on notes	-	-	(49,682)	(49,682)	(99,364)	-
Principal paid on bonds	-	-	(685,000)	-	(685,000)	-
Bond and financed purchase interest payments	-	-	(143,223)	(5,867)	(149,090)	-
Net cash used in capital and related financing activities	(2,032,476)	(3,454,651)	(960,474)	(143,069)	(6,590,670)	(999,888)
Cash flows from investing activities						
Investment loss	(520,534)	(947,380)	-	(36,816)	(1,504,730)	(1,106,614)
Net change in cash and investments	(2,790,874)	(7,016,888)	(392,909)	449,002	(9,751,669)	(831,890)
Cash and investments, beginning of year	8,486,877	19,784,949	821,863	1,102,884	30,196,573	18,113,886
Cash and investments, end of year	\$ 5,696,003	\$ 12,768,061	\$ 428,954	\$ 1,551,886	\$ 20,444,904	\$ 17,281,996
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (1,853,805)	\$ (2,423,989)	\$ 111,470	\$ 290,620	\$ (3,875,704)	\$ (194,003)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	3,210,231	1,833,430	359,281	400,544	5,803,486	1,179,252
Changes in assets and liabilities:						
Accounts receivable	(587,938)	(65,099)	-	30,599	(622,438)	44,151
Leases receivable	-	-	-	(486,609)	(486,609)	-
Due from other funds	-	-	-	(36,578)	(36,578)	-
Inventories	(74,526)	7,982	(20,638)	(10,386)	(97,568)	(133,466)
Prepaid items	(935)	-	(15,620)	(9,200)	(25,755)	(135,857)
Contracts receivable	5,568	38,656	-	-	44,224	-
Net pension asset	1,392,428	280,965	-	-	1,673,393	-
Deferred outflows of resources related to the net pension asset	(362,520)	(73,150)	-	-	(435,670)	-
Deferred outflows of resources related to the net other postemployment benefit liability	(158,103)	(31,903)	-	-	(190,006)	-
Accounts payable	757,095	(1,988,344)	(1,762)	(148,020)	(1,381,031)	265,532
Due to other funds	-	-	36,578	-	36,578	-
Accrued liabilities	(1,588,929)	3,620	98,256	111,308	(1,375,745)	44,033
Compensated absences	-	-	-	-	-	204,970
Net other postemployment benefit liability	807,332	162,904	-	-	970,236	-
Deferred inflows of resources related to the net pension asset	(1,212,724)	(244,704)	-	-	(1,457,428)	-
Deferred inflows of resources related to the net other postemployment benefit liability	(571,038)	(115,225)	-	-	(686,263)	-
Deferred inflows related to leases	-	-	-	486,609	486,609	-
Net cash provided by (used in) operating activities	\$ (237,864)	\$ (2,614,857)	\$ 567,565	\$ 628,887	\$ (1,656,269)	\$ 1,274,612
Noncash investing, capital, and financing activities						
Contributions of capital assets	\$ 615,479	\$ 298,473	\$ -	\$ -	\$ 913,952	\$ -

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, 2022

	Pension and Other Postemployment Benefit Trusts	Tax Collection Custodial Fund
Assets		
Cash and cash equivalents	\$ 2,959,620	\$ -
Investments:		
U.S. government securities and agencies	10,381,417	-
Asset backed securities	247,120	-
Corporate bonds	27,850,994	-
Corporate equities	83,718,237	-
Mutual funds	91,023,278	-
Exchange traded funds	92,519,171	-
Real estate	5,700,000	-
Interest receivable	257,145	-
Total assets	<u>314,656,982</u>	<u>-</u>
Liabilities		
Accounts payable	65,382	-
Accrued liabilities	96,072	-
Total liabilities	<u>161,454</u>	<u>-</u>
Net position		
Restricted for pension benefits	214,086,076	-
Restricted for postemployment healthcare benefits	100,409,452	-
Total net position	<u>\$ 314,495,528</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, 2022

	Pension and Other Postemployment Benefit Trusts	Tax Collection Custodial Fund
Additions		
Contributions:		
Employer contributions	\$ 5,651,383	\$ -
Employee contributions	116,939	-
On-behalf contributions	167,526	-
	<hr/>	<hr/>
Total contributions	5,935,848	-
	<hr/>	<hr/>
Investment earnings:		
Interest	1,338,131	-
Dividends	10,688,567	-
Other income	39,296	-
Net adjustment in fair value of investments	(63,136,541)	-
Less: investment expense	(935,135)	-
	<hr/>	<hr/>
Net investment loss	(52,005,682)	-
	<hr/>	<hr/>
Taxes collected for other governments	-	219,903,097
	<hr/>	<hr/>
Total additions	(46,069,834)	219,903,097
	<hr/>	<hr/>
Deductions		
Benefits	19,277,576	-
Administrative expenses	213,886	-
Payments of taxes to other governments	-	219,903,097
	<hr/>	<hr/>
Total deductions	19,491,462	219,903,097
	<hr/>	<hr/>
Net change in net position	(65,561,296)	-
	<hr/>	<hr/>
Net position, beginning of year	380,056,824	-
	<hr/>	<hr/>
Net position, end of year	<u>\$ 314,495,528</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, 2022

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 3,230,855	\$ 55,949	\$ 919,247	\$ 4,206,051
Taxes receivable	87,739	1,355	987	90,081
Total assets	3,318,594	57,304	920,234	4,296,132
Liabilities				
Interest payable	24,149	-	-	24,149
Accrued liabilities	42,568	-	-	42,568
Long-term debt:				
Due within one year	485,000	-	-	485,000
Due in more than one year	9,620,000	-	-	9,620,000
Total liabilities	10,171,717	-	-	10,171,717
Net position				
Unrestricted (deficit)	\$ (6,853,123)	\$ 57,304	\$ 920,234	\$ (5,875,585)

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, 2022

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Revenues				
General:				
Property taxes	\$ 1,482,264	\$ 146,517	\$ 161,403	\$ 1,790,184
Investment loss	(245,817)	(7,115)	(58,452)	(311,384)
Total revenues	<u>1,236,447</u>	<u>139,402</u>	<u>102,951</u>	<u>1,478,800</u>
Expenses				
Community and economic development	628,670	194,869	6,282	829,821
Interest	7,330	-	-	7,330
Total expenses	<u>636,000</u>	<u>194,869</u>	<u>6,282</u>	<u>837,151</u>
Change in net position	600,447	(55,467)	96,669	641,649
Net position (deficit), beginning of year	<u>(7,453,570)</u>	<u>112,771</u>	<u>823,565</u>	<u>(6,517,234)</u>
Net position (deficit), end of year	<u>\$ (6,853,123)</u>	<u>\$ 57,304</u>	<u>\$ 920,234</u>	<u>\$ (5,875,585)</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 (the "City") 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 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.

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.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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*.

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.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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.

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.

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.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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 fiduciary 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.

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.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

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

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

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

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

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

Cash and Investments

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

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

Investments are stated at fair value.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Statutory Authority

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

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

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

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

Leases

Lessee. The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

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

Notes to Financial Statements

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

Lessor. The City is a lessor for a noncancellable leases of related to communication towers, a tennis practice facility, Flynn Park, and leased space for a public safety gun range. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Inventories and Prepaid Items

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Capital Assets

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

Capital assets are depreciated/amortized 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.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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.

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 assets 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 assets 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. The City also reports a deferred inflow related to leases receivable.

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.

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, 2022, 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			
Debt service:			
Lease principal	\$ -	\$ 5,322	\$ 5,322
Interest and fiscal charges	-	905	905
Capital outlay	-	47,739	47,739

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 and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2021	<u>\$ (4,160,419)</u>
Current year building permit revenue	2,499,547
Related expenses:	
Direct costs	3,367,424
Estimated indirect costs (8.50%)	<u>286,231</u>
Total construction code expenses	<u>3,653,655</u>
Net deficit for the year ended June 30, 2022	<u>(1,154,108)</u>
Cumulative shortfall at June 30, 2022	<u><u>\$ (5,314,527)</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, 2022:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and investments	\$ 110,529,015	\$ 4,206,051	\$ 114,735,066
Statement of fiduciary net position			
Pension and OPEB trust funds:			
Cash and cash equivalents	2,959,620	-	2,959,620
Investments	311,440,217	-	311,440,217
Total	<u>\$ 424,928,852</u>	<u>\$ 4,206,051</u>	<u>\$ 429,134,903</u>
Deposits and investments			
Bank deposits:			
Checking / savings accounts			\$ 39,383,056
Certificates of deposit (due in less than 1 year)			13,628,420
Investment in securities and mutual funds:			
Pooled investments			64,667,265
Pension and OPEB investments			311,440,217
Cash on hand			15,945
Total			<u>\$ 429,134,903</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, \$37,992,788 of the City's bank deposits (certificates of deposit, checking, and cash) of \$53,064,645 were 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	\$ 3,933,582	2.3 years
Asset backed securities	47,973,788	10.0 years
Municipal bonds	10,939,313	8.1 years
Pension and OPEB investments		
U.S. Government or agency bond/note	10,381,417	15.1 years
Asset backed securities	247,120	23.3 years
Corporate bonds	27,850,994	6.3 years
Exchange traded funds - fixed income	9,515,472	7.4 years
Mutual Funds - fixed income	39,006,713	7.2 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	\$ 49,017,910	\$ 15,426,277	\$ 64,444,187
AA to AA-	8,319,007	21,621,526	29,940,533
A to A-	5,509,766	10,844,122	16,353,888
BBB to BBB-	-	35,923,333	35,923,333
BB to BB-	-	508,263	508,263
B to B-	-	836,309	836,309
CCC or below	-	140,126	140,126
Not rated	-	1,701,760	1,701,760
Total	\$ 62,846,683	\$ 87,001,716	\$ 149,848,399

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, 2022.

	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ 7,024,773	\$ 7,290,226	\$ -	\$ 14,314,999
State and municipal bonds	-	10,939,313	-	10,939,313
Corporate bonds and fixed income commingled funds	71,766,002	4,607,177	-	76,373,179
Common stocks and equity mutual funds	218,738,501	-	-	218,738,501
Asset backed securities	247,120	47,973,788	-	48,220,908
Real estate	-	5,700,000	-	5,700,000
Total investments at fair value	\$ 297,776,396	\$ 76,510,504	\$ -	\$ 374,286,900
Investments measured at the net asset value (NAV)				
Local government investment pool				1,820,582
Total investments				\$ 376,107,482

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 \$1,820,582. 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, 2022, are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Billed accounts receivable	\$ 1,431,256	\$ 3,387,099	\$ -
Allowance for billed accounts receivable	(98,783)	(21,756)	-
Unbilled accounts receivable	-	5,181,067	-
Delinquent personal property taxes	266,577	-	99,508
Allowance for delinquent personal property taxes	(13,466)	-	(9,427)
Contracts receivable	-	312,272	-
Leases receivable	427,595	486,609	-
Due from Downtown Development Authority	10,038,088	-	-
Due from other governments	3,439,050	-	-
	<u>\$ 15,490,317</u>	<u>\$ 9,345,291</u>	<u>\$ 90,081</u>
Amount not expected to be collected within one year	<u>\$ 10,047,595</u>	<u>\$ 798,881</u>	<u>\$ -</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	1,847,767	4,222,269	(24,520)	(1,548,269)	4,497,247
	<u>41,392,736</u>	<u>4,222,269</u>	<u>(24,520)</u>	<u>(1,548,269)</u>	<u>44,042,216</u>
Capital assets, being depreciated/amortized:					
Infrastructure:					
Major/county/local roads	279,144,345	6,715,677	-	300,000	286,160,022
Local donated roads	33,551,524	-	-	-	33,551,524
Sidewalks	35,975,138	321,210	-	-	36,296,348
Drains	11,271,874	-	-	-	11,271,874
Land improvements	12,143,965	1,043,291	(8,468)	332,196	13,510,984
Buildings and improvements	103,086,605	3,338,618	(17,153,114)	81,896	89,354,005
Miscellaneous equipment	9,901,667	772,232	(178,840)	600,036	11,095,095
Office equipment	3,115,729	163,193	(100,253)	234,141	3,412,810
Vehicles	22,115,397	625,347	(1,934,959)	-	20,805,785
Library books/audio visual	6,599,712	586,312	(432,015)	-	6,754,009
Leased equipment	9,559	47,738	-	-	57,297
	<u>516,915,515</u>	<u>13,613,618</u>	<u>(19,807,649)</u>	<u>1,548,269</u>	<u>512,269,753</u>
Less accumulated depreciation/amortization for:					
Infrastructure:					
Major/county/local roads	(154,972,084)	(9,184,534)	-	-	(164,156,618)
Local donated roads	(31,901,403)	(330,313)	-	-	(32,231,716)
Sidewalks	(30,864,572)	(477,936)	-	-	(31,342,508)
Drains	(1,864,739)	(237,937)	-	-	(2,102,676)
Land improvements	(8,505,583)	(305,658)	8,466	-	(8,802,775)
Buildings and improvements	(71,916,441)	(1,464,239)	17,097,229	-	(56,283,451)
Miscellaneous equipment	(6,054,569)	(681,483)	177,595	-	(6,558,457)
Office equipment	(2,846,334)	(129,682)	100,253	-	(2,875,763)
Vehicles	(14,655,642)	(1,357,530)	1,920,303	-	(14,092,869)
Library books/audio visual	(3,973,932)	(590,127)	432,015	-	(4,132,044)
Leased equipment	-	(5,730)	-	-	(5,730)
	<u>(327,555,299)</u>	<u>(14,765,169)</u>	<u>19,735,861</u>	<u>-</u>	<u>(322,584,607)</u>
Total capital assets being depreciated/amortized, net	<u>189,360,216</u>	<u>(1,151,551)</u>	<u>(71,788)</u>	<u>1,548,269</u>	<u>189,685,146</u>
Governmental activities capital assets, net	<u>\$ 230,752,952</u>	<u>\$ 3,070,718</u>	<u>\$ (96,308)</u>	<u>\$ -</u>	<u>\$ 233,727,362</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

* The City implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leased assets have been added to the beginning balances shown above and a corresponding lease payable has been recorded for the same amount.

	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	13,153,912	5,731,996	-	(7,637,355)	11,248,553
	<u>19,892,416</u>	<u>5,731,996</u>	<u>-</u>	<u>(7,637,355)</u>	<u>17,987,057</u>
Capital assets, being depreciated:					
Water and sewer transmission and distribution system	222,190,659	669,083	-	7,637,355	230,497,097
Service connections	750,121	-	-	-	750,121
Land improvements	9,728,677	-	-	-	9,728,677
Buildings and improvements	8,025,214	-	(18,162)	-	8,007,052
Miscellaneous equipment	2,774,097	170,089	-	-	2,944,186
Vehicles	1,147,768	-	-	-	1,147,768
Furniture, fixtures and other	24,500	-	-	-	24,500
	<u>244,641,036</u>	<u>839,172</u>	<u>(18,162)</u>	<u>7,637,355</u>	<u>253,099,401</u>
Less accumulated depreciation for:					
Water and sewer transmission and distribution system	(102,868,306)	(4,979,234)	-	-	(107,847,540)
Service connections	(750,121)	-	-	-	(750,121)
Land improvements	(4,375,679)	(261,079)	-	-	(4,636,758)
Buildings and improvements	(6,713,894)	(293,043)	18,162	-	(6,988,775)
Miscellaneous equipment	(1,569,615)	(186,123)	-	-	(1,755,738)
Vehicles	(475,712)	(84,007)	-	-	(559,719)
Furniture, fixtures and other	(24,500)	-	-	-	(24,500)
	<u>(116,777,827)</u>	<u>(5,803,486)</u>	<u>18,162</u>	<u>-</u>	<u>(122,563,151)</u>
Total capital assets being depreciated, net	<u>127,863,209</u>	<u>(4,964,314)</u>	<u>-</u>	<u>7,637,355</u>	<u>130,536,250</u>
Business-type activities					
capital assets, net	<u>\$ 147,755,625</u>	<u>\$ 767,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,523,307</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

Depreciation/amortization of governmental activities by function

General government	\$ 1,268,413
Public safety	748,171
Public works	10,432,539
Community and economic development	83,903
Recreation and culture	1,052,891
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,179,252</u>

Total depreciation expense - governmental activities	\$ 14,765,169
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Depreciation of business-type activities by function

Water	\$ 3,210,231
Sanitary Sewer	1,833,430
Sanctuary Lake Golf Course	359,281
Nonmajor enterprise funds	<u>400,544</u>

Total depreciation expense - business-type activities	\$ 5,803,486
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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, 2022:

	Due to Other Funds	Due from Other Funds
Sanctuary Lake golf course	\$ 39,721	\$ -
Nonmajor enterprise funds	<u>-</u>	<u>39,721</u>
Total	\$ 39,721	\$ 39,721

The amounts of interfund advances are as follows as of June 30, 2022:

	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	<u>2,844,230</u>	<u>680,302</u>
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, 2022:

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	6,432,890	1,500,000	7,934,090
Total	\$ 1,200	\$ 7,432,890	\$ 1,500,000	\$ 8,934,090

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 streets fund and local streets fund transfers to the capital projects fund in the amounts of \$3,500,000 and \$2,000,000, respectively, representing partial funding for capital street improvements. In addition, the library fund transferred \$932,890 to the capital projects fund for library capital purchases including collections. The major streets fund transfer to the local streets fund of \$1,500,000 represents allowable redirection of state funding. The cemetery perpetual care fund transferred \$1,200 to the general fund for administration charges.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

8. LEASES

Lessee - The City is involved in four agreements as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not financed purchases, as the City will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

Remaining Term of Agreements

Asset Type

Leased equipment 3 - 4 years

The assets acquired through leases in governmental activities are summarized as follows:

Leased equipment	\$ 57,297
Less accumulated amortization	<u>(5,730)</u>
Net book value	<u><u>\$ 51,567</u></u>

The net present value of future minimum payments as of June 30, 2022, were as follows:

Year Ended June 30,	Principal	Interest
2023	\$ 13,487	\$ 2,362
2024	14,178	1,670
2025	14,907	642
2026	<u>9,403</u>	<u>218</u>
Total	<u><u>\$ 51,975</u></u>	<u><u>\$ 4,892</u></u>

Lease liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance *	Additions	Deductions	Ending Balance	Due Within One Year
Leases payable	<u>\$ 9,558</u>	<u>\$ 47,739</u>	<u>\$ (5,322)</u>	<u>\$ 51,975</u>	<u>\$ 13,487</u>

* The City implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leases payable have been added to the beginning balances shown above and a corresponding lease asset has been recorded for the same amount.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Lessor - The City is involved in seven agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2022 was \$197,379.

		Remaining Term of Agreements			
Asset Type					
Land		5 years			
Buildings		3 - 6 years			
		Beginning Balance	Additions	Deductions	Ending Balance
Leases receivable		\$ 1,111,583	\$ -	\$ (197,379)	\$ 914,204

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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 10,545,000	\$ -	\$ (440,000)	\$ 10,105,000	\$ 485,000
Notes from direct borrowings and direct placements	597,985	-	(200,145)	397,840	162,036
Total installment debt	11,142,985	-	(640,145)	10,502,840	647,036
Accrued compensated absences	5,126,404	5,624,144	(5,419,174)	5,331,374	3,254,176
Estimated self-insurance claims	1,412,305	11,597,157	(11,584,637)	1,424,825	790,194
Total governmental activities debt	<u>\$ 17,681,694</u>	<u>\$ 17,221,301</u>	<u>\$ (17,643,956)</u>	<u>\$ 17,259,039</u>	<u>\$ 4,691,406</u>
Business-type activities					
General obligation bonds	\$ 5,605,000	\$ 4,620,000	\$ (5,605,000)	\$ 4,620,000	\$ 700,000
Notes from direct borrowings	381,306	-	(99,364)	281,942	102,730
Deferred amounts for issuance premiums	87,267	439,774	(150,092)	376,949	62,825
Total business-type activities	<u>\$ 6,073,573</u>	<u>\$ 5,059,774</u>	<u>\$ (5,854,456)</u>	<u>\$ 5,278,891</u>	<u>\$ 865,555</u>
Total primary government	<u>\$ 23,755,267</u>	<u>\$ 22,281,075</u>	<u>\$ (23,498,412)</u>	<u>\$ 22,537,930</u>	<u>\$ 5,556,961</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 \$715.6 million, which significantly exceeds the City's outstanding general obligation debt subject to limitation of \$14.7 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 & 2020 - DDA Refunding	2034	\$ 10,105,000	0.32-2.17%	\$ 10,105,000
Notes from direct borrowings and direct placements:				
GWK Series 2001C	2024	2,102,682	2.50%	260,021
GWK Series 2001D	2024	81,089	2.50%	6,845
GWK Series 2005	2026	41,440	1.63%	8,942
GWK Series 2007G	2028	46,242	1.63%	15,049
GWK Series 2008H	2029	196,953	2.50%	78,589
GWK Series 2016	2024	190,572	2.33%	28,394
Total governmental activities		<u>12,763,978</u>		<u>10,502,840</u>
Business-type activities				
General obligation bonds -				
Golf course series 2022	2028	4,620,000	3.0-4.0%	4,620,000
Notes from direct borrowings and direct placements:				
Sanctuary Lake notes payable	2025	301,909		140,971
Sylvan Glen notes payable	2025	301,909		140,971
Total business-type activities		<u>5,223,818</u>		<u>4,901,942</u>
Total primary government		<u>\$ 17,987,796</u>		<u>\$ 15,404,782</u>

The annual debt requirements to maturity for the general obligation bonds outstanding as of June 30, 2022 are as follows:

Year Ended June 30,	Primary Government			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 485,000	\$ 144,895	\$ 700,000	\$ 166,300
2024	560,000	142,857	695,000	138,400
2025	680,000	139,107	785,000	111,050
2026	805,000	133,284	775,000	82,100
2027	840,000	125,135	810,000	50,400
2028-2032	5,020,000	401,962	855,000	17,100
2033-2034	1,715,000	36,338	-	-
	<u>\$ 10,105,000</u>	<u>\$ 1,123,578</u>	<u>\$ 4,620,000</u>	<u>\$ 565,350</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

The annual debt requirements to maturity for the notes from direct borrowings and direct placements outstanding as of June 30, 2022 are as follows:

Year Ended June 30,	Primary Government			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 162,036	\$ 9,257	\$ 102,730	\$ 7,534
2024	164,407	5,320	106,210	4,054
2025	16,111	1,320	73,002	508
2026	16,477	960	-	-
2027	14,551	590	-	-
2028-2029	24,258	250	-	-
	<u>\$ 397,840</u>	<u>\$ 17,697</u>	<u>\$ 281,942</u>	<u>\$ 12,096</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.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Component Units

The following is a summary of long-term liability transactions of the City's component units for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Downtown Development Authority					
Obligated tax captures -					
City G.O. bonds					
Series 2013 & 2020	\$ 10,545,000	\$ -	\$ (440,000)	\$ 10,105,000	\$ 485,000

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 2020 DDA refinancing debt	2034	\$ 10,105,000	0.32-2.17%	\$ 10,105,000

The annual debt requirements to maturity for all component unit long-term obligations as of June 30, 2022 are as follows:

Year Ended June 30,	Component Unit - Downtown Development Authority	
	Principal	Interest
2023	\$ 485,000	\$ 144,895
2024	560,000	142,857
2025	680,000	139,107
2026	805,000	133,284
2027	840,000	125,135
2028-2032	5,020,000	401,962
2033-2034	1,715,000	36,338
	<u>\$ 10,105,000</u>	<u>\$ 1,123,578</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Advance Refunding and Defeased Debt

During the current fiscal year, the City issued Series 2022 general obligation bonds in the amount of \$4,620,000 to refund debt outstanding for the 2013 bonds in the amount of \$4,920,000. As a result, the refunded bonds, which were subsequently called and paid off, are considered to be defeased, and the liability has been removed from long-term debt. The refunding resulted in a cash savings of \$164,352 and an economic gain of \$160,077.

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, 2022.

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

Year Ended June 30,	Beginning Balance	Additions	Deductions	Ending Balance
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
2022	1,412,305	11,597,157	(11,584,637)	1,424,825

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

11. LITIGATION AND CONTINGENT LIABILITIES

Litigation

The City is a defendant to various claims, legal actions and complaints arising in the ordinary course of business. The City 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 outstanding property tax assessment appeals totaling approximately \$40,000,000 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. Due to historical losses, the assessor has estimated that approximately 26% of the contested value may be refunded to that effect. As a result, the City has recorded a total liability of \$105,000 in the general, capital, refuse, and library funds as of June 30, 2022.

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 2021-2022 levy was \$5,371,725,575. 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, 1.0942 for library operations, and 1.3312 for capital preservation and improvements.

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

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

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

13. TAX ABATEMENT

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

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

The Industrial Facility Tax - Half Rate Program is much like the Full-Rate Program discussed above. It is intended to reduce economic obsolescence, provide homogenous industrial areas and increase employment opportunities. The Program is established under Michigan P.A. 198 of 1974. The Program qualifications are further defined under City Council Resolution 2010-08-173. The abatements equal 50% of the millage applied to 100% of the taxable value of the real and personal property, are administered as a reduction in the tax bill, and can last for up to six 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 - Half Rate	\$ 24,787
Payment in Lieu of Taxes (PILOT)	69,208
Brownfield Redevelopment	<u>70,773</u>
Total Tax Abatements	<u>\$ 164,768</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, 2021, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	333
Vested terminated employees	5
Active employees	<u>30</u>
Total membership	<u><u>368</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 surviving spouses 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' surviving spouses 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, 2022, 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, 2022 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>		4.19%
Inflation expectation			2.50%
Risk adjustments			<u>-0.19%</u>
Investment rate of return			<u><u>6.50%</u></u>

Rate of return. For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was -12.34%. 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, 2021	\$ 163,266,429	\$ 242,788,875	\$ (79,522,446)
Changes for the year:			
Service cost	713,220	-	713,220
Interest	10,248,059	-	10,248,059
Differences between expected and actual experience	(60,178)	-	(60,178)
Employee contributions	-	116,939	(116,939)
Net investment loss	-	(30,347,862)	30,347,862
Benefit payments, including refunds of employee contributions	(12,100,440)	(12,100,440)	-
Administrative expense	-	(186,316)	186,316
Net changes	(1,199,339)	(42,517,679)	41,318,340
Balances at June 30, 2022	\$ 162,067,090	\$ 200,271,196	\$ (38,204,106)

Pension Plan Fiduciary Net Position. The plan's fiduciary net position as a percentage of the total pension liability was 123.6% at June 30, 2022.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2021 with a measurement and reporting date of June 30, 2022. 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. There were no assumption changes since the last measurement period.

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

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
City's TERS net pension asset	\$ (22,190,345)	\$ (38,204,106)	\$ (52,000,554)

Pension Expense and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2022, the City recognized pension expense of \$(5,424,809). At June 30, 2022, the City reported pension-related deferred outflows of resources from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 10,757,279</u>

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

Year Ended June 30,	Amount
2023	\$ 513,540
2024	1,082,221
2025	14,793
2026	<u>9,146,725</u>
Total	<u>\$ 10,757,279</u>

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, 2022 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, 2021, volunteer firefighter incentive plan membership consisted of the following:

Volunteers and beneficiaries currently receiving benefits	114
Inactive, nonretired members	23
Members on leave of absence	3
Active volunteers	<u>140</u>
Total membership	<u><u>280</u></u>

Benefits provided. At July 1, 2021, the benefit payment was \$830 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
2021	830

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, 2022 was \$1,759,708 and the actuarially determined contribution was \$1,759,708. 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, 2022, the annual money-weighted rate of return on volunteer firefighter incentive plan investments, net of investment expenses, was -11.64%. 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, 2021	\$ 25,831,151	\$ 14,956,342	\$ 10,874,809
Changes for the year:			
Service cost	686,005	-	686,005
Interest	1,667,518	-	1,667,518
Differences between expected and actual experience	154,125	-	154,125
Employer contributions	-	1,759,708	(1,759,708)
Net investment loss	-	(1,846,100)	1,846,100
Benefit payments, including refunds of employee contributions	(1,040,055)	(1,040,055)	-
Administrative expense	-	(15,015)	15,015
Net changes	1,467,593	(1,141,462)	2,609,055
Balances at June 30, 2022	\$ 27,298,744	\$ 13,814,880	\$ 13,483,864

Pension Plan Fiduciary Net Position. The plan's fiduciary net position as a percentage of the total pension liability was 50.6% at June 30, 2022.

Actuarial assumptions. The total plan liability was determined by an actuarial valuation as of December 31, 2021 with a measurement and reporting date of June 30, 2022. 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. There were no assumption changes since the last measurement period.

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%. 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 2072. As a result, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments through the year 2072.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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	\$ 17,880,960	\$ 13,483,864	\$ 9,909,088

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2022, the City recognized pension expense of \$1,685,879. At June 30, 2022, 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	\$ 306,153	\$ 403,986	\$ (97,833)
Changes in assumptions	283,799	329,539	(45,740)
Net difference between projected and actual earnings on pension plan investments	1,193,386	-	1,193,386
Total	\$ 1,783,338	\$ 733,525	\$ 1,049,813

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
2023	\$ 277,295
2024	230,593
2025	102,328
2026	521,135
2027	(76,334)
Thereafter	(5,204)
Total	\$ 1,049,813

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Summary of Pension Plans

	Employee Retirement System	Volunteer Firefighter Incentive Plan	Total
Net pension asset (NPA)	\$ 38,204,106	\$ -	\$ 38,204,106
Net pension liability (NPL)	-	13,483,864	13,483,864
Deferred outflows related to the NPA/NPL	10,757,279	1,783,338	12,540,617
Deferred inflows related to the NPA/NPL	-	733,525	733,525
Pension expense	(5,424,809)	1,685,879	(3,738,930)

For governmental activities, the net pension liability (asset) for both the employee retirement system and the volunteer firefighter incentive plan are generally liquidated by the general fund.

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.

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.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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, 2022, the City's average contribution rate was 22.99% 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, 2022 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>		4.19%
Inflation expectation			2.50%
Risk adjustments			<u>-0.19%</u>
Investment rate of return			<u>6.50%</u>

Rate of return. For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expenses, was -16.20%. 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, 2021	\$ 129,059,263	\$ 122,311,607	\$ 6,747,656
Changes for the year:			
Service cost	932,797	-	932,797
Interest	8,219,713	-	8,219,713
Differences between expected and actual experience	(961,146)	-	(961,146)
Employer contributions	-	3,891,675	(3,891,675)
On-behalf contributions	-	167,526	(167,526)
Net investment loss	-	(19,811,720)	19,811,720
Benefit payments	(6,137,081)	(6,137,081)	-
Administrative and other changes	-	(12,555)	12,555
Net changes	2,054,283	(21,902,155)	23,956,438
Balances at June 30, 2022	\$ 131,113,546	\$ 100,409,452	\$ 30,704,094

OPEB Plan Fiduciary Net Position. The plan's fiduciary net position as a percentage of the total OPEB liability was 76.6% at June 30, 2022.

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, 2022. 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. There were no assumption changes since the last measurement period.

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.

CITY OF TROY, MICHIGAN

Notes to Financial Statements

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
City's net OPEB liability	\$ 49,211,910	\$ 30,704,094	\$ 19,153,237

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rates of 7.5 percent decreasing to 3.5 percent, as well as what the City's net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1% lower (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	\$ 18,024,432	\$ 30,704,094	\$ 50,545,559

OPEB Expense Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2022, the City recognized OPEB expense of \$6,216,229. At June 30, 2022, 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	\$ -	\$ 366,966	\$ (366,966)
Net difference between projected and actual earnings on pension plan investments	9,554,217	-	9,554,217
Total	\$ 9,554,217	\$ 366,966	\$ 9,187,251

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
2023	\$ 901,466
2024	1,546,893
2025	1,200,085
2026	<u>5,538,807</u>
Total	<u><u>\$ 9,187,251</u></u>

For governmental activities, the net OPEB liability for the retiree healthcare trust plan is generally liquidated by the general fund.

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	\$ 2,717,599	\$ 1,343,996	\$ (1,101,975)	\$ 2,959,620
Investments, at fair value:				
U.S. government securities and agencies	8,469,411	755,824	1,156,182	10,381,417
Asset backed securities	162,956	-	84,164	247,120
Corporate bonds	15,250,820	151,877	12,448,297	27,850,994
Corporate equities	52,911,299	5,093,573	25,713,365	83,718,237
Mutual funds	51,698,583	2,140,297	37,184,398	91,023,278
Exchange traded funds	63,975,716	3,642,105	24,901,350	92,519,171
Real estate	5,000,000	700,000	-	5,700,000
Interest receivable	133,902	-	123,243	257,145
Total assets	<u>200,320,286</u>	<u>13,827,672</u>	<u>100,509,024</u>	<u>314,656,982</u>
Liabilities				
Accounts payable	49,090	12,792	3,500	65,382
Accrued liabilities	-	-	96,072	96,072
Total liabilities	<u>49,090</u>	<u>12,792</u>	<u>99,572</u>	<u>161,454</u>
Net position				
Restricted for:				
Pension benefits	200,271,196	13,814,880	-	214,086,076
Retiree healthcare benefits	-	-	100,409,452	100,409,452
Total net position	<u><u>\$ 200,271,196</u></u>	<u><u>\$ 13,814,880</u></u>	<u><u>\$ 100,409,452</u></u>	<u><u>\$ 314,495,528</u></u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

Statements of Changes in Fiduciary Net Position

	Employee Retirement System	Volunteer Firefighter Incentive Plan	Retiree Healthcare Trust Fund	Total
Additions				
Contributions:				
Employer	\$ -	\$ 1,759,708	\$ 3,891,675	\$ 5,651,383
Plan members	116,939	-	-	116,939
On-behalf	-	-	167,526	167,526
Total contributions	116,939	1,759,708	4,059,201	5,935,848
Investment earnings (loss):				
Interest	562,594	49,812	725,725	1,338,131
Dividends	6,556,982	306,044	3,825,541	10,688,567
Other income	39,296	-	-	39,296
Net adjustment in fair value of investments	(37,033,562)	(2,144,762)	(23,958,217)	(63,136,541)
Investment expense	(473,172)	(57,194)	(404,769)	(935,135)
Net investment loss	(30,347,862)	(1,846,100)	(19,811,720)	(52,005,682)
Total additions	(30,230,923)	(86,392)	(15,752,519)	(46,069,834)
Deductions				
Benefits - pension	12,100,440	1,040,055	-	13,140,495
Benefits - retiree healthcare	-	-	6,137,081	6,137,081
Administrative expenses	186,316	15,015	12,555	213,886
Total deductions	12,286,756	1,055,070	6,149,636	19,491,462
Change in net position	(42,517,679)	(1,141,462)	(21,902,155)	(65,561,296)
Restricted net position, beginning				
Pension benefits	242,788,875	14,956,342	-	257,745,217
Retiree healthcare benefits	-	-	122,311,607	122,311,607
Total restricted net position, beginning	242,788,875	14,956,342	122,311,607	380,056,824
Restricted net position, ending				
Pension benefits	200,271,196	13,814,880	-	214,086,076
Retiree healthcare benefits	-	-	100,409,452	100,409,452
Total restricted net position, ending	<u>\$ 200,271,196</u>	<u>\$ 13,814,880</u>	<u>\$ 100,409,452</u>	<u>\$ 314,495,528</u>

CITY OF TROY, MICHIGAN

Notes to Financial Statements

17. DEFINED CONTRIBUTION PLAN

The City maintains a defined contribution plan (DCP) administered by the International City Manager's Association Retirement Corporation (ICMARC), which qualifies under the Internal Revenue Code Section 401(a). Classified, Exempt and Fire Staff Officers in the City's Employees Retirement System were given the option to transfer to the DCP by December 31, 1997. Employees who elected to transfer to the DCP had their individually actuarially determined earned retirement benefits in the Employees Retirement System determined as of the date of election to transfer to the DCP. In 1998, the City afforded the option to AFSCME members of the Employees Retirement System to elect a transfer to the DCP, of which 41 employees elected such transfer. In 1999, the City afforded the option to MAP members of the Employees Retirement System to elect a transfer to the DCP, of which 29 employees elected such transfer. In 2000, the City afforded the option to TCOA members of the Employees Retirement System to elect a transfer to the DCP, of which 20 employees elected such transfer. In 2002, the City afforded the option to TPOA members of the Employees Retirement System to elect a transfer to the DCP of which 19 employees elected such transfer. The DCP is also in effect for all new full-time employees. Total membership in the DCP as of June 30, 2022 was 364.

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, 2022, was \$24,301,546. The required contributions, which matched those actually made, were \$1,204,300 by employees and \$2,718,976 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	\$ 494,169	\$ -	\$ -	\$ 494,169
Prepaid items	1,721,613	-	92,177	1,813,790
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	9,994,166	-	256,177	10,250,343
Restricted				
Special revenue funding source restrictions:				
Public safety	-	-	1,342,586	1,342,586
Highways and streets	-	-	6,221,032	6,221,032
Sanitation	-	-	1,000,503	1,000,503
Library	-	-	1,551,868	1,551,868
Other	-	-	943	943
Cemetery perpetual care	-	-	63,366	63,366
Capital improvements	-	12,530,303	-	12,530,303
Federal transportation	-	357,940	-	357,940
Total restricted	-	12,888,243	10,180,298	23,068,541
Assigned				
Insurance claims	3,000,000	-	-	3,000,000
Tax appeals	70,000	-	-	70,000
Subsequent years budget	5,005,027	-	-	5,005,027
Total assigned	8,075,027	-	-	8,075,027
Unassigned	21,544,036	-	-	21,544,036
Total fund balances	\$ 39,613,229	\$ 12,888,243	\$ 10,436,475	\$ 62,937,947

CITY OF TROY, MICHIGAN

Notes to Financial Statements

19. NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 44,042,216	\$ 17,987,057
Capital assets being depreciated/amortized, net	189,685,146	130,536,250
	<u>233,727,362</u>	<u>148,523,307</u>
Long-term debt related to capital assets:		
General obligation bonds	10,105,000	4,620,000
Notes from direct borrowings and direct placements	397,840	281,942
Less: debt not related to capital assets	(10,105,000)	-
Deferred amounts for issuance premiums	-	376,949
Deferred charge on refunding	(87,559)	(348,909)
Add: leases payable	51,975	-
	<u>449,815</u>	<u>4,929,982</u>
Net long-term debt related to capital assets		
	<u>449,815</u>	<u>4,929,982</u>
Net investment in capital assets	<u><u>\$ 233,277,547</u></u>	<u><u>\$ 143,593,325</u></u>

20. DEFICIT NET POSITION

The Sanctuary Lake golf course fund has a net position deficit of \$6,921,720 at June 30, 2022.

The Sanctuary Lake golf course completed its seventeenth year of operations with operating income of \$111,470 including depreciation expense of \$359,281. Nonoperating activity included interest expense of \$243,433. This resulted in an decrease change in net position of \$131,963. This compares to an increase change in net position of \$103,478 last fiscal year. Cash flows from operations were positive in the amount of \$567,565. 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 \$6,853,123 compared to \$7,453,570 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 unassigned in the general fund.

22. SIGNIFICANT COMMITMENTS

As of June 30, 2022, the City had \$4,105,907 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. Over the past two years, the City has been awarded funds from various sources to respond to the impacts of the COVID-19 pandemic including approximately \$8.2 million received through the Coronavirus State and Local Fiscal Recovery Fund has been reported as unearned revenue and is available to spend in future years. At this time, management does not believe that any ongoing negative financial impact related to the pandemic, if any, would be material to the City.

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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,				
	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 713,220	\$ 832,121	\$ 892,618	\$ 919,922	\$ 915,316
Interest	10,248,059	10,081,514	10,166,772	10,145,675	10,153,512
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(60,178)	1,144,561	(827,202)	1,345,828	176,027
Changes of assumptions	-	2,445,899	-	(701,730)	-
Benefit payments, including refunds of employee contributions	(12,100,440)	(11,672,985)	(11,360,090)	(11,382,935)	(11,352,909)
Net change in total pension liability	(1,199,339)	2,831,110	(1,127,902)	326,760	(108,054)
Total pension liability, beginning of year	163,266,429	160,435,319	161,563,221	161,236,461	161,344,515
Total pension liability, end of year	162,067,090	163,266,429	160,435,319	161,563,221	161,236,461
Plan fiduciary net position					
Employer contributions	-	-	-	-	-
Employee contributions	116,939	157,698	157,335	164,311	159,830
Net investment income (loss)	(30,347,862)	58,046,577	7,323,662	15,253,371	19,495,709
Benefit payments, including refunds of employee contributions	(12,100,440)	(11,672,985)	(11,360,090)	(11,382,935)	(11,352,909)
Administrative expense	(186,316)	(136,183)	(220,079)	(147,374)	(137,054)
Net change in plan fiduciary net position	(42,517,679)	46,395,107	(4,099,172)	3,887,373	8,165,576
Plan fiduciary net position, beginning of year	242,788,875	196,393,768	200,492,940	196,605,567	188,439,991
Plan fiduciary net position, end of year	200,271,196	242,788,875	196,393,768	200,492,940	196,605,567
City's net pension asset	\$ (38,204,106)	\$ (79,522,446)	\$ (35,958,449)	\$ (38,929,719)	\$ (35,369,106)
Plan fiduciary net position as a percentage of total pension liability	123.57%	148.71%	122.41%	124.10%	121.94%
Covered payroll	\$ 3,461,432	\$ 4,429,886	\$ 4,714,838	\$ 4,695,195	\$ 4,428,407
City's net pension asset as a percentage of covered payroll	-1103.71%	-1795.14%	-762.67%	-829.14%	-798.69%

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.

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Year Ended June 30,			
2017	2016	2015	2014
\$ 951,388	\$ 993,515	\$ 966,066	\$ 985,140
10,180,968	10,251,205	9,626,619	9,635,941
-	(10,477)	-	-
(238,774)	(1,118,247)	1,874,178	286,868
-	-	8,167,150	-
(11,245,246)	(11,108,572)	(11,128,133)	(10,955,507)
(351,664)	(992,576)	9,505,880	(47,558)
161,696,179	162,688,755	153,182,875	153,230,433
161,344,515	161,696,179	162,688,755	153,182,875
658,557	314,025	1,451,198	1,867,473
163,907	166,434	165,624	174,214
23,674,177	(330,035)	6,229,392	35,667,991
(11,245,246)	(11,108,572)	(11,128,133)	(10,955,507)
(136,279)	(133,867)	(129,870)	(242,023)
13,115,116	(11,092,015)	(3,411,789)	26,512,148
175,324,875	186,416,890	189,828,679	163,316,531
188,439,991	175,324,875	186,416,890	189,828,679
\$ (27,095,476)	\$ (13,628,696)	\$ (23,728,135)	\$ (36,645,804)
116.79%	108.43%	114.58%	123.92%
\$ 4,532,372	\$ 4,910,089	\$ 4,902,224	\$ 4,768,908
-597.82%	-277.57%	-484.03%	-768.43%

CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System

Schedule of Net Pension Asset

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Asset	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Asset as Percentage of Covered Payroll
2013	\$ 153,230,433	\$ 163,316,531	\$ (10,086,098)	106.6%	\$ 5,069,499	-199.0%
2014	153,182,875	189,828,679	(36,645,804)	123.9%	4,768,908	-768.4%
2015	162,688,755	186,416,890	(23,728,135)	114.6%	4,902,224	-484.0%
2016	161,696,179	175,324,875	(13,628,696)	108.4%	4,910,089	-277.6%
2017	161,344,515	188,439,991	(27,095,476)	116.8%	4,532,372	-597.8%
2018	161,236,461	196,605,567	(35,369,106)	121.9%	4,428,407	-798.7%
2019	161,563,221	200,492,940	(38,929,719)	124.1%	4,695,195	-829.1%
2020	160,435,319	196,393,768	(35,958,449)	122.4%	4,714,838	-762.7%
2021	163,266,429	242,788,875	(79,522,446)	148.7%	4,429,886	-1795.1%
2022	162,067,090	200,271,196	(38,204,106)	123.6%	3,461,432	-1103.7%

CITY OF TROY, MICHIGAN

Required Supplementary Information

Employee Retirement System
Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
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%
2022	-	-	-	3,461,432	0.0%

Notes to Schedule of Contributions

Valuation Date: December 31, 2019

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⁾
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%
2022	-12.34%

⁽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,				
	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 686,005	\$ 734,992	\$ 570,840	\$ 545,049	\$ 549,611
Interest	1,667,518	1,588,789	1,336,338	1,272,457	1,191,740
Changes in benefit terms	-	-	2,924,680	-	-
Differences between expected and actual experience	154,125	(507,609)	34,319	(64,876)	353,853
Changes of assumptions	-	(369,007)	299,159	155,633	(27,953)
Benefit payments	(1,040,055)	(1,014,979)	(919,149)	(854,863)	(803,388)
Net change in total pension liability	1,467,593	432,186	4,246,187	1,053,400	1,263,863
Total pension liability, beginning of year	25,831,151	25,398,965	21,152,778	20,099,378	18,835,515
Total pension liability, end of year	27,298,744	25,831,151	25,398,965	21,152,778	20,099,378
Plan fiduciary net position					
Employer contributions	1,759,708	1,734,594	1,260,920	1,285,300	1,712,500
Net investment income (loss)	(1,846,100)	3,027,047	70,581	518,466	628,552
Benefit payments	(1,040,055)	(1,014,979)	(919,149)	(854,863)	(803,388)
Administrative expense	(15,015)	(14,495)	(18,165)	(12,180)	(13,227)
Net change in plan fiduciary net position	(1,141,462)	3,732,167	394,187	936,723	1,524,437
Plan fiduciary net position, beginning of year	14,956,342	11,224,175	10,829,988	9,893,265	8,368,828
Plan fiduciary net position, end of year	13,814,880	14,956,342	11,224,175	10,829,988	9,893,265
City's net pension liability	\$ 13,483,864	\$ 10,874,809	\$ 14,174,790	\$ 10,322,790	\$ 10,206,113
Plan fiduciary net position as a percentage of total pension liability	50.61%	57.90%	44.19%	51.20%	49.22%
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

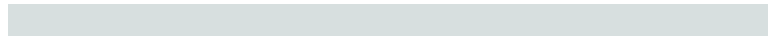
Notes:

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,			
2017	2016	2015	2014
\$ 512,549	\$ 464,863	\$ 463,508	\$ 447,479
1,124,731	1,077,246	1,033,632	819,211
-	-	-	1,727,859
126,281	(93,449)	270,606	-
(238,964)	424,977	120,951	1,703,002
(685,085)	(1,166,059)	(987,639)	(1,379,391)
839,512	707,578	901,058	3,318,160
17,996,003	17,288,425	16,387,367	13,069,207
18,835,515	17,996,003	17,288,425	16,387,367
1,113,496	1,100,632	3,078,500	1,078,500
399,329	152,770	100,516	286,663
(685,085)	(1,166,059)	(987,639)	(1,379,391)
(54,948)	(14,428)	(19,748)	(12,420)
772,792	72,915	2,171,629	(26,648)
7,596,036	7,523,121	5,351,492	5,378,140
8,368,828	7,596,036	7,523,121	5,351,492
\$ 10,466,687	\$ 10,399,967	\$ 9,765,304	\$ 11,035,875
44.43%	42.21%	43.52%	32.66%
N/A	N/A	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
2022	27,298,744	13,814,880	13,483,864	50.6%	N/A	N/A

CITY OF TROY, MICHIGAN

Required Supplementary Information

Volunteer Firefighter Incentive Plan

Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2013	\$ 868,074	\$ 868,074	\$ -	N/A	N/A
2014	858,472	1,078,500	(220,028)	N/A	N/A
2015	843,872	3,078,500	(2,234,628)	N/A	N/A
2016	1,100,632	1,100,632	-	N/A	N/A
2017	1,113,496	1,113,496	-	N/A	N/A
2018	1,112,471	1,712,500	(600,029)	N/A	N/A
2019	1,285,259	1,285,300	(41)	N/A	N/A
2020	1,260,916	1,260,920	(4)	N/A	N/A
2021	1,319,272	1,734,594	(415,322)	N/A	N/A
2022	1,759,708	1,759,708	-	N/A	N/A

Notes to Schedule of Contributions

Valuation Date: December 31, 2019

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
2021	830

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%
2022	-11.64%

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

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

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CITY OF TROY, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits - Retiree Healthcare

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

	Year Ended June 30,		
	2022	2021	2020
Total OPEB liability			
Service cost	\$ 932,797	\$ 746,215	\$ 785,891
Interest	8,219,713	7,293,289	7,611,207
Changes in benefit terms	-	1,038,759	-
Differences between expected and actual experience	(961,146)	9,872,511	(1,033,980)
Changes of assumptions	-	931,956	(6,841,243)
Benefit payments	(6,137,081)	(5,309,605)	(5,476,571)
Net change in total OPEB liability	<u>2,054,283</u>	<u>14,573,125</u>	<u>(4,954,696)</u>
Total OPEB liability, beginning of year	<u>129,059,263</u>	<u>114,486,138</u>	<u>119,440,834</u>
Total OPEB liability, end of year	<u>131,113,546</u>	<u>129,059,263</u>	<u>114,486,138</u>
Plan fiduciary net position			
Employer contributions	3,891,675	5,061,539	5,914,107
On-behalf contributions	167,526	147,156	164,491
Net investment income (loss)	(19,811,720)	27,834,920	4,130,941
Benefit payments	(6,137,081)	(5,309,605)	(5,476,571)
Administrative and other changes	(12,555)	(56,032)	(32,654)
Net change in plan fiduciary net position	<u>(21,902,155)</u>	<u>27,677,978</u>	<u>4,700,314</u>
Plan fiduciary net position, beginning of year	<u>122,311,607</u>	<u>94,633,629</u>	<u>89,933,315</u>
Plan fiduciary net position, end of year	<u>100,409,452</u>	<u>122,311,607</u>	<u>94,633,629</u>
City's net OPEB liability	<u>\$ 30,704,094</u>	<u>\$ 6,747,656</u>	<u>\$ 19,852,509</u>
Plan fiduciary net position as a percentage of total OPEB liability	76.58%	94.77%	82.66%
Covered payroll	\$ 16,924,155	\$ 16,924,155	\$ 16,962,271
City's net OPEB liability as a percentage of covered payroll	181.42%	39.87%	117.04%

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.



Year Ended June 30,		
2019	2018	2017
\$ 838,659	\$ 1,166,226	\$ 1,285,223
8,918,237	8,761,601	8,476,587
-	-	-
(22,311,315)	(1,499,301)	-
(1,719,651)	-	-
(6,138,831)	(5,571,068)	(5,063,891)
(20,412,901)	2,857,458	4,697,919
139,853,735	136,996,277	132,298,358
119,440,834	139,853,735	136,996,277
6,000,551	4,812,375	4,668,805
136,413	149,655	36,244
6,829,397	6,403,187	7,980,021
(6,138,831)	(5,571,068)	(5,063,891)
(43,298)	(39,518)	(4,214)
6,784,232	5,754,631	7,616,965
83,149,083	77,394,452	69,777,487
89,933,315	83,149,083	77,394,452
<u>\$ 29,507,519</u>	<u>\$ 56,704,652</u>	<u>\$ 59,601,825</u>
75.30%	59.45%	56.49%
\$ 16,962,271	\$ 17,101,107	\$ 17,101,107
173.96%	331.58%	348.53%

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%
2022	131,113,546	100,409,452	30,704,094	76.58%	16,924,155	181.42%

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%
2022	3,180,761	3,891,675	(710,914)	16,924,155	22.99%

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, 2019

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	22 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%
2022	-16.20%

⁽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.

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.

Workers' 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, 2022

	Special Revenue					
	Major Streets	Local Streets	Refuse	Transit Center	Drug Forfeiture	Library
Assets						
Cash and investments	\$ 1,883,537	\$ 3,052,794	\$ 1,469,479	\$ -	\$ 1,356,642	\$ 1,480,564
Accounts receivable	-	-	2,779	34,358	-	132,403
Taxes receivable	-	-	12,476	-	-	15,744
Due from other governments	1,167,005	457,589	-	-	-	-
Prepaid items	-	-	-	-	-	92,177
Total assets	<u>\$ 3,050,542</u>	<u>\$ 3,510,383</u>	<u>\$ 1,484,734</u>	<u>\$ 34,358</u>	<u>\$ 1,356,642</u>	<u>\$ 1,720,888</u>
Liabilities						
Interfund payable	\$ -	\$ -	\$ -	\$ 22,925	\$ -	\$ -
Accounts payable	282,704	57,189	460,310	10,490	14,056	48,360
Other liabilities	-	-	11,445	-	-	11,689
Total liabilities	<u>282,704</u>	<u>57,189</u>	<u>471,755</u>	<u>33,415</u>	<u>14,056</u>	<u>60,049</u>
Deferred inflows of resources						
Unavailable revenue - property tax and long-term receivables	-	-	12,476	-	-	16,794
Fund balances						
Nonspendable	-	-	-	-	-	92,177
Restricted	2,767,838	3,453,194	1,000,503	943	1,342,586	1,551,868
Total fund balances	<u>2,767,838</u>	<u>3,453,194</u>	<u>1,000,503</u>	<u>943</u>	<u>1,342,586</u>	<u>1,644,045</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,050,542</u>	<u>\$ 3,510,383</u>	<u>\$ 1,484,734</u>	<u>\$ 34,358</u>	<u>\$ 1,356,642</u>	<u>\$ 1,720,888</u>

Special Revenue	Permanent Fund	
Community Development Block Grant	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ 227,366	\$ 9,470,382
-	-	169,540
-	-	28,220
19,536	-	1,644,130
-	-	92,177
<u>\$ 19,536</u>	<u>\$ 227,366</u>	<u>\$ 11,404,449</u>
\$ 15,965	\$ -	\$ 38,890
3,571	-	876,680
-	-	23,134
<u>19,536</u>	<u>-</u>	<u>938,704</u>
<u>-</u>	<u>-</u>	<u>29,270</u>
-	164,000	256,177
-	63,366	10,180,298
-	227,366	10,436,475
<u>\$ 19,536</u>	<u>\$ 227,366</u>	<u>\$ 11,404,449</u>

CITY OF TROY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2022

	Special Revenue					
	Major Streets	Local Streets	Refuse	Transit Center	Drug Forfeiture	Library
Revenues						
Property taxes	\$ -	\$ -	\$ 5,721,634	\$ -	\$ -	\$ 5,852,034
Intergovernmental:						
Federal sources	-	-	-	-	-	-
State sources	7,459,460	2,931,402	93,902	-	-	232,463
Charges for services	-	-	575	108,223	-	5,701
Fines and forfeitures	-	-	-	-	136,533	6,808
Investment loss	(136,614)	(202,915)	(210,376)	-	(84,655)	(199,381)
Other	-	-	-	-	-	114,031
Total revenues	<u>7,322,846</u>	<u>2,728,487</u>	<u>5,605,735</u>	<u>108,223</u>	<u>51,878</u>	<u>6,011,656</u>
Expenditures						
Current:						
General government	-	-	-	117,982	-	-
Public safety	-	-	-	-	49,590	-
Public works	2,850,594	2,428,665	-	-	-	-
Sanitation	-	-	5,656,977	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	3,960,758
Total expenditures	<u>2,850,594</u>	<u>2,428,665</u>	<u>5,656,977</u>	<u>117,982</u>	<u>49,590</u>	<u>3,960,758</u>
Revenues over (under) expenditures	<u>4,472,252</u>	<u>299,822</u>	<u>(51,242)</u>	<u>(9,759)</u>	<u>2,288</u>	<u>2,050,898</u>
Other financing sources (uses)						
Transfers in	-	1,500,000	-	-	-	-
Transfers out	(5,000,000)	(2,000,000)	-	-	-	(932,890)
Total other financing sources (uses)	<u>(5,000,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(932,890)</u>
Net change in fund balances	<u>(527,748)</u>	<u>(200,178)</u>	<u>(51,242)</u>	<u>(9,759)</u>	<u>2,288</u>	<u>1,118,008</u>
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 2,767,838</u>	<u>\$ 3,453,194</u>	<u>\$ 1,000,503</u>	<u>\$ 943</u>	<u>\$ 1,342,586</u>	<u>\$ 1,644,045</u>



Special Revenue	Permanent Fund	
Community Development Block Grant	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 11,573,668
47,564	-	47,564
-	-	10,717,227
-	4,350	118,849
-	-	143,341
-	(14,638)	(848,579)
-	-	114,031
47,564	(10,288)	21,866,101
-	-	117,982
-	-	49,590
-	-	5,279,259
-	-	5,656,977
47,564	-	47,564
-	-	3,960,758
47,564	-	15,112,130
-	(10,288)	6,753,971
-	-	1,500,000
-	(1,200)	(7,934,090)
-	(1,200)	(6,434,090)
-	(11,488)	319,881
-	238,854	10,116,594
\$ -	\$ 227,366	\$ 10,436,475

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State sources	\$ 6,948,200	\$ 6,948,200	\$ 7,459,460	\$ 511,260
Investment earnings (loss)	35,000	35,000	(136,614)	(171,614)
Total revenues	6,983,200	6,983,200	7,322,846	339,646
Expenditures				
Current -				
Public works	3,343,064	3,343,064	2,850,594	(492,470)
Revenues over expenditures	3,640,136	3,640,136	4,472,252	832,116
Other financing uses				
Transfers out	(5,000,000)	(5,000,000)	(5,000,000)	-
Net change in fund balance	(1,359,864)	(1,359,864)	(527,748)	832,116
Fund balance, beginning of year	3,295,586	3,295,586	3,295,586	-
Fund balance, end of year	<u>\$ 1,935,722</u>	<u>\$ 1,935,722</u>	<u>\$ 2,767,838</u>	<u>\$ 832,116</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State sources	\$ 2,742,000	\$ 2,742,000	\$ 2,931,402	\$ 189,402
Investment earnings (loss)	32,000	32,000	(202,915)	(234,915)
Total revenues	2,774,000	2,774,000	2,728,487	(45,513)
Expenditures				
Current -				
Public works	3,183,577	3,183,577	2,428,665	(754,912)
Revenues over (under) expenditures	(409,577)	(409,577)	299,822	709,399
Other financing sources (uses)				
Transfers in	1,500,000	1,500,000	1,500,000	-
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Total other financing sources (uses)	(500,000)	(500,000)	(500,000)	-
Net change in fund balance	(909,577)	(909,577)	(200,178)	709,399
Fund balance, beginning of year	3,653,372	3,653,372	3,653,372	-
Fund balance, end of year	\$ 2,743,795	\$ 2,743,795	\$ 3,453,194	\$ 709,399

CITY OF TROY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Refuse Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 5,717,000	\$ 5,717,000	\$ 5,721,634	\$ 4,634
Intergovernmental -				
State sources	30,000	30,000	93,902	63,902
Charges for services	500	500	575	75
Investment earnings (loss)	10,000	10,000	(210,376)	(220,376)
Total revenues	5,757,500	5,757,500	5,605,735	(151,765)
Expenditures				
Current -				
Sanitation	5,747,460	5,747,460	5,656,977	(90,483)
Net change in fund balance	10,040	10,040	(51,242)	(61,282)
Fund balance, beginning of year	1,051,745	1,051,745	1,051,745	-
Fund balance, end of year	<u>\$ 1,061,785</u>	<u>\$ 1,061,785</u>	<u>\$ 1,000,503</u>	<u>\$ (61,282)</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 117,180	\$ 117,180	\$ 108,223	\$ (8,957)
Expenditures				
Current -				
General government	117,180	122,180	117,982	(4,198)
Net change in fund balance	-	(5,000)	(9,759)	(4,759)
Fund balance, beginning of year	10,702	10,702	10,702	-
Fund balance, end of year	<u>\$ 10,702</u>	<u>\$ 5,702</u>	<u>\$ 943</u>	<u>\$ (4,759)</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeitures	\$ 116,000	\$ 116,000	\$ 136,533	\$ 20,533
Intergovernmental -				
Federal sources	15,000	15,000	-	(15,000)
Investment earnings (loss)	10,000	10,000	(84,655)	(94,655)
Total revenues	141,000	141,000	51,878	(89,122)
Expenditures				
Current -				
Public safety	144,040	144,040	49,590	(94,450)
Revenues over (under) expenditures	(3,040)	(3,040)	2,288	5,328
Other financing uses				
Transfers out	(800,000)	(800,000)	-	(800,000)
Net change in fund balance	(803,040)	(803,040)	2,288	805,328
Fund balance, beginning of year	1,340,298	1,340,298	1,340,298	-
Fund balance, end of year	<u>\$ 537,258</u>	<u>\$ 537,258</u>	<u>\$ 1,342,586</u>	<u>\$ 805,328</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 5,800,000	\$ 5,800,000	\$ 5,852,034	\$ 52,034
Intergovernmental -				
State sources	184,000	184,000	232,463	48,463
Charges for services	8,900	8,900	5,701	(3,199)
Fines and forfeitures	25,000	25,000	6,808	(18,192)
Investment earnings (loss)	2,000	2,000	(199,381)	(201,381)
Other	8,000	8,000	114,031	106,031
Total revenues	6,027,900	6,027,900	6,011,656	(16,244)
Expenditures				
Current -				
Recreation and culture	4,394,898	4,394,898	3,960,758	(434,140)
Revenues over expenditures	1,633,002	1,633,002	2,050,898	417,896
Other financing uses				
Transfers out	(1,433,000)	(1,433,000)	(932,890)	(500,110)
Net change in fund balance	200,002	200,002	1,118,008	918,006
Fund balance, beginning of year	526,037	526,037	526,037	-
Fund balance, end of year	\$ 726,039	\$ 726,039	\$ 1,644,045	\$ 918,006

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal sources	\$ 170,000	\$ 180,000	\$ 47,564	\$ (132,436)
Expenditures				
Current -				
Community and economic development	45,000	55,000	47,564	(7,436)
Revenues over expenditures	125,000	125,000	-	(125,000)
Other financing uses				
Transfers out	(125,000)	(125,000)	-	(125,000)
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, 2022

	Sylvan Glen Golf Course	Aquatic Center	Total
Assets			
Current assets:			
Cash and investments	\$ 903,915	\$ 647,971	\$ 1,551,886
Accounts receivable	148,391	41,005	189,396
Due from other funds	39,721	-	39,721
Inventories	44,960	-	44,960
Prepaid items	46,147	211	46,358
Total current assets	1,183,134	689,187	1,872,321
Noncurrent assets:			
Leases receivable	486,609	-	486,609
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	1,734,729	382,880	2,117,609
Total noncurrent assets	6,960,120	382,880	7,343,000
Total assets	8,143,254	1,072,067	9,215,321
Liabilities			
Current liabilities:			
Accounts payable	920	33,990	34,910
Accrued liabilities	278,490	2,518	281,008
Current portion of notes payable	51,365	-	51,365
Total current liabilities	330,775	36,508	367,283
Noncurrent liabilities:			
Advances from other funds	-	680,302	680,302
Notes payable	89,606	-	89,606
Total noncurrent liabilities	89,606	680,302	769,908
Total liabilities	420,381	716,810	1,137,191
Deferred inflows of resources			
Deferred lease amounts	486,609	-	486,609
Net position			
Net investment in capital assets	3,488,310	382,880	3,871,190
Unrestricted (deficit)	3,747,954	(27,623)	3,720,331
Total net position	\$ 7,236,264	\$ 355,257	\$ 7,591,521

CITY OF TROY, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended June 30, 2022

	Sylvan Glen Golf Course	Aquatic Center	Total
Operating revenues			
Charges for services	\$ 1,269,182	\$ 764,345	\$ 2,033,527
Rental:			
Golf course	272,313	-	272,313
Restaurant	73,120	-	73,120
Other services	-	20,898	20,898
Total operating revenues	<u>1,614,615</u>	<u>785,243</u>	<u>2,399,858</u>
Operating expenses			
Operations	1,199,573	509,121	1,708,694
Depreciation	207,564	192,980	400,544
Total operating expenses	<u>1,407,137</u>	<u>702,101</u>	<u>2,109,238</u>
Operating income	<u>207,478</u>	<u>83,142</u>	<u>290,620</u>
Nonoperating revenues (expenses)			
Investment loss	-	(36,816)	(36,816)
Interest expense	(5,867)	-	(5,867)
Total nonoperating revenues (expenses)	<u>(5,867)</u>	<u>(36,816)</u>	<u>(42,683)</u>
Change in net position	201,611	46,326	247,937
Net position, beginning of year	<u>7,034,653</u>	<u>308,931</u>	<u>7,343,584</u>
Net position, end of year	<u>\$ 7,236,264</u>	<u>\$ 355,257</u>	<u>\$ 7,591,521</u>

CITY OF TROY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2022

	Sylvan Glen Golf Course	Aquatic Center	Total
Cash flows from operating activities			
Cash received from customers and others	\$ 1,633,646	\$ 760,233	\$ 2,393,879
Cash payments to employees	(441,116)	(228,811)	(669,927)
Cash payments to suppliers for goods and services	(714,540)	(336,404)	(1,050,944)
Cash payments for interfund services	(10,936)	(33,185)	(44,121)
Net cash provided by operating activities	<u>467,054</u>	<u>161,833</u>	<u>628,887</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	-	(87,520)	(87,520)
Principal on financed purchase	(49,682)	-	(49,682)
Interest on financed purchase	(5,867)	-	(5,867)
Net cash used in capital and related financing activities	<u>(55,549)</u>	<u>(87,520)</u>	<u>(143,069)</u>
Cash flows from investing activities			
Investment loss	-	(36,816)	(36,816)
Net change in cash and investments	411,505	37,497	449,002
Cash and investments, beginning of year	<u>492,410</u>	<u>610,474</u>	<u>1,102,884</u>
Cash and investments, end of year	<u>\$ 903,915</u>	<u>\$ 647,971</u>	<u>\$ 1,551,886</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 207,478	\$ 83,142	\$ 290,620
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	207,564	192,980	400,544
Changes in assets and liabilities:			
Accounts receivable	55,609	(25,010)	30,599
Leases receivable	(486,609)	-	(486,609)
Due from other funds	(36,578)	-	(36,578)
Inventories	(10,386)	-	(10,386)
Prepaid items	(8,989)	(211)	(9,200)
Accounts payable	(59,926)	(88,094)	(148,020)
Accrued liabilities	112,282	(974)	111,308
Deferred lease amounts	486,609	-	486,609
Total adjustments	<u>259,576</u>	<u>78,691</u>	<u>338,267</u>
Net cash provided by operating activities	<u>\$ 467,054</u>	<u>\$ 161,833</u>	<u>\$ 628,887</u>

CITY OF TROY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2022

	Compensated Absences	Unemployment Compensation	Custodial Services
Assets			
Current assets:			
Cash and investments	\$ 5,438,479	\$ 36,533	\$ 1,405,577
Accounts receivable	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
Total current assets	<u>5,438,479</u>	<u>36,533</u>	<u>1,405,577</u>
Noncurrent assets:			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>5,438,479</u>	<u>36,533</u>	<u>1,405,577</u>
Liabilities			
Current liabilities:			
Accounts payable	-	438	20,800
Accrued liabilities	-	-	-
Compensated absences	3,254,176	-	-
Total current liabilities	<u>3,254,176</u>	<u>438</u>	<u>20,800</u>
Noncurrent liabilities -			
Compensated absences	<u>2,077,198</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>5,331,374</u>	<u>438</u>	<u>20,800</u>
Net position			
Investment in capital assets	-	-	-
Unrestricted	<u>107,105</u>	<u>36,095</u>	<u>1,384,777</u>
Total net position	<u>\$ 107,105</u>	<u>\$ 36,095</u>	<u>\$ 1,384,777</u>



Information Technology	Motor Equipment	Workers' Compensation	Total
\$ 1,688,323	\$ 7,260,337	\$ 1,452,747	\$ 17,281,996
14,754	7,728	-	22,482
-	443,791	-	443,791
24,361	-	111,496	135,857
<u>1,727,438</u>	<u>7,711,856</u>	<u>1,564,243</u>	<u>17,884,126</u>
-	337,493	-	337,493
384,430	6,062,004	-	6,446,434
<u>384,430</u>	<u>6,399,497</u>	<u>-</u>	<u>6,783,927</u>
2,111,868	14,111,353	1,564,243	24,668,053
78,521	627,960	-	727,719
-	70,367	-	70,367
-	-	-	3,254,176
<u>78,521</u>	<u>698,327</u>	<u>-</u>	<u>4,052,262</u>
-	-	-	2,077,198
<u>78,521</u>	<u>698,327</u>	<u>-</u>	<u>6,129,460</u>
384,430	6,399,497	-	6,783,927
<u>1,648,917</u>	<u>7,013,529</u>	<u>1,564,243</u>	<u>11,754,666</u>
<u>\$ 2,033,347</u>	<u>\$ 13,413,026</u>	<u>\$ 1,564,243</u>	<u>\$ 18,538,593</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, 2022

	Compensated Absences	Unemployment Compensation	Custodial Services
Operating revenues			
Charges for services	\$ 5,014,960	\$ -	\$ 1,547,860
Rental:			
Building	-	-	-
Equipment	-	-	-
Other services to City funds	-	3,389	-
Total operating revenues	<u>5,014,960</u>	<u>3,389</u>	<u>1,547,860</u>
Operating expenses			
Cost of sales and services	5,624,145	5,469	1,392,090
General and administrative	-	-	-
Operations	-	-	-
Depreciation	-	-	-
Total operating expenses	<u>5,624,145</u>	<u>5,469</u>	<u>1,392,090</u>
Operating income (loss)	<u>(609,185)</u>	<u>(2,080)</u>	<u>155,770</u>
Nonoperating revenues (expenses)			
Investment loss	(349,292)	(2,322)	(88,406)
Gain on sale of capital assets	-	-	-
Total nonoperating revenue (expenses)	<u>(349,292)</u>	<u>(2,322)</u>	<u>(88,406)</u>
Change in net position	<u>(958,477)</u>	<u>(4,402)</u>	<u>67,364</u>
Net position, beginning of year	<u>1,065,582</u>	<u>40,497</u>	<u>1,317,413</u>
Net position, end of year	<u>\$ 107,105</u>	<u>\$ 36,095</u>	<u>\$ 1,384,777</u>

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Information Technology	Motor Equipment	Workers' Compensation	Total
\$ 2,342,368	\$ 13,596	\$ 716,970	\$ 9,635,754
-	285,981	-	285,981
-	4,296,192	-	4,296,192
-	399,080	1,269	403,738
2,342,368	4,994,849	718,239	14,621,665
1,983,480	-	1,072,396	10,077,580
-	716,370	-	716,370
-	2,842,466	-	2,842,466
81,903	1,097,349	-	1,179,252
2,065,383	4,656,185	1,072,396	14,815,668
276,985	338,664	(354,157)	(194,003)
(104,835)	(456,785)	(104,974)	(1,106,614)
-	221,948	-	221,948
(104,835)	(234,837)	(104,974)	(884,666)
172,150	103,827	(459,131)	(1,078,669)
1,861,197	13,309,199	2,023,374	19,617,262
\$ 2,033,347	\$ 13,413,026	\$ 1,564,243	\$ 18,538,593

CITY OF TROY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2022

	Compensated Absences	Unemployment Compensation	Custodial Services
Cash flows from operating activities			
Cash received from interfund services	\$ 5,014,960	\$ 3,389	\$ 1,547,860
Cash payments to employees	(5,419,175)	-	(1,042,231)
Cash payments to suppliers for goods and services	-	(5,353)	(331,667)
Net cash provided by (used in) operating activities	<u>(404,215)</u>	<u>(1,964)</u>	<u>173,962</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	<u>(349,292)</u>	<u>(2,322)</u>	<u>(88,406)</u>
Net change in cash and investments	(753,507)	(4,286)	85,556
Cash and investments, beginning of year	<u>6,191,986</u>	<u>40,819</u>	<u>1,320,021</u>
Cash and investments, end of year	<u>\$ 5,438,479</u>	<u>\$ 36,533</u>	<u>\$ 1,405,577</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (609,185)	\$ (2,080)	\$ 155,770
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
Accounts receivable	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
Accounts payable	-	116	18,192
Accrued liabilities	-	-	-
Compensated absences	<u>204,970</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (404,215)</u>	<u>\$ (1,964)</u>	<u>\$ 173,962</u>

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Information Technology	Motor Equipment	Workers' Compensation	Total
\$ 2,339,258	\$ 5,042,110	\$ 718,239	\$ 14,665,816
(1,283,902)	(1,534,313)	-	(9,279,621)
(805,904)	(1,784,767)	(1,183,892)	(4,111,583)
<u>249,452</u>	<u>1,723,030</u>	<u>(465,653)</u>	<u>1,274,612</u>
(134,632)	(1,101,861)	-	(1,236,493)
-	236,605	-	236,605
<u>(134,632)</u>	<u>(865,256)</u>	<u>-</u>	<u>(999,888)</u>
<u>(104,835)</u>	<u>(456,785)</u>	<u>(104,974)</u>	<u>(1,106,614)</u>
9,985	400,989	(570,627)	(831,890)
<u>1,678,338</u>	<u>6,859,348</u>	<u>2,023,374</u>	<u>18,113,886</u>
<u>\$ 1,688,323</u>	<u>\$ 7,260,337</u>	<u>\$ 1,452,747</u>	<u>\$ 17,281,996</u>
\$ 276,985	\$ 338,664	\$ (354,157)	\$ (194,003)
81,903	1,097,349	-	1,179,252
(3,110)	47,261	-	44,151
-	(133,466)	-	(133,466)
(24,361)	-	(111,496)	(135,857)
(55,631)	302,855	-	265,532
(26,334)	70,367	-	44,033
-	-	-	204,970
<u>\$ 249,452</u>	<u>\$ 1,723,030</u>	<u>\$ (465,653)</u>	<u>\$ 1,274,612</u>

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Downtown Development Authority

June 30, 2022

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 3,230,855	\$ -	\$ 3,230,855
Receivables -			
Taxes receivable	87,739	-	87,739
Total assets	<u>\$ 3,318,594</u>	<u>-</u>	<u>3,318,594</u>
Liabilities			
Interest payable	-	24,149	24,149
Accrued liabilities	42,568	-	42,568
Long-term debt:			
Due within one year	-	485,000	485,000
Due in more than one year	-	9,620,000	9,620,000
Total liabilities	<u>42,568</u>	<u>10,129,149</u>	<u>10,171,717</u>
Deferred inflows of resources			
Unavailable property taxes	87,739	(87,739)	-
Fund balance			
Unassigned	3,188,287	(3,188,287)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,318,594</u>		
Net position			
Unrestricted (deficit)		<u>\$ (6,853,123)</u>	<u>\$ (6,853,123)</u>

CITY OF TROY, MICHIGAN

Reconciliation

Fund Balance for Governmental Fund
to Net Position of Governmental Activities
Downtown Development Authority
June 30, 2022

Fund balance - total governmental fund	\$ 3,188,287
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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	87,739
--	--------

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	(24,149)
Debt reimbursement payable	<u>(10,105,000)</u>

Net position of governmental activities	<u><u>\$ (6,853,123)</u></u>
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CITY OF TROY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,

Expenditures and Changes in Fund Balance

Downtown Development Authority

For the Year Ended June 30, 2022

	Operating	Adjustments	Statement of Activities
Revenues			
General:			
Property taxes	\$ 1,452,370	\$ 29,894	\$ 1,482,264
Investment loss	(245,817)	-	(245,817)
Total revenues	<u>1,206,553</u>	<u>29,894</u>	<u>1,236,447</u>
Expenditures/expenses			
Community and economic development	628,670	-	628,670
Debt service:			
Principal	440,000	(440,000)	-
Interest	11,125	(3,795)	7,330
Total expenditures/expenses	<u>1,079,795</u>	<u>(443,795)</u>	<u>636,000</u>
Net change in fund balances/ net position	126,758	473,689	600,447
Fund balance/net position (deficit), beginning of year	<u>3,061,529</u>	<u>(10,515,099)</u>	<u>(7,453,570)</u>
Fund balance/net position (deficit), end of year	<u>\$ 3,188,287</u>	<u>\$ (10,041,410)</u>	<u>\$ (6,853,123)</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, 2022

Net change in fund balance - total governmental fund	\$ 126,758
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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	29,894
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	440,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest expense	<u>3,795</u>
------------------------------------	--------------

Change in net position of governmental activities	<u>\$ 600,447</u>
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CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Local Development Financing Authority

June 30, 2022

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 55,949	\$ -	\$ 55,949
Taxes receivable	1,355	-	1,355
Total assets	<u>\$ 57,304</u>	<u>-</u>	<u>57,304</u>
Fund balance			
Unassigned	<u>\$ 57,304</u>	<u>(57,304)</u>	<u>-</u>
Net position			
Unrestricted		<u>\$ 57,304</u>	<u>\$ 57,304</u>

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, 2022

	Operating	Adjustments	Statement of Activities
Revenues			
General:			
Property taxes	\$ 146,517	\$ -	\$ 146,517
Investment loss	(7,115)	-	(7,115)
Total revenues	139,402	-	139,402
Expenditures/expenses			
Community and economic development	194,869	-	194,869
Net change in fund balance/net position	(55,467)	-	(55,467)
Fund balance/net position, beginning of year	112,771	-	112,771
Fund balance/net position, end of year	\$ 57,304	\$ -	\$ 57,304

CITY OF TROY, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Brownfield Redevelopment Authority

June 30, 2022

	Operating	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 919,247	\$ -	\$ 919,247
Receivables -			
Taxes receivable	987	-	987
Total assets	<u>\$ 920,234</u>	<u>-</u>	<u>920,234</u>
Fund balance			
Unassigned	<u>\$ 920,234</u>	<u>\$ (920,234)</u>	<u>\$ -</u>
Net position			
Unrestricted		<u>\$ 920,234</u>	<u>\$ 920,234</u>

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, 2022

	Operating	Adjustments	Statement of Activities
Revenues			
General:			
Property taxes	\$ 220,543	\$ (59,140)	\$ 161,403
Investment loss	(58,452)	-	(58,452)
Total revenues	162,091	(59,140)	102,951
Expenditures/expenses			
Community and economic development	6,282	-	6,282
Net change in fund balance/net position	155,809	(59,140)	96,669
Fund balance/net position, beginning of year	764,425	59,140	823,565
Fund balance/net position, end of year	<u>\$ 920,234</u>	<u>\$ -</u>	<u>\$ 920,234</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. 152
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 164
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. 172
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. 182
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. 186
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. 198

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)

	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 179,616,224	\$ 168,722,287	\$ 178,865,098	\$ 194,299,483
Restricted	18,414,931	25,024,969	24,785,605	19,460,570
Unrestricted	54,304,874	65,673,197	82,121,441	79,865,292
Total governmental activities	<u>\$ 252,336,029</u>	<u>\$ 259,420,453</u>	<u>\$ 285,772,144</u>	<u>\$ 293,625,345</u>
Business-type activities				
Net investment in capital assets	\$ 117,311,016	\$ 118,730,653	\$ 119,825,109	\$ 127,611,126
Restricted	-	-	-	-
Unrestricted	51,044,950	48,878,034	45,659,008	38,593,816
Total business-type activities	<u>\$ 168,355,966</u>	<u>\$ 167,608,687</u>	<u>\$ 165,484,117</u>	<u>\$ 166,204,942</u>
Primary government				
Net investment in capital assets	\$ 296,927,240	\$ 287,452,940	\$ 298,690,207	\$ 321,910,609
Restricted	18,414,931	25,024,969	24,785,605	19,460,570
Unrestricted	105,349,824	114,551,231	127,780,449	118,459,108
Total primary government	<u>\$ 420,691,995</u>	<u>\$ 427,029,140</u>	<u>\$ 451,256,261</u>	<u>\$ 459,830,287</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.

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2017	2018	2019	2020	2021	2022
\$ 202,939,709	\$ 209,330,214	\$ 211,012,892	\$ 211,643,485	\$ 230,145,408	\$ 233,277,547
19,429,092	17,995,682	49,675,789	71,427,127	77,713,480	80,401,648
13,264,407	17,351,506	5,617,794	6,622,679	10,477,522	7,202,418
<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>	<u>\$ 320,881,613</u>
\$ 129,220,049	\$ 128,565,431	\$ 128,316,680	\$ 132,389,502	\$ 142,141,489	\$ 143,593,325
-	-	1,194,908	1,334,545	1,763,231	1,982,936
39,342,785	39,035,755	38,588,206	32,607,856	23,224,217	16,860,483
<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>	<u>\$ 162,436,744</u>
\$ 332,159,758	\$ 337,895,645	\$ 339,329,572	\$ 344,032,987	\$ 372,286,897	\$ 376,870,872
19,429,092	17,995,682	50,870,697	72,761,672	79,476,711	82,384,584
52,607,192	56,387,261	44,206,000	39,230,535	33,701,739	24,062,901
<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>	<u>\$ 483,318,357</u>

CITY OF TROY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 8,459,810	\$ 9,875,913	\$ 10,449,379	\$ 11,305,100
Public safety	26,878,737	28,860,117	35,744,673	31,023,545
Public works	13,626,846	15,478,239	17,224,145	16,269,932
Sanitation	4,331,500	4,267,388	4,606,627	4,517,499
Community and economic development	1,366,075	16,303,702	1,018,643	955,880
Recreation and culture	9,145,272	9,432,683	10,091,847	10,248,458
Interest on long-term debt	1,019,021	1,065,510	1,444,384	1,344,219
Total governmental activities	<u>64,827,261</u>	<u>85,283,552</u>	<u>80,579,698</u>	<u>75,664,633</u>
Business-type activities:				
Water	14,434,204	15,479,500	15,767,708	18,508,493
Sanitary Sewer	12,215,434	12,864,584	12,807,380	12,584,209
Sanctuary Lake golf course	1,676,239	1,735,921	1,733,846	1,900,990
Sylvan Glen golf course	1,052,043	1,096,974	1,130,082	1,143,351
Aquatic center	543,834	531,369	583,709	700,430
Total business-type activities	<u>29,921,754</u>	<u>31,708,348</u>	<u>32,022,725</u>	<u>34,837,473</u>
Total primary government expenses	<u>94,749,015</u>	<u>116,991,900</u>	<u>112,602,423</u>	<u>110,502,106</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	3,114,515	3,241,183	3,783,480	3,766,949
Public safety	3,545,823	4,076,054	4,691,450	4,451,076
Public works	2,223,031	2,634,542	3,364,953	3,335,490
Sanitation	6,012	6,358	6,590	8,630
Recreation and culture	3,651,142	3,536,383	3,589,925	3,587,481
Operating grants and contributions	1,196,458	835,352	1,097,166	760,549
Capital grants and contributions	10,435,694	23,832,070	10,447,244	11,466,690
Total governmental activities	<u>24,172,675</u>	<u>38,161,942</u>	<u>26,980,808</u>	<u>27,376,865</u>

2017	2018	2019	2020	2021	2022
\$ 10,925,546	\$ 10,527,094	\$ 9,161,093	\$ 6,511,152	\$ 7,630,092	\$ 9,992,627
29,403,916	29,357,164	23,995,136	23,297,176	23,743,952	34,285,696
16,553,537	18,123,198	17,532,358	17,216,100	17,217,363	21,100,594
4,889,569	5,007,584	5,250,265	5,358,719	5,534,606	5,656,929
794,535	851,314	305,789	275,784	805,526	1,009,707
10,442,184	11,320,591	11,114,884	9,982,617	8,396,449	11,944,043
1,206,243	1,095,894	975,567	843,586	637,086	167,576
<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>	<u>84,157,172</u>
18,992,183	20,809,872	20,163,346	19,914,841	20,639,128	20,927,528
12,401,390	14,441,047	14,545,633	14,590,131	15,063,368	15,371,118
1,917,677	1,930,551	1,960,575	1,908,982	2,202,815	2,381,697
1,114,618	1,082,544	1,111,941	1,206,036	1,258,376	1,409,200
717,905	655,821	699,130	515,238	473,997	706,923
<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>40,796,466</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>	<u>124,953,638</u>
3,983,385	3,862,669	3,953,495	3,792,227	4,115,452	3,445,352
4,612,475	4,975,806	5,243,086	4,370,991	4,563,533	4,279,158
2,916,921	3,082,359	2,046,635	2,077,937	2,888,371	2,933,503
8,199	25,923	1,118	940	422	575
3,683,297	3,698,180	3,756,819	2,183,119	1,054,435	2,449,412
951,275	1,134,640	810,436	964,952	6,042,781	1,573,630
9,304,781	10,501,834	11,438,685	9,903,857	11,003,755	10,951,311
<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>	<u>25,632,941</u>

continued...

CITY OF TROY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2013	2014	2015	2016
Business-type activities:				
Charges for services:				
Water	\$ 15,965,202	\$ 15,078,684	\$ 14,626,110	\$ 17,465,511
Sanitary Sewer	12,978,863	12,451,888	11,900,157	12,470,724
Sanctuary Lake golf course	1,295,277	1,335,433	1,375,137	1,809,386
Sylvan Glen golf course	1,173,838	984,908	1,128,968	1,291,367
Aquatic center	481,424	532,293	431,141	728,589
Operating grants and contributions	-	-	19,153	-
Capital grants and contributions	528,416	262,237	285,963	1,104,132
Total business-type activities	32,423,020	30,645,443	29,766,629	34,869,709
Total primary government program revenues	56,595,695	68,807,385	56,747,437	62,246,574
Net (expense)/revenue				
Governmental activities	(40,654,586)	(47,121,610)	(53,598,890)	(48,287,768)
Business-type activities	2,501,266	(1,062,905)	(2,256,096)	32,236
Total primary government net expense	(38,153,320)	(48,184,515)	(55,854,986)	(48,255,532)
General revenues				
Governmental activities:				
General revenues:				
Property taxes	46,419,615	46,759,393	46,993,478	48,369,185
State-shared revenues	6,279,381	6,435,145	6,541,560	6,535,632
Grants and contributions not restricted to specific programs	50,485	54,535	22,848	24,472
Unrestricted investment earnings (loss)	185,302	424,286	258,208	1,079,714
Miscellaneous	140,452	532,674	523,636	131,968
Total governmental activities	53,075,235	54,206,033	54,339,730	56,140,971
Business-type activities:				
General revenues:				
Unrestricted investment earnings (loss)	133,912	305,126	131,526	681,643
Miscellaneous	-	10,500	-	6,946
Total business-type activities	133,912	315,626	131,526	688,589
Total primary government	53,209,147	54,521,659	54,471,256	56,829,560
Change in net position				
Governmental activities	12,420,649	7,084,423	740,840	7,853,203
Business-type activities	2,635,178	(747,279)	(2,124,570)	720,825
Total primary government	\$ 15,055,827	\$ 6,337,144	\$ (1,383,730)	\$ 8,574,028

2017	2018	2019	2020	2021	2022
\$ 20,699,381	\$ 20,154,112	\$ 19,679,644	\$ 19,189,709	\$ 20,488,367	\$ 19,088,120
13,513,930	13,335,048	13,125,364	12,702,238	13,759,793	12,953,666
1,739,789	1,781,278	1,782,237	1,684,938	2,310,026	2,253,407
1,363,358	1,298,319	1,269,017	1,339,293	1,800,034	1,614,615
591,389	578,108	552,340	305,292	247,343	785,243
-	-	-	-	-	-
2,681,660	738,252	1,064,065	196,436	2,077,664	913,952
40,589,507	37,885,117	37,472,667	35,417,906	40,683,227	37,609,003
66,049,840	65,166,528	64,722,941	58,711,929	70,351,976	63,241,944
(48,755,197)	(49,001,428)	(41,084,818)	(40,191,111)	(34,296,325)	(58,524,231)
5,445,734	(1,034,718)	(1,007,958)	(2,717,322)	1,045,543	(3,187,463)
(43,309,463)	(50,036,146)	(42,092,776)	(42,908,433)	(33,250,782)	(61,711,694)
48,184,737	49,396,636	51,108,963	52,975,285	53,623,652	54,937,941
8,091,385	8,378,417	8,535,476	8,346,267	9,601,689	12,144,090
14,619	20,070	18,188	18,210	27,884	25,153
12,506	93,835	2,635,494	2,003,122	(526,158)	(6,244,462)
-	156,664	415,770	235,043	212,377	206,712
56,303,247	58,045,622	62,713,891	63,577,927	62,939,444	61,069,434
29,858	73,070	1,466,100	949,431	(248,509)	(1,504,730)
-	-	40,466	-	-	-
29,858	73,070	1,506,566	949,431	(248,509)	(1,504,730)
56,333,105	58,118,692	64,220,457	64,527,358	62,690,935	59,564,704
7,548,050	9,044,194	21,629,073	23,386,816	28,643,119	2,545,203
5,475,592	(961,648)	498,608	(1,767,891)	797,034	(4,692,193)
\$ 13,023,642	\$ 8,082,546	\$ 22,127,681	\$ 21,618,925	\$ 29,440,153	\$ (2,146,990)

concluded.

CITY OF TROY, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2013	2014	2015	2016
General fund				
Nondisposable	\$ 4,369,038	\$ 4,417,528	\$ 5,287,206	\$ 5,669,290
Restricted	1,525,598	1,534,139	1,538,879	1,563,203
Committed	2,771,300	6,622,968	-	-
Assigned	3,148,000	3,162,000	8,075,520	5,312,270
Unassigned	24,946,170	21,856,139	19,716,862	20,062,397
Total general fund	<u>36,760,106</u>	<u>37,592,774</u>	<u>34,618,467</u>	<u>32,607,160</u>
All other governmental funds				
Nondisposable	160,579	224,977	200,512	196,900
Restricted	18,472,876	21,023,992	23,781,735	19,510,120
Committed	3,099,166	3,776,000	803,358	2,720,822
Total all other governmental funds	<u>21,732,621</u>	<u>25,024,969</u>	<u>24,785,605</u>	<u>22,427,842</u>
Total governmental funds	<u>\$ 58,492,727</u>	<u>\$ 62,617,743</u>	<u>\$ 59,404,072</u>	<u>\$ 55,035,002</u>

*Beginning with fiscal year 2021, the budget stabilization portion of fund balance is reported as unassigned.

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2017	2018	2019	2020	2021*	2022
\$ 6,260,979	\$ 6,885,751	\$ 7,215,136	\$ 8,084,436	\$ 9,779,366	\$ 9,994,166
1,563,397	1,565,721	1,617,390	1,656,276	-	-
-	-	-	-	-	-
4,561,613	6,326,870	5,895,860	5,801,438	7,149,823	8,075,027
19,776,349	18,661,478	19,674,536	17,486,669	22,737,062	21,544,036
32,162,338	33,439,820	34,402,922	33,028,819	39,666,251	39,613,229
293,680	187,299	268,684	249,339	246,425	256,177
19,352,374	17,996,223	21,311,972	26,185,903	25,217,102	23,068,541
945,425	132,263	564,900	304,163	656,477	-
20,591,479	18,315,785	22,145,556	26,739,405	26,120,004	23,324,718
\$ 52,753,817	\$ 51,755,605	\$ 56,548,478	\$ 59,768,224	\$ 65,786,255	\$ 62,937,947

CITY OF TROY, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2013	2014	2015	2016
Revenues				
Property taxes	\$ 46,470,104	\$ 46,739,163	\$ 47,032,046	\$ 48,181,711
Licenses and permits	2,254,775	2,429,459	2,896,533	2,519,342
Intergovernmental - federal	5,119,153	3,189,800	1,909,795	2,492,626
Intergovernmental - state	11,673,045	12,238,420	14,532,201	14,016,525
Intergovernmental - local	786,068	31,209	587,902	1,401,455
Charges for services	7,760,295	8,378,616	9,375,710	9,636,700
Fines and forfeits	902,183	1,396,241	1,418,354	1,183,571
Investment earnings (loss)	154,351	348,625	224,322	865,229
Other	2,007,022	2,042,877	3,086,024	2,948,266
Total revenues	<u>77,126,996</u>	<u>76,794,410</u>	<u>81,062,887</u>	<u>83,245,425</u>
Expenditures				
Current:				
General government	7,409,887	6,621,292	6,992,997	7,338,404
Public safety	27,371,783	28,082,145	31,108,472	28,611,021
Public works	4,257,865	5,675,847	5,638,918	5,372,214
Other public works	1,779,928	-	-	-
Sanitation	4,331,560	4,267,898	4,606,610	4,517,910
Community and economic development	621,439	18,327,123	3,207,237	3,186,003
Recreation and culture	8,243,322	8,556,099	9,186,959	9,457,699
Debt service:				
Principal	2,626,776	2,691,746	2,832,182	2,922,716
Lease principal	-	-	-	-
Interest and other charges	1,042,839	1,126,667	1,505,715	1,407,944
Bond issuance costs	-	-	-	-
Capital outlay	13,670,400	13,725,931	19,554,175	24,973,022
Total expenditures	<u>71,355,799</u>	<u>89,074,748</u>	<u>84,633,265</u>	<u>87,786,933</u>
Excess of revenues over (under) expenditures	<u>5,771,197</u>	<u>(12,280,338)</u>	<u>(3,570,378)</u>	<u>(4,541,508)</u>
Other financing sources (uses)				
Transfers in	8,648,930	13,742,158	15,247,847	18,223,266
Transfers out	(8,648,930)	(13,292,158)	(15,306,857)	(18,223,266)
Issuance of debt	-	14,945,000	-	-
Payments to escrow agent	-	-	-	-
Issuance of leases payable	-	-	-	-
Proceeds from sale of capital assets	51,220	273,700	415,717	172,438
Total other financing sources (uses)	<u>51,220</u>	<u>15,668,700</u>	<u>356,707</u>	<u>172,438</u>
Net change in fund balances	<u>\$ 5,822,417</u>	<u>\$ 3,388,362</u>	<u>\$ (3,213,671)</u>	<u>\$ (4,369,070)</u>
Debt service as a percentage of noncapital expenditures	6.4%	5.1%	6.7%	6.9%

2017	2018	2019	2020	2021	2022
\$ 48,330,909	\$ 49,449,053	\$ 51,118,782	\$ 52,847,967	\$ 53,699,190	\$ 54,891,265
2,755,580	2,947,987	2,930,791	2,684,369	2,575,884	2,499,549
564,401	419,889	350,211	410,169	4,907,302	173,441
15,102,588	17,266,839	18,707,814	17,461,280	19,604,050	23,077,936
1,624,744	1,227,514	904,756	479,549	803,030	786,577
9,198,024	9,328,352	8,353,157	6,763,062	7,088,481	7,745,679
1,415,429	1,617,607	1,557,399	1,097,965	943,594	858,936
10,795	70,137	2,102,986	1,607,993	(427,806)	(5,137,848)
3,167,305	3,139,232	3,261,326	3,022,060	6,106,702	2,778,135
82,169,775	85,466,610	89,287,222	86,374,414	95,300,427	87,673,670
7,931,122	7,557,035	8,241,232	8,436,783	8,879,688	9,012,053
29,860,208	31,427,553	33,487,111	33,833,913	35,415,218	35,434,031
5,441,176	6,184,744	5,946,526	5,946,118	6,682,499	7,846,946
-	-	-	-	-	-
4,890,106	5,008,258	5,250,790	5,359,069	5,534,659	5,656,977
3,364,862	3,627,340	3,977,888	3,854,144	3,610,414	4,218,892
9,793,755	10,771,468	11,088,389	10,193,878	8,808,681	11,004,020
2,980,066	2,910,420	3,095,470	3,136,159	3,385,338	640,145
-	-	-	-	-	5,322
1,274,264	1,160,095	1,042,658	910,498	568,454	172,297
-	-	-	-	154,147	-
18,916,700	17,818,579	12,587,681	11,596,804	13,195,645	16,603,584
84,452,259	86,465,492	84,717,745	83,267,366	86,234,743	90,594,267
(2,282,484)	(998,882)	4,569,477	3,107,048	9,065,684	(2,920,597)
15,568,422	14,583,366	14,694,064	15,649,224	12,425,144	8,934,090
(15,568,422)	(14,583,366)	(14,694,064)	(15,649,224)	(12,425,144)	(8,934,090)
-	-	-	-	10,105,000	-
-	-	-	-	(13,163,253)	-
-	-	-	-	-	47,739
1,299	670	223,396	112,698	10,600	24,550
1,299	670	223,396	112,698	(3,047,653)	72,289
\$ (2,281,185)	\$ (998,212)	\$ 4,792,873	\$ 3,219,746	\$ 6,018,031	\$ (2,848,308)
6.5%	5.9%	5.7%	5.7%	4.6%	1.1%

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General Governmental Tax Revenue by Source

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						Total All Property Taxes
	General	Refuse	Library	Capital	General Debt Service		
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
2022	36,373,432	5,721,634	5,852,034	6,990,841	-		54,937,941

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
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
2022	52,816,046	52,275,997	98.98%	423,823	52,699,820

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%	\$ 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%
99.78%	116,226	0.22%

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
12/31/2012	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
12/31/2021	7/01/2022	6/30/2023	3,833,877,750	1,177,946,600	374,129,120	368,284,690

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
\$ 4,310,263,448	\$ (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%
5,754,238,160	(7,023,910)	5,747,214,250	9.90	7,497,644,090	76.75%

CITY OF TROY, MICHIGAN

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	2013		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Frankel Forbes Cohen	\$ 50,473,380	1	1.17%
NTCC LLC	30,881,430	2	0.72%
UrbanCal - Oakland Mall	30,822,560	3	0.71%
Nykel Management	24,902,430	4	0.58%
DTE Electric Co	23,692,910	5	0.55%
CC Troy Associates	20,008,820	6	0.46%
Osprey-Troy Officentre LLC	19,997,050	7	0.46%
Kelly Services	17,763,250	8	0.41%
Nemer Troy Place Realty	17,576,490	9	0.41%
Bank of America	16,342,090	10	0.38%
	<u>\$ 252,460,410</u>		<u>5.85%</u>

CITY OF TROY, MICHIGAN

Schedule 9
Unaudited

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	2022		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Somerset Collections	\$ 60,876,330	1	1.06%
DTE Electric Co	48,670,830	2	0.85%
Lithia Real Estate Inc	42,086,890	3	0.73%
Troy Apts I-IV LLC	32,250,080	4	0.56%
Troy Office Center Owner LLC	27,373,740	5	0.48%
UrbanCal - Oakland Mall	25,404,080	6	0.44%
Consumers Energy	23,685,220	7	0.41%
CC Troy Associates	22,898,130	8	0.40%
Wilshire Plaza MI Realty LP	17,303,600	9	0.30%
Troy KS Development LLC	16,903,700	10	0.29%
	<u>\$ 317,452,600</u>		<u>5.52%</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 and Notes		General Obligation Bonds and Notes		Total Outstanding Debt	Less: Amounts Restricted to Repaying Principal	Net Outstanding Debt	Percentage of Personal Income
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%
2022		10,502,840		5,278,891	15,781,731	(10,011,625)	5,770,106	0.36%

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
\$	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%
	65	0.34%

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt

to Total General Governmental Expenditures

Last Ten Fiscal Years

Fiscal Year Ended June 30	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Governmental Expenditures	Percentage of Debt Service to General Government Expenditures
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%
2022	440,000	157,288	597,288	73,824,173	0.81%

Includes general, special revenue, debt service and permanent funds.

CITY OF TROY, MICHIGAN

Schedule 12
Unaudited**Computation of Direct and Overlapping Debt**

June 30, 2022

Jurisdiction	Net General Bonded Debt Outstanding	Percentage Applicable to Troy	Amount Applicable to Troy
City of Troy - Direct debt	\$ 10,105,000	100.00%	\$ 10,105,000
City of Troy - Overlapping Debt:			
Avondale School District	104,027,427	19.21%	19,983,669
Birmingham School District	214,595,000	3.59%	7,703,961
Bloomfield Hills School District	139,855,000	2.33%	3,258,622
Royal Oak School District	41,955,000	1.91%	801,341
Troy School District	116,165,000	100.00%	116,165,000
Warren School District	232,450,000	7.80%	18,131,100
Oakland County	220,654,700	8.24%	18,181,947
Macomb Intermediate School District	580,000	0.99%	5,742
Oakland Intermediate School District	41,070,000	7.79%	3,199,353
Total overlapping debt	1,111,352,127		187,430,734
Total direct and overlapping debt	\$ 1,121,457,127		\$ 197,535,734

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

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Computation of Legal Debt Margin

June 30, 2022

Assessed Valuation at December 31, 2021

\$ 7,156,234,730

	Annual Net Debt	Legal Margin		
		Percentage of State Equalized Valuation	Amount	Legal Debt Margin
General obligation debt	\$ 14,725,000	10.0%	\$ 715,623,473	\$ 700,898,473
Emergency bonds	-	37.5%	2,683,588,024	2,683,588,024
Special assessment bonds	-	12.0%	858,748,168	858,748,168
Total debt	<u>\$ 14,725,000</u>		<u>\$ 4,257,959,664</u>	<u>\$ 4,243,234,664</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 (\$7,156,234,730), 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				
	2013	2014	2015	2016	2017
Debt Limit	\$ 441,010,890	\$ 449,143,234	\$ 482,754,174	\$ 531,361,170	\$ 562,687,887
Total net debt applicable to limit	<u>(30,420,000)</u>	<u>(42,735,000)</u>	<u>(39,670,000)</u>	<u>(36,325,000)</u>	<u>(32,940,000)</u>
Legal debt margin	<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>	<u><u>\$ 529,747,887</u></u>
Total net debt applicable to the limit as a percentage of debt limit	6.90%	9.51%	8.22%	6.84%	5.85%

Schedule 14
Unaudited

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Fiscal Year				
2018	2019	2020	2021	2022
\$ 589,424,172	\$ 614,688,547	\$ 653,636,417	\$ 675,468,147	\$ 715,623,473
(29,635,000)	(26,055,000)	(22,450,000)	(16,150,000)	(14,725,000)
<u>\$ 559,789,172</u>	<u>\$ 588,633,547</u>	<u>\$ 631,186,417</u>	<u>\$ 659,318,147</u>	<u>\$ 700,898,473</u>
5.03%	4.24%	3.43%	2.39%	2.06%

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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)	
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	
2022	2,253,407	685,000	243,433	928,433	2	

Michigan Transportation Fund Bonds						
		Debt Service				
Fiscal Year Ended	Collections	Principal	Interest	Total	Coverage (1)	
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	
2022	-	-	-	-	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)
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
2022	88,239	42.1	33,311	2.47	49,211

Source:

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



			Education Age 25 or Older		
Median Income per Household (1)	Personal Income (millions)	Unemployment Rate (%) (2)	High School (3)	Bachelor Degree (3)	Graduate or Professional Degree (3)
\$ 85,685	\$ 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
104,132	4,342	3.8	96	63	29

CITY OF TROY, MICHIGAN

Principal Employers by Industry

Current and Previous Four Years

Industry	2018			2019		
	Number of Parcels	Rank	Percent of Total Parcels	Number of Parcels	Rank	Percent of Total Parcels
Industrial, Light Manufacturing	635	1	39.32%	637	1	39.08%
Office	254	2	15.73%	260	2	15.95%
Retail Store (Mall, Plaza, Market, Whse, Discount)	154	3	9.54%	154	3	9.45%
All other	75	5	4.64%	72	6	4.42%
Medical Office	85	4	5.26%	85	4	5.21%
Restaurant and Fast Food	72	6	4.46%	76	5	4.66%
Warehouse (Storage, Distribution, Transit)	63	9	3.90%	68	8	4.17%
Apartments	67	7	4.15%	70	7	4.29%
Engineering	66	8	4.09%	67	9	4.11%
Service (Station, Garage, Booth, Convenience)	53	10	3.28%	50	10	3.07%
Loft (Multi Tenant Industrial)	40	11	2.48%	40	11	2.45%
Bank	33	12	2.04%	33	12	2.02%
Auto Dealership	18	13	1.11%	18	13	1.10%
Total commercial/industrial parcels	<u>1,615</u>		<u>100.00%</u>	<u>1,630</u>		<u>100.00%</u>

Source: City Assessor

2020			2021			2022		
Number of Parcels	Rank	Percent of Total Parcels	Number of Parcels	Rank	Percent of Total Parcels	Number of Parcels	Rank	Percent of Total Parcels
633	1	39.15%	676	1	39.10%	685	1	40.75%
258	2	15.96%	259	2	14.98%	254	2	15.11%
139	3	8.60%	148	3	8.56%	170	3	10.11%
82	5	5.07%	97	4	5.61%	94	4	5.59%
85	4	5.26%	93	5	5.38%	80	5	4.76%
75	6	4.64%	82	6	4.74%	74	6	4.40%
66	9	4.08%	81	7	4.68%	74	7	4.40%
74	7	4.58%	74	8	4.28%	74	8	4.40%
67	8	4.14%	71	9	4.11%	67	9	3.99%
49	10	3.03%	55	10	3.18%	38	10	2.26%
38	11	2.35%	43	11	2.49%	30	11	1.78%
33	12	2.04%	32	12	1.85%	23	12	1.37%
18	13	1.11%	18	13	1.04%	18	13	1.07%
<hr/>			<hr/>			<hr/>		
1,617		100.00%	1,729		100.00%	1,681		100.00%
<hr/>			<hr/>			<hr/>		

CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
Building Inspection					
Permits issued	2,006	2,297	2,369	2,404	3,197
Plans reviewed	2,023	2,641	3,051	3,301	3,817
Executive Administration					
City Manager's Office -					
GFOA awards/submittals	3	3	3	3	3
City Attorney's Office -					
District court appearances	7,884	7,871	8,289	8,059	8,241
Community Affairs:					
New resident packets distributed	803	790	801	940	790
Press releases sent	479	482	495	500	460
City Clerk's Office:					
Registered voters	58,318	56,630	57,400	57,163	58,333
Voter turnout% (November)	74%	27%	51%	21%	80%
Human Resources:					
Applications processed	778	1,274	1,120	809	1,261
Job postings	26	38	45	51	59
Labor contracts settled	0	3	2	4	0
Engineering					
Soil erosion inspections	628	812	1,089	640	744
Machine traffic counts	52	43	25	25	15
PASER ratings	6	5.7	5.7	5.5	5.3

Schedule 18
Unaudited

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2018	2019	2020	2021	2022
2,988	2,711	2,200	2,490	2,717
3,750	3,335	2,763	3,139	2,971
3	3	3	3	3
8,357	9,994	6,660	5,360	5,134
801	525	460	75	275
468	475	480	400	385
57,619	59,440	60,274	64,590	64,482
29%	66%	26%	77%	18%
1,044	1,052	727	3,048	2,914
61	67	31	89	119
0	1	2	2	1
779	878	791	621	569
18	14	20	23	25
5.2	5.2	5.2	5.1	5.2

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CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
Finance					
Accounting/Risk Management:					
Payroll checks processed	24,073	24,073	26,497	26,822	27,665
Invoices issued	10,033	10,635	10,121	10,119	10,307
Liability claims processed	53	103	344	84	41
Insurance certificates approved	348	365	385	619	693
Assessing:					
Residential appraisals	642	518	362	390	400
Reinspections	892	892	1,156	1,400	1,000
Purchasing:					
Value of goods/services purchased	\$34.6 mil	\$34.0 mil	\$34.5 mil	\$37.8 mil	\$43.6 mil
% of awards without dispute	100%	100%	100%	100%	100%
City Treasurer's Office:					
Tax bills processed	66,000	66,200	62,685	62,854	62,345
Water bills processed	102,272	102,510	102,807	103,118	104,418
Fire					
Fire Department responses	1,006	1,165	1,077	1,174	1,216
Inspections performed	3,154	2,988	2,398	2,815	2,348
Other General Government					
Building Operations -					
Requests for service	18,550	18,550	16,280	18,150	18,630
Planning:					
Site plan reviews	9	17	17	15	18
Special use requests	12	3	2	6	5
Parks, Recreation and Culture					
ROW trees trimmed	3,508	3,300	3,976	2,611	4,323
Recreation programs	466	480	485	485	492
Library cards	51,000	46,400	49,656	56,961	61,362
Police					
Part 1 Crimes	1,670	1,512	1,419	1,451	1,358
Operate while impaired	506	473	419	350	392
Hazardous traffic citations	6,811	6,704	5,283	4,796	4,510
Non-hazardous traffic citations	3,681	3,168	4,750	3,736	3,315
Traffic crashes:					
Property damage	1,958	3,342	3,163	1,937	1,949
Personal injury	303	532	468	275	260
Fatal crash	4	4	5	3	4

Schedule 18
Unaudited



2018	2019	2020	2021	2022
27,692	27,814	27,215	25,645	26,057
10,193	10,157	9,678	9,135	8,423
55	74	80	80	79
730	759	750	558	638
324	375	450	485	600
1,300	1,500	1,000	1,000	1,200
\$45.8 mil	\$48 mil	\$51.4 mil	\$50 mil	\$53.1 mil
100%	100%	100%	100%	100%
62,669	62,572	62,900	62,772	62,127
107,054	104,890	105,710	106,892	106,274
1,206	1,175	1,111	1,045	1,158
2,096	1,721	1,070	1,910	2,119
18,240	6,958	6,089	5,640	5,751
17	13	10	9	12
6	15	8	2	5
1,849	3,358	2,500	2,931	2,750
518	520	392	190	214
58,598	52,282	57,144	60,135	65,650
1,288	1,227	790	955	807
352	372	291	219	197
5,094	9,551	5,330	2,471	3,848
3,722	4,946	2,799	2,476	1,856
2,155	2,212	2,330	2,046	1,719
307	275	312	224	231
2	2	5	4	3

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CITY OF TROY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
Public Works					
Streets and Drains Division					
Requests for service	1,370	1,774	1,747	1,509	1,636
Water and Sewer Division					
Requests for service	4,217	4,434	4,140	2,482	2,776
Sanitary sewers cleaned in feet	1,300,000	1,630,417	1,250,000	1,151,056	835,683
Fleet Maintenance					
Work orders	2,037	2,532	2,165	2,443	2,477
Vehicle tires replaced	464	406	487	332	349
Refuse/Resource Recovery					
Tons of refuse collected	26,655	27,210	28,462	28,068	28,475
Tons of compost collected	8,786	9,743	9,174	9,104	9,580
Information Technology					
Help desk requests	2,333	3,079	3,018	2,811	3,136
Golf Course					
Sylvan Glen rounds of golf	42,655	37,737	42,887	49,988	49,044
Sanctuary Lake rounds of golf	30,301	30,283	31,840	43,416	41,459
Aquatic Center					
Admissions	47,940	49,066	36,021	42,481	34,741

Schedule 18
Unaudited

2018	2019	2020	2021	2022
1,956	1,594	1,401	1,320	2,296
2,627	2,301	2,490	1,655	2,521
350,269	398,000	593,505	853,737	1,249,895
2,380	2,945	2,322	2,256	2,270
458	344	332	337	343
26,957	26,453	27,302	28,304	27,820
8,806	10,033	10,654	9,955	9,981
3,389	3,048	2,836	2,302	2,252
45,848	44,112	46,043	58,017	49,295
41,700	40,315	40,293	51,720	43,002
36,492	41,681	31,146	12,859	46,908
				concluded.

CITY OF TROY, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
Fire					
Stations	6	6	6	6	6
Police					
Stations	1	1	1	1	1
Streets					
Miles of improved	406	406	408	408	409
Miles of unimproved	4	4	4	4	4
Sewers					
Miles of combination storm/sanitary	10	10	6	6	6
Miles of sanitary	392	393	393	395	396
Miles of storm	625	631	529	519	535
Street Lights					
Detroit Edison owned poles	562	562	562	562	562
City owned poles	539	539	1,010	1,010	1,010
Water					
Annual distribution in million cubic feet	539	450	420	450	495
Miles of watermain	539	537	542	543	544
Number of hydrants	5,897	5,930	5,962	5,979	6,001
Parks and Recreation					
Number of developed parks	15	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

2018	2019	2020	2021	2022
6	6	6	6	6
1	1	1	1	1
409	410	342	343	343
4	4	3	3	3
6	6	6	6	6
397	399	401	401	402
540	546	548	547	550
562	564	544	533	533
1,010	1,008	1,100	1,104	1,104
489	437	386	461	422
545	548	549	549	550
6,025	6,064	6,111	6,123	6,133
16	16	16	14	16
1,000	1,000	1,000	1,000	1,000
18	18	18	18	18
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1

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Building Construction

Last Ten Fiscal Years

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
2021 - 2022	2,717	permits	210,129,472	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	2013		2014		2015		2016		2017		2018	
	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	5	7	7	9	6	9	5	9	4	7	5
City Attorney's Office	7	1	7	0	7	0	6	0	7	0	7	1
City Clerk's Office	4	2	4	2	4	3	4	3	5	1	5	1
Human Resources	3	1	4	1	4	0	4	1	4	1	3	0
Community Affairs	0	0	0	0	0	0	0	0	0	0	1	0
Engineering												
Engineering	11	3	11	3	11	2	11	2	13	2	12	1
Finance												
Accounting/Risk Management	6	1	6	2	6	2	6	1	6	2	6	2
Assessing	6	1	7	1	6	1	7	0	6	0	6	0
Purchasing	2	1	2	1	2	1	2	1	2	1	3	0
City Treasurer's Office	3	1	3	1	4	0	4	0	4	0	4	1
Fire												
Fire	11	6	11	6	12	6	12	4	12	5	11	3
Library												
Library	5	71	9	82	9	83	9	75	11	75	11	78
Other General Government												
Building Operations	7	3	7	4	7	3	7	4	8	2	9	2
Planning	4	2	4	2	4	2	4	3	4	4	5	2
Police												
Sworn Police Officers	74	0	69	0	79	0	78	0	79	0	82	0
Command	22	0	21	0	23	0	23	0	22	0	24	0
Other	44	35	47	31	47	35	48	29	48	24	49	27
Parks and Recreation												
Parks	6	11	6	13	6	14	6	15	6	16	6	15
Recreation	5	171	5	182	6	185	6	183	5	181	7	166
Public Works												
Streets and Drains Division	21	8	23	9	25	11	24	9	25	10	24	6
Water and Sewer Division	31	6	33	6	32	6	31	7	34	6	31	7
Fleet Maintenance	14	3	12	6	14	6	15	2	16	0	16	2
Refuse/Resource Recovery	1	0	1	0	1	0	0	0	0	0	0	0
Information Technology												
Information technology	8	1	9	0	10	0	11	0	11	0	10	0
Aquatic Center												
Aquatic center	0	45	0	42	0	52	0	66	0	60	0	66
Total Employees	<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>	<u>339</u>	<u>385</u>

Source: City Department of Human Resources

Schedule 21
Unaudited

2019		2020		2021		2022	
Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
0	0	1	0	1	0	2	0
7	3	8	4	7	3	7	4
7	0	7	0	7	0	7	0
4	2	5	1	5	5	5	5
4	1	4	1	5	0	5	0
1	0	1	1	1	1	1	0
11	1	11	2	11	1	12	1
5	3	6	3	6	3	6	3
7	0	7	0	7	0	7	0
2	1	2	1	2	1	2	1
4	0	4	0	4	0	4	0
13	5	12	5	12	4	12	4
12	73	11	69	18	62	21	60
11	1	12	0	12	0	12	0
6	2	5	2	5	1	6	1
90	0	81	0	80	0	82	0
24	0	23	0	26	0	24	0
51	30	48	33	47	23	47	21
6	20	5	15	7	9	8	19
7	214	8	204	7	182	8	157
24	7	23	0	22	0	23	1
33	6	34	0	30	1	33	2
15	1	16	1	15	1	14	1
0	0	0	0	0	0	0	0
10	0	11	0	11	0	9	0
0	33	0	7	0	21	0	25
354	403	345	349	348	318	357	305

State Shared Revenues

Last Ten Fiscal Years

Fiscal Year Ended June 30	State Shared Revenue
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
2022	12,144,090

*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	
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
2022	7,459,460	2,931,402	10,390,862

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	65
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	82
Troy Firestaff Officers Association - Fire Career Professionals	6/30/2024	10
Troy Communication Supervisors Association - Civilian Communications Supervisors	6/30/2026	9

Source: City Department of Human Resources

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