

# **Annual Comprehensive Financial Report**

**Fiscal Year Ended  
June 30, 2021**

**Prepared by:  
Business Office  
Christine Thomas-Hill, Associate Superintendent  
of Finance and Operations  
Traverse City Area Public Schools  
Traverse City, Michigan**

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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*Associate Superintendent  
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**Julie Gorter**

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September 30, 2021

To the Board of Education and the Citizens of  
Traverse City Area Public Schools

State law requires that school districts publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants using generally accepted auditing standards as defined by the Comptroller of the United States in the publication *Government Auditing Standards*. These financial statements are required to be filed by November 1<sup>st</sup> of each year for the immediately preceding fiscal year.

Pursuant to this requirement, we are proud to issue this Annual Comprehensive Financial Report of the Traverse City Area Public Schools (the District) for the year ended June 30, 2021. This report differs from traditional financial reports in that it is more comprehensive in scope and contains statistical information that includes financial and non-financial data presented over multiple (primarily ten) years. This is the seventeenth year Traverse City Area Public Schools (TCAPS) has issued its financial report in this format. It is important to note that we, as management, are responsible for the financial information contained in this report. We assume full responsibility for the completeness and reliability of all the information presented herein.

The format of this Annual Comprehensive Financial Report is designed to meet the needs of a broad spectrum of readers of financial reports and is divided into three major sections:

*Introductory Section* – The introductory section introduces the reader to the report and includes this transmittal letter, the organizational chart of the District, and a list of Trustees elected to the Board of Education and other officials of the District.

*Financial Section* – The financial section consists of the independent auditor's report, Management's Discussion and Analysis, the basic financial statements, required supplementary information, and the combining and individual fund statements and schedules.

*Statistical Section* – The statistical section contains financial and other information that differ from financial statements in that they present accounting and non-accounting data, cover several years, and are designed to reflect social and economic data as well as financial and fiscal trends which help the reader gain a more thorough understanding of the District as a whole.

This transmittal letter is designed to introduce the reader to the District by providing high-level information of Traverse City Area Public Schools and the environment in which it exists and should be read in conjunction with Management's Discussion and Analysis presented in the financial section of the report.

## DISTRICT PROFILE

The District's history dates back to 1853 when it was first organized as an "ungraded" school system, serving approximately 3 square miles. Through the years, the District grew through numerous annexations, most of which took place from 1956 through 1979, to encompass its current size of approximately 300 square miles. In 1979, the Board of Education changed the District's name from the School District of Traverse City to Traverse City Area Public Schools (TCAPS). As of the October 2020 count day, the District's enrollment was 9,293 for K-12, shared time, and Early Childhood Special Education (ECSE) students. The District also operates additional programs which include 188 Preschool students and 26 Great Start Readiness Program (GSRP) students. The District has experienced declining enrollment over the past few years, as has the entire State of Michigan. The recent decline at TCAPS has been related to the COVID-19 pandemic, though we have been creative in offering a variety of learning options for students. The district recognizes that there are less students in the state so it is not likely that the enrollment will drastically increase anytime soon. The funded projected enrollment for the 2021-22 fiscal year is 9,340.

The District is organized under Section 380.401 of the Revised School Code of Michigan. Its purpose is to educate those students who reside within its borders and any students outside its borders who choose to attend TCAPS through the "schools of choice" program. As of September 1, 2020, the District operated ten traditional kindergarten through fifth grade elementary schools, one Montessori kindergarten through seventh grade school, two traditional sixth through eighth grade middle schools, two traditional ninth through twelfth grade high schools, and an alternative high school.

To meet the needs of TCAPS' parents and students, a number of educational options including traditional K-12 education, Montessori curriculum, talented and gifted programming, early childhood programming, self-directed online options, early college opportunities, dual enrollment and advanced placement options that result in college credit, a full range of interscholastic and intramural athletic programs, and special education programs are offered. On an ancillary basis, the District offers pay for service before and after school "extended day care" programs to approximately 400 students. The District consistently performs above statewide and regional averages in terms of test scores, is recognized for its high participation and high success rates relative to Advanced Placement scores, and is nationally and internationally known for its extraordinary fine and performing arts programs.

The District is located in the northwest corner of Michigan's Lower Peninsula and, as noted above, covers approximately 300 square miles. The area is known for its beautiful geography with numerous lakes, hills, and abundant farm and otherwise undeveloped land. The most notable aspect of the geography is that it surrounds Grand Traverse Bay, which is a well-defined bay with a 20-mile peninsula dividing its east and west side (appropriately named East Bay and West Bay). This area is very recognizable on any Michigan map.

The most recent statistics, published in March 2021 (based on June 30, 2020 data) by the Michigan Department of Education in their *Bulletin 1014: Michigan Public School Districts Ranked by Selected Financial Data*, ranked the District as the 17<sup>th</sup> largest out of 829 school districts in the State of Michigan in terms of student population. Under the school funding system established in Michigan in 1994, schools are funded on a per-pupil "foundation" basis. The Traverse City Area Public Schools District operates on what is known as the minimum (lowest) foundation per student, which was \$8,111 in fiscal 2021. The District ranks 610 in total general fund revenues per student at \$10,095, which includes state categorical and federal program revenue.

Spending priorities can be seen in the chart below that shows the District focuses its limited resources on basic instruction (337 in the state for basic programs), instructional support (383), and average teacher salaries (107) and fewer resources on fiscal services (650), and general administration (797). Expenditures for operations and maintenance (423) reflect the challenges associated with being in a district that is spread over a large geographic area in addition to serving a large student population. Traverse City Area Public Schools is ranked the largest in terms of square miles (by a wide margin) among the top 20 school districts in terms of student population.



		<b><u>Per Pupil</u></b>	<b><u>State Rank</u></b>
General fund revenues	- All sources	\$ 10,095	610
General fund expenditures	- Basic programs	5,284	337
	- Added needs	1,040	601
	- Instructional support	907	383
	- Fiscal services	103	650
	- Operations and maintenance	980	423
	- General administration	95	797
	- Total expenditures	10,255	502
		<b><u>Amount</u></b>	<b><u>State Rank</u></b>
Salary information	- Average teacher salary	\$ 63,305	107

Source: Michigan Department of Education Bulletin 1014 database, compiled by TCAPS Business Office

Data such as that noted above helps show our stakeholders that the limited resources available to us are directed properly. Additionally, in spite of the tough economic climate faced by many schools in Michigan, our District has the honor of being rated “AA-/ Stable” by Standard and Poor’s Global Ratings (April 2021) and “Aa3” by Moody’s Investors Services (March 2017). Such high ratings in these very difficult financial times serve as independent verification of the District’s commitment to fiscal responsibility.

## **DISTRICT INITIATIVES**

### *Program/Curriculum Initiatives*

TCAPS continues to be focused on its instructional priorities, aligning all work with this emphasis. The District recognizes that we operate in an ever-changing world and are committed to providing our learners with the skill sets they will need to be successful.

Highlights include:

- Curriculum work in all areas that is producing alignment with state standards and the rigor our district is known for;
- Systematically evaluating and updating curriculum preschool through 12th grade;
- Focused work in the area of scientifically researched interventions;
- Utilizing the Blueprint framework for performance management to work with teachers and administrators to analyze data and respond quickly in order to benefit each student;
- The continuation of an Early College program in which students can receive both a high school diploma and an Associate’s degree in five years;
- Expanding advanced placement and dual enrollment opportunities;
- Creating college opportunities and connections for students attending our alternative high school;
- Creative Special Education programming that benefits all students;

The District is anchored in a culture of collective responsibility that is collegial, collaborative, and professional; grounded in a safe, orderly, and respectful environment for students. We are committed to ensuring that resources are allocated equitably based on student need and continue this work in order to ensure the success of each student.

### *Strategic Financial Planning*

The District continues to work on directing resources to instructional priorities in order to positively impact student achievement. TCAPS uses data to make decisions regarding instructional priorities and is constantly challenged with using resources in the most effective and efficient manner while structurally balancing the budget.

While redirecting resources to instructional priorities, the District is committed to doing so with a balanced budget that restores fund balance over time. Per TCAPS' policy, the target goal for the general fund balance is 10% of expenditures. As of fiscal year end 2021, the District has a 10.5% general fund balance. The District acknowledges the difficulty in adding to fund balance without impacting programming, therefore, the District is directing one time revenues to fund balance. It is imperative to maintain a structurally balanced budget while providing a highly reliable school system.

### *Capital Planning*

TCAPS maintains a comprehensive capital infrastructure plan. This capital plan has been in place for a number of years and calls for a structured, multi-year approach to deal with infrastructure needs and improvements to our existing assets. See table below for the buildings and sites owned by the District:

#### **Summary of Owned Buildings & Sites with Year of Purchase or Construction:**

Bertha Vos Elementary	1953	East Middle School	1991
Blair Elementary	1990	West Middle School	1969
Central Grade Elementary	1922	Central High School	1958
Cherry Knoll Elementary	1956	Traverse City High School	1949
Courtade Elementary	1991	West Senior High School	1997
Eastern Elementary	2017	Boardman Administration	1914
Interlochen Community School	1950	Bus Garage	1971
Long Lake Elementary	2011	Data Center	1949
Montessori at Glenn Loomis	1957	Facilities Building	1981
Oak Park Elementary	1950	Thirlby Field	1995
Silver Lake Elementary	1987	Trojan Athletic Complex	2021
Traverse Heights Elementary	1950		
Westwoods Elementary	1990		
Willow Hill Elementary	1949		

The main tenet of this plan is to sell bonds over the course of multiple years in such a manner that it would keep the millage rate for debt service consistent at 3.1 mills. On August 7, 2018 the District asked voters to approve a new authorization that will provide the necessary capital resources for the next ten years. Maintaining a low millage rate has been a successful strategy, the bond proposal passed with overwhelming success and the district is actively performing improvements throughout the district.

Since the implementation of the capital infrastructure plan in 2004, proceeds from previously authorized bonds have been used for the following:

- Implementation of integrated security and building access systems at all buildings;
- Complete reconstruction of five elementary facilities;
- Partial reconstruction and additions to elementary buildings;
- Classroom upgrades and additions at the secondary level;
- Site improvements and parking lot upgrades at elementary and secondary facilities;
- Renovation and system upgrades to high school auditoriums;
- Completion of an integrated fiber/wireless system - the backbone for the District's technology needs;
- Creation of a data center to house and protect the District's technology;
- Capital improvements to physical education and athletic facilities;
- Capital improvements to operational and administrative facilities;
- Replacement of outdated educational and operational equipment;
- Replacement of approximately 10 school buses each year; and
- Upgrades to student furniture to standardize District assets while meeting the needs of today's classroom.

All projects to date that have been funded by these bond proceeds have been completed on schedule and within budget.

## **INTERNAL CONTROL STRUCTURE**

TCAPS makes internal financial control a priority. A comprehensive internal control framework has been designed to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with GAAP. The system of controls that has been established relies on a combination of sound internal control practices such as separation of critical duties, computerized budgetary spending controls on the financial accounting system, financial review by budget managers at the site, department, and district level, and reconciliation of bank accounts and liability accounts on a regular basis. As is sound general practice, the cost of instituting internal controls should not outweigh the benefits received from such controls. The control structure, therefore, is designed to provide reasonable, rather than absolute assurance that the District's financial statements are free from material misstatements. Independent auditors review the internal control structure annually. Because of internal controls, the District is able to assert that, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

## **BUDGETARY CONTROL**

The District adopts an annual budget for its funds that acts as an initial operating plan for the year, in accordance with the State of Michigan Uniform Budgeting and Accounting Act. The Superintendent submits the proposed operating budget to the Board of Education prior to July 1 each year. The budget process must include a public hearing and a legally adopted Board of Education resolution. Prior to the adoption, the Board must make the budget available for review as well as provide notice of the hearing in a newspaper of general circulation at least six days prior to the hearing. The budget is amended at various times throughout the year to reflect changes in expectations and projections. Major changes that lead to budget amendments include changes to state revenue, student enrollment, staffing, and state and federal programs. However, final amendments are always approved prior to June 30.

The District ensures that budgets are not exceeded by establishing “appropriations” for individual budget managers. If a purchase order exceeds appropriations, that transaction will be denied and returned to the originator. Additionally, all large purchases (those in excess of \$12,644 for fiscal 2021) must contain three informal competitive quotes and be approved on-line by the District's Purchasing Coordinator and Wes Souden, Director of Business Services. Finally, any transaction exceeding the State of Michigan threshold required for sealed bids (\$25,288 for fiscal 2021) must be formally approved by the Board of Education.

The level by which expenditures may not exceed appropriations has been determined by the State to be at the function level. TCAPS has always taken this requirement seriously and continues to place a high level of importance on this requirement when managing the budget.

The 2021 fund balance and projected 2022 revenues are sufficient to meet the 2022 budget as presented to the Board in a public budget hearing in June of 2021.

## **INDEPENDENT AUDIT**

This financial report has been subject to an audit conducted by the licensed Certified Public Accounting firm of Maner Costerisan. Management has certified to the firm that all records have been made available for their review and that management is not aware of any outstanding issues that would have a material impact on this report. Maner Costerisan has issued an unmodified opinion that the financial information contained in this Annual Comprehensive Financial Report accurately reflects the District's year-end financial condition.

## **ECONOMIC CONDITION AND OUTLOOK OF LOCAL AND REGIONAL ECONOMY**

The District is located in Northwestern Lower Michigan, encompassing Grand Traverse County as well as small portions of Benzie and Leelanau Counties. The area offers mesmerizing outdoor recreational opportunities as well as tremendous cultural and social opportunities often only found in much larger cities. The region's reputation as a foodie town, a destination for the area's finest wineries, a source of natural beauty, and as a vibrant and thriving community has grown exponentially over the past few years. USA Today recently featured Traverse City in their “10 Best” list highlighting the cultural scene, environment attractions, festivals, restaurants, brew pubs and wineries, even listing Traverse City as one of the best places to be in July.

The economy of Northwest Lower Michigan remains relatively strong and relies on numerous industries including tourism, other service industries, and health care. Festivals are held throughout the year that entice more people to the area. Two of the largest are the National Cherry Festival and the Traverse City Film Festival, both occurring annually in July. Already well-known for its cherry industry and award-winning wineries, the greater Traverse City area is now gaining recognition for the increase and variety of eateries and micro-brew establishments. The recognitions, attractions, and activities draw a variety of visitors to the area and play an important role in the region's economic growth and development.

The 2019 median age in Grand Traverse County was 42.8 years, compared to 39.7 years for Michigan overall. In 2019, 28% of the population of the County was 60 years old and over which is higher than the 20% for Michigan overall. In comparison, only 13.1% of the County population in 2000 was 65 years old and over. This trend of an aging population is expected to continue for the region. As the population ages, it is expected that demand for medical services will continue to grow. The Health Care and Social Assistance services are expected to continue as one of the fastest growing industries over the coming years which makes it understandable that Munson Healthcare remains the region's largest employer.

During fiscal year ended June 30, 2021, the area's major employers and their approximate number employed were as follows:

<b><u>Employer</u></b>	<b><u>Approximate Number Employed</u></b>
Munson Healthcare	3,100
Traverse City Area Public Schools	1,143
Hagerty Insurance	628
Meijer	600
Northwest Education Services	597
Grand Traverse Resort & Spa	500
Grand Traverse County	477
Interlochen Center for the Arts	428
Britten Inc.	350
Northwestern Michigan College	299

Sources: Michigan Manufacturers Directory, Manta, Grand Traverse County Planning Department, and individual employers.

Property values have increased over the past year and we are aware that values in 2021 have increased (which will be reflected in next year's Annual Comprehensive Financial Report), and are expected to continue to increase over the course of the near and mid-term future.

#### **Ad Valorem Taxable Value Growth History**

2011	\$4,193,127,769	-1.83%
2012	4,191,562,238	-0.04%
2013	4,296,078,899	2.49%
2014	4,386,730,079	2.11%
2015	4,456,916,037	1.60%
2016	4,554,857,384	2.20%
2017	4,717,990,638	3.58%
2018	4,952,884,648	4.98%
2019	5,215,140,563	5.30%
2020	5,486,030,079	5.19%

Compiled by TCAPS Business Office

While property values do not impact general fund revenues of the District (as noted earlier, districts in Michigan are state funded institutions, funded on a per-pupil foundation allowance), they do impact the District's ability to raise funds for infrastructure needs. Property values have improved over recent years and the capital plan is designed with flexibility to handle fluctuations. As such, TCAPS is able to adjust priorities in order to allow for the proper amount of bonds to be sold that will keep the District's millage rate at the amount promised to taxpayers.

#### **AWARD FOR EXCELLENCE IN FINANCIAL REPORTING**

The Association of School Business Officials, International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its ACFR for the fiscal year ended June 30, 2020.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to the program's standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.


The Certificate of Excellence is valid for a period of one year. We believe our current report continues to conform to the program's requirements and are submitting it to ASBO to determine its eligibility for another certificate for the year ended June 30, 2021.

#### **ACKNOWLEDGEMENTS**

The preparation of this report could not have been accomplished without the hard work and dedication of the members of the Business Office. We would like to express appreciation to all the members of the Business Office for their commitment to this report and the District throughout the year. You are truly an impressive staff! Special appreciation for the compilation of this report is expressed to Wes Souden, Director of Business Services, Sandy Low, Director of Finance, and Julie Gorter, Executive Assistant.

Finally, we express our gratitude to the Board of Education for their support of, and commitment to, the responsible financial management of the District.

Respectfully submitted,



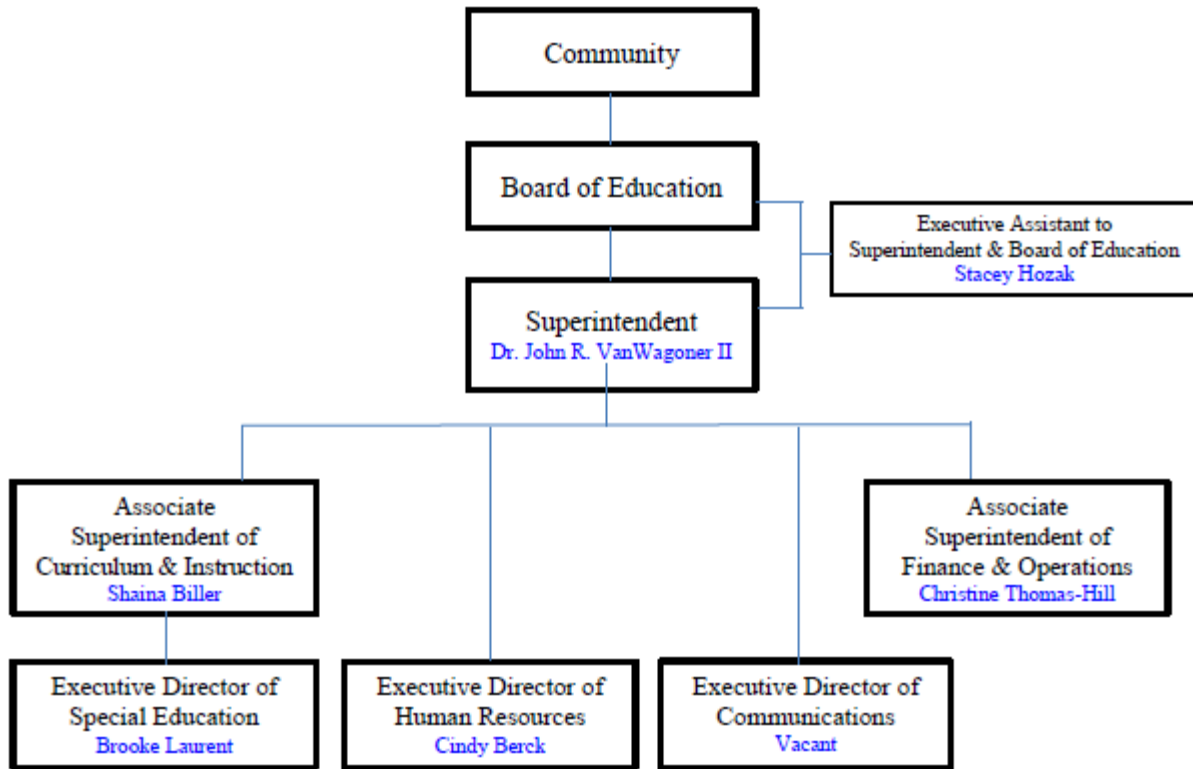
**Dr. John R. VanWagoner II**  
Superintendent



**Christine Thomas-Hill**  
Associate Superintendent, Finance and Operations



## Organizational Chart 2020-2021



**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Principal Officials**

**Board of Education**

Scott Newman-Bale.....	President .....	December 2024
Erica Moon Mohr.....	Vice President .....	December 2022
Josey Ballenger.....	Secretary .....	December 2024
Matt Anderson.....	Treasurer.....	December 2022
V. Flourney Humphreys.....	Trustee.....	December 2024
Sue Kelly.....	Trustee.....	December 2022
Andrew Raymond.....	Trustee .....	December 2022

**District Executive Team**

Dr. John R. VanWagoner II.....	Superintendent
Shaina Biller .....	Associate Superintendent of Curriculum and Instruction
Christine Thomas-Hill.....	Associate Superintendent of Finance and Operations
Dr. Cindy Berck .....	Executive Director of Human Resources
Brooke Laurent .....	Executive Director of Special Education
Vacant.....	Executive Director of Communications

**Official Issuing Report**

Christine Thomas-Hill.....	Associate Superintendent of Finance and Operations
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**Department Issuing Report**

Business Office





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Traverse City Area Public Schools**

**for its Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2020.**

The district report meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Traverse City Area Public Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Traverse City Area Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Traverse City Area Public Schools' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Traverse City Area Public Schools as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Traverse City Area Public Schools' basic financial statements. The additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information and the schedule of expenditures of federal awards are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The additional supplementary information and the schedule of expenditures of federal awards have 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 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 additional supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021 on our consideration of Traverse City Area Public Schools' 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 Traverse City Area Public Schools' 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 internal control over financial reporting and compliance.

*Maney Costeiran PC*

September 30, 2021

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

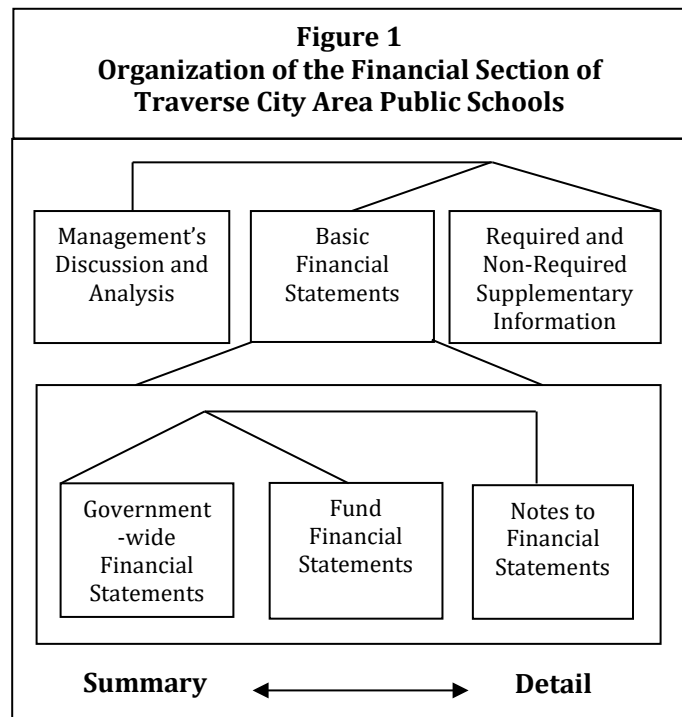
This section of the Annual Comprehensive Financial Report for Traverse City Area Public Schools (the District) presents our discussion and analysis of the District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the transmittal letter found on pages 1 through 8 and the District's financial statements, which immediately follow this analysis.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required and non-required supplementary information.

Government-wide and fund financial statements present two different views of the District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the government-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.



The notes to the financial statements explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. This section is followed by a section of non-required supplementary information. **Figure 1** illustrates how the various parts of this annual report are arranged and relate to one another.

<p style="text-align: center;"><b>Figure 2</b>  <b>Major Features of District-wide and Fund Financial Statements</b></p>		
	District-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as operational and capital activities
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow-outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

**Figure 2** summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

## GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The statement of activities accounts for all of the current year’s revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the District’s *net position* and how they have changed. Net position - the difference between the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District’s financial health or *position*. Over time, increases or decreases in the District’s net position is an indicator of whether its financial position is improving or deteriorating, respectively.



The difference between revenues and expenses represents the District's operating results for the year. It should be noted that the District's goal is not simply to generate profits, as may be the case for a commercial entity. To assess the overall health of the District, one must consider many other factors, such as quality of education provided, safety of the students, enrollment trends and the physical condition of school buildings and other facilities, just to name a few.

The statement of net position and statement of activities report the governmental activities for the school district, which encompass all of the school district's services, including instruction, supporting services (includes athletics), community services, food services, and student activities. Unrestricted state aid (foundation allowance revenue), property taxes, and state and federal grants finance most of these activities.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to help it control and manage money for particular purposes (e.g., Child Care Fund, Student/School Activities Fund) or to show that it is properly using certain revenues (e.g., Food Services Fund).

The District has one kind of fund:

- Governmental funds - All of the District's basic services are included in governmental funds, which generally focus on how cash (and assets that can be readily converted to cash) flow in and out and the balances left at year-end that are available for spending. These balances are reported using the modified accrual basis of accounting. The governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the school district's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information with the governmental fund statements that explains the relationship (or differences) between them.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Recall that the statement of net position provides the perspective of the school district as a whole. **Figure 3** provides a summary of the District's net position as of June 30, 2021 and 2020. The District's combined net position as of June 30, 2021 totaled (\$82,837,220), which was an increase over the **June 30, 2020** net position of (\$83,492,945).

**Figure 3**  
**Traverse City Area Public Schools' Net Position**

	2021	2020	Change
Current and other assets	\$ 77,806,160	\$ 54,654,626	\$ 23,151,534
Capital assets	173,561,903	158,498,205	15,063,698
Total assets	251,368,063	213,152,831	38,215,232
Deferred outflows of resources	60,357,701	67,201,070	(6,843,369)
Long-term liabilities outstanding	106,222,609	78,372,045	27,850,564
Other liabilities	19,398,952	17,972,565	1,426,387
Net pension liability	201,937,658	192,616,311	9,321,347
Net OPEB liability	31,960,557	41,444,191	(9,483,634)
Total liabilities	359,519,776	330,405,112	29,114,664
Deferred inflows of resources	35,043,208	33,441,734	1,601,474
Net position			
Net investment in capital assets	111,756,852	107,209,420	4,547,432
Restricted	1,364,149	972,807	391,342
Unrestricted	(195,958,221)	(191,675,172)	(4,283,049)
Total net position	\$ (82,837,220)	\$ (83,492,945)	\$ 655,725

- A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture, and equipment, net of accumulated depreciation), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students and hence these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are in use and are not available to liquidate these liabilities.
- An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. This balance is restricted for debt service.
- The remaining balance of net position is unrestricted and may be used to meet the District's obligations for normal operations in its various funds.

Total net position was (\$82,837,220) at June 30, 2021 which is a .79% increase from the June 30, 2020 balance of (\$83,492,945). The District is able to report positive balances in two of the three categories of net position. Net investment in capital assets increased \$4.55 million. This was primarily the result of the District paying down debt associated with those assets in excess of depreciation expense, the bond issuance cost for the 2021 bond issue, the addition of capital assets from general funds (i.e., not “capital project funds”) and investment earnings within the capital project funds. Restricted assets increased as a result of property taxes exceeding debt payments in the debt service fund. The decrease in the unrestricted net position was a result of the increase in the net pension liability, the increase related to the change in deferred outflows and inflows, which was partially offset by a decrease in the net OPEB liability, combined with an increase in fund balance for the general fund and of several nonmajor funds.

**Figure 4** shows the change in net position resulting from the District’s government-wide activities for both fiscal years:

**Figure 4**  
**Changes in Traverse City Area Public Schools Net Position**

	2021	2020	Change
Revenue			
Program revenues			
Charges for services	\$ 2,952,737	\$ 5,209,270	\$ (2,256,533)
Operating grants and contributions	15,895,301	11,178,528	4,716,773
General revenues			
Property taxes	54,426,694	52,239,172	2,187,522
State aid - unrestricted	50,693,928	50,312,262	381,666
Other	5,357,714	4,877,687	480,027
Total revenues	<u>129,326,374</u>	<u>123,816,919</u>	<u>5,509,455</u>
Expenses			
Instruction	66,083,301	66,291,787	(208,486)
Support services	45,388,537	44,935,135	453,402
Community services	3,283,466	3,864,783	(581,317)
Food services	4,563,393	4,569,124	(5,731)
Student/school activities	960,209	1,623,083	(662,874)
Intergovernmental expenditures	3,297,916	3,182,616	115,300
Interest on long-term debt	2,646,117	2,921,429	(275,312)
Unallocated depreciation	2,447,710	2,496,955	(49,245)
Total expenses	<u>128,670,649</u>	<u>129,884,912</u>	<u>(1,214,263)</u>
Change in net position	<u>\$ 655,725</u>	<u>\$ (6,067,993)</u>	<u>\$ 6,723,718</u>
Net position, end of year	<u>\$ (82,837,220)</u>	<u>\$ (83,492,945)</u>	

As shown in **Figure 4** above, total revenues increased by \$5,509,455 or approximately 4.45%, while total expenses decreased by \$1,214,263 or approximately .93%. The increase in total revenues is the result of increases in operating grant and contributions, property taxes, state unrestricted revenue and other revenue sources. These increases were partially offset by decreases in charges for services.

The decrease in charges for services is primarily the result of a decrease in food service program revenue since free breakfast and lunch was offered to all students. We saw a decrease in preschool, extended day care, and LEAP (Learning, Enrichment, and Athletic Program) revenue due to lower participation. There was also a decrease in other support service programs.

The increase in operating grants is the result of funding from Coronavirus Relief funds and Elementary and Secondary School Emergency Relief funds (CARES Act).

The increase in property tax revenue is the result of increases in taxable value for the 2020 tax year (which is reflected in the 2021 fiscal year).

The state aid unrestricted increase is mostly the result of an increase in special education cost reimbursements and some one time state revenue.

Other revenue increased as a result of a contribution from Northwest Education Services (formally TBAISD), which was partially offset by a decrease in investment earnings.

The \$1,214,263 decrease in total expenses is the result of a decrease in student/school activities, interest on long term debt and a decrease in community services (preschool, extended day care and LEAP programs).

## **DISTRICT GOVERNMENTAL ACTIVITIES**

As noted earlier, the District uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources the State, taxpayers, and others provide to it and may offer more insight into the District's overall financial health.

As the District completed this year, the governmental funds reported a combined fund balance of \$58.70 million, which is a \$21.68 million increase from the prior year. The increase is mainly the result of the 2021 bonds sold for \$42.62 million partially offset by bond expenditures exceeding revenues in the 2018, 2019 and 2021 capital projects funds by \$25.27 million. This was in addition to excess revenue over expenditures in the general fund of approximately \$3.55 million, as well as revenues exceeding expenditures in the other nonmajor governmental funds of approximately \$785,000. Further detail of these changes follows:

- The major capital project fund balances, in total, increased by \$17.34 million. This increase is the result of issuing bonds in fiscal year 2021 for capital purposes of approximately \$42.62 million offset by expenditures of approximately \$25.28 million for capital projects. These capital projects are part of the District's long-range capital plan. The District collected approximately \$12.43 million from a 2018 fiscal year sale, \$34.97 million from the 2019 fiscal year sale and \$42.62 million from a 2021 fiscal year sale. These sales were authorized by bond proposals that appeared on ballots during the 2007 and 2018 elections. Projects completed or nearly completed over the past ten years with funds from these sales include: construction of Eastern Elementary School, Long Lake Elementary School and a technology data center, renovations at Long Lake Elementary School, West Senior High, Traverse City High School, and East Middle School, site and/or building additions to: Blair Elementary School, Cherry Knoll Elementary School, Courtade Elementary School, Silver Lake Elementary School, Westwoods Elementary School, Willow Hill Elementary School, West Middle School and Central High School, athletic field and site improvements, district-wide security upgrades, and the annual purchasing of buses, technology, instructional equipment, and operational equipment.
- The general fund balance increased by approximately \$3,550,000. Although the final budget for the 2021 fiscal year had a projected increase of \$1,107,332, after our normal expected positive variance was taken into account, the District was projecting an increase to fund balance of approximately \$2,600,000. The main reason for the difference is related to items that will carry over into next year's budget.

- The nonmajor governmental fund balance saw an increase of approximately \$785,000. This occurred from an increase of approximately \$322,000 in the special revenue funds, \$444,000 in the debt service funds, and \$19,000 in the nonmajor capital projects funds. The increase in the special revenue funds is the result of revenue exceeding expenditures in the child care program, LEAP program and the food service program. This was partially offset by a decrease in the student/school activities fund. The increase in the debt service fund is the result of property tax collections exceeding debt service payments. The increase in the nonmajor capital funds was the result of contributions and donations exceeding capital outlay.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revises its budget as it deals with numerous changes in expected revenues and expenditures. Under normal circumstances, the District adjusts its budget to reflect changes in a wide variety of state and federal programs, many of which are not finalized until well after the District's original budget is required to be adopted. Additionally, the District aligns its budget with actual staffing and student numbers once they become known in the fall. Toward the end of the fiscal year, the District reviews the status of the budget and a final amendment is adopted in the spring to reflect changes that may have occurred since the prior adopted budget. The District amended its budget on two occasions in the 2021 fiscal year.

A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. Highlights of changes to the general fund original budget as compared to the final budget are as follows:

- Budgeted revenues were increased \$11,500,565, which was largely the result of recognizing additional local, state and federal program revenues, and recognizing the impact of 12 less student FTE over the original budget. The impact of these changes from our original budget to our amended budget is as follows:
  1. The local revenue increase of approximately \$1,255,000 is the result of adjusting for actual property tax values in relation to the state and local portions of the foundation allowance by \$1,371,000, recognizing local grants and other miscellaneous revenue of \$34,000, and decreasing investment income by \$150,000. The District's foundation allowance is comprised of state and local portions. For every increase and/or decrease in the local amount based on property values, there is an equal and opposite change in state revenues related to the foundation. As such, changes made to District revenues related to the per pupil foundation allowance are reflected in both state and local line items. Therefore, the amount per pupil, as well as estimated property values, contributes to the fluctuations that occur in these revenue sources.
  2. The state revenues increase of approximately \$5,976,000 is the result of an increase in state grants (i.e., GSRP and At Risk) of \$1,243,000, an increase of \$500 per pupil foundation over the original budget of \$4,800,000, and an increase in state categorical funding of \$1,401,000. This was offset with a decrease of 12 student FTE from the original budget of \$97,000 along with the \$1,371,000 decrease for actual property tax values in relation to the state portion of the per pupil foundation allowance mentioned earlier.
  3. The federal revenue increase of approximately \$4,204,000 is the result of accounting for actual and carryover allocations in federal grants (i.e., Title I and Title II) of \$377,000 as well as accounting for the Coronavirus Relief funds and Elementary and Secondary School Emergency Relief fund (CARES Act) of \$3,827,000.
  4. The increase in intergovernmental revenues of approximately \$65,570 is the result of an increase in miscellaneous local grants.

- Budgeted expenditures and transfers out were increased \$4,697,711 from the original to the amended budget. This was predominantly the result of recognizing additional state and federal programs during the year, coupled with adjustments to other accounts throughout the District that aligned year-end expenditure expectations with the most current information available. As noted above, state and federal restricted programs increased by approximately \$1,620,000 in total from the original to the final budget. Additional increases were the result of recognizing local grants of \$162,000, accounting for supplies and personal protection equipment related to COVID-19 of \$1,051,000, and budgeting for additional online and on-demand instructional options of \$1,200,000. The remaining increase of approximately \$665,000 was the result of minor adjustments across all accounts.

Highlights of the final amendment in comparison to actual results include the following:

- The \$2,870,133 negative revenue variance is the result of deferring approximately \$1,937,000 more than budgeted in local, state, and federal restricted revenues (i.e., grants). This variance is an expected outcome in that local grants, restricted state programs, and federal programs are budgeted in their full amounts and any remaining program budget is “carried over” to the next fiscal year. The remaining negative variance of approximately \$933,000 is primarily from not receiving funds budgeted from local sources.
- The \$5,332,782 positive variance in expenditures is the result of not spending all local, state, and federal program dollars (which, as stated above, are carried over to the next year), coupled with a positive general fund variance in general fund unrestricted expenditure line items. Specifically:
  1. Approximately \$1,937,000 of the positive variance is the result of local, state, and federal program carryover. These restricted grants are budgeted at their full amount during the fiscal year. Because most of these grants do not have the same fiscal year as the District, any amount remaining at June 30 is simply rolled over into the new fiscal year. Approximately \$1,549,000 of the fluctuation noted in instruction and instructional staff support functions is due to local, state and federal programming carryover, while the remaining \$388,000 is spread throughout the various other line items.
  2. Additionally there is approximately \$866,000 in other carryover items for vehicle, textbook and curriculum purchases.
  3. The remaining positive budget variance of approximately \$2,530,000 represents approximately 2.37% of general fund budgeted expenditures. This variance is consistent with the District’s conservative spending practices. The District makes a concerted effort to maximize dollars throughout the year by spending only what is needed. This variance is also reflective of our adherence to the Michigan Uniform Budget and Accounting Act, which makes it a violation for school districts in Michigan to overspend their formally adopted budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As shown in **Figure 5**, as of June 30, 2021, the District had approximately \$313.72 million invested in a broad range of capital assets including land, buildings, furniture, and equipment. This amount represents a net increase (including additions less disposals) of approximately \$24.31 million, or 8.40% percent from last year and is the result of the District’s ongoing bond projects which are funded with proceeds from the 2018, 2019 and 2021 bond sales. An increase of \$9.25 million in accumulated depreciation offset the noted \$24.31 million increase in capital assets resulting in an increase in total capital assets of \$15.06 million, from approximately \$158.50 million to \$173.56 million (a 9.50% increase).

**Figure 5**  
**Changes in Traverse City Area Public Schools Capital Assets**

	2021			2020
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 3,006,539	\$ -	\$ 3,006,539	\$ 3,006,539
Construction in progress	19,234,370	-	19,234,370	4,105,849
Land improvements	13,704,018	6,472,858	7,231,160	6,526,150
Building and additions	224,025,886	98,872,064	125,153,822	127,512,709
Machinery and equipment	43,853,377	28,638,618	15,214,759	13,611,951
Transportation equipment	9,900,494	6,179,241	3,721,253	3,735,007
Total	<u>\$ 313,724,684</u>	<u>\$ 140,162,781</u>	<u>\$ 173,561,903</u>	<u>\$ 158,498,205</u>

This year's additions of approximately \$25.21 million include equipment, technology, building renovations and additions, land and site improvements, and school buses. More detailed information regarding the District's capital asset activity can be found in Note 3 to the basic financial statements.

### **Long-Term Debt**

At year-end, the District had \$105,004,910 in general obligation bonds and \$1,217,699 in other long-term debt outstanding. The combined total reflects an increase of \$27,850,564, or 35.5%, from the previous fiscal year. This change was the result of the District's payments on prior bonds in the current year combined with an issuance of new debt worth \$38,760,000. The District has an aggressive paydown schedule on all bonds issued after 2001. All new bonds (exclusive of refunding bonds) issued since that time have been issued with maturities of ten years.

More detailed information about the District's long-term liabilities is presented in Note 5 to the basic financial statements.

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of four factors that could significantly affect the financial health of the District in the future: the current global COVID-19 pandemic, the regulatory environment, staffing challenges for the region, and the inequities of state funding for public education. TCAPS has dealt with previous challenges of declining enrollment by offering various innovative programs to attract and retain students. However, the stabilized student count has recently declined due to the current global pandemic as families choose alternative learning options for FY22.

The first factor is the ever changing impact on how school is operated in the middle of a global pandemic. Public schools continue to be in uncharted territory; dealing with rising COVID-19 cases and the impact from new variants, contention and disagreement regarding mask mandates and the COVID-19 vaccine, lack of support from local county officials, and the increased reliance on technology to ensure it is available to students and staff, as well as the need to purchase personal protective equipment and varying cleaning supplies for different state, local and federal requirements and recommendations. In addition, the entire community (school districts, staff, business owners, parents, etc.) must make decisions with limited knowledge, based on recommendations from the medical experts and agencies.

The second factor that could significantly impact the financial health of the District is the current state of the regulatory environment over public schools. It is increasingly difficult for public schools to operate many facets of the organization due to the increased scrutiny and requirements from entities that enforce such regulations. There are multiple examples in our District where it has become a challenge to run programming in a manner which provides the best service to our students and parents due to heightened pressure and varying interpretations of legislation. Critical positions are difficult to staff, and the regulation that imposes a limit to employing credentialed retirees reduces our ability to utilize trained individuals who wish to retire from permanent positions but would still like to offer their skilled service on a reduced work schedule. The other challenge the District has experienced relative to the regulatory environment is the use of restricted state and federal funds and the interpretation of allowable uses of these resources. There tends to be a lack of true understanding around the intent of legislation and/or different interpretations by those responsible for enforcing the regulations developed by lawmakers.

The third factor that could significantly impact the financial health of the school system continues to be the ability to attract and retain employees. Those seeking jobs (which has reduced over the years as the region's population continues to age) within the Traverse City region, struggle with the lack of affordable housing, lack of childcare providers, and low wages. Added to those challenges, the additional requirements and duties expected of employees continues to increase. In many areas, the District is facing competition in the region for a very limited pool of qualified candidates and the challenge tends to be the need to provide higher wages. It is no longer an option to recruit based on a defined benefit pension option to counter higher pay in the private sector as full pensions are no longer offered by the state. This has contributed to the difficult task of attracting qualified candidates within many sectors of the workforce.

The fourth factor is the lack of proper funding for public schools in the State of Michigan. Given the complexity in public school funding, understanding the discrepancies in the various funding mechanisms is key. As the state determines the allocations to schools and distribution methods, it is imperative to prioritize education and eliminate the practice of funding non K-12 functions out of the School Aid Fund. The State of Michigan is lacking in educational success at the K-12 level state wide and needs to dedicate full resources toward the future of our children.

As always, it is unknown if the State will provide future increases to schools. This challenge is due to unpredictable state revenue, restrictions on federal funds appropriated to the State, annual changes in state categorical appropriations, and appropriations from the K-12 State Aid Fund like higher education. Unless the State finds a way to navigate budget challenges without negatively impacting the School Aid Fund, including a resolution to the funding inequities that are inherent in the system, the District will have to continue to find a way to absorb inflationary and normal cost increases associated with budget line items or enhance its revenue opportunities.

The District will add to the fund balance at the close of the 2020/2021 fiscal year. In order to sustain a plan of structurally balancing the budget while continuing to focus on fund balance, the District must do its best to add approximately 1% to fund balance for the next three fiscal years. It is the intent to maintain the District's policy target goal of 10% at fiscal year-end 2022, then work towards a 12% fund balance by fiscal year end 2024. This goal will put the District in a responsible position that will provide flexibility and stability given the uncertainty of the impact of the pandemic on the economy over the next few years.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Traverse City Area Public Schools, at 412 Webster Street, Traverse City, MI 49686. We can be reached by phone at (231) 933-1735.



## **BASIC FINANCIAL STATEMENTS**

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 18,304,482
Receivables	
Accounts receivable	80,144
Taxes receivable	190,939
Intergovernmental	11,066,052
Inventories	127,672
Prepays	976,175
Restricted cash and cash equivalents	47,060,696
Capital assets not being depreciated	22,240,909
Capital assets, net of accumulated depreciation	<u>151,320,994</u>
 TOTAL ASSETS	 <u>251,368,063</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pensions	44,147,988
Related to OPEB	<u>16,209,713</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>60,357,701</u>
 <b>LIABILITIES</b>	
Accounts payable	4,618,613
Accrued salaries and related items	8,643,400
Accrued retirement	4,276,321
Accrued interest	484,930
Unearned revenue	1,375,688
Noncurrent liabilities	
Due within one year	15,398,119
Due in more than one year	90,824,490
Net pension liability	201,937,658
Net OPEB liability	<u>31,960,557</u>
 TOTAL LIABILITIES	 <u>359,519,776</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	2,428,010
Related to OPEB	24,858,448
Related to state aid funding for pension	<u>7,756,750</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>35,043,208</u>
 <b>NET POSITION</b>	
Net investment in capital assets	111,756,852
Restricted for debt service	1,364,149
Unrestricted	<u>(195,958,221)</u>
 TOTAL NET POSITION	 <u><u>\$ (82,837,220)</u></u>

The notes to the basic financial statements  
are an integral part of this statement.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 66,083,301	\$ 32,781	\$ 5,951,722	\$ (60,098,798)
Support services	45,388,537	907,813	3,669,036	(40,811,688)
Community services	3,283,466	1,856,251	633,502	(793,713)
Intergovernmental	3,297,916	-	-	(3,297,916)
Food services	4,563,393	155,892	4,708,447	300,946
Student/school activities	960,209	-	932,594	(27,615)
Interest on long-term debt	2,646,117	-	-	(2,646,117)
Unallocated depreciation*	2,447,710	-	-	(2,447,710)
Total governmental activities	<u>\$ 128,670,649</u>	<u>\$ 2,952,737</u>	<u>\$ 15,895,301</u>	<u>(109,822,611)</u>
General revenues				
Property taxes, levied for general purposes				37,341,579
Property taxes, levied for debt service				17,085,115
Investment earnings				40,095
State sources - unrestricted				50,693,928
Northwest Education Services				4,276,346
Other				<u>1,041,273</u>
Total general revenues				<u>110,478,336</u>
CHANGE IN NET POSITION				655,725
Net position, beginning of year				<u>(83,492,945)</u>
Net position, end of year				<u>\$ (82,837,220)</u>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

The notes to the basic financial statements  
are an integral part of this statement.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General Fund	2019 Capital Projects Fund	2021 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,656,949	\$ -	\$ -	\$ 4,647,533	\$ 18,304,482
Receivables					
Taxes receivable	147,022	-	-	43,917	190,939
Accounts receivable	72,082	-	-	8,062	80,144
Intergovernmental	10,697,566	-	-	368,486	11,066,052
Due from other funds	402,900	-	-	30,508	433,408
Inventories	54,949	-	-	72,723	127,672
Prepaid items	976,175	-	-	-	976,175
Restricted cash and cash equivalents	-	4,896,017	42,164,679	-	47,060,696
<b>TOTAL ASSETS</b>	<b>\$ 26,007,643</b>	<b>\$ 4,896,017</b>	<b>\$ 42,164,679</b>	<b>\$ 5,171,229</b>	<b>\$ 78,239,568</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,045,616	\$ 1,384,799	\$ 2,170,146	\$ 18,052	\$ 4,618,613
Accrued salaries and related items	8,643,400	-	-	-	8,643,400
Accrued retirement	4,276,321	-	-	-	4,276,321
Due to other funds	4,498	237,618	68,274	123,018	433,408
Unearned revenue	1,244,687	-	-	131,001	1,375,688
<b>TOTAL LIABILITIES</b>	<b>15,214,522</b>	<b>1,622,417</b>	<b>2,238,420</b>	<b>272,071</b>	<b>19,347,430</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	144,598	-	-	39,607	184,205

The notes to the basic financial statements  
are an integral part of this statement.

	<u>General Fund</u>	<u>2019 Capital Projects Fund</u>	<u>2021 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (concluded)					
FUND BALANCES					
Nonspendable					
Inventories	\$ 54,949	\$ -	\$ -	\$ 72,723	\$ 127,672
Prepaid items	976,175	-	-	-	976,175
Restricted					
Capital projects - bond proceeds	-	3,273,600	39,926,259	-	43,199,859
Debt service - general obligated debt	-	-	-	1,849,079	1,849,079
Food service - basic programs	-	-	-	600,451	600,451
Committed					
Community service	-	-	-	217,256	217,256
Student/school activities	-	-	-	1,324,290	1,324,290
Assigned					
Building carryover	720,664	-	-	-	720,664
Building staff carryover	95,574	-	-	-	95,574
Curriculum carryover	502,410	-	-	-	502,410
Department carryover	140,908	-	-	-	140,908
Severance pay	1,217,699	-	-	-	1,217,699
Subsequent year expenditures	800,126	-	-	-	800,126
Capital projects funds	-	-	-	795,752	795,752
Unassigned	<u>6,140,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,140,018</u>
 TOTAL FUND BALANCES	 <u>10,648,523</u>	 <u>3,273,600</u>	 <u>39,926,259</u>	 <u>4,859,551</u>	 <u>58,707,933</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 26,007,643</u>	 <u>\$ 4,896,017</u>	 <u>\$ 42,164,679</u>	 <u>\$ 5,171,229</u>	 <u>\$ 78,239,568</u>

The notes to the basic financial statements  
are an integral part of this statement.

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**TRAVERSE CITY AREA PUBLIC SCHOOLS  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

**Total governmental fund balances** \$ 58,707,933

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

Deferred outflows of resources - related to pensions	\$ 44,147,988	
Deferred outflows of resources - related to OPEB	16,209,713	
Deferred inflows of resources - related to pensions	(2,428,010)	
Deferred inflows of resources - related to OPEB	(24,858,448)	
Deferred inflows of resources - related to state aid funding for pension	<u>(7,756,750)</u>	
		25,314,493

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

The cost of the capital assets is	313,724,684	
Accumulated depreciation is	<u>(140,162,781)</u>	
		173,561,903

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

General obligation bonds		(105,004,910)
Net pension liability		(201,937,658)
Net OPEB liability		(31,960,557)
Compensated absences and termination benefits		(1,217,699)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(484,930)

Unavailable revenue at June 30, 2021, expected to be collected after September 1, 2021		<u>184,205</u>
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<b>Net position of governmental activities</b>		<u><u>\$ (82,837,220)</u></u>
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The notes to the basic financial statements  
are an integral part of this statement.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>2018 Capital Projects Fund</u>	<u>2019 Capital Projects Fund</u>	<u>2021 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Local sources						
Property taxes	\$ 37,267,122	\$ -	\$ -	\$ -	\$ 17,059,975	\$ 54,327,097
Tuition	32,781	-	-	-	1,577,161	1,609,942
Investment earnings	19,371	72	15,139	971	4,542	40,095
Food sales and community service	-	-	-	-	285,652	285,652
Student/school activities	-	-	-	-	932,594	932,594
Other	1,716,615	-	-	-	196,985	1,913,600
Total local sources	39,035,889	72	15,139	971	20,056,909	59,108,980
State sources	54,784,553	-	-	-	474,847	55,259,400
Federal sources	6,653,327	-	-	-	4,821,413	11,474,740
Intergovernmental revenues	4,669,416	-	-	-	-	4,669,416
<b>TOTAL REVENUES</b>	<u>105,143,185</u>	<u>72</u>	<u>15,139</u>	<u>971</u>	<u>25,353,169</u>	<u>130,512,536</u>
<b>EXPENDITURES</b>						
Current						
Instruction	61,832,354	-	-	-	-	61,832,354
Supporting services	39,192,914	-	-	-	-	39,192,914
Food service activities	-	-	-	-	4,336,227	4,336,227
Community service activities	229,644	-	-	-	2,864,170	3,093,814
Student/school activities	-	-	-	-	960,209	960,209
Intergovernmental expenditures	75,517	-	-	-	-	75,517
Capital outlay	-	1,694,251	20,902,549	2,415,369	69,928	25,082,097

The notes to the basic financial statements  
are an integral part of this statement.



	General Fund	2018 Capital Projects Fund	2019 Capital Projects Fund	2021 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (concluded)						
Debt service						
Principal repayment	\$ -	\$ -	\$ -	\$ -	\$ 14,100,000	\$ 14,100,000
Interest expenditures	-	-	-	-	2,593,425	2,593,425
Other expenditures	-	-	1,000	276,463	17,017	294,480
TOTAL EXPENDITURES	101,330,429	1,694,251	20,903,549	2,691,832	24,940,976	151,561,037
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,812,756	(1,694,179)	(20,888,410)	(2,690,861)	412,193	(21,048,501)
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds	-	-	-	38,760,000	-	38,760,000
Premium on issuance of bonds	-	-	-	3,857,120	-	3,857,120
Proceeds from sale of capital assets	109,623	-	-	-	-	109,623
Transfers in	260,000	-	-	-	632,788	892,788
Transfers out	(632,788)	-	-	-	(260,000)	(892,788)
TOTAL OTHER FINANCING SOURCES (USES)	(263,165)	-	-	42,617,120	372,788	42,726,743
NET CHANGE IN FUND BALANCES	3,549,591	(1,694,179)	(20,888,410)	39,926,259	784,981	21,678,242
FUND BALANCES						
Beginning of year	7,098,932	1,694,179	24,162,010	-	4,074,570	37,029,691
End of year	\$ 10,648,523	\$ -	\$ 3,273,600	\$ 39,926,259	\$ 4,859,551	\$ 58,707,933

The notes to the basic financial statements  
are an integral part of this statement.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

**Net change in fund balances total governmental funds** **\$ 21,678,242**

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

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(10,150,879)
Capital outlay	25,214,577

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.

Accrued interest payable, beginning of the year	432,238
Accrued interest payable, end of the year	(484,930)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:

Proceeds from issuance of bonds	(38,760,000)
Premium on issuance of bonds	(3,857,120)
Payments on debt	14,100,000
Amortization of bond premium	657,184

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available.

Unavailable revenue, beginning of the year	(84,608)
Unavailable revenue, end of the year	184,205

Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds.

Accrued compensated absences and termination benefits, beginning of the year	1,227,071
Accrued compensated absences and termination benefits, end of the year	(1,217,699)

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 governmental funds.

Pension related items	(11,878,678)
OPEB related items	4,991,504

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period.

State aid funding for pension, beginning of year	6,361,368
State aid funding for pension, end of year	<u>(7,756,750)</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ 655,725</u></b>
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The notes to the basic financial statements are an integral part of this statement.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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 activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

**B. Reporting Entity**

The Traverse City Area Public Schools (the "District") is governed by the Traverse City Area Public Schools (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

**C. Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the District's funds. Separate statements for each fund category - governmental - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *major governmental funds*:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2018, 2019, and 2021 Capital Projects Funds* account for the receipt of debt proceeds and the acquisition or construction of capital facilities or equipment held by the District.

The capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of §1351a of the Revised School Code.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Presentation - Fund Financial Statements (concluded)**

The following is a summary of the cumulative revenue and expenditures for the 2018, 2019 and 2021 school bonds' activity:

	<u>2018 Bonds</u>	<u>2019 Bonds</u>	<u>2021 Bonds</u>
Revenue	<u>\$ 356,572</u>	<u>\$ 729,951</u>	<u>\$ 971</u>
Expenditures and transfers	<u>\$ 12,787,517</u>	<u>\$ 32,426,961</u>	<u>\$ 2,691,832</u>

The above revenue figures do not include original 2018, 2019, and 2021 school bond proceeds of \$12,430,945, \$34,970,610, and \$42,617,120 respectively.

Additionally, the District reports the following *nonmajor fund types*:

The *Special Revenue Funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, community services, and student/school activities in the special revenue funds.

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The District maintains debt service funds for the 2012, 2014, 2016, 2018, and 2019 bond issues.

The *Capital Projects Funds* account for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects. The District maintains one nonmajor capital projects fund for various assigned purposes.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**E. 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.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Measurement Focus and Basis of Accounting (continued)**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Measurement Focus and Basis of Accounting (concluded)**

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

**F. Budgetary Information**

*Budgetary Basis of Accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund(s). The capital projects funds are appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Budgetary Information (concluded)**

- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2021. The District does not consider these amendments to be significant.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

*Cash and Cash Equivalents*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and money market accounts.

*Investments*

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations 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 bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.



**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)**

*Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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 when purchased.

*Capital Assets*

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Land improvements	20
Buildings and additions	50
Machinery and equipment	5 - 15
Transportation equipment	8

*Defined Benefit Plan*

For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)**

*Deferred Outflows*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

*Deferred Inflows*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

*Net Position Flow Assumption*

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

*Fund Balance Flow Assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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 District'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.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (concluded)**

*Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the superintendent to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**H. Revenues and Expenditures/Expenses**

*Program Revenues*

Amounts reported as *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 requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property Taxes*

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**H. Revenues and Expenditures/Expenses (concluded)**

*Property Taxes (concluded)*

For the year ended June 30, 2021, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mills</u>
General Fund	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	3.10

*Compensated Absences and Termination Benefits*

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

*Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The general fund and food service funds have been used in prior years to liquidate long-term liabilities other than debt.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2021, the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, \$8,217,164 of the District's bank balance of \$12,091,917 was exposed to custodial credit risk because it was uninsured and uncollateralized. Interest bearing accounts, money markets, and certificates of deposit are included in the above totals.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
MILAF External Investment pool - MAX	\$ 3,244,656	N/A
MBIA External Investment pool - CLASS	3,349,180	0.1507
Government Select Series - Institutional Class Shares	42,164,679	0.1260
Federated Treasury obligations - money market	<u>4,896,017</u>	0.0027
Total fair value	<u>\$ 53,654,532</u>	
Portfolio weighted average maturity		<u>0.1157</u>

One day maturity equals 0.0027, one year equals 1.00.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District will take steps to ensure that no more than 40% of its funds are invested in the same investment pool or held by the same bank.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment pool - MAX	\$ 3,244,656	AAAm	Standard & Poor's
MBIA External Investment pool - CLASS	3,349,180	AAAm	Standard & Poor's
Government Select Series - Institutional Class Shares	42,164,679	AAAm	Standard & Poor's
Federated Treasury obligations - money market	<u>4,896,017</u>	AAAm	Standard & Poor's
Total	<u><u>\$ 53,654,532</u></u>		

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

Investments by Fair Value Level	Level 1	Level 2	Level 3	Balance at June 30, 2021
Federated Treasury obligations - money market	<u>\$ 4,896,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,896,017</u>
Total	<u><u>\$ 4,896,017</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,896,017</u></u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Fair Value Measurement (concluded)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	<u>Amortized Cost</u>
MILAF External Investment pool - MAX	<u>\$ 3,244,656</u>

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan CLASS investment pool and Government Select Series - Institutional Class Shares where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program 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.

The Government Select Series invests in cash, U.S. government securities and repurchase agreements that are collateralized fully. The fund is designed to meet the cash objective needs of institutions. 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.

As of June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
MBIA External Investment pool - CLASS	<u>\$ 3,349,180</u>	<u>\$ -</u>	No restrictions	None
Government Select Series - Institutional Class Shares	<u>\$ 42,164,679</u>	<u>\$ -</u>	No restrictions	None

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 2 - DEPOSITS AND INVESTMENTS (concluded)**

Investments in Entities that Calculate Net Asset Value per Share (concluded)

The following summarizes the categorization of these amounts as of June 30, 2021:

	<u>Primary Government</u>
Cash and cash equivalents	\$ 18,304,482
Restricted cash and cash equivalents	<u>47,060,696</u>
Total	<u><u>\$ 65,365,178</u></u>

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in the District's capital assets follows:

	<u>Balance July 1, 2020</u>	<u>Reclassifications/ Additions</u>	<u>Reclassifications/ Deletions</u>	<u>Balance June 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 3,006,539	\$ -	\$ -	\$ 3,006,539
Construction in progress	<u>4,105,849</u>	<u>18,663,507</u>	<u>3,534,986</u>	<u>19,234,370</u>
Total capital assets not being depreciated	<u>7,112,388</u>	<u>18,663,507</u>	<u>3,534,986</u>	<u>22,240,909</u>
Capital assets being depreciated				
Land improvements	12,336,665	1,367,353	-	13,704,018
Buildings and additions	221,515,259	2,510,627	-	224,025,886
Machinery and equipment	38,678,469	5,174,908	-	43,853,377
Transportation equipment	<u>9,770,377</u>	<u>1,033,168</u>	<u>903,051</u>	<u>9,900,494</u>
Total capital assets being depreciated	<u>282,300,770</u>	<u>10,086,056</u>	<u>903,051</u>	<u>291,483,775</u>
Less accumulated depreciation				
Land improvements	5,810,515	662,343	-	6,472,858
Buildings and additions	94,002,550	4,869,514	-	98,872,064
Machinery and equipment	25,066,518	3,572,100	-	28,638,618
Transportation equipment	<u>6,035,370</u>	<u>1,046,922</u>	<u>903,051</u>	<u>6,179,241</u>
Total accumulated depreciation	<u>130,914,953</u>	<u>10,150,879</u>	<u>903,051</u>	<u>140,162,781</u>
Total capital assets being depreciated, net	<u>151,385,817</u>	<u>(64,823)</u>	<u>-</u>	<u>151,320,994</u>
Net capital assets	<u><u>\$ 158,498,205</u></u>	<u><u>\$ 18,598,684</u></u>	<u><u>\$ 3,534,986</u></u>	<u><u>\$ 173,561,903</u></u>



**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 3 - CAPITAL ASSETS (concluded)**

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

Instructional	\$ 33,484
Support service	4,397,621
Food service	45,490
Community service	4,175
Intergovernmental	3,222,399
Unallocated	<u>2,447,710</u>
	<u><u>\$ 10,150,879</u></u>

Depreciation of capital assets that serve multiple functions is recorded as unallocated.

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Receivables at June 30, 2021 consist of the following:

State aid - Michigan Department of Education	\$ 10,189,623
Federal	805,234
Intermediate school district and other	<u>71,195</u>
	<u><u>\$ 11,066,052</u></u>

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs. No allowance for doubtful accounts is considered necessary.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 5 - LONG-TERM OBLIGATIONS**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2021:

	Accumulated Compensated Absences	Accumulated Termination Benefits	General Obligation Bonds	Total
Balance, July 1, 2020	\$ 239,200	\$ 987,871	\$ 77,144,974	\$ 78,372,045
Additions	234,100	91,275	42,617,120	42,942,495
Deletions	<u>239,200</u>	<u>95,547</u>	<u>14,757,184</u>	<u>15,091,931</u>
Balance, June 30, 2021	234,100	983,599	105,004,910	106,222,609
Due within one year	<u>234,100</u>	<u>164,019</u>	<u>15,000,000</u>	<u>15,398,119</u>
Due in more than one year	<u>\$ -</u>	<u>\$ 819,580</u>	<u>\$ 90,004,910</u>	<u>\$ 90,824,490</u>

The general fund and food service funds have been used in prior years to liquidate long-term liabilities other than debt.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 5 - LONG-TERM OBLIGATIONS (continued)**

Long-term obligations at June 30, 2021 are comprised of the following issues:

	<u>Amount Outstanding</u>	<u>Original Borrowing</u>
<u>General Obligation Bonds</u>		
2012 School building and site bonds due in an annual installment of \$3,000,000 through May 1, 2022, with interest at 2.30%.	\$ 3,000,000	\$ 11,000,000
2014 School building and site bonds due in annual installments of \$1,825,000 to \$1,950,000 through May 1, 2024, with interest at 2.05% to 2.65%.	5,675,000	13,500,000
2016 School building and site bonds due in annual installments of \$3,350,000 to \$3,550,000 through May 1, 2026, with interest at 2.00%.	17,250,000	26,880,000
2018 School building and site bonds due in annual installments of \$1,000,000 to \$1,025,000 through May 1, 2028, with interest at 5.00%.	7,050,000	11,275,000
2019 School building and site bonds due in annual installments of \$2,750,000 to \$3,375,000 through May 1, 2029, with interest at 5.00%.	24,475,000	30,235,000
2021 School building and site bonds due in annual installments of \$3,075,000 to \$6,425,000 through May 1, 2031, with interest at 3.00%.	38,760,000	38,760,000
Plus issuance premium, net of amortization	<u>8,794,910</u>	
Total general obligation bonds	105,004,910	
Other accrued benefits		
Obligation under contract for compensated absences	234,100	
Obligation under contract for termination benefits	<u>983,599</u>	
Total general long term obligations	<u><u>\$ 106,222,609</u></u>	

The District records a liability for compensated absences and other retirement commitments based on individual contracts.

As of June 30, 2021, \$1,849,079 is available to service the general obligation debt.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 5 - LONG-TERM OBLIGATIONS (concluded)**

The annual requirements to amortize long-term obligations outstanding as of June 30, 2021, including interest payments of \$14,730,570 are as follows:

Year Ending June 30,	General Obligation Bonds		Compensated Absences	Termination Benefits	Amounts Payable
	Principal	Interest			
2022	\$ 15,000,000	\$ 3,230,968	\$ -	\$ -	\$ 18,230,968
2023	15,525,000	2,835,526	-	-	18,360,526
2024	12,675,000	2,338,226	-	-	15,013,226
2025	11,000,000	1,921,300	-	-	12,921,300
2026	11,250,000	1,546,300	-	-	12,796,300
2027 - 2031	30,760,000	2,858,250	-	-	33,618,250
	96,210,000	14,730,570	-	-	110,940,570
Issuance premium	8,794,910	-	-	-	8,794,910
Compensated absences	-	-	234,100	-	234,100
Termination benefits	-	-	-	983,599	983,599
	<u>\$ 105,004,910</u>	<u>\$ 14,730,570</u>	<u>\$ 234,100</u>	<u>\$ 983,599</u>	<u>\$ 120,953,179</u>

Interest expenditures (all funds) for the year ended June 30, 2021 were approximately \$2,593,425.

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2021 are as follows:

Payable Fund		Receivable Fund	
General	\$ 4,498	General	\$ 402,900
2019 Capital projects	237,618		
2021 Capital Projects	68,274		
Other nonmajor governmental	<u>123,018</u>	Other nonmajor governmental	<u>30,508</u>
	<u>\$ 433,408</u>		<u>\$ 433,408</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made. All amounts are expected to be repaid within one year.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Pension Reform 2012 (concluded)

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.



**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Employer Contributions (concluded)

Pension and OPEB contributions made in the fiscal year ending September 30, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were approximately \$17,556,000. Of the total pension contributions approximately \$17,273,000 was contributed to fund the Defined Benefit Plan and approximately \$283,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were approximately \$4,686,000. Of the total OPEB contributions approximately \$4,423,000 was contributed to fund the Defined Benefit Plan and approximately \$263,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

*Pension Liabilities*

The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total pension liability	\$ 85,290,583,799	\$ 83,442,507,212
Plan fiduciary net position	\$ 50,939,496,006	\$ 50,325,869,388
Net pension liability	\$ 34,351,087,793	\$ 33,116,637,824
Proportionate share	0.58786%	0.58163%
Net pension liability for the District	\$ 201,937,658	\$ 192,616,311

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2021, the District recognized pension expense of \$29,151,454.

At June 30, 2021, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 22,376,639	\$ -
Net difference between projected and actual plan investment earnings	848,452	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,503,717	1,997,004
Differences between expected and actual experience	3,085,442	431,006
Reporting Unit's contributions subsequent to the measurement date	16,333,738	-
	<u>\$ 44,147,988</u>	<u>\$ 2,428,010</u>

\$16,333,738 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2021	\$ 11,516,989
2022	7,906,010
2023	4,419,706
2024	1,546,535

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

*OPEB Liabilities*

The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total OPEB liability	\$ 13,206,903,534	\$ 13,925,860,688
Plan fiduciary net position	\$ 7,849,636,555	\$ 6,748,112,668
Net OPEB liability	\$ 5,357,266,979	\$ 7,177,748,020
Proportionate share	0.59658%	0.57740%
Net OPEB liability for the District	\$ 31,960,557	\$ 41,444,191

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2021, the District recognized OPEB benefit of \$568,945.

At June 30, 2021, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual OPEB plan investment earnings	\$ 266,747	\$ -
Changes of assumptions	10,538,031	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,395,444	1,044,845
Differences between expected and actual experience	-	23,813,603
Reporting Unit's contributions subsequent to the measurement date	<u>4,009,491</u>	<u>-</u>
	<u>\$ 16,209,713</u>	<u>\$ 24,858,448</u>

\$4,009,491 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (concluded)

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (concluded)*

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2021	\$ (3,558,634)
2022	(3,187,110)
2023	(2,576,199)
2024	(1,941,901)
2025	(1,394,382)

Actuarial Assumptions

**Investment Rate of Return for Pension** - 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

**Investment Rate of Return for OPEB** - 6.95% a year, compounded annually net of investment and administrative expenses.

**Salary Increases** - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

**Inflation** - 3.0%.

**Mortality Assumptions:**

*Retirees:* RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for morality improvements using projection scale MP-2017 from 2006.

*Active:* RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for morality improvements using projection scale MP-2017 from 2006.

*Disabled Retirees:* RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

**Experience Study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 Comprehensive Annual Financial Report.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Actuarial Assumptions (continued)

**The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments** - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB 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.

**Cost of Living Pension Adjustments** - 3.0% annual non-compounded for MIP members.

**Healthcare Cost Trend Rate for Other Postemployment Benefit** - 7.0% for year one and graded to 3.5% in year fifteen.

**Additional Assumptions for Other Postemployment Benefit Only** - Applies to individuals hired before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2020 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.00%	5.6%
Private Equity Pools	16.00%	9.3%
International Equity Pools	15.00%	7.4%
Fixed Income Pools	10.50%	0.5%
Real Estate and Infrastructure Pools	10.00%	4.9%
Absolute Return Pools	9.00%	3.2%
Real Return / Opportunistic Pools	12.50%	6.6%
Short Term Investment Pools	2.00%	-0.1%
	<u>100.00%</u>	

\* Long term rates of return are net of administrative expenses and 2.1% inflation.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Actuarial Assumptions (continued)

**Rate of Return** - For fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Discount Rate** - A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OPEB Discount Rate** - A single discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension 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 rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 261,374,042	\$ 201,937,658	\$ 152,678,143

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit's proportionate share of the 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 rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the other postemployment benefit liability	\$ 41,056,968	\$ 31,960,557	\$ 24,302,142

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (concluded)**

Actuarial Assumptions (concluded)

**Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.0% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Trend Decrease	Current Healthcare Cost Trend Rates	1% Trend Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	<u>\$ 24,008,915</u>	<u>\$ 31,960,577</u>	<u>\$ 41,004,569</u>

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System 2020 Comprehensive Annual Financial Report.

**Payable to the Pension and OPEB Plan** - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2021 for any of the prior three years.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 9 - CONTINGENT LIABILITIES**

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**NOTE 10 - INTERFUND TRANSFERS**

Interfund transfers in and transfers out for the year ended June 30, 2021 are as follows:

Transfers In Fund		Transfers Out Fund	
General	\$ 260,000	General	\$ 632,788
Other nonmajor governmental	<u>632,788</u>	Other nonmajor governmental	<u>260,000</u>
	<u>\$ 892,788</u>		<u>\$ 892,788</u>

The transfers from the general fund to food services and community services funds were used to fund operations. The transfer from the food service fund to the general fund was related to indirect costs.

**NOTE 11 - COMMITMENTS**

The District has active capital projects outstanding at June 30, 2021. Approximately \$43,199,859 is restricted and recorded as fund balance in the 2019 and 2021 capital projects funds.

**NOTE 12 - TAX ABATEMENTS**

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.



**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
(concluded)**

**NOTE 12 - TAX ABATEMENTS (concluded)**

The property taxes abated for all funds by municipality under these programs are as follows:

<u>Municipality</u>	<u>Type</u>	<u>Taxes Abated</u>
Grand Traverse County	IFT	\$ 76,230
Grand Traverse County	Brownfield	1,422,204
Grand Traverse County	PILOT	929,491
Grand Traverse County	NEZ	2,721
Leelanau County	Brownfield	<u>215,660</u>
		<u><u>\$ 2,646,306</u></u>

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no abatements made by the District.

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
YEAR ENDED JUNE 30, 2021**

	<u>GAAP Basis</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ 38,936,361	\$ 40,191,427	\$ 39,035,889	\$ (1,155,538)
State sources	50,163,456	56,139,567	54,784,553	(1,355,014)
Federal sources	3,047,936	7,251,754	6,653,327	(598,427)
Intergovernmental revenues	4,365,000	4,430,570	4,669,416	238,846
TOTAL REVENUES	<u>96,512,753</u>	<u>108,013,318</u>	<u>105,143,185</u>	<u>(2,870,133)</u>
EXPENDITURES				
Current				
Instruction				
Basic programs	51,249,842	52,743,023	52,476,618	266,405
Added needs	10,686,469	10,831,957	9,355,736	1,476,221
Total instruction	<u>61,936,311</u>	<u>63,574,980</u>	<u>61,832,354</u>	<u>1,742,626</u>
Supporting services				
Pupil services	4,264,345	4,853,170	4,424,409	428,761
Instructional staff	4,864,848	5,395,400	4,280,037	1,115,363
General administration	735,384	747,641	696,132	51,509
School administration	7,354,247	7,447,156	7,364,348	82,808
Business services	2,099,311	2,062,477	1,851,116	211,361
Operation/maintenance	9,731,015	10,719,555	10,283,981	435,574
Pupil transportation	5,810,169	5,806,523	4,992,436	814,087
Central services	3,253,663	3,565,871	3,513,850	52,021
Other support services	1,937,932	2,072,131	1,786,605	285,526
Total supporting services	<u>40,050,914</u>	<u>42,669,924</u>	<u>39,192,914</u>	<u>3,477,010</u>
Community services	<u>289,050</u>	<u>321,677</u>	<u>229,644</u>	<u>92,033</u>
Intergovernmental expenditures	<u>92,000</u>	<u>96,630</u>	<u>75,517</u>	<u>21,113</u>
TOTAL EXPENDITURES	<u>102,368,275</u>	<u>106,663,211</u>	<u>101,330,429</u>	<u>5,332,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,855,522)</u>	<u>1,350,107</u>	<u>3,812,756</u>	<u>2,462,649</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	130,000	130,000	109,623	(20,377)
Transfers in	260,000	260,000	260,000	-
Transfers out	<u>(230,000)</u>	<u>(632,775)</u>	<u>(632,788)</u>	<u>(13)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>160,000</u>	<u>(242,775)</u>	<u>(263,165)</u>	<u>(20,390)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,695,522)</u>	<u>\$ 1,107,332</u>	<u>3,549,591</u>	<u>\$ 2,442,259</u>
FUND BALANCE				
Beginning of year			<u>7,098,932</u>	
End of year			<u>\$ 10,648,523</u>	

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST 7 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.58786%	0.58163%	0.59335%	0.59586%	0.58994%	0.59021%	0.57383%
Reporting Unit's proportionate share of net pension liability	\$ 201,937,658	\$ 192,616,311	\$ 178,371,730	\$ 154,411,446	\$ 147,184,105	\$ 144,159,119	\$ 126,394,985
Reporting Unit's covered-employee payroll	\$ 52,864,749	\$ 50,502,042	\$ 50,330,176	\$ 50,196,537	\$ 49,699,704	\$ 49,309,700	\$ 48,876,792
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	381.99%	381.40%	354.40%	307.61%	296.15%	292.35%	258.60%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST 7 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 17,272,775	\$ 16,052,033	\$ 15,370,630	\$ 15,604,894	\$ 13,959,190	\$ 13,090,244	\$ 10,368,358
Contributions in relation to statutorily required contributions	<u>17,272,775</u>	<u>16,052,033</u>	<u>15,370,630</u>	<u>15,604,894</u>	<u>13,959,190</u>	<u>13,090,244</u>	<u>10,368,358</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 51,430,892	\$ 52,904,521	\$ 50,166,804	\$ 50,494,918	\$ 51,887,935	\$ 49,633,783	\$ 49,366,555
Contributions as a percentage of covered-employee payroll	33.58%	30.34%	30.64%	30.90%	26.90%	26.37%	21.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST 4 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.59658%	0.57740%	0.59108%	0.59615%
Reporting Unit's proportionate share of net OPEB liability	\$ 31,960,557	\$ 41,444,191	\$ 46,984,762	\$ 52,792,245
Reporting Unit's covered-employee payroll	\$ 52,864,749	\$ 50,502,042	\$ 50,330,176	\$ 50,196,537
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	60.46%	82.06%	93.35%	105.17%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST 4 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 4,422,560	\$ 4,577,826	\$ 4,217,788	\$ 4,382,400
Contributions in relation to statutorily required contributions	<u>4,422,560</u>	<u>4,577,826</u>	<u>4,217,788</u>	<u>4,382,400</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 51,430,892	\$ 52,904,521	\$ 50,166,804	\$ 50,494,918
Contributions as a percentage of covered-employee payroll	8.60%	8.65%	8.41%	8.68%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.



**TRAVERSE CITY AREA PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 - PENSION INFORMATION**

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - there were no changes of assumptions in 2020.

**NOTE 2 - OPEB INFORMATION**

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - the assumption changes for 2020 were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

**NOTE 3 - BASIS OF BUDGETING**

The District budgets on the GAAP basis.

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## **ADDITIONAL SUPPLEMENTARY INFORMATION**

## **Major Governmental Fund**

### **General Fund**

The general fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
YEAR ENDED JUNE 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>LOCAL SOURCES</b>			
Property taxes	\$ 37,392,341	\$ 37,267,122	\$ (125,219)
Tuition	46,812	32,781	(14,031)
Investment earnings	50,000	19,371	(30,629)
Other local revenue	<u>2,702,274</u>	<u>1,716,615</u>	<u>(985,659)</u>
<b>TOTAL LOCAL SOURCES</b>	<u>40,191,427</u>	<u>39,035,889</u>	<u>(1,155,538)</u>
<b>STATE SOURCES</b>			
Foundation grant	39,377,339	39,371,003	(6,336)
Special education	2,643,379	2,643,397	18
At risk	2,951,890	2,157,347	(794,543)
Other state revenue	<u>11,166,959</u>	<u>10,612,806</u>	<u>(554,153)</u>
<b>TOTAL STATE SOURCES</b>	<u>56,139,567</u>	<u>54,784,553</u>	<u>(1,355,014)</u>
<b>FEDERAL SOURCES</b>			
Title I	1,374,602	1,335,990	(38,612)
Title II - improving teacher quality	489,750	265,226	(224,524)
Title IV	142,724	68,879	(73,845)
Other federal revenue	<u>5,244,678</u>	<u>4,983,232</u>	<u>(261,446)</u>
<b>TOTAL FEDERAL SOURCES</b>	<u>7,251,754</u>	<u>6,653,327</u>	<u>(598,427)</u>
<b>INTERGOVERNMENTAL SOURCES</b>			
Special education - ISD and LEA revenue	4,194,000	4,276,346	82,346
Other	<u>236,570</u>	<u>393,070</u>	<u>156,500</u>
<b>TOTAL INTERGOVERNMENTAL SOURCES</b>	<u>4,430,570</u>	<u>4,669,416</u>	<u>238,846</u>
<b>TOTAL REVENUES</b>	<u>108,013,318</u>	<u>105,143,185</u>	<u>(2,870,133)</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from sale of capital assets	130,000	109,623	(20,377)
Transfers in	<u>260,000</u>	<u>260,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>390,000</u>	<u>369,623</u>	<u>(20,377)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u><u>\$ 108,403,318</u></u>	<u><u>\$ 105,512,808</u></u>	<u><u>\$ (2,890,510)</u></u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INSTRUCTION			
Basic programs			
Elementary			
Salaries	\$ 12,925,928	\$ 12,817,527	\$ 108,401
Benefits	10,063,643	9,965,110	98,533
Purchased services	856,400	907,233	(50,833)
Supplies and materials	777,012	514,223	262,789
Other expenditures	58,150	260	57,890
Capital outlay	2,000	-	2,000
Total elementary	<u>24,683,133</u>	<u>24,204,353</u>	<u>478,780</u>
Middle school			
Salaries	5,936,893	5,815,665	121,228
Benefits	4,408,820	4,326,878	81,942
Purchased services	428,050	709,298	(281,248)
Supplies and materials	443,998	344,484	99,514
Other expenditures	10,575	9,574	1,001
Capital outlay	11,600	11,560	40
Total middle school	<u>11,239,936</u>	<u>11,217,459</u>	<u>22,477</u>
High school			
Salaries	8,413,257	8,371,374	41,883
Benefits	6,115,040	6,168,762	(53,722)
Purchased services	1,518,895	1,831,652	(312,757)
Supplies and materials	424,191	370,120	54,071
Other expenditures	8,861	4,685	4,176
Capital outlay	5,500	15,253	(9,753)
Total high school	<u>16,485,744</u>	<u>16,761,846</u>	<u>(276,102)</u>
Pre-kindergarten			
Salaries	154,773	129,759	25,014
Benefits	123,278	103,965	19,313
Purchased services	7,797	802	6,995
Supplies and materials	9,069	3,641	5,428
Other expenditures	-	24	(24)
Total pre-kindergarten	<u>294,917</u>	<u>238,191</u>	<u>56,726</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021  
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INSTRUCTION (continued)			
Basic programs (continued)			
Summer school			
Salaries	\$ 20,000	\$ 30,290	\$ (10,290)
Benefits	10,074	16,931	(6,857)
Purchased services	7,644	7,548	96
Supplies and materials	1,108	-	1,108
Other expenditures	467	-	467
	<u>39,293</u>	<u>54,769</u>	<u>(15,476)</u>
Total summer school	<u>39,293</u>	<u>54,769</u>	<u>(15,476)</u>
Total basic programs	<u>52,743,023</u>	<u>52,476,618</u>	<u>266,405</u>
Added needs			
Special education			
Salaries	4,041,455	3,749,654	291,801
Benefits	3,330,015	3,064,094	265,921
Purchased services	58,259	64,966	(6,707)
Supplies and materials	13,050	2,720	10,330
Other expenditures	4,087	2,982	1,105
Capital outlay	7,777	11,041	(3,264)
	<u>7,454,643</u>	<u>6,895,457</u>	<u>559,186</u>
Total special education	<u>7,454,643</u>	<u>6,895,457</u>	<u>559,186</u>
Compensatory education			
Salaries	1,301,784	1,170,183	131,601
Benefits	912,608	788,202	124,406
Purchased services	198,075	78,690	119,385
Supplies and materials	301,724	52,053	249,671
Other expenditures	313,389	6,913	306,476
	<u>3,027,580</u>	<u>2,096,041</u>	<u>931,539</u>
Total compensatory education	<u>3,027,580</u>	<u>2,096,041</u>	<u>931,539</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021  
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INSTRUCTION (continued)			
Added needs (continued)			
Career and Technical Education			
Salaries	\$ 122,882	\$ 191,029	\$ (68,147)
Benefits	100,810	129,373	(28,563)
Purchased services	1,500	535	965
Supplies and materials	62,193	6,443	55,750
Other expenditures	16,489	-	16,489
Capital outlay	45,860	36,858	9,002
	<u>349,734</u>	<u>364,238</u>	<u>(14,504)</u>
Total career and technical education			
	<u>349,734</u>	<u>364,238</u>	<u>(14,504)</u>
Total added needs	<u>10,831,957</u>	<u>9,355,736</u>	<u>1,476,221</u>
TOTAL INSTRUCTION	<u>63,574,980</u>	<u>61,832,354</u>	<u>1,742,626</u>
SUPPORTING SERVICES			
Pupil services			
Salaries	2,640,968	2,408,310	232,658
Benefits	2,078,993	1,896,942	182,051
Purchased services	116,750	105,876	10,874
Supplies and materials	16,459	12,919	3,540
Other expenditures	-	362	(362)
	<u>4,853,170</u>	<u>4,424,409</u>	<u>428,761</u>
Total pupil services			
	<u>4,853,170</u>	<u>4,424,409</u>	<u>428,761</u>
Instructional staff			
Salaries	2,671,497	2,284,078	387,419
Benefits	1,880,517	1,666,629	213,888
Purchased services	599,065	137,612	461,453
Supplies and materials	155,671	125,856	29,815
Other expenditures	32,625	10,837	21,788
Capital outlay	56,025	55,025	1,000
	<u>5,395,400</u>	<u>4,280,037</u>	<u>1,115,363</u>
Total instructional staff			
	<u>5,395,400</u>	<u>4,280,037</u>	<u>1,115,363</u>



**TRAVERSE CITY AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021  
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
SUPPORTING SERVICES (continued)			
General administration			
Salaries	\$ 333,963	\$ 326,290	\$ 7,673
Benefits	215,962	199,440	16,522
Purchased services	155,650	155,328	322
Supplies and materials	11,176	499	10,677
Other expenditures	30,090	14,575	15,515
Capital outlay	800	-	800
	<u>747,641</u>	<u>696,132</u>	<u>51,509</u>
Total general administration			
School administration			
Salaries	4,182,828	4,118,133	64,695
Benefits	3,178,266	3,175,963	2,303
Purchased services	43,760	38,590	5,170
Supplies and materials	33,247	27,788	5,459
Other expenditures	9,055	3,874	5,181
	<u>7,447,156</u>	<u>7,364,348</u>	<u>82,808</u>
Total school administration			
Business services			
Salaries	826,228	790,242	35,986
Benefits	681,164	657,450	23,714
Purchased services	260,125	178,295	81,830
Supplies and materials	138,722	93,760	44,962
Other expenditures	151,281	128,634	22,647
Capital outlay	4,957	2,735	2,222
	<u>2,062,477</u>	<u>1,851,116</u>	<u>211,361</u>
Total business services			
Operations and maintenance			
Salaries	3,220,610	3,172,582	48,028
Benefits	2,422,530	2,373,957	48,573
Purchased services	1,835,518	1,558,865	276,653
Supplies and materials	3,096,292	3,125,183	(28,891)
Other expenditures	5,000	6,722	(1,722)
Capital outlay	139,605	46,672	92,933
	<u>10,719,555</u>	<u>10,283,981</u>	<u>435,574</u>
Total operations and maintenance			

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021  
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
SUPPORTING SERVICES (concluded)			
Pupil transportation			
Salaries	\$ 2,219,276	\$ 1,949,129	\$ 270,147
Benefits	1,841,007	1,573,115	267,892
Purchased services	1,089,953	1,033,814	56,139
Supplies and materials	652,787	433,153	219,634
Other expenditures	3,500	3,106	394
Capital outlay	-	119	(119)
	<u>5,806,523</u>	<u>4,992,436</u>	<u>814,087</u>
Total pupil transportation			
Central services			
Salaries	1,598,720	1,636,420	(37,700)
Benefits	1,207,502	1,218,805	(11,303)
Purchased services	600,583	541,023	59,560
Supplies and materials	34,829	23,242	11,587
Other expenditures	123,037	94,360	28,677
Capital outlay	1,200	-	1,200
	<u>3,565,871</u>	<u>3,513,850</u>	<u>52,021</u>
Total central services			
Other support services			
Salaries	622,182	572,985	49,197
Benefits	393,800	349,102	44,698
Purchased services	802,672	651,283	151,389
Supplies and materials	127,122	112,609	14,513
Other expenditures	116,855	82,992	33,863
Capital outlay	9,500	17,634	(8,134)
	<u>2,072,131</u>	<u>1,786,605</u>	<u>285,526</u>
Total other support services			
TOTAL SUPPORTING SERVICES	<u>42,669,924</u>	<u>39,192,914</u>	<u>3,477,010</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021  
(concluded)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
COMMUNITY SERVICES			
Salaries	\$ 51,320	\$ 48,137	\$ 3,183
Benefits	25,846	24,375	1,471
Purchased services	165,403	127,580	37,823
Supplies and materials	72,825	29,552	43,273
Other expenditures	4,850	-	4,850
Capital outlay	<u>1,433</u>	<u>-</u>	<u>1,433</u>
 TOTAL COMMUNITY SERVICES	 <u>321,677</u>	 <u>229,644</u>	 <u>92,033</u>
INTERGOVERNMENTAL EXPENDITURES			
Payments to other governmental units	<u>96,630</u>	<u>75,517</u>	<u>21,113</u>
 TOTAL EXPENDITURES	 <u><u>\$ 106,663,211</u></u>	 <u><u>\$ 101,330,429</u></u>	 <u><u>\$ 5,332,782</u></u>

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, community services, and student/school activities in the special revenue funds.

### **Debt Service Funds**

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The District maintains debt service funds for the 2012, 2014, 2016, 2018, and 2019.

### **Capital Projects Funds**

The capital projects funds account for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects. The District maintains one nonmajor capital projects fund for various assigned purposes.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2021**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,999,529	\$ 1,852,252	\$ 795,752	\$ 4,647,533
Receivables				
Taxes receivable		43,917	-	43,917
Accounts receivable	8,062		-	8,062
Intergovernmental	368,486	-	-	368,486
Due from other funds	-	30,508	-	30,508
Inventories	72,723	-	-	72,723
	<u>72,723</u>	<u>-</u>	<u>-</u>	<u>72,723</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,448,800</u></u>	<u><u>\$ 1,926,677</u></u>	<u><u>\$ 795,752</u></u>	<u><u>\$ 5,171,229</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 18,052	\$ -	\$ -	\$ 18,052
Due to other funds	85,027	37,991	-	123,018
Unearned revenue	131,001	-	-	131,001
	<u>131,001</u>	<u>-</u>	<u>-</u>	<u>131,001</u>
<b>TOTAL LIABILITIES</b>	<u>234,080</u>	<u>37,991</u>	<u>-</u>	<u>272,071</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	39,607	-	39,607
	<u>-</u>	<u>39,607</u>	<u>-</u>	<u>39,607</u>
<b>FUND BALANCES</b>				
Nonspendable for inventories	72,723	-	-	72,723
Restricted	600,451	1,849,079	-	2,449,530
Committed	1,541,546	-	-	1,541,546
Assigned				
Capital projects	-	-	795,752	795,752
	<u>-</u>	<u>-</u>	<u>795,752</u>	<u>795,752</u>
<b>TOTAL FUND BALANCES</b>	<u>2,214,720</u>	<u>1,849,079</u>	<u>795,752</u>	<u>4,859,551</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 2,448,800</u></u>	<u><u>\$ 1,926,677</u></u>	<u><u>\$ 795,752</u></u>	<u><u>\$ 5,171,229</u></u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2021**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
<b>REVENUES</b>				
Local sources				
Property taxes	\$ -	\$ 17,059,975	\$ -	\$ 17,059,975
Investment earnings	-	4,542	-	4,542
Food sales and admissions	285,652	-	-	285,652
Tuition	1,577,161	-	-	1,577,161
Student/school activities	932,594	-	-	932,594
Other	149,330	-	47,655	196,985
Total local sources	2,944,737	17,064,517	47,655	20,056,909
State sources	384,888	89,959	-	474,847
Federal sources	4,821,413	-	-	4,821,413
<b>TOTAL REVENUES</b>	<b>8,151,038</b>	<b>17,154,476</b>	<b>47,655</b>	<b>25,353,169</b>
<b>EXPENDITURES</b>				
Current				
Food service activities	4,336,227	-	-	4,336,227
Community service activities	2,864,170	-	-	2,864,170
Student/school activities	960,209	-	-	960,209
Capital outlay	41,143	-	28,785	69,928
Debt service				
Principal repayment	-	14,100,000	-	14,100,000
Interest expenditure	-	2,593,425	-	2,593,425
Other expenditure	-	17,017	-	17,017
<b>TOTAL EXPENDITURES</b>	<b>8,201,749</b>	<b>16,710,442</b>	<b>28,785</b>	<b>24,940,976</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(50,711)</b>	<b>444,034</b>	<b>18,870</b>	<b>412,193</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	632,788	-	-	632,788
Transfers out	(260,000)	-	-	(260,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>372,788</b>	<b>-</b>	<b>-</b>	<b>372,788</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>322,077</b>	<b>444,034</b>	<b>18,870</b>	<b>784,981</b>
<b>FUND BALANCES</b>				
Beginning of year	1,892,643	1,405,045	776,882	4,074,570
End of year	<u>\$ 2,214,720</u>	<u>\$ 1,849,079</u>	<u>\$ 795,752</u>	<u>\$ 4,859,551</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2021**

	Food Service	Community Service	Student/ School Activities	Total Special Revenue Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 453,976	\$ 221,263	1,324,290	\$ 1,999,529
Accounts receivable	3,597	4,465	-	8,062
Intergovernmental receivable	368,486	-	-	368,486
Inventories	72,723	-	-	72,723
<b>TOTAL ASSETS</b>	<u>\$ 898,782</u>	<u>\$ 225,728</u>	<u>\$ 1,324,290</u>	<u>\$ 2,448,800</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 9,832	\$ 8,220	\$ -	\$ 18,052
Due to other funds	85,027	-	-	85,027
Unearned revenue	130,749	252	-	131,001
<b>TOTAL LIABILITIES</b>	<u>225,608</u>	<u>8,472</u>	<u>-</u>	<u>234,080</u>
<b>FUND BALANCES</b>				
Nonspendable for inventories	72,723	-	-	72,723
Restricted	600,451	-	-	600,451
Committed	-	217,256	1,324,290	1,541,546
<b>TOTAL FUND BALANCES</b>	<u>673,174</u>	<u>217,256</u>	<u>1,324,290</u>	<u>2,214,720</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 898,782</u>	<u>\$ 225,728</u>	<u>\$ 1,324,290</u>	<u>\$ 2,448,800</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2021**

	Food Service	Community Service	Student/ School Activities	Total Special Revenue Funds
<b>REVENUES</b>				
Sales	\$ 12,588	\$ -	\$ -	\$ 12,588
Tuition	-	1,577,161	-	1,577,161
Student/school activities	-	-	932,594	932,594
State sources	384,888	-	-	384,888
Federal sources	4,323,559	497,854	-	4,821,413
Admissions	-	273,064	-	273,064
Other	143,304	6,026	-	149,330
<b>TOTAL REVENUES</b>	<b>4,864,339</b>	<b>2,354,105</b>	<b>932,594</b>	<b>8,151,038</b>
<b>EXPENDITURES</b>				
Salaries	1,331,157	1,258,819	-	2,589,976
Benefits	842,459	1,213,420	-	2,055,879
Purchased services	79,232	84,336	-	163,568
Student/school activities	-	-	960,209	960,209
Supplies and materials	2,053,819	46,454	-	2,100,273
Capital outlay	26,467	14,676	-	41,143
Other expenditure	29,560	261,141	-	290,701
<b>TOTAL EXPENDITURES</b>	<b>4,362,694</b>	<b>2,878,846</b>	<b>960,209</b>	<b>8,201,749</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>501,645</b>	<b>(524,741)</b>	<b>(27,615)</b>	<b>(50,711)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,014	622,774	-	632,788
Transfers out	(260,000)	-	-	(260,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(249,986)</b>	<b>622,774</b>	<b>-</b>	<b>372,788</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>251,659</b>	<b>98,033</b>	<b>(27,615)</b>	<b>322,077</b>
<b>FUND BALANCES</b>				
Beginning of year	421,515	119,223	1,351,905	1,892,643
End of year	\$ 673,174	\$ 217,256	\$ 1,324,290	\$ 2,214,720



**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**BUDGETARY COMPARISON SCHEDULE - FOOD SERVICE FUND**  
**YEAR ENDED JUNE 30, 2021**

	<b>GAAP Basis</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Local sources	\$ 2,199,886	\$ 155,225	\$ 155,892	\$ 667
State sources	302,924	372,032	384,888	12,856
Federal sources	<u>2,562,190</u>	<u>4,312,743</u>	<u>4,323,559</u>	<u>10,816</u>
<b>TOTAL REVENUES</b>	<u>5,065,000</u>	<u>4,840,000</u>	<u>4,864,339</u>	<u>24,339</u>
<b>EXPENDITURES</b>				
Current				
Food services				
Salaries and wages	1,435,085	1,357,243	1,331,157	26,086
Employee benefits	894,263	862,181	842,459	19,722
Purchased services	121,723	86,346	79,232	7,114
Supplies and other	2,333,929	2,154,230	2,083,379	70,851
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>26,467</u>	<u>3,533</u>
<b>TOTAL EXPENDITURES</b>	<u>4,815,000</u>	<u>4,490,000</u>	<u>4,362,694</u>	<u>127,306</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>250,000</u>	<u>350,000</u>	<u>501,645</u>	<u>151,645</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	10,014	14
Transfers out	<u>(260,000)</u>	<u>(260,000)</u>	<u>(260,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(249,986)</u>	<u>14</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 100,000</u>	251,659	<u>\$ 151,659</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>421,515</u>	
End of year			<u>\$ 673,174</u>	

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**BUDGETARY COMPARISON SCHEDULE - COMMUNITY SERVICE FUND**  
**YEAR ENDED JUNE 30, 2021**

	<b>GAAP Basis</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ 3,158,196	\$ 1,917,266	\$ 1,856,251	\$ (61,015)
Federal sources	-	497,854	497,854	-
TOTAL REVENUES	<u>3,158,196</u>	<u>2,415,120</u>	<u>2,354,105</u>	<u>(61,015)</u>
EXPENDITURES				
Current				
Community services				
Salaries and wages	1,518,173	1,355,906	1,258,819	97,087
Employee benefits	1,434,017	1,274,665	1,213,420	61,245
Purchased services	145,603	93,022	84,336	8,686
Supplies and other	277,437	348,593	307,595	40,998
Capital outlay	24,466	13,709	14,676	(967)
TOTAL EXPENDITURES	<u>3,399,696</u>	<u>3,085,895</u>	<u>2,878,846</u>	<u>207,049</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(241,500)	(670,775)	(524,741)	146,034
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>225,000</u>	<u>622,775</u>	<u>622,774</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (16,500)</u>	<u>\$ (48,000)</u>	98,033	<u>\$ 146,033</u>
FUND BALANCE				
Beginning of year			<u>119,223</u>	
End of year			<u>\$ 217,256</u>	

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**BUDGETARY COMPARISON SCHEDULE - STUDENT/SCHOOL ACTIVITIES FUND**  
**YEAR ENDED JUNE 30, 2021**

	<u>GAAP Basis</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Student/school activities	<u>\$ 2,000,000</u>	<u>\$ 1,100,000</u>	<u>\$ 932,594</u>	<u>\$ (167,406)</u>
EXPENDITURES				
Student/school activities	<u>2,000,000</u>	<u>1,100,000</u>	<u>960,209</u>	<u>(139,791)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(27,615)</u>	<u>\$ (27,615)</u>
FUND BALANCE				
Beginning of year			<u>1,351,905</u>	
End of year			<u>\$ 1,324,290</u>	

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
JUNE 30, 2021**

	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>	<u>Total Debt Service Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 277,110	\$ 246,122	\$ 453,400	\$ 175,916	\$ 699,704	\$ 1,852,252
Taxes receivable	-	43,917	-	-	-	43,917
Due from other funds	-	30,508	-	-	-	30,508
<b>TOTAL ASSETS</b>	<u>\$ 277,110</u>	<u>\$ 320,547</u>	<u>\$ 453,400</u>	<u>\$ 175,916</u>	<u>\$ 699,704</u>	<u>\$ 1,926,677</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Due to other funds	<u>\$ 6,951</u>	<u>\$ -</u>	<u>\$ 10,048</u>	<u>\$ 3,648</u>	<u>\$ 17,344</u>	<u>\$ 37,991</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	<u>-</u>	<u>39,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,607</u>
<b>FUND BALANCES</b>						
Restricted for debt service	<u>270,159</u>	<u>280,940</u>	<u>443,352</u>	<u>172,268</u>	<u>682,360</u>	<u>1,849,079</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 277,110</u>	<u>\$ 320,547</u>	<u>\$ 453,400</u>	<u>\$ 175,916</u>	<u>\$ 699,704</u>	<u>\$ 1,926,677</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUNDS  
YEAR ENDED JUNE 30, 2021**

	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>	<u>Total Debt Service Funds</u>
REVENUES						
Local sources						
Property taxes	\$ 2,768,186	\$ 1,930,851	\$ 4,001,544	\$ 1,452,617	\$ 6,906,777	\$ 17,059,975
Investment earnings	873	530	1,057	365	1,717	4,542
State sources	<u>14,655</u>	<u>9,866</u>	<u>21,184</u>	<u>7,690</u>	<u>36,564</u>	<u>89,959</u>
TOTAL REVENUES	<u>2,783,714</u>	<u>1,941,247</u>	<u>4,023,785</u>	<u>1,460,672</u>	<u>6,945,058</u>	<u>17,154,476</u>
EXPENDITURES						
Principal repayment	2,925,000	1,725,000	3,375,000	1,000,000	5,075,000	14,100,000
Interest expenditure	136,275	174,650	412,500	392,500	1,477,500	2,593,425
Other	<u>2,343</u>	<u>1,726</u>	<u>4,998</u>	<u>1,815</u>	<u>6,135</u>	<u>17,017</u>
TOTAL EXPENDITURES	<u>3,063,618</u>	<u>1,901,376</u>	<u>3,792,498</u>	<u>1,394,315</u>	<u>6,558,635</u>	<u>16,710,442</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(279,904)	39,871	231,287	66,357	386,423	444,034
FUND BALANCES						
Beginning of year	<u>550,063</u>	<u>241,069</u>	<u>212,065</u>	<u>105,911</u>	<u>295,937</u>	<u>1,405,045</u>
End of year	<u>\$ 270,159</u>	<u>\$ 280,940</u>	<u>\$ 443,352</u>	<u>\$ 172,268</u>	<u>\$ 682,360</u>	<u>\$ 1,849,079</u>

## **OTHER SCHEDULES**

### **Long-Term Debt**

Bonded Debt - these schedules provide information on future payments due for principal and interest related to bonds sold by the District.

### **Property Taxes**

Schedule of property tax data - this schedule provides information on state-equalized valuation of property assessed in the District.

Property tax data - this schedule provides information concerning tax levies, collections, adjustments, write-offs, and delinquent taxes for both the general fund and the debt service funds for the past three years.

### **Assignments**

General fund balance assignments by building - this schedule provides detail of amounts assigned to be carried over into the subsequent year for each building in the District.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2021**

2012 School Building and Site Bonds

<u>Calendar Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
2021	2.30%	\$ -	\$ -	\$ 34,500	\$ 34,500
2022	2.30%	<u>3,000,000</u>	<u>34,500</u>	<u>-</u>	<u>3,034,500</u>
Total 2012 bonded debt		<u>\$ 3,000,000</u>	<u>\$ 34,500</u>	<u>\$ 34,500</u>	<u>\$ 3,069,000</u>

The above bonds dated June 28, 2012 were issued for the purpose of erecting, furnishing and equipping an addition or additions and/or remodeling, refurbishing, equipping and re-equipping existing school facilities; acquiring, installing, equipping, and re-equipping school facilities for educational technology improvements; purchasing buses and developing and improving sites, including playgrounds and outdoor physical education and athletic facilities. The amount of the original bond issue was \$11,000,000.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2021**  
**(continued)**

2014 School Building and Site Bonds

<u>Calendar Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
2021	2.05%	\$ -	\$ -	\$ 69,644	\$ 69,644
2022	2.25%	1,825,000	69,644	49,113	1,943,757
2023	2.45%	1,900,000	49,113	25,838	1,974,951
2024	2.65%	1,950,000	25,838	-	1,975,838
Total 2014 bonded debt		<u>\$ 5,675,000</u>	<u>\$ 144,595</u>	<u>\$ 144,595</u>	<u>\$ 5,964,190</u>

The above bonds dated June 24, 2014 were issued for the purpose of erecting, furnishing and equipping an addition or additions and/or remodeling, refurnishing, equipping and re-equipping existing school facilities; acquiring, installing, equipping, and re-equipping school facilities for educational technology improvements; purchasing buses and developing and improving sites, including playgrounds and outdoor physical education and athletic facilities. The amount of the original bond issue was \$13,500,000.



**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2021**  
**(continued)**

2016 School Building and Site Bonds

Calendar Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2021	2.00%	\$ -	\$ -	\$ 172,500	\$ 172,500
2022	2.00%	3,350,000	172,500	139,000	3,661,500
2023	2.00%	3,400,000	139,000	105,000	3,644,000
2024	2.00%	3,450,000	105,000	70,500	3,625,500
2025	2.00%	3,500,000	70,500	35,500	3,606,000
2026	2.00%	3,550,000	35,500	-	3,585,500
Total 2016 bonded debt		<u>\$ 17,250,000</u>	<u>\$ 522,500</u>	<u>\$ 522,500</u>	<u>\$ 18,295,000</u>

The above bonds dated May 26, 2016 were issued for the purpose of (i) erecting, furnishing and equipping an addition or additions and/or remodeling, refurbishing, equipping and re-equipping existing school facilities; acquiring, installing, equipping, and re-equipping school facilities for educational technology improvements; purchasing buses and developing and improving sites, including playgrounds and outdoor physical education and athletic facilities; and (ii) erecting, furnishing and equipping an addition or additions and/or remodeling, refurbishing, equipping and re-equipping existing school facilities; erecting, furnishing and equipping elementary facilities; acquiring land; developing and equipping improvements to playgrounds, outdoor physical education and athletic facilities; acquiring, installing, equipping and re-equipping school facilities for educational technology improvements; purchasing buses and developing and improving sites. The amount of the original bond issue was \$26,880,000.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2021**  
**(continued)**

2018 School Building and Site Bonds

Calendar Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2021	4.00%	\$ -	\$ -	\$ 176,250	\$ 176,250
2022	5.00%	1,000,000	176,250	151,250	1,327,500
2023	5.00%	1,000,000	151,250	126,250	1,277,500
2024	5.00%	1,000,000	126,250	101,250	1,227,500
2025	5.00%	1,000,000	101,250	76,250	1,177,500
2026	5.00%	1,000,000	76,250	51,250	1,127,500
2027	5.00%	1,025,000	51,250	25,625	1,101,875
2028	5.00%	1,025,000	25,625	-	1,050,625
Total 2018 bonded debt		<u>\$ 7,050,000</u>	<u>\$ 708,125</u>	<u>\$ 708,125</u>	<u>\$ 8,466,250</u>

The above bonds dated May 23, 2018 were issued for the purpose of erecting, furnishing and equipping an addition or additions to and/or remodeling, refurnishing, equipping and re-equipping existing school facilities; erecting, furnishing and equipping elementary facilities; acquiring land; developing and equipping improvements to playgrounds, outdoor physical education and athletic facilities; acquiring, installing, equipping and re-equipping school facilities for educational technology improvements; purchasing buses and developing and improving sites. The amount of the original bond issue was \$11,275,000.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2021**  
**(continued)**

2019 School Building and Site Bonds

Calendar Year	Interest Rate	Principal Due May 1,	Interest Due		Total Due Annually
			May 1	November 1	
2021	5.00%	\$ -	\$ -	\$ 611,875	\$ 611,875
2022	5.00%	2,750,000	611,875	543,125	3,905,000
2023	5.00%	2,800,000	543,125	473,125	3,816,250
2024	5.00%	2,900,000	473,125	400,625	3,773,750
2025	5.00%	3,000,000	400,625	325,625	3,726,250
2026	5.00%	3,100,000	325,625	248,125	3,673,750
2027	5.00%	3,200,000	248,125	168,125	3,616,250
2028	5.00%	3,350,000	168,125	84,375	3,602,500
2029	5.00%	3,375,000	84,375	-	3,459,375
Total 2019 bonded debt		<u>\$ 24,475,000</u>	<u>\$ 2,855,000</u>	<u>\$ 2,855,000</u>	<u>\$ 30,185,000</u>

The above bonds dated May 16, 2019 were issued for the purpose of erecting, furnishing and equipping additions to and/or remodeling, furnishing and refurnishing, and equipping and re-equipping existing school facilities; erecting, furnishing and equipping new school facilities; constructing, equipping, developing and improving playgrounds and outdoor physical education, athletic and storage facilities; acquiring, installing, and equipping and re-equipping school facilities for educational technology; purchasing buses; and acquiring, developing and improving play fields, athletic fields and sites. The amount of the original bond issue was \$30,235,000.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2021**  
**(concluded)**

2021 School Building and Site Bonds

Calendar Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2021	3.00%	\$ -	\$ -	\$ 520,030	\$ 520,030
2022	3.00%	3,075,000	581,400	535,275	4,191,675
2023	3.00%	6,425,000	535,275	438,900	7,399,175
2024	3.00%	3,375,000	438,900	388,275	4,202,175
2025	3.00%	3,500,000	388,275	335,775	4,224,050
2026	3.00%	3,600,000	335,775	281,775	4,217,550
2027	3.00%	3,675,000	281,775	226,650	4,183,425
2028	3.00%	3,700,000	226,650	171,150	4,097,800
2029	3.00%	3,775,000	171,150	114,525	4,060,675
2030	3.00%	3,800,000	114,525	57,525	3,972,050
2031	3.00%	3,835,000	57,525	-	3,892,525
Total 2021 bonded debt		<u>\$ 38,760,000</u>	<u>\$ 3,131,250</u>	<u>\$ 3,069,880</u>	<u>\$ 44,961,130</u>

The above bonds dated May 20, 2021 were issued for the purpose of erecting, furnishing and equipping additions to and/or remodeling, furnishing and refurnishing, and equipping and re-equipping existing school facilities; erecting, furnishing and equipping new school facilities; constructing, equipping, developing and improving playgrounds and outdoor physical education, athletic and storage facilities; acquiring, installing, and equipping and re-equipping school facilities for educational technology; purchasing buses; and acquiring, developing and improving play fields, athletic fields and sites. The amount of the original bond issue was \$38,760,000.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
SCHEDULE OF PROPERTY TAX DATA  
YEAR ENDED JUNE 30, 2021**

	2021					Tax Levy (Mills)		
	Principal Residence Exemption	Industrial Personal Property	Commercial Personal Property	All Other Non-PRE	Total	Non- Principal Residence Exemption	Commercial Personal Property	Debt
Other Information								
State-equalized valuation of property assessed in the Traverse City Area School District								
Grand Traverse County								
Acme Township	\$ 184,349,111	\$ 296,200	\$ 13,113,600	\$ 123,634,495	\$ 321,393,406	18.0	6.0	3.1
Blair Township	187,931,073	309,900	8,767,100	109,046,858	306,054,931	18.0	6.0	3.1
East Bay Township	382,124,707	2,012,500	7,271,800	237,334,766	628,743,773	18.0	6.0	3.1
Garfield Township	459,138,841	12,635,000	48,728,400	470,243,267	990,745,508	18.0	6.0	3.1
Grant Township	14,679,679	-	16,100	8,416,487	23,112,266	18.0	6.0	3.1
Green Lake Township	190,080,558	971,800	3,157,300	96,130,447	290,340,105	18.0	6.0	3.1
Long Lake Township	430,191,154	290,900	2,167,100	129,968,166	562,617,320	18.0	6.0	3.1
Peninsula Township	565,540,237	-	2,844,300	204,622,227	773,006,764	18.0	6.0	3.1
Union Township	9,665,003	-	43,800	8,688,287	18,397,090	18.0	6.0	3.1
Whitewater Township	414,740	-	-	486,010	900,750	18.0	6.0	3.1
City of Traverse City	484,263,552	11,504,600	40,543,600	575,719,999	1,112,031,751	18.0	6.0	3.1
Leelanau County								
Elmwood Township	219,264,789	5,900	6,492,500	88,950,131	314,713,320	18.0	6.0	3.1
Solon Township	46,068,333	2,400	21,400	16,071,786	62,163,919	18.0	6.0	3.1
Traverse City Annexed	20,298,996	-	757,600	21,081,809	42,138,405	18.0	6.0	3.1
Benzie County - Almira Township	35,252,070	-	5,400	4,413,301	39,670,771	18.0	6.0	3.1
Total	<u>\$ 3,229,262,843</u>	<u>\$ 28,029,200</u>	<u>\$ 133,930,000</u>	<u>\$ 2,094,808,036</u>	<u>\$ 5,486,030,079</u>			
<b>Official Student Enrollment</b>						9,589		

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
PROPERTY TAX DATA  
JUNE 30, 2021**

<u>Fiscal Year</u>	<u>Delinquent July 1, 2020</u>	<u>Original Tax Levy</u>	<u>Collections, Adjustments, and Write-offs</u>	<u>Delinquent June 30, 2021</u>
General fund				
2021	\$ -	\$ 37,268,501	\$ 37,170,945	\$ 97,556
2020	54,584	-	5,118	49,466
2019	<u>24,708</u>	<u>-</u>	<u>24,708</u>	<u>-</u>
Total general fund	<u>79,292</u>	<u>37,268,501</u>	<u>37,200,771</u>	<u>147,022</u>
Debt service funds				
2021	-	17,019,455	16,992,848	26,607
2020	19,540	-	2,230	17,310
2019	<u>2,776</u>	<u>-</u>	<u>2,776</u>	<u>-</u>
Total debt service funds	<u>22,316</u>	<u>17,019,455</u>	<u>16,997,854</u>	<u>43,917</u>
Total	<u>\$ 101,608</u>	<u>\$ 54,287,956</u>	<u>\$ 54,198,625</u>	<u>\$ 190,939</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
GENERAL FUND BALANCE ASSIGNMENTS BY BUILDING  
JUNE 30, 2021**

Site	Amount
Blair	\$ 14,301
Central Grade	34,561
Cherry Knoll	60,354
Courtade	19,807
Eastern	89,232
Long Lake	41,880
Montessori	28,081
Silver Lake	26,665
Traverse Heights	6,862
Westwoods	32,068
Willow Hill	80,795
East Middle School	102,677
West Middle School	61,629
Central High School	18,573
Traverse City High School	103,179
	<u>\$ 720,664</u>

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**TRAVERSE CITY AREA PUBLIC SCHOOLS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
STATISTICAL SECTION OVERVIEW  
2020-2021**

The Statistical section contains a wide array of financial and other information that covers several years and reflects social, economic, and financial trends of the District and the area in which the District operates. This section is designed to give the reader a more thorough understanding of the District as a whole than is available in the basic financial statements taken in isolation. The schedules in this section are segregated into various categories as noted below:

**FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

**REVENUE CAPACITY**

These schedules contain information to help the reader assess the District's revenue generating capacity. It should be noted, as discussed earlier in the transmittal letter, that school funding in Michigan is based on a per student "foundation" amount that is determined by the State of Michigan. Some of the amount determined by the state is raised locally through a millage on "Non-Principal Residence Exemption" property tax values. The state makes up the difference between what is raised locally and what is the state determined revenue amount due to our District. As such, the District's ability to generate unrestricted revenues via local property taxes is severely limited.

**DEBT CAPACITY**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

**DEMOGRAPHIC & ECONOMIC INFORMATION**

These schedules present demographic and economic indicators to help the reader understand the economic environment within which the District operates.

**OPERATIONAL INFORMATION**

These schedules contain infrastructure information to help the reader understand physical plant aspects of the District's operation.

It should be noted that many of the schedules within the categories described above contain overlapping information. For example, certain demographic and economic information contains property values that can be used to determine debt capacity. Also, certain financial trend information contains student cost by function information that may be considered for demographic purposes. The point is that these schedules are divided into sections so that they relate to their primary purpose (e.g., financial trend, operating, etc.), but contain information that may overlap the purposes defined by these sections.

Special note should also be made that because the revenue capacity and debt capacity information overlaps so closely in our District, we have combined these two sections into one section titled "Revenue and Debt Capacity". This was done so as to make the information more meaningful to the reader and to avoid providing excessively redundant information on the same property values used to show both revenue and debt capacity.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
Annual Comprehensive Financial Report  
Statistical Section  
2020-2021**

**FINANCIAL TRENDS**

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Financial Trends**  
**Net Position by Component**  
**2012-2021**

	Fiscal Year <sup>1</sup>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> <sup>2</sup>	<u>2016</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 11,210,030	\$ 12,895,329	\$ 12,712,398	\$ 11,576,501	\$ 8,905,885
Receivables:					
Accounts receivable	322,162	325,854	333,350	477,778	1,079,941
Interest receivable	-	11,349	-	38,435	-
Taxes receivable	53,190	40,199	58,438	82,080	208,087
Intergovernmental	8,926,478	9,576,068	9,699,500	10,232,956	11,564,548
Inventories	203,018	192,493	156,430	124,661	147,596
Prepays	631,822	620,343	615,828	657,067	654,660
Restricted investments - capital projects	17,887,161	10,347,589	17,217,592	10,740,928	31,887,552
Deferred charges, net of amortization	397,715	-	-	-	-
Capital assets not being depreciated	4,067,006	6,085,369	5,473,651	4,157,624	3,858,346
Capital assets, net of accumulated depreciation	144,107,081	142,221,768	141,109,454	140,182,582	139,413,586
<b>Total Assets</b>	<b>187,805,663</b>	<b>182,316,361</b>	<b>187,376,641</b>	<b>178,270,612</b>	<b>197,720,201</b>
<b>Deferred Outflows of Resources</b>					
Related to pension	-	-	-	13,905,319	19,047,562
Related to OPEB	-	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,905,319</b>	<b>19,047,562</b>
<b>Liabilities</b>					
Accounts payable	1,388,744	2,776,347	3,378,426	2,809,580	2,828,756
Accrued salaries and related items	9,002,216	10,731,273	10,018,965	9,610,148	7,923,219
Accrued retirement	-	-	-	-	2,439,904
Accrued interest	491,035	465,255	423,897	355,043	-
Unearned revenue	865,768	1,085,522	987,146	767,930	-
Noncurrent liabilities					968,323
Due within one year	10,768,858	10,456,969	11,632,361	12,186,862	
Due in more than one year	77,058,072	67,210,648	69,219,947	57,086,955	12,386,418
Net pension liability	-	-	-	126,394,985	72,465,197
Net OPEB liability	-	-	-	-	144,159,119
<b>Total Liabilities</b>	<b>99,574,693</b>	<b>92,726,014</b>	<b>95,660,742</b>	<b>209,211,503</b>	<b>243,512,339</b>
<b>Deferred Inflows of Resources</b>					
Related to pensions	-	-	-	13,973,255	477,673
Related to OPEB	-	-	-	-	-
Related to state aid funding for pension	-	-	-	-	3,938,030
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,973,255</b>	<b>4,415,703</b>
<b>Net Position</b> <sup>3</sup>					
Net investment in capital assets	78,554,525	80,744,965	83,000,074	86,607,926	90,095,597
Restricted for debt service	970,735	965,709	1,400,691	1,140,931	1,175,922
Restricted for food service	778,379	695,621	456,408	-	-
Unrestricted	7,927,331	7,184,052	6,858,726	(118,757,684)	(122,431,798)
<b>Total Net Position</b>	<b>\$ 88,230,970</b>	<b>\$ 89,590,347</b>	<b>\$ 91,715,899</b>	<b>\$ (31,008,827)</b>	<b>\$ (31,160,279)</b>

<sup>1</sup> Years 2017-2021 continue on following page.

<sup>2</sup> Net position was restated for fiscal year 2015 as of July 1, 2014 with the implementation of GASB Statements 68 and 71.

<sup>3</sup> Terminology changed in 2013 from net assets to net position with the implementation of GASB Statements 63 and 65.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Financial Trends**  
**Net Position by Component**  
**2012-2021 (Continued from previous page)**

	Fiscal Year				
	2017	2018 <sup>1</sup>	2019	2020 <sup>2</sup>	2021
<b>Assets</b>					
Cash and cash equivalents	\$ 7,496,774	\$ 11,205,076	\$ 14,400,835	\$ 15,607,004	\$ 18,304,482
Receivables:					
Accounts receivable	593,504	337,825	322,881	487,018	80,144
Interest receivable	16,792	-	34,571	75,537	-
Taxes receivable	80,607	73,196	70,713	101,608	190,939
Intergovernmental	10,584,780	10,771,629	10,448,679	9,586,631	11,066,052
Inventories	129,254	100,651	115,085	153,685	127,672
Prepays	1,139,190	1,429,606	1,326,852	602,979	976,175
Restricted investments - capital projects	25,919,059	23,160,308	44,913,161	28,040,164	47,060,696
Deferred charges, net of amortization	-	-	-	-	-
Capital assets not being depreciated	4,085,902	15,943,329	4,842,933	7,112,388	22,240,909
Capital assets, net of accumulated depreciation	135,349,462	129,533,356	145,141,077	151,385,817	151,320,994
<b>Total Assets</b>	<b>185,395,324</b>	<b>192,554,976</b>	<b>221,616,787</b>	<b>213,152,831</b>	<b>251,368,063</b>
<b>Deferred Outflows of Resources</b>					
Related to pension	21,683,066	35,230,141	57,782,615	54,077,890	44,147,988
Related to OPEB	-	3,888,429	8,706,250	13,123,180	16,209,713
<b>Total Deferred Outflows of Resources</b>	<b>21,683,066</b>	<b>39,118,570</b>	<b>66,488,865</b>	<b>67,201,070</b>	<b>60,357,701</b>
<b>Liabilities</b>					
Accounts payable	1,070,775	3,843,748	3,027,379	3,735,128	4,618,613
Accrued salaries and related items	6,966,659	7,222,149	8,384,976	8,865,108	8,643,400
Accrued retirement	2,644,637	2,780,127	3,737,084	3,897,597	4,276,321
Checks written in excess of future deposits	-	-	-	68,495	-
Accrued interest	320,059	288,085	435,705	432,238	484,930
Unearned revenue	1,152,564	1,015,042	1,303,042	973,999	1,375,688
Noncurrent liabilities:					
Due within one year	13,187,157	14,322,561	14,263,785	14,545,517	15,398,119
Due in more than one year	59,604,711	57,555,179	78,585,088	63,826,528	90,824,490
Net pension liability	147,184,105	154,411,446	178,371,730	192,616,311	201,937,658
Net OPEB liability	-	52,792,245	46,984,762	41,444,191	31,960,557
<b>Total Liabilities</b>	<b>232,130,667</b>	<b>294,230,582</b>	<b>335,093,551</b>	<b>330,405,112</b>	<b>359,519,776</b>
<b>Deferred Inflows of Resources</b>					
Related to pensions	494,673	8,273,896	14,149,387	9,800,581	2,428,010
Related to OPEB	-	1,784,763	10,944,213	17,279,785	24,858,448
Related to state aid funding for pension	4,551,373	6,173,730	6,531,339	6,361,368	7,756,750
<b>Total Deferred Inflows of Resources</b>	<b>5,046,046</b>	<b>16,232,389</b>	<b>31,624,939</b>	<b>33,441,734</b>	<b>35,043,208</b>
<b>Net Position:</b>					
Net investment in capital assets	93,414,229	95,277,393	101,017,400	107,209,420	111,756,852
Restricted for debt service	1,269,843	1,521,488	1,359,337	972,807	1,364,149
Restricted for food service	-	-	-	-	-
Unrestricted	(124,782,395)	(175,588,306)	(180,989,575)	(191,675,172)	(195,958,221)
<b>Total Net Position</b>	<b>\$ (30,098,323)</b>	<b>\$ (78,789,425)</b>	<b>\$ (78,612,838)</b>	<b>\$ (83,492,945)</b>	<b>\$ (82,837,220)</b>

<sup>1</sup> Net position was restated for fiscal year 2018 as of July 1, 2017 with the implementation of GASB Statement 75.

<sup>2</sup> Net position was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB Statement 84.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Financial Trends**  
**Changes in Net Position**  
**2012-2021**

	Fiscal Year <sup>1</sup>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Expenses:</b>					
Governmental activities:					
Instruction	\$ 50,120,841	\$ 50,502,874	\$ 52,189,870	\$ 54,737,324	\$ 55,520,571
Support services	34,833,461	35,856,404	36,573,556	37,471,024	38,769,671
Community services	2,758,948	2,862,822	2,749,851	2,843,193	3,286,091
Intergovernmental expenditures	2,164,661	1,981,786	2,185,749	2,025,826	2,192,058
Food services	5,194,391	5,018,794	5,206,132	4,947,800	4,930,308
Student/school activities	-	-	-	-	-
Interest on long-term debt	3,264,483	3,126,214	2,750,174	2,451,022	2,113,909
Loss on sale of capital assets	-	-	-	-	-
Unallocated depreciation	2,819,505	2,782,606	2,728,445	2,673,975	2,651,801
Total governmental expenses	<u>101,156,290</u>	<u>102,131,500</u>	<u>104,383,777</u>	<u>107,150,164</u>	<u>109,464,409</u>
<b>Program Revenues:</b>					
Governmental activities:					
Charges for services:					
Instruction	26,599	27,689	300,820	639,121	754,798
Support services	1,430,231	1,737,376	1,877,815	1,838,218	1,901,006
Community services	2,340,537	2,366,565	2,483,558	2,671,291	2,960,156
Intergovernmental expenditures	-	-	-	-	-
Food services	2,480,276	2,340,875	2,343,823	2,405,556	2,351,646
Total charges for services	<u>6,277,643</u>	<u>6,472,505</u>	<u>7,006,016</u>	<u>7,554,186</u>	<u>7,967,606</u>
Operating Grants and Contributions:					
Instruction	2,778,072	2,923,171	3,287,017	3,566,976	3,719,940
Support services	1,593,571	1,545,300	1,493,960	1,866,170	1,907,790
Community services	387,140	378,750	307,761	243,089	226,469
Intergovernmental expenditures	638,676	124,365	3,400	962	34,960
Food services	2,732,010	2,553,481	2,593,682	2,602,292	2,601,641
Student/school activities	-	-	-	-	-
Total operating grants	<u>8,129,469</u>	<u>7,525,067</u>	<u>7,685,820</u>	<u>8,279,489</u>	<u>8,490,800</u>
Total program revenues	<u>14,407,112</u>	<u>13,997,572</u>	<u>14,691,836</u>	<u>15,833,675</u>	<u>16,458,406</u>
Net (Expense) revenue and changes in net position	<u>(86,749,178)</u>	<u>(88,133,928)</u>	<u>(89,691,941)</u>	<u>(91,316,489)</u>	<u>(93,006,003)</u>
<b>General Revenues:</b>					
Property taxes, levied for general purposes	30,319,933	30,113,413	30,559,501	30,913,145	31,334,760
Property taxes, levied for debt service	12,868,574	12,926,697	13,218,886	13,487,310	13,864,161
Investment earnings	42,414	43,258	32,677	31,014	39,501
State sources	41,505,060	43,483,230	44,985,902	47,703,689	44,619,923
Federal sources	1,300,289	-	-	-	-
Northwest Education Services	2,099,850	2,476,455	1,683,320	2,318,809	2,048,828
Other	696,409	847,967	1,337,207	1,211,832	947,378
Total general revenues	<u>88,832,529</u>	<u>89,891,020</u>	<u>91,817,493</u>	<u>95,665,799</u>	<u>92,854,551</u>
<b>CHANGE IN NET POSITION</b>	<u>2,083,351</u>	<u>1,757,092</u>	<u>2,125,552</u>	<u>4,349,310</u>	<u>(151,452)</u>
<b>NET POSITION, beginning of year</b>	<u>86,147,619</u>	<u>87,833,255</u> <sup>2</sup>	<u>89,590,347</u>	<u>(35,358,137)</u> <sup>3</sup>	<u>(31,008,827)</u>
<b>NET POSITION, end of year</b>	<u>\$ 88,230,970</u>	<u>\$ 89,590,347</u>	<u>\$ 91,715,899</u>	<u>\$ (31,008,827)</u>	<u>\$ (31,160,279)</u>

<sup>1</sup> Years 2017-2021 continue on following page.

<sup>2</sup> Net position was restated for fiscal year 2013 as of July 1, 2012 with the implementation of GASB Statement 65.

<sup>3</sup> Net position was restated for fiscal year 2015 as of July 1, 2014 with the implementation of GASB Statements 68 and 71.

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**Financial Trends**  
**Changes in Net Position**  
**2012-2021 (Continued from previous page)**

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Expenses:</b>					
Governmental activities:					
Instruction	\$ 57,716,952	\$ 58,791,022	\$ 61,813,892	\$ 66,291,787	\$ 66,083,301
Support services	40,163,580	40,837,582	42,829,152	44,935,135	45,388,537
Community services	3,592,029	3,433,432	3,525,526	3,864,783	3,283,466
Intergovernmental expenditures	2,329,778	2,388,784	3,455,182	3,182,616	3,297,916
Food services	4,835,049	4,318,478	4,304,870	4,569,124	4,563,393
Student/school activities	-	-	-	1,623,083	960,209
Interest on long-term debt	2,249,605	1,776,008	1,992,281	2,921,429	2,646,117
Loss on sale of capital assets	-	1,550,797	-	-	-
Unallocated depreciation	2,640,866	2,582,597	2,545,715	2,496,955	2,447,710
Total governmental expenses	<u>113,527,859</u>	<u>115,678,700</u>	<u>120,466,618</u>	<u>129,884,912</u>	<u>128,670,649</u>
<b>Program Revenues:</b>					
Governmental activities:					
Charges for services:					
Instruction	1,056,231	564,560	120,451	148,260	32,781
Support services	1,911,478	1,669,033	1,570,060	1,281,664	907,813
Community services	3,111,957	3,147,617	2,969,243	2,180,881	1,856,251
Intergovernmental expenditures	-	-	-	-	-
Food services	2,336,497	2,156,294	2,100,873	1,598,465	155,892
Total charges for services	<u>8,416,163</u>	<u>7,537,504</u>	<u>6,760,627</u>	<u>5,209,270</u>	<u>2,952,737</u>
Operating Grants and Contributions:					
Instruction	3,704,172	3,021,044	3,749,303	3,670,256	5,951,722
Support services	1,538,251	2,658,890	3,011,069	2,675,272	3,669,036
Community services	215,533	237,837	397,137	435,338	633,502
Intergovernmental expenditures	3,730	3,241	5,352	-	-
Food services	2,608,859	2,386,171	2,466,595	2,610,560	4,708,447
Student/school activities	-	-	-	1,787,102	932,594
Total operating grants	<u>8,070,545</u>	<u>8,307,183</u>	<u>9,629,456</u>	<u>11,178,528</u>	<u>15,895,301</u>
Total program revenues	<u>16,486,708</u>	<u>15,844,687</u>	<u>16,390,083</u>	<u>16,387,798</u>	<u>18,848,038</u>
Net (Expense) revenue and changes in net position	<u>(97,041,151)</u>	<u>(99,834,013)</u>	<u>(104,076,535)</u>	<u>(113,497,114)</u>	<u>(109,822,611)</u>
<b>General Revenues:</b>					
Property taxes, levied for general purposes	31,830,413	32,562,900	34,147,801	35,962,488	37,341,579
Property taxes, levied for debt service	14,182,505	14,713,548	15,419,221	16,276,684	17,085,115
Investment earnings	138,609	423,896	742,986	1,023,376	40,095
State sources	48,811,418	52,245,272	50,489,833	50,312,262	50,693,928
Federal sources	-	-	-	-	-
Northwest Education Services	2,038,122	2,445,809	2,455,317	2,530,624	4,276,346
Other	1,102,040	1,639,941	997,964	1,323,687	1,041,273
Total general revenues	<u>98,103,107</u>	<u>104,031,366</u>	<u>104,253,122</u>	<u>107,429,121</u>	<u>110,478,336</u>
<b>CHANGE IN NET POSITION</b>	<u>1,061,956</u>	<u>4,197,353</u>	<u>176,587</u>	<u>(6,067,993)</u>	<u>655,725</u>
<b>NET POSITION, beginning of year</b>	<u>(31,160,279)</u>	<u>(82,986,778)</u> <sup>1</sup>	<u>(78,789,425)</u>	<u>(77,424,952)</u> <sup>2</sup>	<u>(83,492,945)</u>
<b>NET POSITION, end of year</b>	<u>\$ (30,098,323)</u>	<u>\$ (78,789,425)</u>	<u>\$ (78,612,838)</u>	<u>\$ (83,492,945)</u>	<u>\$ (82,837,220)</u>

<sup>1</sup> Net position was restated for fiscal year 2018 as of July 1, 2017 with the implementation of GASB Statement 75.

<sup>2</sup> Net position was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB Statement 84.

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**Fund Balances - Governmental Funds**  
**2012-2021**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>General Fund</b>					
Nonspendable	\$ 684,154	\$ 672,974	\$ 696,864	\$ 718,437	\$ 730,261
Assigned	5,260,693	4,593,098	3,498,533	3,409,215	3,982,515
Unrestricted, unassigned	2,262,138	1,863,251	2,323,340	2,564,871	1,383,412
<b>Total general fund</b>	<u>8,206,985</u>	<u>7,129,323</u>	<u>6,518,737</u>	<u>6,692,523</u>	<u>6,096,188</u>
<b>Other governmental funds</b>					
Nonmajor Special Revenue Funds					
Nonspendable	150,686	139,862	75,394	63,291	71,995
Committed	-	-	-	-	-
Assigned	329,576	482,742	659,234	661,429	618,143
Restricted	778,379	695,621	456,408	627,117	599,733
Nonmajor Debt Service Funds					
Restricted	1,461,770	1,430,964	1,824,588	1,495,974	1,517,325
Major Capital Projects Funds					
Restricted	16,537,981	8,844,427	16,041,654	10,329,070	30,487,278
Assigned nonmajor capital projects funds	487,805	659,329	784,368	800,851	814,606
<b>Total other governmental funds</b>	<u>19,746,197</u>	<u>12,252,945</u>	<u>19,841,646</u>	<u>13,977,732</u>	<u>34,109,080</u>
<b>Total governmental funds</b>	<u>\$ 27,953,182</u>	<u>\$ 19,382,268</u>	<u>\$ 26,360,383</u>	<u>\$ 20,670,255</u>	<u>\$ 40,205,268</u>

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>General Fund</b>					
Nonspendable	\$ 1,209,417	\$ 1,488,563	\$ 1,402,364	\$ 656,392	\$ 1,031,124
Assigned	3,801,866	3,634,696	3,806,720	6,442,540	3,477,381
Unrestricted, unassigned	141,990	2,979,205	3,451,098	-	6,140,018
<b>Total general fund</b>	<u>5,153,273</u>	<u>8,102,464</u>	<u>8,660,182</u>	<u>7,098,932</u>	<u>10,648,523</u>
<b>Other governmental funds</b>					
Nonmajor Special Revenue Funds					
Nonspendable	59,027	41,694	39,573	100,272	72,723
Committed	-	-	222,033	1,471,128	1,541,546
Assigned	361,021	223,962	-	-	-
Restricted	697,342	587,829	709,298	321,243	600,451
Nonmajor Debt Service Funds					
Restricted	1,589,902	1,809,573	1,795,042	1,405,045	1,849,079
Major Capital Projects Funds					
Restricted	25,446,432	20,444,318	42,707,267	25,856,189	43,199,859
Assigned nonmajor capital projects funds	741,514	945,742	985,835	776,882	795,752
<b>Total other governmental funds</b>	<u>28,895,238</u>	<u>24,053,118</u>	<u>46,459,048</u>	<u>29,930,759</u>	<u>48,059,410</u>
<b>Total governmental funds</b>	<u>\$ 34,048,511</u>	<u>\$ 32,155,582</u>	<u>\$ 55,119,230</u>	<u>\$ 37,029,691</u>	<u>\$ 58,707,933</u>

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**Changes in Fund Balances - Governmental Funds**  
**2012-2021**

	Fiscal Year <sup>1</sup>				
	2012	2013	2014	2015	2016
<b>Revenues</b>					
Local sources:					
Property taxes	\$ 43,197,524	\$ 43,030,247	\$ 43,763,585	\$ 44,376,578	\$ 45,188,615
Tuition	2,093,387	2,143,782	2,505,089	2,947,460	3,303,699
Investment earnings	42,414	43,258	32,677	31,014	39,501
Food sales, athletics, and community service	2,156,083	2,078,681	2,131,316	2,171,325	2,139,439
Student/school activities	-	-	-	-	-
Other	2,559,136	2,880,736	2,975,467	3,012,727	2,901,547
Total local sources	50,048,544	50,176,704	51,408,134	52,539,104	53,572,801
State sources	43,357,564	45,662,899	47,889,660	51,333,157	52,322,505
Federal sources	7,416,739	5,080,617	4,441,531	4,271,004	4,235,458
Incoming transfers	2,167,903	2,368,559	1,708,084	2,332,348	2,061,437
Intermediate sources	257,908	589,950	778,568	999,984	1,048,480
Total revenues	103,248,658	103,878,729	106,225,977	111,475,597	113,240,681
<b>Expenditures</b>					
Current:					
Instruction	50,162,272	50,535,662	52,186,563	55,233,442	56,226,291
Supporting services	31,798,179	32,811,130	33,413,865	34,410,938	35,332,760
Food service activities	5,156,384	4,999,233	5,194,052	4,943,768	4,933,613
Community service activities	2,701,894	2,847,341	2,734,921	2,832,346	3,282,625
Student/school activities	-	-	-	-	-
Intergovernmental expenditures	542,407	215,059	40,375	67,879	89,528
Capital outlay	7,673,292	7,984,676	6,553,947	5,865,169	7,233,755
Debt service:					
Principal repayment	10,192,858	9,887,278	10,010,000	11,165,000	11,745,000
Interest expenditure	3,327,685	3,151,994	2,791,532	2,519,876	2,127,549
Payment to refunded bond escrow	-	-	-	110,000	-
Bond issuance costs	60,505	-	72,091	38,580	277,022
Other expenditure	17,087	17,270	19,066	17,307	17,806
Total expenditures	111,632,563	112,449,643	113,016,412	117,204,305	121,265,949
Excess of revenues over (under) expenditures	(8,383,905)	(8,570,914)	(6,790,435)	(5,728,708)	(8,025,268)
<b>Other Financing Sources (Uses)</b>					
Proceed from issuance of bonds	11,000,000	-	13,500,000	-	26,880,000
Proceed from bond refunding	-	-	-	2,300,000	-
Bond premium	-	-	-	-	680,281
Payment to refunded bond escrow account	-	-	-	(2,261,420)	-
Proceeds sale of capital assets	-	-	268,550	-	-
Proceeds sale of other assets	-	-	-	-	-
Transfers in	574,310	501,107	478,824	280,172	535,006
Transfers out	(574,310)	(501,107)	(478,824)	(280,172)	(535,006)
Total other financing sources (uses)	11,000,000	-	13,768,550	38,580	27,560,281
<b>Net change in fund balance</b>	<b>\$ 2,616,095</b>	<b>\$ (8,570,914)</b>	<b>\$ 6,978,115</b>	<b>\$ (5,690,128)</b>	<b>\$ 19,535,013</b>
Debt service as a percentage of noncapital expenditures	13.1%	12.5%	12.1%	12.4%	12.4%

<sup>1</sup> Years 2017-2021 continue on following page.



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**Changes in Fund Balances - Governmental Funds**  
**2012-2021 (Continued from previous page)**

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Revenues</b>					
Local sources:					
Property taxes	\$ 46,018,903	\$ 47,291,619	\$ 49,567,599	\$ 52,215,630	\$ 54,327,097
Tuition	3,754,986	3,303,027	2,633,032	1,995,982	1,609,942
Investment earnings	138,609	423,896	742,986	1,023,376	40,095
Food sales, athletics, and community service	2,139,981	2,139,288	2,170,540	1,587,069	285,652
Student/school activities	-	-	-	1,787,102	932,594
Other	3,180,509	3,140,219	3,117,529	3,090,659	1,913,600
Total local sources	55,232,988	56,298,049	58,231,686	61,699,818	59,108,980
State sources	52,664,068	56,189,784	55,427,506	54,547,361	55,259,400
Federal sources	4,453,872	3,967,096	4,572,622	4,555,627	11,474,740
Incoming transfers	2,048,122	2,445,809	2,455,317	2,329,840	4,276,346
Intermediate sources	573,887	218,748	177,281	334,026	393,070
Total revenues	114,972,937	119,119,486	120,864,412	123,466,672	130,512,536
<b>Expenditures</b>					
Current:					
Instruction	57,462,857	58,242,611	58,081,218	60,043,363	61,832,354
Supporting services	35,938,445	37,550,856	37,777,447	38,495,456	39,192,914
Food service activities	4,798,847	4,279,627	4,110,605	4,246,791	4,336,227
Community service activities	3,547,648	3,391,472	3,353,943	3,547,439	3,093,814
Student/school activities	-	-	-	1,623,083	960,209
Intergovernmental expenditures	63,796	54,378	769,301	66,844	75,517
Capital outlay	5,349,440	17,879,446	13,110,174	18,087,187	25,082,097
Debt service:					
Principal repayment	11,915,000	12,580,000	13,735,000	13,850,000	14,100,000
Interest expenditure	2,270,949	1,807,982	1,844,661	2,924,896	2,593,425
Payment to refunded bond escrow	-	243,000	-	-	-
Bond issuance costs	-	161,190	209,213	500	277,463
Other expenditure	18,917	16,189	16,791	15,272	17,017
Total expenditures	121,365,899	136,206,751	133,008,353	142,900,831	151,561,037
Excess of revenues over (under) expenditures	(6,392,962)	(17,087,265)	(12,143,941)	(19,434,159)	(21,048,501)
<b>Other Financing Sources (Uses)</b>					
Proceed from issuance of bonds	-	11,275,000	30,235,000	-	38,760,000
Proceed from bond refunding	-	4,400,000	-	-	-
Bond premium	-	1,155,945	4,735,610	-	3,857,120
Payment to refunded bond escrow account	-	(4,350,732)	-	-	-
Proceeds sale of capital assets	236,205	2,013,678	136,979	156,734	109,623
Proceeds sale of other assets	-	700,445	-	-	-
Transfers in	269,999	758,390	499,233	1,128,113	892,788
Transfers out	(269,999)	(758,390)	(499,233)	(1,128,113)	(892,788)
Total other financing sources (uses)	236,205	15,194,336	35,107,589	156,734	42,726,743
<b>Net change in fund balance</b>	<b>\$ (6,156,757)</b>	<b>\$ (1,892,929)</b>	<b>\$ 22,963,648</b>	<b>\$ (19,277,425)</b>	<b>\$ 21,678,242</b>
Debt service as a percentage of noncapital expenditures	12.2%	12.5%	13.2%	13.5%	13.4%

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**Statement of Expenses and Transfers by Function - Government-Wide**  
**Fiscal Years 2011-2012 through 2020-2021**

<b>Governmental Activities:</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>
Expenses					
Instruction	\$ 50,120,841	\$ 50,502,874	\$ 52,189,870	\$ 54,737,324	\$ 55,520,571
Supporting Services	34,833,461	35,856,404	36,573,556	37,471,024	38,769,671
Community Service Activities	2,758,948	2,862,822	2,749,851	2,843,193	3,286,091
Intergovernmental expenditures	2,164,661	1,981,786	2,185,749	2,025,826	2,192,058
Food Service	5,194,391	5,018,794	5,206,132	4,947,800	4,930,308
Student/school activities	-	-	-	-	-
Interest on Long-Term Debt	3,264,483	3,126,214	2,750,174	2,451,022	2,113,909
Loss on sale of capital assets	-	-	-	-	-
Unallocated Depreciation	2,819,505	2,782,606	2,728,445	2,673,975	2,651,801
Total Governmental Activities	<u>\$101,156,290</u>	<u>\$102,131,500</u>	<u>\$104,383,777</u>	<u>\$107,150,164</u>	<u>\$109,464,409</u>

<b>Governmental Activities:</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>
Expenses					
Instruction	\$ 57,716,952	\$ 58,791,022	\$ 61,813,892	\$ 66,291,787	\$ 66,083,301
Supporting Services	40,163,580	40,837,582	42,829,152	44,935,135	45,388,537
Community Service Activities	3,592,029	3,433,432	3,525,526	3,864,783	3,283,466
Intergovernmental expenditures	2,329,778	2,388,784	3,455,182	3,182,616	3,297,916
Food Service	4,835,049	4,318,478	4,304,870	4,569,124	4,563,393
Student/school activities	-	-	-	1,623,083	960,209
Interest on Long-Term Debt	2,249,605	1,776,008	1,992,281	2,921,429	2,646,117
Loss on sale of capital assets	-	1,550,797	-	-	-
Unallocated Depreciation	2,640,866	2,582,597	2,545,715	2,496,955	2,447,710
Total Governmental Activities	<u>\$113,527,859</u>	<u>\$115,678,700</u>	<u>\$120,466,618</u>	<u>\$129,884,912</u>	<u>\$128,670,649</u>

Source: Compiled by TCAPS Business Office

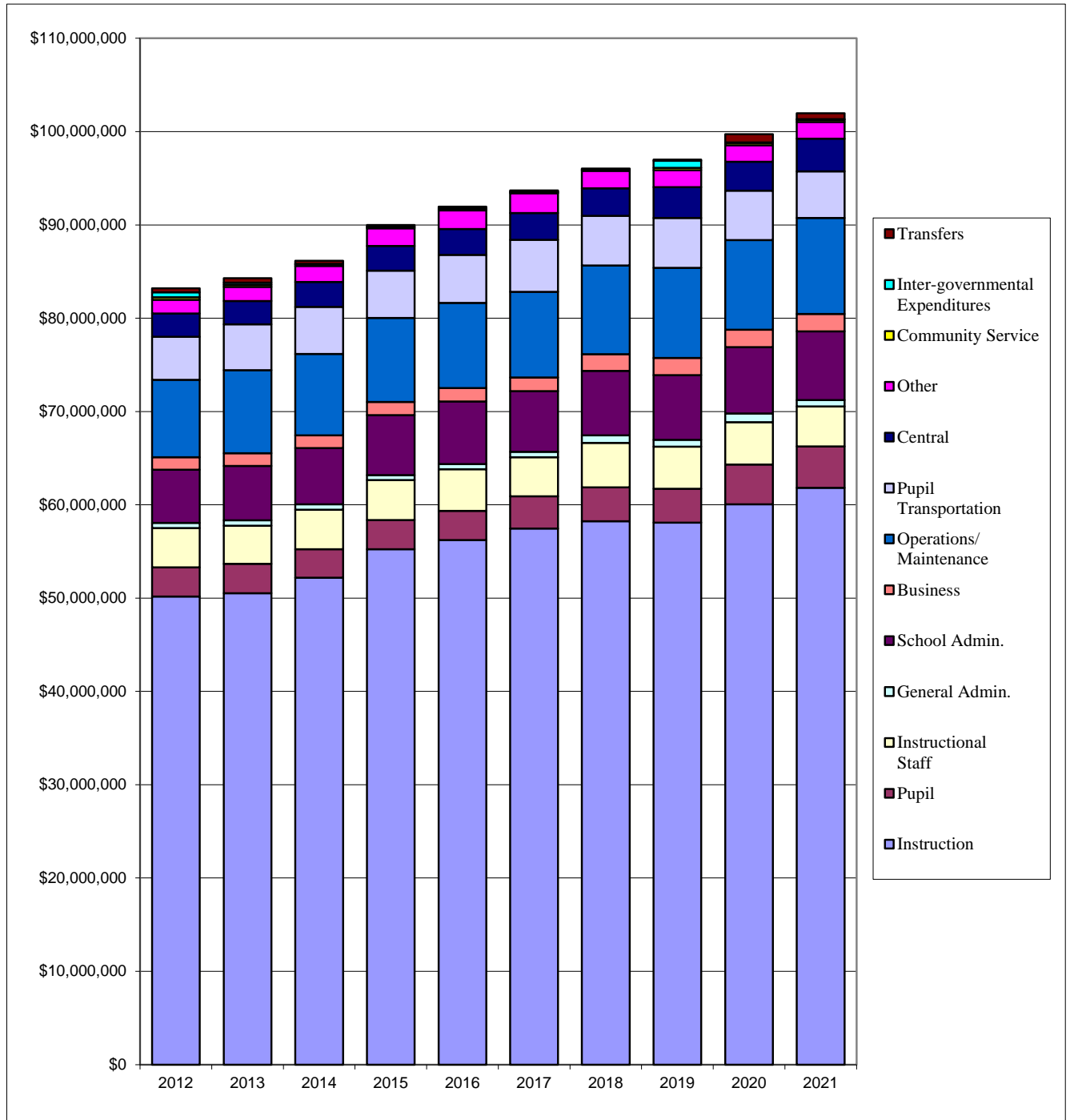
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**Statement of Revenues by Source - Government-Wide**  
**Fiscal Years 2011-2012 through 2020-2021**

<b>Revenues</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>
Program revenues:					
Charges for services	\$ 6,277,643	\$ 6,472,505	\$ 7,006,016	\$ 7,554,186	\$ 7,967,606
Operating grants and contributions	8,129,469	7,525,067	7,685,820	8,279,489	8,490,800
General Revenues:					
Property Taxes	43,188,507	43,040,110	43,778,387	44,400,455	45,198,921
State Aid - Unrestricted	41,505,060	43,483,230	44,985,902	47,703,689	44,619,923
Federal - Unrestricted	1,300,289	-	-	-	-
Other	2,838,673	3,367,680	3,053,204	3,561,655	3,035,707
Total Revenue	<u>\$103,239,641</u>	<u>\$103,888,592</u>	<u>\$106,509,329</u>	<u>\$111,499,474</u>	<u>\$109,312,957</u>

<b>Revenues</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>
Program revenues:					
Charges for services	\$ 8,416,163	\$ 7,537,504	\$ 6,760,627	\$ 5,209,270	\$ 2,952,737
Operating grants and contributions	8,070,545	8,307,183	9,629,456	11,178,528	15,895,301
General Revenues:					
Property Taxes	46,012,918	47,276,448	49,567,022	52,239,172	54,426,694
State Aid - Unrestricted	48,811,418	52,245,272	50,489,833	50,312,262	50,693,928
Federal - Unrestricted	-	-	-	-	-
Other	3,278,771	4,509,646	4,196,267	4,877,687	5,357,714
Total Revenue	<u>\$114,589,815</u>	<u>\$119,876,053</u>	<u>\$120,643,205</u>	<u>\$123,816,919</u>	<u>\$129,326,374</u>

Source: Compiled by TCAPS Business Office

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**General Fund - Expenditures and Transfers by Function**  
**Graphical Representation**  
**Fiscal Years 2011-2012 through 2020-2021**



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**General Fund - Expenditures and Transfers by Function**  
**Fiscal Years 2011-2012 through 2020-2021**

Year Ended June 30	Support Services						
	Instruction	Pupil	Instructional Staff	General Admin.	School Admin.	Business	Operations/ Maintenance
2012	\$ 50,162,272	\$ 3,143,329	\$ 4,212,884	\$ 553,883	\$ 5,686,309	\$ 1,328,383	\$ 8,308,615
2013	50,535,662	3,138,060	4,084,582	581,881	5,822,051	1,373,402	8,882,897
2014	52,186,563	3,057,436	4,233,325	572,208	6,044,221	1,357,359	8,723,332
2015	55,233,442	3,123,569	4,302,350	529,320	6,419,606	1,413,471	8,993,881
2016	56,226,291	3,134,705	4,440,545	563,647	6,705,847	1,453,181	9,120,694
2017	57,462,857	3,455,660	4,173,283	582,946	6,515,286	1,456,066	9,183,569
2018	58,242,611	3,630,196	4,753,741	806,689	6,924,413	1,793,490	9,487,265
2019	58,081,218	3,639,287	4,504,306	731,150	6,950,160	1,833,869	9,664,422
2020	60,043,363	4,279,310	4,534,905	923,903	7,127,250	1,857,564	9,600,695
2021	61,832,354	4,424,409	4,280,037	696,132	7,364,348	1,851,116	10,283,981

Year Ended June 30	Support Services			Community Service	Inter- governmental Expenditures	Transfers	Total Expenditures and Transfers
	Pupil Transportation	Central	Other				
2012	\$ 4,614,436	\$ 2,489,180	\$ 1,461,160	\$ 283,677	\$ 542,407	\$ 417,389	\$ 83,203,924
2013	4,918,620	2,516,703	1,492,934	235,645	215,059	496,342	84,293,838
2014	5,049,332	2,658,630	1,718,022	184,466	40,375	334,146	86,159,415
2015	5,080,590	2,651,351	1,896,800	108,088	67,879	168,598	89,988,945
2016	5,132,582	2,783,460	1,998,099	104,121	89,528	212,336	91,965,036
2017	5,567,794	2,880,693	2,123,148	95,433	63,796	129,821	93,690,352
2018	5,342,191	2,952,881	1,859,990	82,836	54,378	115,511	96,046,192
2019	5,344,422	3,310,120	1,799,711	244,636	769,301	120,275	96,992,877
2020	5,308,179	3,101,489	1,762,161	240,892	66,844	868,113	99,714,668
2021	4,992,436	3,513,850	1,786,605	229,644	75,517	632,788	101,963,217

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Financial Trends**

**General Fund - Sources of Expenditures and Transfers as a Percentage of Total Expenditures**  
**Fiscal Years 2011-2012 through 2020-2021**

Year Ended June 30	Instruction	Pupil	Instructional Staff	General Admin.	School Admin.	Business
2012	60.29%	3.78%	5.06%	0.67%	6.83%	1.60%
2013	59.95%	3.72%	4.85%	0.69%	6.91%	1.63%
2014	60.57%	3.55%	4.91%	0.66%	7.02%	1.58%
2015	61.38%	3.47%	4.78%	0.59%	7.13%	1.57%
2016	61.14%	3.41%	4.83%	0.61%	7.29%	1.58%
2017	61.33%	3.69%	4.45%	0.62%	6.95%	1.55%
2018	60.64%	3.78%	4.95%	0.84%	7.21%	1.87%
2019	59.88%	3.75%	4.64%	0.75%	7.17%	1.89%
2020	60.22%	4.29%	4.55%	0.93%	7.15%	1.86%
2021	60.64%	4.34%	4.20%	0.68%	7.22%	1.82%

Year Ended June 30	Operations/ Maintenance	Pupil Transportation	Central	Other	Community Service	Inter- governmental Expenditures
2012	9.99%	5.55%	2.99%	1.76%	0.34%	0.65%
2013	10.54%	5.84%	2.99%	1.77%	0.28%	0.26%
2014	10.12%	5.86%	3.09%	1.99%	0.21%	0.05%
2015	9.99%	5.65%	2.95%	2.11%	0.12%	0.08%
2016	9.92%	5.58%	3.03%	2.17%	0.11%	0.10%
2017	9.80%	5.94%	3.07%	2.27%	0.10%	0.07%
2018	9.88%	5.56%	3.07%	1.94%	0.09%	0.06%
2019	9.96%	5.51%	3.41%	1.86%	0.25%	0.79%
2020	9.63%	5.32%	3.11%	1.77%	0.24%	0.07%
2021	10.09%	4.90%	3.45%	1.75%	0.23%	0.07%

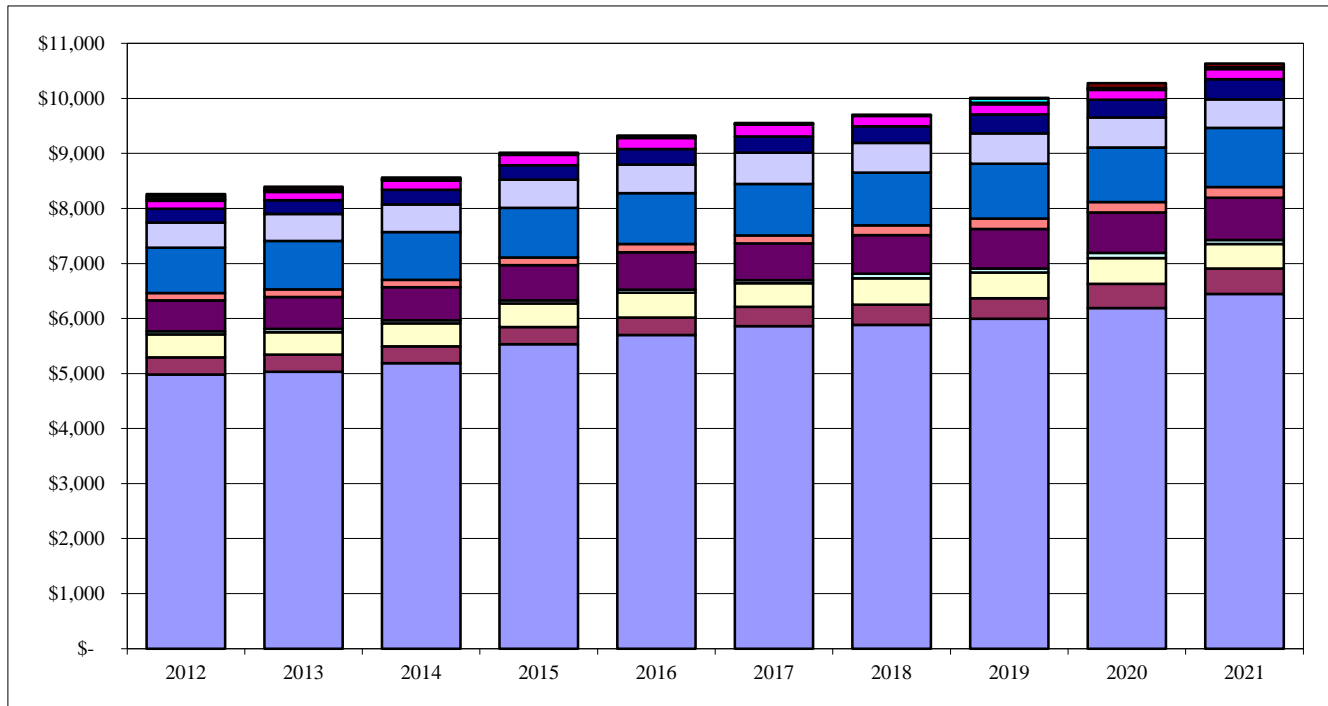
  

Year Ended June 30	Debt Service	Transfers	Total Expenditures and Transfers
2012	0.00%	0.50%	100.00%
2013	0.00%	0.59%	100.00%
2014	0.00%	0.39%	100.00%
2015	0.00%	0.19%	100.00%
2016	0.00%	0.23%	100.00%
2017	0.00%	0.14%	100.00%
2018	0.00%	0.12%	100.00%
2019	0.00%	0.12%	100.00%
2020	0.00%	0.87%	100.00%
2021	0.00%	0.62%	100.00%

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Financial Trends**

**General Fund - Comparison of Per Pupil Expenditures and Transfers by Function <sup>1</sup>**  
**Fiscal Years 2011-2012 through 2020-2021**

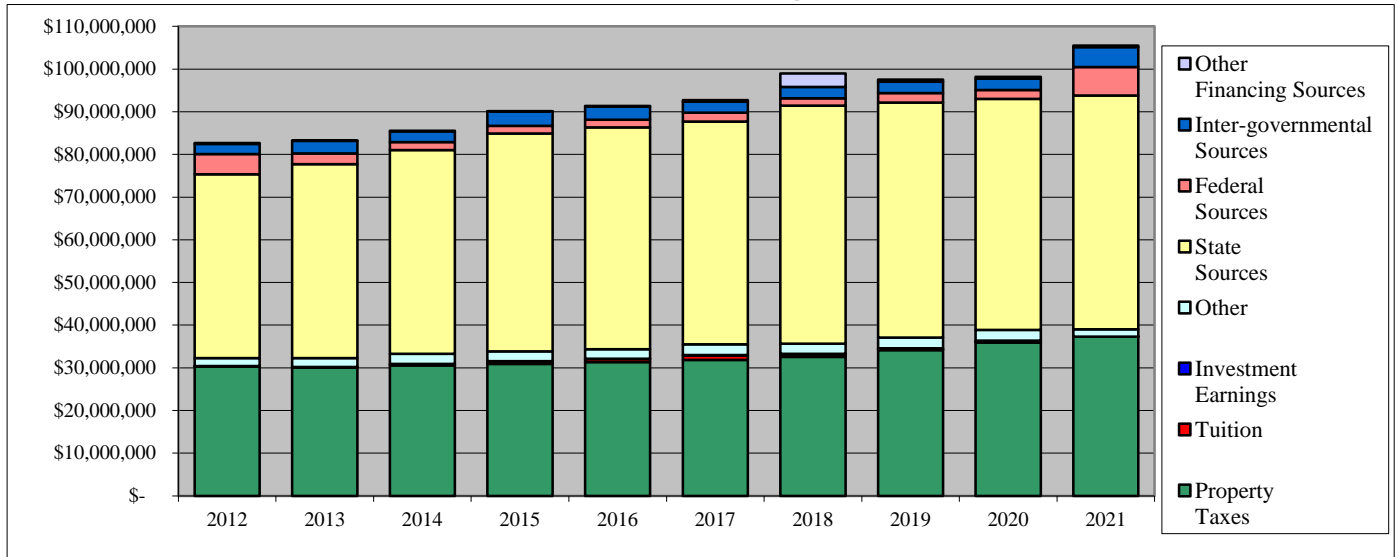


Year	Instruction		Instruc-	Gen.	School		Oper./	Pupil			Comm.	Inter	Oper.	Total
Ended	Pupil		tional	Admin.	Admin.	Business	Maint.	Trans.	Central	Other	Service	Gov.	Trans.	Expenditures
June 30	Instruction	Pupil	Staff									Exp.		and Transfers
2012	\$ 4,980	\$ 312	\$ 418	\$ 55	\$ 565	\$ 132	\$ 825	\$ 458	\$ 247	\$ 145	\$ 28	\$ 54	\$ 41	\$ 8,260
2013	5,033	313	407	58	580	137	885	490	251	149	23	21	49	8,395
2014	5,188	304	421	57	601	135	867	502	264	171	18	4	33	8,565
2015	5,531	313	431	53	643	142	901	509	265	190	11	7	17	9,011
2016	5,701	318	450	57	680	147	925	520	282	203	11	9	22	9,324
2017	5,861	352	426	59	664	149	937	568	294	217	10	7	13	9,555
2018	5,885	367	480	82	700	181	959	540	298	188	8	5	12	9,706
2019	5,995	376	465	75	717	189	997	552	342	186	25	79	12	10,011
2020	6,189	441	467	95	735	191	990	547	320	182	25	7	89	10,279
2021	6,448	461	446	73	768	193	1,072	521	366	186	24	8	66	10,633

<sup>1</sup> Expenditures restated on a per pupil basis by using the following formula: Expenditure/current enrollment = per pupil expenditure.

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Financial Trends**  
**General Fund - Revenues and Other Financing Sources by Source**  
**Fiscal Years 2011-2012 through 2020-2021**



Year Ended June 30	Property Taxes	Tuition	Investment Earnings	Other	State Sources	Federal Sources	Inter- governmental Sources	Other Financing Sources	Total Revenues and Other Financing Sources
2012	\$ 30,326,457	\$ 26,599	\$ 40,099	\$ 1,857,333	\$ 43,114,262	\$ 4,702,826	\$ 2,425,811	\$ 156,921	\$ 82,650,308
2013	30,110,223	27,689	30,511	2,119,650	45,431,128	2,533,701	2,958,509	4,765	83,216,176
2014	30,553,269	300,820	27,095	2,422,102	47,724,510	1,889,703	2,486,652	144,678	85,548,829
2015	30,896,714	639,120	18,282	2,297,841	51,064,397	1,802,471	3,332,332	111,574	90,162,731
2016	31,320,438	754,798	25,356	2,237,256	52,004,781	1,780,560	3,109,917	135,595	91,368,701
2017	31,844,987	1,056,231	65,440	2,513,301	52,219,420	2,060,213	2,622,009	365,836	92,747,437
2018	32,571,182	564,560	139,467	2,378,733	55,774,382	1,741,882	2,664,557	3,160,620	98,995,383
2019	34,132,614	120,451	294,269	2,569,364	55,012,323	2,273,039	2,632,598	515,937	97,550,595
2020	35,943,979	148,260	301,896	2,479,085	54,153,013	2,046,585	2,663,866	416,734	98,153,418
2021	37,267,122	32,781	19,371	1,716,615	54,784,553	6,653,327	4,669,416	369,623	105,512,808

**Sources of Revenues as a Percentage of Total Revenue**

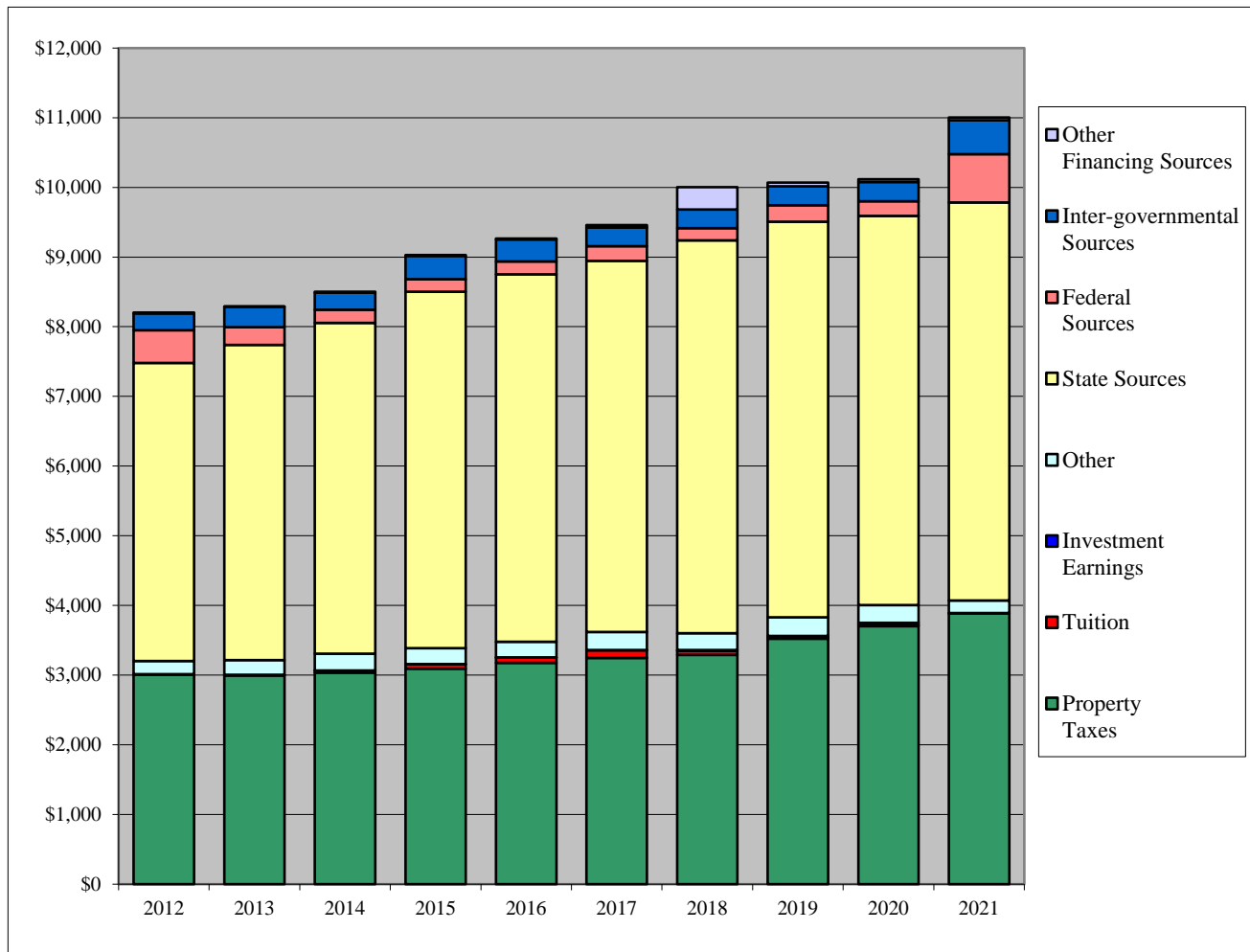
Year Ended June 30	Property Taxes	Tuition	Investment Earnings	Other	State Sources	Federal Sources	Inter- governmental Sources	Other Financing Sources	Total Revenues and Other Financing Sources
2012	36.69%	0.03%	0.05%	2.25%	52.16%	5.69%	2.94%	0.19%	100.00%
2013	36.18%	0.03%	0.04%	2.55%	54.59%	3.04%	3.56%	0.01%	100.00%
2014	35.71%	0.35%	0.03%	2.83%	55.79%	2.21%	2.91%	0.17%	100.00%
2015	34.27%	0.71%	0.02%	2.55%	56.64%	2.00%	3.70%	0.12%	100.00%
2016	34.28%	0.83%	0.03%	2.45%	56.92%	1.95%	3.40%	0.15%	100.00%
2017	34.34%	1.14%	0.07%	2.71%	56.30%	2.22%	2.83%	0.39%	100.00%
2018	32.90%	0.57%	0.14%	2.40%	56.34%	1.76%	2.69%	3.19%	100.00%
2019	34.99%	0.12%	0.30%	2.63%	56.39%	2.33%	2.70%	0.53%	100.00%
2020	36.62%	0.15%	0.31%	2.53%	55.17%	2.09%	2.71%	0.42%	100.00%
2021	35.32%	0.03%	0.02%	1.63%	51.92%	6.31%	4.43%	0.35%	100.00%

Source: Compiled by TCAPS Business Office



**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Financial Trends**

**General Fund - Comparison of Per Pupil Revenues and Other Financing Sources by Source <sup>1</sup>**  
**Fiscal Years 2011-2012 through 2020-2021**



Year Ended June 30	Property Taxes	Tuition	Investment Earnings	Other	State Sources	Federal Sources	Inter-governmental Sources	Other Financing Sources	Total Revenues and Other Financing Sources	Student Enrollment <sup>2</sup>
2012	\$ 3,011	\$ 3	\$ 4	\$ 184	\$ 4,280	\$ 467	\$ 241	\$ 16	\$ 8,205	10,073
2013	2,999	3	3	211	4,525	252	295	0	8,288	10,041
2014	3,037	30	3	241	4,744	188	247	14	8,504	10,060
2015	3,094	64	2	230	5,113	180	334	11	9,028	9,987
2016	3,176	77	3	227	5,273	181	315	14	9,264	9,863
2017	3,248	108	7	256	5,326	210	267	37	9,459	9,805
2018	3,291	57	14	240	5,636	176	269	319	10,004	9,896
2019	3,523	12	30	265	5,678	235	272	53	10,068	9,689
2020	3,705	15	31	256	5,582	211	275	43	10,118	9,701
2021	3,886	3	2	179	5,713	694	487	39	11,004	9,589

<sup>1</sup> Revenues restated on a per pupil basis by using the following formula: Revenue/current enrollment = per pupil revenue.

<sup>2</sup> Student enrollment figures are taken from the year-end state-aid status report.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Financial Trends**  
**General Fund - History of Fund Equity**  
**Fiscal Years 2011-2012 through 2020-2021**

Fiscal Year	General Fund	Total	% of General
	Equity	Expenditures and Transfers Out	
2011-2012	\$ 8,206,985	\$ 83,203,924	9.86%
2012-2013	7,129,323	84,293,838	8.46%
2013-2014	6,518,737	86,159,415	7.57%
2014-2015	6,692,523	89,988,945	7.44%
2015-2016	6,096,188	91,965,036	6.63%
2016-2017	5,153,273	93,690,352	5.50%
2017-2018	8,102,464	96,046,192	8.44%
2018-2019	8,660,182	96,992,877	8.93%
2019-2020	7,098,932	99,714,668	7.12%
2020-2021	10,648,523	101,963,217	10.44%

Source: Compiled by TCAPS Business Office

Fiscal Year	General Fund	Total	% of General
	Equity	Revenue and Transfers In	
2011-2012	\$ 8,206,985	\$ 82,650,308	9.93%
2012-2013	7,129,323	83,216,176	8.57%
2013-2014	6,518,737	85,548,829	7.62%
2014-2015	6,692,523	90,162,731	7.42%
2015-2016	6,096,188	91,368,701	6.67%
2016-2017	5,153,273	92,747,437	5.56%
2017-2018	8,102,464	98,995,383	8.18%
2018-2019	8,660,182	97,550,595	8.88%
2019-2020	7,098,932	98,153,418	7.23%
2020-2021	10,648,523	105,512,808	10.09%

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
Annual Comprehensive Financial Report  
Statistical Section  
2020-2021**

**REVENUE AND DEBT CAPACITY**

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Revenue & Debt Capacity**  
**Property Tax Levies and Collections**  
**Fiscal Years 2011-2012 through 2020-2021**

**General Fund**

Fiscal Year	Tax Year	Original tax levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2011-2012	2011	\$30,186,270	\$30,167,965	99.94%	\$ 10,918	\$30,178,883	99.98%
2012-2013	2012	29,943,230	29,924,177	99.94%	11,776	29,935,953	99.98%
2013-2014	2013	30,377,482	30,349,853	99.91%	10,788	30,360,641	99.94%
2014-2015	2014	30,677,070	30,641,080	99.88%	554	30,641,634	99.88%
2015-2016	2015	31,241,191	31,104,948	99.56%	110,274	31,215,222	99.92%
2016-2017	2016	31,761,313	31,740,709	99.94%	11,642	31,752,351	99.97%
2017-2018	2017	31,499,860	31,465,124	99.89%	10,739	31,475,863	99.92%
2018-2019	2018	34,061,167	34,027,126	99.90%	9,333	34,036,459	99.93%
2019-2020	2019	35,894,668	35,840,084	99.85%	5,118	35,845,202	99.86%
2020-2021	2020	37,268,501	37,170,945	99.74%	-	37,170,945	99.74%

**Debt Service**

Fiscal Year	Tax Year	Original tax levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2011-2012	2011	\$12,848,910	\$12,839,666	99.93%	\$ 5,551	\$12,845,217	99.97%
2012-2013	2012	12,873,163	12,863,097	99.92%	5,687	12,868,784	99.97%
2013-2014	2013	13,135,131	13,115,978	99.85%	4,913	13,120,891	99.89%
2014-2015	2014	13,452,206	13,437,197	99.89%	8,318	13,445,515	99.95%
2015-2016	2015	13,873,622	13,843,905	99.79%	16,637	13,860,542	99.91%
2016-2017	2016	14,149,564	14,128,610	99.85%	4,502	14,133,112	99.88%
2017-2018	2017	14,652,615	14,639,569	99.91%	7,882	14,647,451	99.96%
2018-2019	2018	15,377,063	15,369,552	99.95%	4,735	15,374,287	99.98%
2019-2020	2019	16,187,208	16,167,668	99.88%	2,230	16,169,898	99.89%
2020-2021	2020	17,019,455	16,992,848	99.84%	-	16,992,848	99.84%

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Revenue & Debt Capacity**  
**Assessed and Estimated Actual Value of Property**  
**Fiscal Years 2011-2012 through 2020-2021**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Assessed Value</u>	<u>Estimated Cash Value</u>
2011-2012	2011	\$ 5,016,234,260	\$ 10,032,468,520
2012-2013	2012	4,907,996,827	9,815,993,654
2013-2014	2013	5,000,341,519	10,000,683,038
2014-2015	2014	5,123,856,539	10,247,713,078
2015-2016	2015	5,315,168,275	10,630,336,550
2016-2017	2016	5,546,848,735	11,093,697,470
2017-2018	2017	5,866,049,727	11,732,099,454
2018-2019	2018	6,147,831,756	12,295,663,512
2019-2020	2019	6,593,794,495	13,187,588,990
2020-2021	2020	7,087,089,805	14,174,179,610

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Revenue & Debt Capacity**  
**Tax Rates - Overlapping <sup>1</sup>**  
**Tax Years 2011-2020**

Tax Year	Operating (Mills)	Debt (Mills)	State Education (Mills)	Northwest Education Services (Mills)	Northwestern Michigan Community College (Mills)	County of Benzie (Mills)	Almira Township (Mills)	County of Leelanau (Mills)
2011	18.0000	3.1000	6.0000	2.9312	2.9400	6.8761	2.3881	4.3143
2012	18.0000	3.1000	6.0000	2.9312	2.9400	6.9121	2.3943	4.2293
2013	18.0000	3.1000	6.0000	2.9312	2.9200	7.9121	2.3943	4.3143
2014	18.0000	3.1000	6.0000	2.9312	2.9100	8.0057	2.3943	4.3143
2015	18.0000	3.1000	6.0000	2.9312	2.8300	8.0121	3.0228	4.3143
2016	18.0000	3.1000	6.0000	2.9299	2.8192	8.1691	2.9933	4.2947
2017	18.0000	3.1000	6.0000	2.9234	2.7420	8.3224	2.9593	4.2628
2018	18.0000	3.1000	6.0000	2.9197	2.7139	8.5110	2.9319	4.2948
2019	18.0000	3.1000	6.0000	2.9161	2.6839	8.4995	2.9079	4.2693
2020	18.0000	3.1000	6.0000	2.9091	2.1137	8.4660	2.8960	4.4986

Tax Year	Elmwood Township (Mills)	Solon Township (Mills)	Grand Traverse County (Mills)	BATA (Mills)	District Library (Mills)	Acme Township (Mills)	Blair Township (Mills)	East Bay Township (Mills)
2011	1.4417	1.3553	6.2433	0.3454	1.1068	1.6535	2.3250	0.7348
2012	1.4417	1.6053	6.2433	0.3454	1.1092	1.6535	2.3250	0.7348
2013	1.4417	1.6053	6.2433	0.3454	1.1050	1.6535	2.3250	0.7348
2014	0.6617	1.6053	7.2433	0.3454	1.1002	0.7332	2.3250	0.7348
2015	2.3116	1.5995	6.5838	0.3454	0.9548	1.4632	2.3250	0.7348
2016	2.3060	2.0974	6.7017	0.3447	1.0870	1.4582	2.3250	0.7348
2017	2.2957	2.0845	6.6486	0.3420	0.9467	1.4582	2.3203	0.7284
2018	2.9031	2.3404	6.7608	0.4978	0.9431	1.4486	2.3082	0.7230
2019	2.8917	2.3274	6.6915	0.4952	0.9382	1.4486	2.2928	0.7174
2020	2.8740	3.0825	6.6548	0.4908	0.9292	1.4438	2.2672	0.7109

Tax Year	Garfield Township (Mills)	Grant Township (Mills)	Green Lake Township (Mills)	Long Lake Township (Mills)	Peninsula Township (Mills)	Union Township (Mills)	Whitewater Township (Mills)	City of Traverse City (Mills)
2011	2.3372	0.7377	2.2096	1.8837	3.1167	1.2396	0.6021	13.0567
2012	2.3372	0.7377	2.2096	1.8837	3.0955	1.2051	0.6021	13.4367
2013	2.3372	0.7377	2.2096	1.8837	3.1182	1.2396	0.6021	13.4367
2014	2.3372	0.7377	2.6396	1.6812	2.9432	1.2396	0.6021	13.4367
2015	2.0000	0.7377	2.6396	1.6680	3.0732	1.2396	2.1016	13.4367
2016	2.0000	0.7357	2.6297	1.6539	3.0510	1.2396	2.1007	13.4367
2017	2.0000	0.7290	2.6067	1.6354	3.0298	1.2289	2.0920	13.4367
2018	2.0000	0.7274	3.5446	1.6198	2.6185	1.2286	2.0900	14.4367
2019	2.0000	0.7274	3.5249	1.6440	2.5984	1.2242	2.0803	14.4367
2020	2.0000	0.7265	4.0991	3.6131	2.5736	1.1944	2.0648	14.4367

<sup>1</sup> The school district is restricted by state law (Proposal A - 1994) to a maximum levy of 18 mills on non-principal residence and 6 mills on commercial personal property.

Source: State of Michigan Department of Treasury

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Revenue & Debt Capacity**  
**Ratio of Net General Bonded Debt Outstanding to Assessed Value**  
**and Net Bonded Debt Per Capita**  
**Fiscal Years 2011-2012 through 2020-2021**

Fiscal Year	Tax Year	Population <sup>1</sup> (Estimated)	Assessed Valuation	Gross Bonded Debt <sup>2</sup>	Debt Service Monies Available	Net Bonded Debt <sup>2</sup>	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2011-2012	2011	88,141	\$ 5,016,234,260	\$ 86,457,980	\$ 1,461,770	\$ 84,996,210	1.69%	\$ 964
2012-2013	2012	89,112	4,907,996,827	76,406,599	1,430,964	74,975,635	1.53%	841
2013-2014	2013	89,987	5,000,341,519	79,624,685	1,824,588	77,800,097	1.56%	865
2014-2015	2014	90,782	5,123,856,539	68,061,350	1,495,974	66,565,376	1.30%	733
2015-2016	2015	91,363	5,315,168,275	83,663,613	1,517,325	82,146,288	1.55%	899
2016-2017	2016	92,084	5,546,848,735	71,467,567	1,589,902	69,877,665	1.26%	759
2017-2018	2017	91,796	5,866,049,727	70,643,610	1,809,573	68,834,037	1.17%	750
2018-2019	2018	92,573	6,147,831,756	91,673,877	1,795,042	89,878,835	1.46%	971
2019-2020	2019	93,088	6,593,794,495	77,144,974	1,405,045	75,739,929	1.15%	814
2020-2021	2020	93,646	7,087,089,805	105,004,910	1,849,079	103,155,831	1.46%	1,102

<sup>1</sup> Source: U.S. Census Bureau; Grand Traverse County

<sup>2</sup> Presented net of original discounts and premiums.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Revenue & Debt Capacity**  
**Ratio of Net General Bonded Debt Outstanding**  
**Fiscal Years 2011-2012 through 2020-2021**

<u>Fiscal Year</u>	<u>General Obligation Bonds <sup>1</sup></u>	<u>Monies Restricted for Debt Service</u>	<u>Net Bonded Debt <sup>1</sup></u>	<u>Percentage of Taxable Value <sup>2</sup></u>	<u>Per Capita <sup>3</sup></u>
2011-2012	\$ 86,457,980	\$ 1,461,770	\$ 84,996,210	2.03%	\$ 964
2012-2013	76,406,599	1,430,964	74,975,635	1.79%	841
2013-2014	79,624,685	1,824,588	77,800,097	1.81%	865
2014-2015	68,061,350	1,495,974	66,565,376	1.52%	733
2015-2016	83,663,613	1,517,325	82,146,288	1.84%	899
2016-2017	71,467,567	1,589,902	69,877,665	1.53%	759
2017-2018	70,643,610	1,809,573	68,834,037	1.46%	750
2018-2019	91,673,877	1,795,042	89,878,835	1.81%	971
2019-2020	77,144,974	1,405,045	75,739,929	1.45%	814
2020-2021	105,004,910	1,849,079	103,155,831	1.88%	1,102

<sup>1</sup> Presented net of original discounts and premiums.

<sup>2</sup> Property Taxable Value data provided in Demographic & Economic Information - Property Value & Construction Schedule.

<sup>3</sup> Population data provided in Demographic & Economic Information - School District Demographic Statistics Schedule.



**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Revenue & Debt Capacity**  
**Ratio of Net Debt Outstanding by Type**  
**Fiscal Years 2011-2012 through 2020-2021**

Fiscal Year	General Obligation Bonds <sup>1</sup>	Limited Obligation Bonds <sup>2</sup>	Monies Restricted for Debt Service	Total Net Outstanding Debt <sup>1</sup>	Percentage of Personal Income <sup>3</sup>	Per Capita <sup>3</sup>
2011-2012	\$ 86,457,980	\$ 97,278	\$ 1,461,770	\$ 85,093,488	2.50%	\$ 965
2012-2013	76,406,599	-	1,430,964	74,975,635	2.11%	841
2013-2014	79,624,685	-	1,824,588	77,800,097	2.16%	865
2014-2015	68,061,350	-	1,495,974	66,565,376	1.73%	733
2015-2016	83,663,613	-	1,517,325	82,146,288	2.02%	899
2016-2017	71,467,567	-	1,589,902	69,877,665	1.65%	759
2017-2018	70,643,610	-	1,809,573	68,834,037	1.55%	750
2018-2019	91,673,877	-	1,795,042	89,878,835	1.92%	971
2019-2020	77,144,974	-	1,405,045	75,739,929	1.54%	814
2020-2021	105,004,910	-	1,849,079	103,155,831	2.01%	1,102

<sup>1</sup> Presented net of original discounts and premiums.

<sup>2</sup> This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under Section 11g(3) of Act 94 to the School District (the "State Aid Payments"). The School District hereby pledges and assigns to the Authority all of its rights to and in such State Aid Payments as security for this bond and the State Aid Payments which are hereby pledged shall be subject to statutory lien in favor of the Authority as authorized by Act 94. This bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid Payments. The School District, as requested by the Authority, hereby irrevocably authorizes the payment of the State Aid Payments directly to the Authority's Depository.

<sup>3</sup> Personal Income and Population data provided in Demographic & Economic Information - School District Demographic Statistics Schedule.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Revenue & Debt Capacity**  
**Legal Debt Margin Information**  
**2012-2021**

**Legal Debt Margin Calculation for Fiscal Year 2021**

Assessed Value	\$ 7,087,089,805
Debt limit (15% of assessed value)	1,063,063,471
Debt applicable to limit:	
General obligation bonds	96,210,000
Less: Amount set aside for repayment of general obligation debt	<u>1,849,079</u>
Total net debt applicable to limit	<u>94,360,921</u>
Legal debt margin	<u><u>\$ 968,702,550</u></u>

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 752,435,139	\$ 736,199,524	\$ 750,051,228	\$ 768,578,481	\$ 797,275,241
Total net debt applicable to limit	<u>83,098,230</u>	<u>73,339,036</u>	<u>76,435,412</u>	<u>65,584,026</u>	<u>80,697,675</u>
Legal debt margin	<u><u>\$ 669,336,909</u></u>	<u><u>\$ 662,860,488</u></u>	<u><u>\$ 673,615,816</u></u>	<u><u>\$ 702,994,455</u></u>	<u><u>\$ 716,577,566</u></u>
Total net debt applicable to the limit as a percentage of debt limit	11.04%	9.96%	10.19%	8.53%	10.12%

	Fiscal Year				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$ 832,027,310	\$ 892,438,309	\$ 920,199,275	\$ 989,069,174	\$ 1,063,063,471
Total net debt applicable to limit	<u>68,710,098</u>	<u>67,090,427</u>	<u>83,604,958</u>	<u>70,144,955</u>	<u>94,360,921</u>
Legal debt margin	<u><u>\$ 763,317,212</u></u>	<u><u>\$ 825,347,882</u></u>	<u><u>\$ 836,594,317</u></u>	<u><u>\$ 918,924,219</u></u>	<u><u>\$ 968,702,550</u></u>
Total net debt applicable to the limit as a percentage of debt limit	8.26%	7.52%	9.09%	7.09%	8.88%

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Revenue & Debt Capacity**  
**Schedule of Direct and Overlapping Debt**  
**June 30, 2021**

<b>Direct Debt</b>	<b>Debt Outstanding</b>	<b>Percent Applicable to School District <sup>1</sup></b>	<b>Amount Applicable to School District <sup>1</sup></b>	<b>Debt Principal Per Capita (Pop 93,646)</b>	<b>Percent of STV <sup>2</sup></b>
General Obligation Bonds	\$ 96,210,000	100.00%	\$ 96,210,000	\$ 1,027	1.75%
<b>Total Direct Debt</b>	<b>96,210,000</b>		<b>96,210,000</b>	<b>1,027</b>	<b>1.75%</b>
<b>Overlapping Debt <sup>3</sup></b>					
Traverse City	13,592,327	100.00%	13,592,327	145	0.25%
Acme Township	881,114	86.19%	759,432	8	0.01%
Blair Township	5,090,000	95.42%	4,856,878	52	0.09%
East Bay Township	5,604,329	100.00%	5,604,329	60	0.10%
Elmwood Township	355,855	90.22%	321,052	3	0.01%
Garfield Township	971,701	100.00%	971,701	10	0.02%
Green Lake Township	3,862,888	92.30%	3,565,446	38	0.06%
Long Lake Township	3,355,000	100.00%	3,355,000	36	0.06%
Peninsula Township	4,702,781	100.00%	4,702,781	50	0.09%
Benzie County	3,905,000	2.91%	113,636	1	0.00%
Grand Traverse County	13,971,135	88.85%	12,413,353	133	0.23%
Leelanau County	2,905,000	13.87%	402,924	4	0.01%
Northwestern Community College	24,905,000	88.85%	22,128,093	236	0.41%
Traverse City-Garfield Recreational Authority	2,615,000	100.00%	2,615,000	28	0.05%
<b>Total Overlapping Debt</b>	<b>86,717,130</b>		<b>75,401,952</b>	<b>805</b>	<b>1.38%</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ 182,927,130</b>		<b>\$ 171,611,952</b>	<b>\$ 1,833</b>	<b>3.13%</b>

<sup>1</sup> Overlapping debt is determined by applying the percentage of the school district's taxable value to the respective jurisdiction's entire taxable value times the jurisdiction's total tax supported debt.

<sup>2</sup> 2020 Taxable Value equal to \$5,486,030,079

<sup>3</sup> Overlapping debt amounts provided by Municipal Advisory Council of Michigan.

Source: Municipal Advisory Council of Michigan

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Revenue & Debt Capacity**  
**Taxable Valuation of Property in School District**  
**Tax Years 2011-2020**

Tax Year	Valuation <sup>1</sup>					Tax Levy (Mills) <sup>1</sup>			
						Operating			
	Principal Residence Exemption	Industrial Personal Property	Commercial Personal Property	All Other Non-PRE	Taxable Valuation Total	Principal Residence Exemption	Non-Principal Residence Exemption	Commercial Personal Property	Debt
2011	\$ 2,302,221,253	\$ 57,330,850	\$ 124,382,935	\$ 1,709,192,731	\$ 4,193,127,769	6.00	18.0000	6.00	3.10
2012	2,313,651,871	58,219,009	121,911,605	1,697,779,753	4,191,562,238	6.00	18.0000	6.00	3.10
2013	2,367,691,868	65,404,327	127,234,174	1,735,748,530	4,296,078,899	6.00	18.0000	6.00	3.10
2014	2,451,503,634	61,557,308	110,499,128	1,763,170,009	4,386,730,079	6.00	18.0000	6.00	3.10
2015	2,521,868,619	70,149,000	109,218,500	1,755,679,918	4,456,916,037	6.00	18.0000	6.00	3.10
2016	2,619,800,458	43,840,000	112,261,182	1,778,955,744	4,554,857,384	6.00	18.0000	6.00	3.10
2017	2,739,054,623	33,837,000	119,194,012	1,825,905,003	4,717,990,638	6.00	18.0000	6.00	3.10
2018	2,891,372,306	34,846,600	123,279,055	1,903,386,687	4,952,884,648	6.00	18.0000	6.00	3.10
2019	3,045,093,892	30,784,300	127,484,183	2,010,853,174	5,214,215,549	6.00	18.0000	6.00	3.10
2020	3,229,262,843	28,029,200	133,930,000	2,094,808,036	5,486,030,079	6.00	18.0000	6.00	3.10

<sup>1</sup> For tax year 2008 and forward, the Michigan Business Tax granted some exemptions to property taxes for industrial and commercial property. Taxable value must now be collected for four general classes of property as represented in this schedule.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
Annual Comprehensive Financial Report  
Statistical Section  
2020-2021**

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Demographic & Economic Information**  
**Employment by Classification**  
**Fiscal Years 2011-2012 through 2020-2021**

<b>School Year</b>	<b>Number of Staff</b>			<b>Total</b>
	<b>Instructional Employees</b>	<b>Administrative Employees</b>	<b>Support/ Non-Instructional Employees</b>	
2011-2012	567	78	609	1,254
2012-2013	567	80	629	1,276
2013-2014	569	80	611	1,260
2014-2015	571	81	623	1,275
2015-2016	548	84	617	1,249
2016-2017	535	87	615	1,237
2017-2018	534	84	601	1,219
2018-2019	531	85	584	1,200
2019-2020	545	87	581	1,213
2020-2021	518	88	537	1,143

Source: TCAPS Human Resources Department

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Demographic & Economic Information**  
**School District Demographic Statistics**  
**Fiscal Years 2011-2012 through 2020-2021**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (Thousands)</u>	<u>Per Capita Income</u>	<u>% of Michigan</u>	<u>% of U.S.</u>	<u>Unemployment Rate<sup>1</sup></u>
2011-2012	88,141	\$ 3,407,167	\$ 38,634	103.96%	91.26%	8.0%
2012-2013	89,112	3,554,592	39,937	103.32%	90.22%	7.7%
2013-2014	89,987	3,605,272	40,068	102.18%	90.05%	6.1%
2014-2015	90,782	3,840,464	42,298	103.31%	91.03%	4.7%
2015-2016	91,363	4,064,560	44,330	101.34%	90.68%	4.1%
2016-2017	92,084	4,226,265	45,956	100.17%	90.14%	4.3%
2017-2018	91,796	4,441,732	48,387	100.28%	89.94%	4.5%
2018-2019	92,573	4,687,847	50,639	100.51%	87.81%	4.1%
2019-2020	93,088	4,902,386	52,877	100.70%	90.56%	9.9%
2020-2021	93,646	5,143,739	54,927	103.66%	92.26%	6.0%

<sup>1</sup> Unemployment rate listed for 2020-2021 is the average YTD through 06/30/21; previous years are calendar annual average rates (not seasonally adjusted); Grand Traverse County.

Source: Bureau of Economic Analysis; U.S. Census Bureau

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Demographic & Economic Information**  
**Property Value and Construction**  
**Fiscal Years 2011-2012 through 2020-2021**

Fiscal Year	Tax Year	Valuation <sup>1</sup>					New Residential Building Permits <sup>2</sup>	
		Principal Residence Exemption	Industrial Personal Property	Commercial Personal Property	All Other Non-PRE	Total	Number	Value
2011-2012	2011	\$ 2,302,221,253	\$ 57,330,850	\$ 124,382,935	\$ 1,709,192,731	\$ 4,193,127,769	266	\$ 54,973,178
2012-2013	2012	2,313,651,871	58,219,009	121,911,605	1,697,779,753	4,191,562,238	322	69,135,182
2013-2014	2013	2,367,691,868	65,404,327	127,234,174	1,735,748,530	4,296,078,899	539	104,647,775
2014-2015	2014	2,451,503,634	61,557,308	110,499,128	1,763,170,009	4,386,730,079	440	96,244,572
2015-2016	2015	2,521,868,619	70,149,000	109,218,500	1,755,679,918	4,456,916,037	478	95,617,643
2016-2017	2016	2,619,800,458	43,840,000	112,261,182	1,778,955,744	4,554,857,384	571	120,593,094
2017-2018	2017	2,739,054,623	33,837,000	119,194,012	1,825,905,003	4,717,990,638	600	116,510,580
2018-2019	2018	2,891,372,306	34,846,600	123,279,055	1,903,386,687	4,952,884,648	574	118,573,301
2019-2020	2019	3,045,093,892	30,784,300	127,484,183	2,010,853,174	5,214,215,549	571	120,593,094
2020-2021	2020	3,229,262,843	28,029,200	133,930,000	2,094,808,036	5,486,030,079	462	99,684,449

<sup>1</sup> For tax year 2008 and forward, the Michigan Business Tax granted some exemptions to property taxes for industrial and commercial property. Taxable value must now be collected for four general classes of property, as represented in this schedule.

<sup>2</sup> Grand Traverse and Leelanau Counties (single family units); source: U.S. Bureau of the Census.



**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Demographic & Economic Information**  
**Principal Taxpayers**  
**Tax Years 2011 and 2020**

2011		Taxable Valuation and Industrial Facilities Tax Valuation	
Principal Taxpayer	Product/Service	Total	Percent of Total
Consumers Energy	Utility	\$ 19,629,815	0.47%
Sara Lee Corp	Frozen Foods	18,520,691	0.44%
Centro Bradley GTII LLC	Home Depot	15,071,200	0.36%
Grand Traverse Mall, Ltd.	Retail Shopping Mall	14,688,740	0.35%
Michigan Consolidated Gas (DTE Energy)	Utility	13,683,989	0.33%
Grand Traverse Resort & Spa LLC	Resort	12,409,073	0.30%
Cherryland Electric Co-op	Utility	10,514,693	0.25%
State of Michigan	Government	9,714,157	0.23%
Great Wolf Lodge of TC LLC	Lodge	9,561,400	0.23%
Auto Owners Insurance Co.	Insurance	8,579,368	0.20%
Subtotal		132,373,126	3.16%
All Others		4,060,754,643	96.84%
Totals		\$ 4,193,127,769	100.00%

2020		Taxable Valuation and Industrial Facilities Tax Valuation	
Principal Taxpayer	Product/Service	Total	Percent of Total
Consumer Energy	Utility	\$ 26,512,282	0.48%
Detroit Edison	Utility	22,556,500	0.41%
Grand Traverse Resort & Spa, LLC	Resort	15,658,873	0.29%
Grand Traverse Mall Ltd	Retail Shopping Mall	14,699,200	0.27%
CEGM Traverse City, LLC	Condominiums	14,639,535	0.27%
Cherryland Electric Coop	Utility	13,828,782	0.25%
Liv Arbors	Real Estate	11,736,344	0.21%
Delamar Traverse City SPE LLC	Resort	11,090,684	0.20%
PHR TCI LLC	Hotel	10,086,424	0.18%
GTC Owner LLC	Real Estate	9,636,165	0.18%
Subtotal		150,444,789	2.74%
All Others		5,335,585,290	97.26%
Totals		\$ 5,486,030,079	100.00%

Source: Grand Traverse, Leelanau, and Benzie Counties

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Demographic & Economic Information**  
**Principal Employers in the District**  
**Fiscal Years 2011-2012 and 2020-2021**

Employer	Product/Service	2011/2012	
		Number Employed	% of Total Employed
Munson Healthcare	Health Care	3,740	9.06%
Traverse City Area Public Schools	Education	1,254	3.04%
Grand Traverse Resort & Casinos	Hotel/Gaming	943	2.28%
Northwestern Michigan College	Education	700	1.69%
Traverse Bay Area ISD	Education	512	1.24%
Grand Traverse County Government	Government	530	1.28%
Sara Lee Bakery	Frozen Food	500	1.21%
Grand Traverse Pavilions	Assisted Living	470	1.14%
Hagerty	Insurance	450	1.09%
Interlochen Center for the Arts	Arts Education Institution	350	0.85%

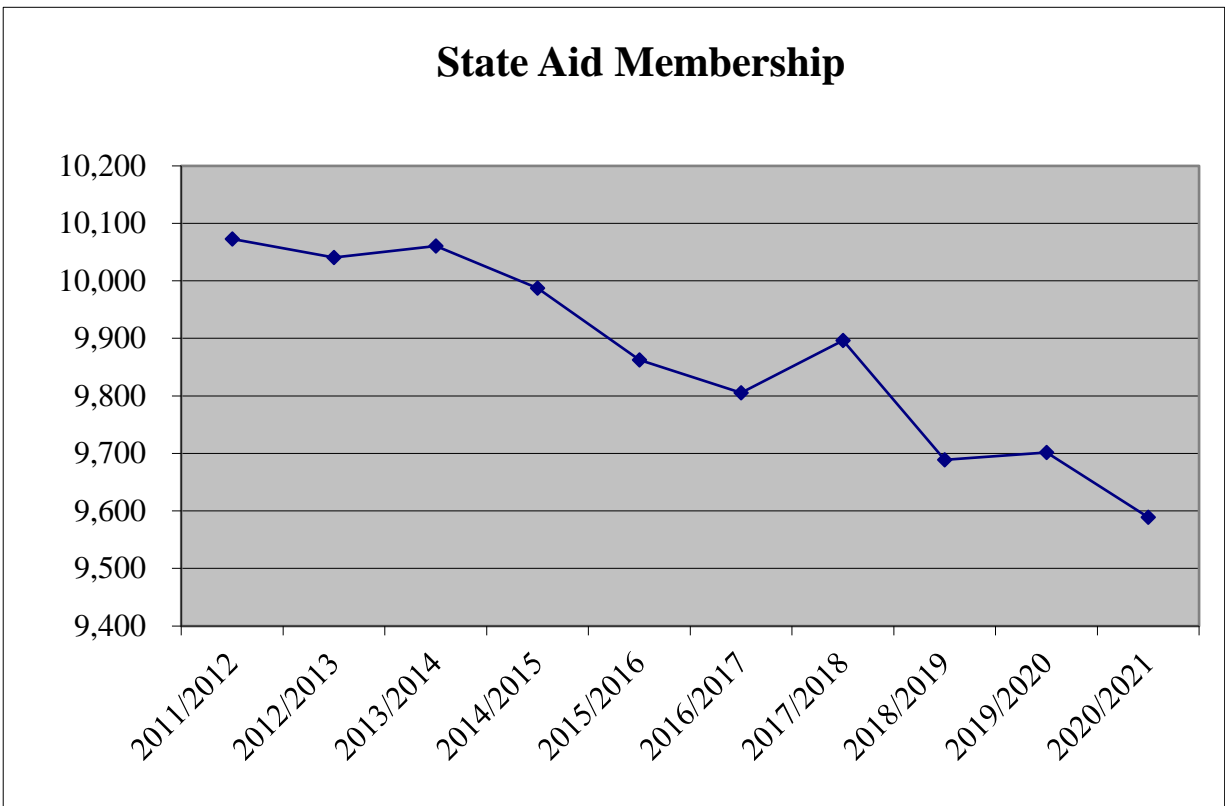
Employer	Product/Service	2020/2021	
		Approximate Number Employed	% of Total Employed <sup>1</sup>
Munson Healthcare	Health Care	3,100	6.51%
Traverse City Area Public Schools	Education	1,143	2.40%
Hagerty Insurance Agency	Insurance	628	1.32%
Meijer	Retail/Groceries	600	1.26%
Northwest Education Services	Education	597	1.25%
Grand Traverse Resort & Spa	Hotel/Gaming	500	1.05%
Grand Traverse County	Government	477	1.00%
Interlochen Center for the Arts	Arts Education Institution	428	0.90%
Britten Inc.	Signs & Banners	350	0.73%
Northwestern Michigan College	Education	299	0.63%

<sup>1</sup> Total number employed in Grand Traverse County; employed numbers may not reflect recent changes in employment due to reporting time lags and other factors that impact data collection of this kind.

Sources: Michigan Manufacturers Directory, Crains Detroit Business Book of Lists 2020 edition, Manta, and individual employers

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Demographic & Economic Information**  
**School District State Aid Membership**  
**Fiscal Years 2011-2012 through 2020-2021**

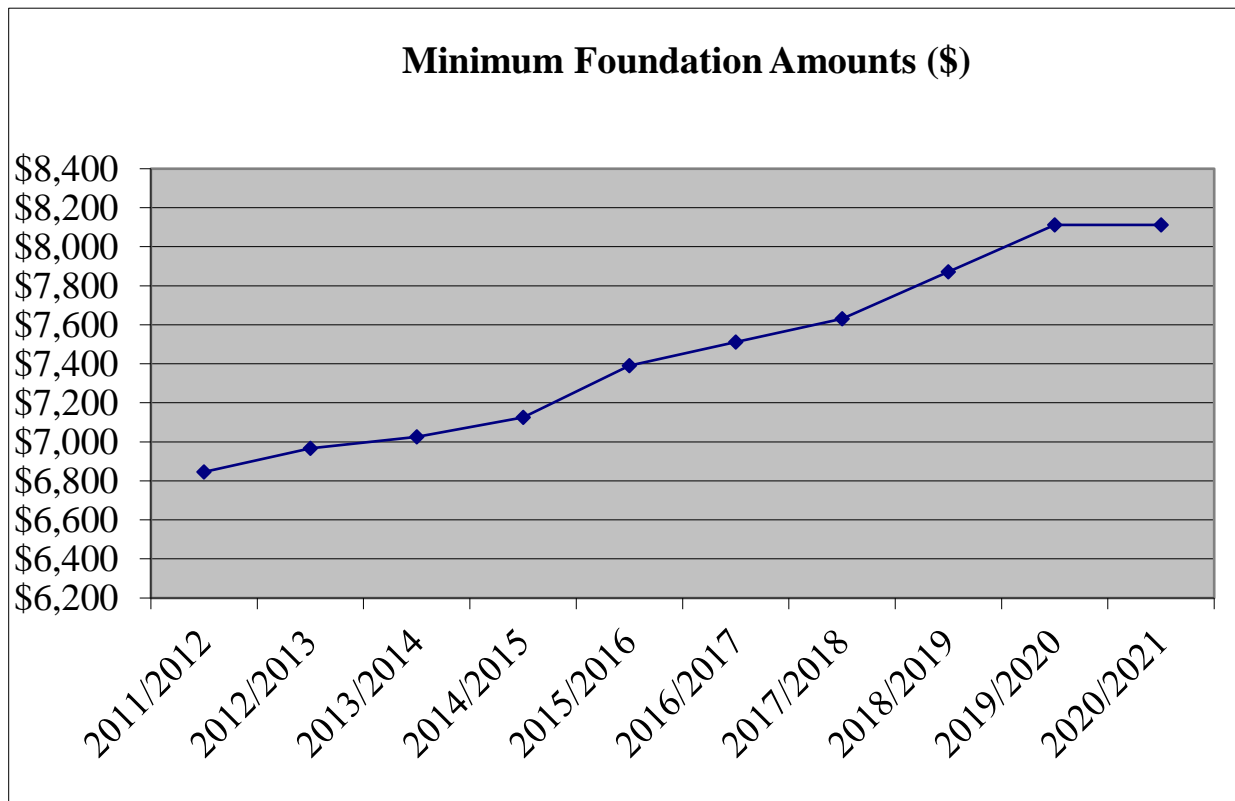
Fiscal Year	Total F.T.E.
2011/2012	10,072.97
2012/2013	10,040.69
2013/2014	10,060.43
2014/2015	9,987.35
2015/2016	9,862.59
2016/2017	9,805.08
2017/2018	9,896.39
2018/2019	9,688.87
2019/2020	9,701.42
2020/2021	9,589.10



Source: Michigan Department of Education; compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Demographic & Economic Information**  
**History of Foundation Allowance**  
**Fiscal Years 2011-2012 through 2020-2021**

<b>Fiscal Year</b>	<b>Minimum Foundation Amounts (\$)</b>
2011/2012	\$ 6,846
2012/2013	6,966
2013/2014	7,026
2014/2015	7,126
2015/2016	7,391
2016/2017	7,511
2017/2018	7,631
2018/2019	7,871
2019/2020	8,111
2020/2021	8,111



Source: Michigan Department of Education; compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
Annual Comprehensive Financial Report  
Statistical Section  
2020-2021**

**OPERATIONAL INFORMATION**

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Operational Information**  
**Insurance Coverage Data**  
**Fiscal Year 2020-2021**

Location	Structure <sup>1</sup>	Contents <sup>1</sup>	Site Improvements <sup>1</sup>	Total Insured
Bertha Vos Elementary <sup>2</sup>	\$ 5,664,500	\$ 859,729	\$ 67,600	\$ 6,591,829
Blair Elementary	8,603,000	1,384,729	187,300	10,175,029
Central Grade Elementary	24,964,500	3,134,729	80,700	28,179,929
Cherry Knoll Elementary	8,511,206	1,234,729	249,100	9,995,035
Courtade Elementary	8,848,500	1,259,729	153,200	10,261,429
Eastern Elementary <sup>2</sup>	10,819,183	1,737,025	161,400	12,717,608
Interlochen Community School <sup>3</sup>	6,360,845	1,362,025	187,100	7,909,970
Long Lake Elementary	9,517,500	1,547,025	128,900	11,193,425
Montessori at Glenn Loomis	7,937,242	1,639,502	117,600	9,694,344
Oak Park Elementary	6,104,683	1,237,025	79,300	7,421,008
Silver Lake Elementary	7,216,841	1,437,025	186,800	8,840,666
Traverse Heights Elementary	9,735,500	1,562,025	207,500	11,505,025
Westwoods Elementary	8,103,918	1,445,216	196,800	9,745,934
Willow Hill Elementary	7,793,206	1,312,025	246,600	9,351,831
East Middle School	31,939,789	4,675,551	1,288,400	37,903,740
West Middle School	36,643,168	5,639,944	1,432,100	43,715,212
Central High School	47,773,858	1,690,901	1,611,400	51,076,159
Traverse City High School	7,373,683	1,287,025	-	8,660,708
West Senior High School	45,527,716	5,444,228	2,803,600	53,775,544
Boardman Administration Bldg.	4,096,500	1,462,025	2,000	5,560,525
Bus Garage	1,617,500	3,237,025	-	4,854,525
Facilities Building	1,156,356	2,003,288	285,200	3,444,844
Data Center/Sabin Building	7,183,654	1,637,025	358,200	9,178,879
Trojan Athletic Complex <sup>4</sup>	1,210,366	9,830	-	1,220,196
Thirlby Field	3,408,977	9,831	2,041,000	5,459,808
	<u>\$ 318,112,191</u>	<u>\$ 48,249,211</u>	<u>\$ 12,071,800</u>	
<b><u>Total Real &amp; Personal Property</u></b>				<u>\$ 378,433,202</u>

<sup>1</sup> Values based on property insurance appraisal dated September 19, 2019; insured values represent replacement cost new.

<sup>2</sup> Bertha Vos Elementary closed as an International Baccalaureate Primary Years Programme (candidate) at the end of the 2015/2016 school year. The building housed Eastern Elementary staff and students (effective April 2017 through the end of the 2017/18 school year). The Eastern Elementary building was closed April 2017 for demolition; construction occurred during the 2017/2018 school year. The school reopened for the 2018/2019 school year. Values represent the newly constructed building.

<sup>3</sup> The Interlochen Community School closed at the end of the 2015/2016 school year. In January of 2017 the building was used for K-12 programming in cooperation with the Northern Michigan Homeschool Partnership. This program ended during the 2019/2020 school year.

<sup>4</sup> The warehouse located on this property was demolished in July 2020; a new athletic facility was built on this site.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
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**Summary of Owned Buildings and Sites**  
**June 30, 2021**

Building	Year of Construction or Purchase	Number of Stories	Square Footage	Acreage	Number of Classrooms	Number of Students <sup>1</sup>	
					Total	Total	K-5
INSTRUCTIONAL							
Elementary Schools							
Bertha Vos Elementary <sup>2</sup>	1953	one	35,320	6.0	15	0	0
Blair Elementary	1990	one	50,562	110.0	23	228	217
Central Grade Elementary	1922	three	144,717	4.4	32	576	565
Cherry Knoll Elementary	1956	one	54,100	4.1	25	417	393
Courtade Elementary	1991	one	53,830	16.0	25	251	251
Eastern Elementary <sup>2</sup>	2017	two	70,254	12.0	24	429	390
Long Lake Elementary	2011	one	50,752	33.1	20	388	372
Montessori at Glenn Loomis	1957	one	47,156	4.6	16	302	230
Oak Park Elementary <sup>3</sup>	1950	one	36,565	3.5	9	14	0
Silver Lake Elementary	1987	one	50,305	16.0	20	360	340
Traverse Heights Elementary	1950	one	57,873	14.0	24	210	191
Westwoods Elementary	1990	one	47,408	16.1	20	425	400
Willow Hill Elementary	1949	one	48,386	10.0	22	447	422
Interlochen Community School <sup>4</sup>	1950	one	41,224	10.2	13	0	0
Secondary Schools							
East Middle School	1991	one	190,508	90.0	75	848	
West Middle School	1969	one	208,004	80.0	75	1,081	
Central High School	1958	one	315,330	36.3	70	1,468	
Traverse City High School	1949	one	45,997	7.1	19	128	
West Senior High School	1997	two	271,190	100.0	75	1,660	
Total Instructional			1,819,481	573.4	602	9,232	3,771
NON-INSTRUCTIONAL							
Boardman Administration Bldg.	1914	three	36,175	1.0			
Bus Garage	1971	one	22,612	14.0			
Facilities Building	1981	one	12,096				
Data Center/Sabin Building	1949	one	42,108	8.2			
Trojan Athletic Complex <sup>5</sup>				26.0			
Thirlby Field	1995		27,588	7.0			
Total Non-Instructional			140,579	56.2			
LAND ASSETS							
Lockman Outdoor Education Center	1975	-	-	212.0			
Cedar Run Road Property	1942	-	-	80.0			
Church Road Property	1942	-	-	40.0			
Potter Road Property	1940	-	-	80.0			

<sup>1</sup> Based on October 2020 count data; the total number includes Early Childhood programming at the elementary buildings.

<sup>2</sup> The Bertha Vos Elementary closed as an International Baccalaureate Primary Years Programme (candidate) at the end of the 2015/2016 school year. The building housed Eastern Elementary staff and students (effective April 2017 through the end of the 2017/18 school year). The Eastern Elementary building was closed April 2017 for demolition; construction occurred during the 2017/2018 school year. The school reopened for the 2018/19 school year.

<sup>3</sup> Oak Park Elementary closed at the end of the 2005/2006 school year; the Northwest Education Services leases most of the building for their programming but TCAPS also operates Early Childhood programming in the building.

<sup>4</sup> The Interlochen Community School closed at the end of the 2015/2016 school year. Since January 2017 the building has been used for K-12 programming in cooperation with the Northern Michigan Homeschool Partnership until the program ended during the 2019/2020 school year.

<sup>5</sup> The warehouse previously located on this property was demolished in July 2020; a new athletic facility has been built on this site.

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
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**School Building Information <sup>1</sup>**  
**Fiscal Years 2011-2012 through 2020-2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u><b>Bertha Vos Elementary</b> <sup>2</sup></u>										
Square feet	33,647	33,647	33,647	33,647	33,647	33,647	33,647	33,647	33,647	33,647
Capacity	325	325	325	325	325	325	325	325	325	325
Enrollment	0	42	57	60	55	290	276	0	0	0
<u><b>Blair Elementary</b></u>										
Square feet	42,000	42,000	50,562	50,562	50,562	50,562	50,562	50,562	50,562	50,961
Capacity	350	350	475	475	475	475	475	475	475	475
Enrollment	283	307	280	293	264	269	249	238	249	228
<u><b>Central Grade Elementary</b></u>										
Square feet	143,550	143,550	143,550	143,550	143,550	143,550	143,550	143,550	143,550	143,550
Capacity	790	790	790	790	790	790	790	790	790	790
Enrollment	584	624	623	631	644	658	634	620	639	576
<u><b>Cherry Knoll Elementary</b> <sup>3</sup></u>										
Square feet	48,800	48,800	48,800	48,800	48,800	48,800	48,800	48,800	48,800	54,100
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	363	374	369	379	386	405	429	436	420	417
<u><b>Courtade Elementary</b></u>										
Square feet	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	339	319	307	324	289	268	284	263	267	251
<u><b>Eastern Elementary</b> <sup>2</sup></u>										
Square feet	34,226	34,226	34,226	34,226	34,226	0	0	70,254	70,254	70,254
Capacity	300	300	300	300	300	0	0	550	550	550
Enrollment	249	274	268	293	279	0	0	357	392	429
<u><b>Interlochen Community School</b> <sup>4</sup></u>										
Square feet	37,192	37,192	37,192	37,192	37,192	37,192	37,192	37,192	37,192	37,192
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	255	231	239	190	170	0	0	0	0	0
<u><b>Long Lake Elementary (old)</b> <sup>5</sup></u>										
Square feet	38,648	38,648	38,648	38,648	38,648	0	0	0	0	0
Capacity	350	350	350	350	350	0	0	0	0	0
Enrollment	0	0	0	0	0	0	0	0	0	0
<u><b>Long Lake Elementary (new)</b> <sup>5</sup></u>										
Square feet	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750
Capacity	540	540	540	540	540	540	540	540	540	540
Enrollment	277	274	292	275	266	301	322	361	368	388
<u><b>Montessori at Glenn Loomis</b></u>										
Square feet	46,537	46,537	46,537	46,537	46,537	46,537	46,537	46,537	46,537	46,537
Capacity	350	350	350	350	350	350	350	350	350	350
Enrollment	348	340	354	322	331	316	327	319	279	302

<sup>1</sup> This schedule continues on the following page.

<sup>2</sup> The Bertha Vos Elementary closed as an International Baccalaureate Primary Years Programme (candidate) at the end of the 2015/2016 school year. The building housed Eastern Elementary staff and students (effective April 2017 through the end of the 2017/18 school year). The Eastern Elementary building was closed April 2017 for demolition; construction occurred during the 2017/2018 school year. The school reopened for the 2018/19 school year.

<sup>3</sup> Cherry Knoll addition was completed in August of 2020 and was occupied by students at the start of the 2020/2021 school

<sup>4</sup> The Interlochen Community School closed at the end of the 2015/2016 school year. Since January 2017, the building had been used for K-12 programming in cooperation with the Northern Michigan Homeschool Partnership until the program ended during the 2019/2020 school year.

<sup>5</sup> The old Long Lake Elementary building was sold with 10.49 acres on 05/01/17; the "new" Long Lake Elementary building was constructed elsewhere on the site and occupied during the 2011/2012 school year.



**TRAVERSE CITY AREA PUBLICS SCHOOLS**  
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**Fiscal Years 2011-2012 through 2020-2021**  
**(Continued from previous page)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u><b>Oak Park Elementary</b></u>										
Square feet	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Capacity	275	275	275	275	275	275	275	275	275	275
Enrollment	0	0	0	0	0	0	0	0	0	0
<u><b>Old Mission Peninsula School</b></u> <sup>1</sup>										
Square feet	39,304	39,304	39,304	39,304	39,304	39,304	39,304	0	0	0
Capacity	375	375	375	375	375	375	375	0	0	0
Enrollment	200	174	178	164	168	151	152	0	0	0
<u><b>Silver Lake Elementary</b></u> <sup>2</sup>										
Square feet	41,000	41,000	41,000	41,000	41,000	41,000	49,515	49,515	49,515	49,515
Capacity	350	350	350	350	350	350	645	645	645	645
Enrollment	290	266	273	281	271	375	336	367	383	360
<u><b>Traverse Heights Elementary</b></u>										
Square feet	57,873	57,873	57,873	57,873	57,873	57,873	57,873	57,873	57,873	57,873
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	213	236	253	221	225	246	226	202	216	210
<u><b>Westwoods Elementary</b></u>										
Square feet	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	407	407	383	371	365	426	432	429	420	425
<u><b>Willow Hill Elementary</b></u>										
Square feet	44,430	44,430	44,430	44,430	44,430	44,430	44,430	44,430	44,430	44,430
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	468	476	468	442	438	457	465	440	453	447
<u><b>East Middle School</b></u>										
Square feet	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	949	946	902	842	874	918	884	849	859	848
<u><b>West Middle School</b></u>										
Square feet	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,187	1,171	1,164	1,207	1,233	1,180	1,223	1,194	1,225	1,081
<u><b>Central High School</b></u>										
Square feet	280,087	280,087	280,087	280,087	280,087	280,087	280,087	280,087	280,087	280,087
Capacity	1,750	1,750	1,750	1,750	1,750	1,750	1,751	1,751	1,751	1,751
Enrollment	1,435	1,436	1,490	1,419	1,353	1,371	1,387	1,436	1,452	1,468
<u><b>Traverse City High School</b></u>										
Square feet	43,842	43,842	43,842	43,842	43,842	43,842	43,842	43,842	43,842	43,842
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	188	189	173	219	199	214	196	171	168	128
<u><b>West Senior High School</b></u>										
Square feet	256,086	256,086	256,086	256,086	256,086	256,086	256,086	256,086	256,086	256,086
Capacity	1,875	1,875	1,875	1,875	1,875	1,875	1,876	1,876	1,876	1,876
Enrollment	1,738	1,638	1,656	1,567	1,552	1,602	1,657	1,720	1,644	1,660

<sup>1</sup> The Old Mission building was sold 04/26/17 to the Old Mission Peninsula Education Foundation; the deed was held in escrow until they took possession 07/01/18.

<sup>2</sup> Silver Lake addition was completed in December of 2017 and was occupied by students beginning January 3, 2018.  
Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**Annual Comprehensive Financial Report**  
**Operating Statistics**  
**Fiscal Years 2011-2021 through 2020-2021**

<u>Fiscal year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost per pupil</u>	<u>Percentage change</u>	<u>Instructional employees</u>	<u>Pupil/instructional employee ratio</u>
2011-2012	\$ 101,156,290	10,073	\$ 10,042	-1.0%	567	17.8
2012-2013	102,131,500	10,041	10,171	1.3%	567	17.7
2013-2014	104,383,777	10,060	10,376	2.0%	569	17.7
2014-2015	107,150,164	9,987	10,729	3.4%	571	17.5
2015-2016	109,464,409	9,863	11,098	3.4%	548	18.0
2016-2017	113,527,859	9,805	11,579	4.3%	535	18.3
2017-2018	115,678,700	9,896	11,689	1.0%	534	18.5
2018-2019	120,466,618	9,689	12,433	6.4%	531	18.2
2019-2020	129,884,912	9,701	13,389	7.7%	545	17.8
2020-2021	128,670,649	9,589	13,419	0.2%	518	18.5

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal CFDA Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2020	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued Revenue at 6/30/2021
<b><u>U.S. Department of Agriculture</u></b>									
Passed Through the Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance (Donated Foods)									
National School Lunch Program									
Entitlement	N/A	10.555	\$ 242,660	\$ -	\$ -	\$ -	\$ 242,660	\$ 242,660	\$ -
Bonus	N/A	10.555	2,554	-	-	-	2,554	2,554	-
Non-Cash Assistance Subtotal (Total CFDA #10.555)			245,214	-	-	-	245,214	245,214	-
COVID-19 Summer Food Service Program									
2019-2020	200901	10.559	193,508	193,508	193,508	-	193,508	-	-
2020-2021	200900	10.559	469,076	-	-	-	469,076	469,076	-
2020-2021	210904	10.559	3,609,269	-	-	-	3,282,274	3,609,269	326,995
Cash Assistance Total (Total CFDA # 10.559)			4,271,853	193,508	193,508	-	3,944,858	4,078,345	326,995
Total Child Nutrition Cluster			4,517,067	193,508	193,508	-	4,190,072	4,323,559	326,995
Passed Through the Michigan Fitness Foundation									
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	E20200639-00	10.561	75,000	61,649	28,893	-	37,636	8,743	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	E20212299-00	10.561	80,000	-	-	-	37,509	48,633	11,124
Total CFDA #10.561			155,000	61,649	28,893	-	75,145	57,376	11,124
TOTAL U.S. DEPARTMENT OF AGRICULTURE			4,672,067	255,157	222,401	-	4,265,217	4,380,935	338,119
<b><u>U.S. Department of Education</u></b>									
Direct Programs									
Indigenous Education Grants to Local Educational Agencies	S060A190803	84.060A	51,226	44,360	4,619	-	11,574	6,955	-
Indigenous Education Grants to Local Educational Agencies	S060A200803	84.060A	51,646	-	-	-	36,316	48,824	12,508
Total CFDA #84.060A			102,872	44,360	4,619	-	47,890	55,779	12,508

The accompanying notes are an integral part of this schedule.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(continued)**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal CFDA Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2020	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued Revenue at 6/30/2021
<b>U.S. Department of Education (continued)</b>									
Passed Through the Michigan Department of Education									
Education for Homeless Children and Youth	202320/1920	84.196A	\$ 80,365	\$ 58,687	\$ 12,638	\$ -	\$ 12,638	\$ -	\$ -
Education for Homeless Children and Youth	212320/2021	84.196A	87,081	-	-	-	44,121	53,682	9,561
Total CFDA #84.196A			167,446	58,687	12,638	-	56,759	53,682	9,561
Title I Grants to Local Educational Agencies	201530/1920	84.010A	1,438,099	1,312,887	311,655	-	311,655	-	-
Title I Grants to Local Educational Agencies	211530/2021	84.010A	1,374,603	-	-	-	1,046,672	1,335,990	289,318
Total CFDA #84.010A			2,812,702	1,312,887	311,655	-	1,358,327	1,335,990	289,318
Supporting Effective Instruction State Grants	200520/1920	84.367A	544,304	350,014	42,722	-	42,722	-	-
Supporting Effective Instruction State Grants	210520/2021	84.367A	489,750	-	-	-	248,873	265,226	16,353
Supporting Effective Instruction State Grants	190532-19	84.367A	25,358	23,610	23,610	-	23,610	-	-
Total CFDA #84.367A			1,059,412	373,624	66,332	-	315,205	265,226	16,353
English Language Acquisition State Grants									
Title III Limited English Proficient Students	200580/1920	84.365A	31,854	18,958	4,382	-	4,382	-	-
Title III Immigrant Students	200570/1920	84.365A	15,135	1,801	1,754	-	1,754	-	-
Title III Limited English Proficient Students	210580/2021	84.365A	34,262	-	-	-	15,112	26,683	11,571
Title III Immigrant Students	210570/2021	84.365A	12,183	-	-	-	494	765	271
Total CFDA #84.365A			93,434	20,759	6,136	-	21,742	27,448	11,842
Title IV Part A Student Support and Academic Assistance Program	210750/2021	84.424A	142,724	-	-	-	25,587	68,879	43,292
Total CFDA #84.424A			142,724	-	-	-	25,587	68,879	43,292
Education Stabilization Fund									
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I)	203710/1920	84.425D	1,030,828	-	-	991,006	1,030,828	39,822	-

The accompanying notes are an integral part of this schedule.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(concluded)**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal CFDA Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2020	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued Revenue at 6/30/2021
<u>U.S. Department of Education (continued)</u>									
Passed Through Northwest Education Services									
Special Education Cluster									
Special Education Preschool Grants	200460/1920	84.173A	\$ 90,756	\$ 90,756	\$ 90,756	\$ -	\$ 90,756	\$ -	\$ -
Special Education Preschool Grants	210460/2021	84.173A	84,241	-	-	-	-	84,241	84,241
Total CFDA #84.173A (special education services)			174,997	90,756	90,756	-	90,756	84,241	84,241
TOTAL U.S. DEPARTMENT OF EDUCATION			5,584,415	1,901,073	492,136	991,006	2,947,094	1,931,067	467,115
<u>U.S. Department of Health and Human Services</u>									
Passed Through the Michigan Department of Education									
COVID-19 Child Development & Care Block Grant - CCDF Cluster	2020	93.575	189,600	189,600	189,600	-	189,600	-	-
Passed Through Northwest Education Services									
Medical Assistance Program - Medicaid Cluster	2021	93.778	21,908	-	-	-	21,908	21,908	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			211,508	189,600	189,600	-	211,508	21,908	-
<u>U.S. Department of Treasury</u>									
Passed Through Michigan Department of Education									
COVID-19 Coronavirus Relief Funds	11(p)	21.019	3,395,497	-	-	699,956	3,395,497	2,695,541	-
COVID-19 Coronavirus Relief Funds	103(2)	21.019	119,520	-	-	-	119,520	119,520	-
Total passed through Michigan Department of Education			3,515,017	-	-	699,956	3,515,017	2,815,061	-
Passed Through MAISA/Copper County ISD									
COVID-19 Coronavirus Relief Funds - MiConnect Connectivity Funding	2021	21.019	136,953	-	-	-	136,953	136,953	-
Total CFDA #21.019			3,651,970	-	-	699,956	3,651,970	2,952,014	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 14,119,960	\$ 2,345,830	\$ 904,137	\$ 1,690,962	\$ 11,075,789	\$ 9,285,924	\$ 805,234

The accompanying notes are an integral part of this schedule.

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Traverse City Area Public Schools under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Traverse City Area Public Schools it is not intended to and does not present the financial position or changes in net position of Traverse City Area Public Schools.

The District qualifies for low-risk auditee status. Management has utilized the Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. During the year, the District did not pass through any federal funds.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Traverse City Area Public Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS**

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 6,653,327
Other nonmajor governmental funds (special revenue funds)	<u>4,821,413</u>
Total federal revenue in the fund financial statements	<u>11,474,740</u>
Less: Federal assistance funding not subject to single audit act	(497,854)
Prior year federal expenditures not requested	<u>(1,690,962)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 9,285,924</u></u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 4 - PROGRAM CLUSTERS**

Program clusters contained within the schedule are as follows:

Child Nutrition Cluster consists of CFDA #10.555 and #10.559. The Special Education Cluster consists of CFDA #84.173A. The Medicaid Cluster consists of CFDA #93.778.

**NOTE 5 - ADJUSTMENTS**

Adjustments were made for CFDA #84.425D (\$991,006) and CFDA #21.019 (\$699,956) for prior year federal expenditures incurred but not reported on the SEFA.

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

To the Board of Education  
Traverse City Area Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Traverse City Area Public Schools as of and for the year ended June 30, 2021, and the notes to the financial statements, which collectively comprise the Traverse City Area Public Schools' basic financial statements and have issued our report thereon dated September 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Traverse City Area Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Traverse City Area Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Traverse City Area Public Schools' internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Maney Costeiran PC*

September 30, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education  
Traverse City Area Public Schools

**Report on Compliance for Each Major Federal Program**

We have audited Traverse City Area Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Traverse City Area Public Schools' major federal programs for the year ended June 30, 2021. Traverse City Area Public Schools major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Traverse City Area Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, about Traverse City Area Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for its major federal program. However, our audit does not provide a legal determination of Traverse City Area Public Schools compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Traverse City Area Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of Traverse City Area Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Traverse City Area Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Traverse City Area Public Schools' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Maney Costeiran PC*

September 30, 2021

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs:

*Unmodified*

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

There were no audit findings in either of the prior two years.



# TCAPS

Traverse City Area Public Schools

## 360° VISION

### MISSION

We exist to educate. Education improves the quality of life for all.

### STRATEGY

Build strong systems to drive improved life outcomes for all students.

### PRIORITIES

Install the MI Excel Blueprint for Strategic Reconfiguration as the framework to provide high quality teaching and learning.

#### Curriculum and Instruction

Deliver a rigorous and relevant education for each student, caring for both the student's academic and non-academic needs.

Improve student achievement and ensure students are prepared for a successful and productive life.

#### Finance and Operations

Educational priorities and student need drive resource decisions.

Operations are efficient and effective.

TCAPS is fiscally responsible.

#### Communication

Develop broad community connections, specifically with those who have no direct connection to our schools.

Reinforce TCAPS' reputation as a quality school system and a great choice for families.

[www.tcaps.net/vision](http://www.tcaps.net/vision)

Great Community, Great Schools

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September 30, 2021

To the Board of Education  
Traverse City Area Public Schools

In planning and performing our audit of the financial statements of Traverse City Area Public Schools as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Traverse City Area Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 30, 2021 on the financial statements of Traverse City Area Public Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

#### **Fund Balance**

Over the past several years, school districts have faced increasingly difficult economic times which have resulted in additional constraints on the budgeting process. Additionally, bond ratings are impacted by fund balance and a higher fund balance will result in better bond ratings. Therefore, the importance of maintaining, and adhering to, a balanced budget is critical to the overall health of the District. During the 2020-21 school year there was an increase in the fund balance of the general fund of approximately \$3,549,591. The year-end general fund balance as of June 30, 2021 stands at 10.51% of general fund expenditures. The 2021-22 general fund budget shows expenditures exceeding revenues. We recommend that TCAPS continue to look for ways to cut costs in order to maintain a structurally balanced budget in the near future and work to restore fund equity to the Board goal of 12%.

This report is intended solely for the information and use of management, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

*Maney Costeiran PC*

September 30, 2021

To the Board of Education  
Traverse City Area Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Traverse City Area Public Schools for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Travers City Area Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability.

We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences.

We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets.

We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 30, 2021.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the use of the Board of Education and management of Traverse City Area Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Maney Costeiran PC*