

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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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 1st 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 17th 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.

| | | <u>Per Pupil</u> | <u>State Rank</u> |
|---------------------------|------------------------------|------------------|-------------------|
| 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 |
| | | <u>Amount</u> | <u>State Rank</u> |
| 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:

| <u>Employer</u> | <u>Approximate Number Employed</u> |
|-----------------------------------|--|
| 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



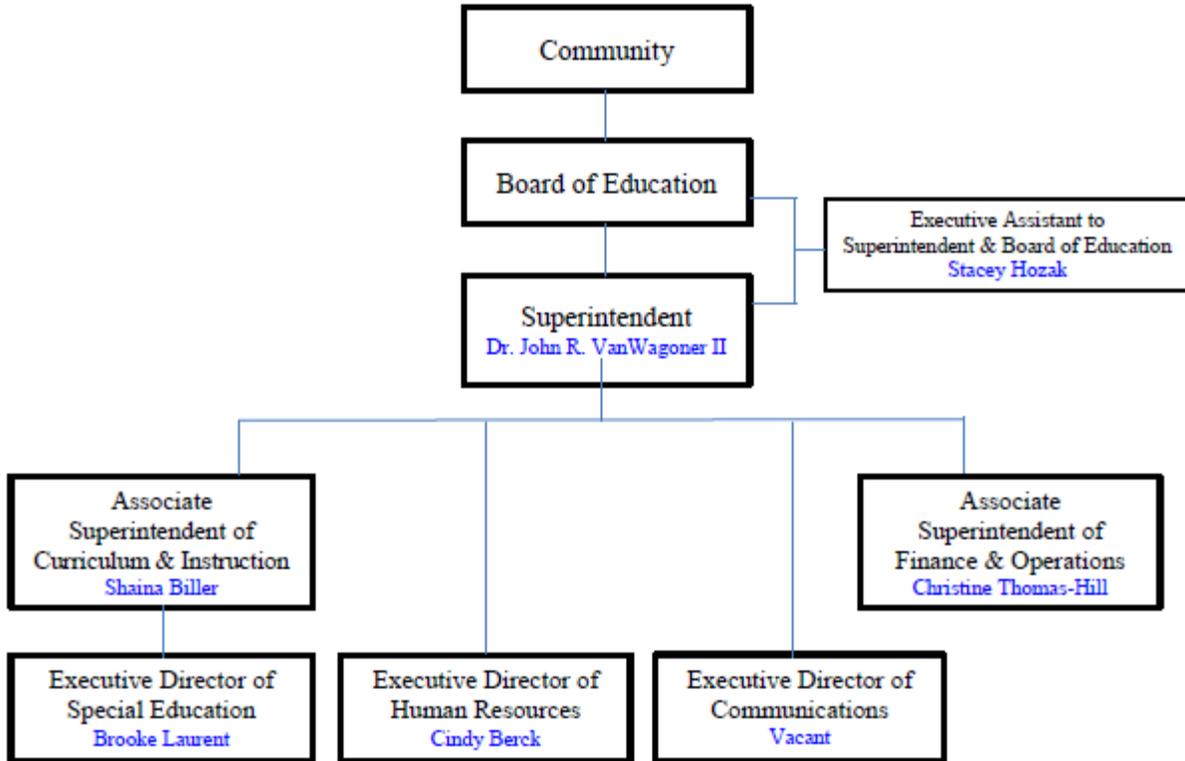
Christine Thomas-Hill
Associate Superintendent, Finance and Operations



Traverse City Area Public Schools
Great Community, Great Schools

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

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

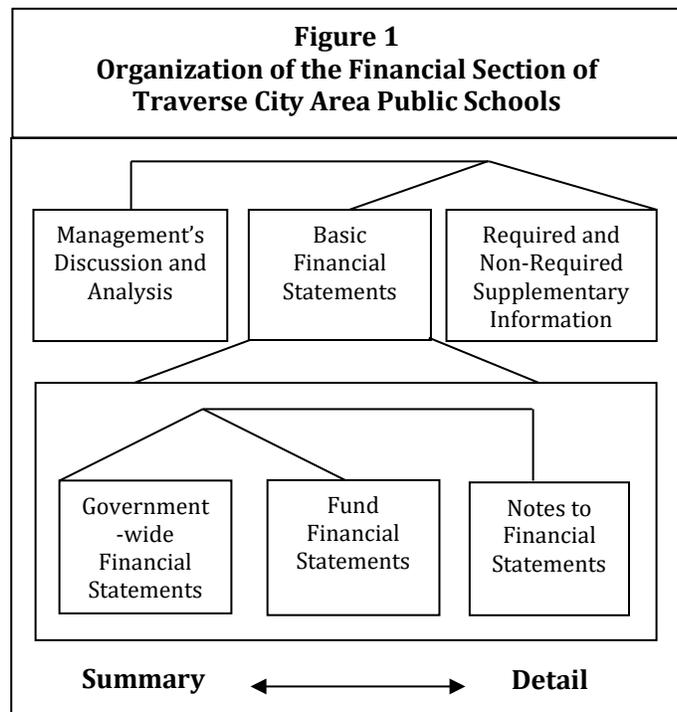
This section of the Annual Comprehensive Financial Report for Traverse City Area Public Schools (the District) presents our discussion and analysis of the District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the transmittal letter found on pages 1 through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

| Figure 2 Major Features of District-wide and Fund Financial Statements | | |
|---|--|---|
| | <u>District-wide Statements</u> | <u>Fund Financial Statements</u> |
| | | <u>Governmental Funds</u> |
| 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 | <u>251,368,063</u> | <u>213,152,831</u> | <u>38,215,232</u> |
| 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 | <u>359,519,776</u> | <u>330,405,112</u> | <u>29,114,664</u> |
| 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 | <u>(195,958,221)</u> | <u>(191,675,172)</u> | <u>(4,283,049)</u> |
| Total net position | <u>\$ (82,837,220)</u> | <u>\$ (83,492,945)</u> | <u>\$ 655,725</u> |

- 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 | \$ 313,724,684 | \$ 140,162,781 | \$ 173,561,903 | \$ 158,498,205 |

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> |
|---|--------------------------------------|
| ASSETS | |
| 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> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Related to pensions | 44,147,988 |
| Related to OPEB | <u>16,209,713</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>60,357,701</u> |
| LIABILITIES | |
| 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> |
| DEFERRED INFLOWS OF RESOURCES | |
| 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> |
| NET POSITION | |
| 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**

| | <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> |
|--|-----------------------------|---------------------------------------|---------------------------------------|---------------------------------|---|
| ASSETS | | | | | |
| 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 |
| | <u>-</u> | <u>4,896,017</u> | <u>42,164,679</u> | <u>-</u> | <u>47,060,696</u> |
| TOTAL ASSETS | <u><u>\$ 26,007,643</u></u> | <u><u>\$ 4,896,017</u></u> | <u><u>\$ 42,164,679</u></u> | <u><u>\$ 5,171,229</u></u> | <u><u>\$ 78,239,568</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| 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 |
| | <u>15,214,522</u> | <u>1,622,417</u> | <u>2,238,420</u> | <u>272,071</u> | <u>19,347,430</u> |
| TOTAL LIABILITIES | <u>15,214,522</u> | <u>1,622,417</u> | <u>2,238,420</u> | <u>272,071</u> | <u>19,347,430</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 144,598 | - | - | 39,607 | 184,205 |
| | <u>144,598</u> | <u>-</u> | <u>-</u> | <u>39,607</u> | <u>184,205</u> |

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 | 6,140,018 | - | - | - | 6,140,018 |
| 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> |
| Net position of governmental activities | | <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 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> |
|----------------------------------|---------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------|---|
| REVENUES | | | | | | |
| 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 |
| TOTAL REVENUES | 105,143,185 | 72 | 15,139 | 971 | 25,353,169 | 130,512,536 |
| EXPENDITURES | | | | | | |
| 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.

| | <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> |
|--|----------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------|---|
| 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 | <u>101,330,429</u> | <u>1,694,251</u> | <u>20,903,549</u> | <u>2,691,832</u> | <u>24,940,976</u> | <u>151,561,037</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>3,812,756</u> | <u>(1,694,179)</u> | <u>(20,888,410)</u> | <u>(2,690,861)</u> | <u>412,193</u> | <u>(21,048,501)</u> |
| 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 | <u>(632,788)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(260,000)</u> | <u>(892,788)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(263,165)</u> | <u>-</u> | <u>-</u> | <u>42,617,120</u> | <u>372,788</u> | <u>42,726,743</u> |
| 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 | <u>7,098,932</u> | <u>1,694,179</u> | <u>24,162,010</u> | <u>-</u> | <u>4,074,570</u> | <u>37,029,691</u> |
| End of year | <u>\$ 10,648,523</u> | <u>\$ -</u> | <u>\$ 3,273,600</u> | <u>\$ 39,926,259</u> | <u>\$ 4,859,551</u> | <u>\$ 58,707,933</u> |

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 | (7,756,750) |

Change in net position of governmental activities \$ 655,725

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:

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

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:

| Fund | Mills |
|--|-------|
| 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>\$ 53,654,532</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>\$ 4,896,017</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,896,017</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 | \$ 3,244,656 |

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 statues 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 statues 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 | \$ 3,349,180 | \$ - | No restrictions | None |
| Government Select Series - Institutional Class Shares | \$ 42,164,679 | \$ - | 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:

| | Primary Government |
|--------------------------------------|-----------------------|
| Cash and cash equivalents | \$ 18,304,482 |
| Restricted cash and cash equivalents | 47,060,696 |
| Total | \$ 65,365,178 |

NOTE 3 - CAPITAL ASSETS

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

| | Balance July 1, 2020 | Reclassifications/ Additions | Reclassifications/ Deletions | Balance June 30, 2021 |
|---|-------------------------|---------------------------------|---------------------------------|--------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 3,006,539 | \$ - | \$ - | \$ 3,006,539 |
| Construction in progress | 4,105,849 | 18,663,507 | 3,534,986 | 19,234,370 |
| Total capital assets not being depreciated | 7,112,388 | 18,663,507 | 3,534,986 | 22,240,909 |
| 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 | 9,770,377 | 1,033,168 | 903,051 | 9,900,494 |
| Total capital assets being depreciated | 282,300,770 | 10,086,056 | 903,051 | 291,483,775 |
| 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 | 6,035,370 | 1,046,922 | 903,051 | 6,179,241 |
| Total accumulated depreciation | 130,914,953 | 10,150,879 | 903,051 | 140,162,781 |
| Total capital assets being depreciated, net | 151,385,817 | (64,823) | - | 151,320,994 |
| Net capital assets | \$ 158,498,205 | \$ 18,598,684 | \$ 3,534,986 | \$ 173,561,903 |

**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:

| | Amount Outstanding | Original Borrowing |
|--|-----------------------|-----------------------|
| <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 | 8,794,910 | |
| Total general obligation bonds | 105,004,910 | |
| Other accrued benefits | | |
| Obligation under contract for compensated absences | 234,100 | |
| Obligation under contract for termination benefits | 983,599 | |
| Total general long term obligations | \$ 106,222,609 | |

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.

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 60th 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.

| <i>MPERS (Plan) Non-university Employers</i> | September 30, 2020 | September 30, 2019 |
|--|--------------------|--------------------|
| 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 | - |
| | \$ 44,147,988 | \$ 2,428,010 |

\$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 | \$ 24,008,915 | \$ 31,960,577 | \$ 41,004,569 |

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 | 632,788 | Other nonmajor governmental | 260,000 |
| | \$ 892,788 | | \$ 892,788 |

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:

| Municipality | Type | Taxes Abated |
|-----------------------|------------|--------------|
| 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 | 215,660 |
| | | \$ 2,646,306 |

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> | | | Variance with Final Budget |
|--|------------------------|---------------------|----------------------|-------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</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 | 289,050 | 321,677 | 229,644 | 92,033 |
| Intergovernmental expenditures | 92,000 | 96,630 | 75,517 | 21,113 |
| 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 | (230,000) | (632,775) | (632,788) | (13) |
| 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> | 3,549,591 | <u>\$ 2,442,259</u> |
| FUND BALANCE | | | | |
| Beginning of year | | | 7,098,932 | |
| 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> |
| 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> |
|---|------------------------------|------------------------------|---------------------------------------|
| LOCAL SOURCES | | | |
| 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> |
| TOTAL LOCAL SOURCES | <u>40,191,427</u> | <u>39,035,889</u> | <u>(1,155,538)</u> |
| STATE SOURCES | | | |
| 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> |
| TOTAL STATE SOURCES | <u>56,139,567</u> | <u>54,784,553</u> | <u>(1,355,014)</u> |
| FEDERAL SOURCES | | | |
| 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> |
| TOTAL FEDERAL SOURCES | <u>7,251,754</u> | <u>6,653,327</u> | <u>(598,427)</u> |
| INTERGOVERNMENTAL SOURCES | | | |
| 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> |
| TOTAL INTERGOVERNMENTAL SOURCES | <u>4,430,570</u> | <u>4,669,416</u> | <u>238,846</u> |
| TOTAL REVENUES | <u>108,013,318</u> | <u>105,143,185</u> | <u>(2,870,133)</u> |
| OTHER FINANCING SOURCES | | | |
| Proceeds from sale of capital assets | 130,000 | 109,623 | (20,377) |
| Transfers in | <u>260,000</u> | <u>260,000</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES | <u>390,000</u> | <u>369,623</u> | <u>(20,377)</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <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**

| INSTRUCTION | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------|---------------------|-------------------|---------------------------------------|
| 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 | | | |
| 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 | | | |
| 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 | | | |

**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 |
| 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) |
| 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 |
| 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) |
| Total pupil transportation | <u>5,806,523</u> | <u>4,992,436</u> | <u>814,087</u> |
| 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 |
| Total central services | <u>3,565,871</u> | <u>3,513,850</u> | <u>52,021</u> |
| 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) |
| Total other support services | <u>2,072,131</u> | <u>1,786,605</u> | <u>285,526</u> |
| 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 | 1,433 | - | 1,433 |
| | <u>321,677</u> | <u>229,644</u> | <u>92,033</u> |
| TOTAL COMMUNITY SERVICES | | | |
| INTERGOVERNMENTAL EXPENDITURES | | | |
| Payments to other governmental units | <u>96,630</u> | <u>75,517</u> | <u>21,113</u> |
| | | | |
| TOTAL EXPENDITURES | <u>\$ 106,663,211</u> | <u>\$ 101,330,429</u> | <u>\$ 5,332,782</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 |
|--|---------------------|---------------------|---------------------|----------------------------|
| ASSETS | | | | |
| 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>2,448,800</u> | <u>1,926,677</u> | <u>795,752</u> | <u>5,171,229</u> |
| TOTAL ASSETS | \$ 2,448,800 | \$ 1,926,677 | \$ 795,752 | \$ 5,171,229 |
| LIABILITIES | | | | |
| Accounts payable | \$ 18,052 | \$ - | \$ - | \$ 18,052 |
| Due to other funds | 85,027 | 37,991 | - | 123,018 |
| Unearned revenue | 131,001 | - | - | 131,001 |
| | <u>234,080</u> | <u>37,991</u> | <u>-</u> | <u>272,071</u> |
| TOTAL LIABILITIES | 234,080 | 37,991 | - | 272,071 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | - | 39,607 | - | 39,607 |
| | <u>-</u> | <u>39,607</u> | <u>-</u> | <u>39,607</u> |
| FUND BALANCES | | | | |
| 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>2,214,720</u> | <u>1,849,079</u> | <u>795,752</u> | <u>4,859,551</u> |
| TOTAL FUND BALANCES | 2,214,720 | 1,849,079 | 795,752 | 4,859,551 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 2,448,800 | \$ 1,926,677 | \$ 795,752 | \$ 5,171,229 |

**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 |
|--|---------------------|---------------------|-------------------|----------------------------|
| REVENUES | | | | |
| 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 |
| TOTAL REVENUES | 8,151,038 | 17,154,476 | 47,655 | 25,353,169 |
| EXPENDITURES | | | | |
| 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 |
| TOTAL EXPENDITURES | 8,201,749 | 16,710,442 | 28,785 | 24,940,976 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (50,711) | 444,034 | 18,870 | 412,193 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 632,788 | - | - | 632,788 |
| Transfers out | (260,000) | - | - | (260,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | 372,788 | - | - | 372,788 |
| NET CHANGE IN FUND BALANCES | 322,077 | 444,034 | 18,870 | 784,981 |
| FUND BALANCES | | | | |
| 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 |
|--|-------------------|----------------------|----------------------------------|--------------------------------|
| ASSETS | | | | |
| 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 |
| | <u>898,782</u> | <u>225,728</u> | <u>1,324,290</u> | <u>2,448,800</u> |
| TOTAL ASSETS | <u>\$ 898,782</u> | <u>\$ 225,728</u> | <u>\$ 1,324,290</u> | <u>\$ 2,448,800</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 9,832 | \$ 8,220 | \$ - | \$ 18,052 |
| Due to other funds | 85,027 | - | - | 85,027 |
| Unearned revenue | 130,749 | 252 | - | 131,001 |
| | <u>225,608</u> | <u>8,472</u> | <u>-</u> | <u>234,080</u> |
| TOTAL LIABILITIES | <u>225,608</u> | <u>8,472</u> | <u>-</u> | <u>234,080</u> |
| FUND BALANCES | | | | |
| Nonspendable for inventories | 72,723 | - | - | 72,723 |
| Restricted | 600,451 | - | - | 600,451 |
| Committed | - | 217,256 | 1,324,290 | 1,541,546 |
| | <u>673,174</u> | <u>217,256</u> | <u>1,324,290</u> | <u>2,214,720</u> |
| TOTAL FUND BALANCES | <u>673,174</u> | <u>217,256</u> | <u>1,324,290</u> | <u>2,214,720</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <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 |
|--|------------------|----------------------|----------------------------------|--------------------------------|
| REVENUES | | | | |
| 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 |
| TOTAL REVENUES | 4,864,339 | 2,354,105 | 932,594 | 8,151,038 |
| EXPENDITURES | | | | |
| 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 |
| TOTAL EXPENDITURES | 4,362,694 | 2,878,846 | 960,209 | 8,201,749 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 501,645 | (524,741) | (27,615) | (50,711) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 10,014 | 622,774 | - | 632,788 |
| Transfers out | (260,000) | - | - | (260,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | (249,986) | 622,774 | - | 372,788 |
| NET CHANGE IN FUND BALANCES | 251,659 | 98,033 | (27,615) | 322,077 |
| FUND BALANCES | | | | |
| 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**

| | <u>GAAP Basis</u> | | | Variance with Final Budget |
|---|--------------------|-------------------|-------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| 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> |
| TOTAL REVENUES | <u>5,065,000</u> | <u>4,840,000</u> | <u>4,864,339</u> | <u>24,339</u> |
| EXPENDITURES | | | | |
| 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> |
| TOTAL EXPENDITURES | <u>4,815,000</u> | <u>4,490,000</u> | <u>4,362,694</u> | <u>127,306</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>250,000</u> | <u>350,000</u> | <u>501,645</u> | <u>151,645</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(250,000)</u> | <u>(250,000)</u> | <u>(249,986)</u> | <u>14</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ 100,000</u> | 251,659 | <u>\$ 151,659</u> |
| FUND BALANCE | | | | |
| 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**

| | <u>GAAP Basis</u> | | | Variance with Final Budget |
|--|--------------------|--------------------|-------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | |
| 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 | 225,000 | 622,775 | 622,774 | (1) |
| 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>Actual</u> | <u>Variance with Final Budget</u> |
|----------------------------|----------------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original Budget</u> | <u>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> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| ASSETS | | | | | | |
| 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 |
| TOTAL ASSETS | <u><u>\$ 277,110</u></u> | <u><u>\$ 320,547</u></u> | <u><u>\$ 453,400</u></u> | <u><u>\$ 175,916</u></u> | <u><u>\$ 699,704</u></u> | <u><u>\$ 1,926,677</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| 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> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - property taxes | <u>-</u> | <u>39,607</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>39,607</u> |
| FUND BALANCES | | | | | | |
| 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> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u><u>\$ 277,110</u></u> | <u><u>\$ 320,547</u></u> | <u><u>\$ 453,400</u></u> | <u><u>\$ 175,916</u></u> | <u><u>\$ 699,704</u></u> | <u><u>\$ 1,926,677</u></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, 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 \$13,500,000.

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

2016 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 | 2.00% | \$ - | \$ - | \$ 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

| <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 | 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 refurbishing, 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 | Operating | | |
| | | | | | | 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 | \$ 3,229,262,843 | \$ 28,029,200 | \$ 133,930,000 | \$ 2,094,808,036 | \$ 5,486,030,079 | | | |
| Official Student Enrollment | 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**

| <u>Site</u> | <u>Amount</u> |
|---------------------------|-------------------|
| 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 ¹ | | | | |
|---|--------------------------|----------------------|----------------------|--------------------------|------------------------|
| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> ² | <u>2016</u> |
| Assets | | | | | |
| 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 |
| Total Assets | <u>187,805,663</u> | <u>182,316,361</u> | <u>187,376,641</u> | <u>178,270,612</u> | <u>197,720,201</u> |
| Deferred Outflows of Resources | | | | | |
| Related to pension | - | - | - | 13,905,319 | 19,047,562 |
| Related to OPEB | - | - | - | - | - |
| Total Deferred Outflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,905,319</u> | <u>19,047,562</u> |
| Liabilities | | | | | |
| 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 |
| Total Liabilities | <u>99,574,693</u> | <u>92,726,014</u> | <u>95,660,742</u> | <u>209,211,503</u> | <u>243,512,339</u> |
| Deferred Inflows of Resources | | | | | |
| Related to pensions | - | - | - | 13,973,255 | 477,673 |
| Related to OPEB | - | - | - | - | - |
| Related to state aid funding for pension | - | - | - | - | 3,938,030 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,973,255</u> | <u>4,415,703</u> |
| Net Position ³ | | | | | |
| 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) |
| Total Net Position | <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> |

¹ Years 2017-2021 continue on following page.

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

³ 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 ¹ | 2019 | 2020 ² | 2021 |
| Assets | | | | | |
| 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 |
| Total Assets | 185,395,324 | 192,554,976 | 221,616,787 | 213,152,831 | 251,368,063 |
| Deferred Outflows of Resources | | | | | |
| 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 |
| Total Deferred Outflows of Resources | 21,683,066 | 39,118,570 | 66,488,865 | 67,201,070 | 60,357,701 |
| Liabilities | | | | | |
| 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 |
| Total Liabilities | 232,130,667 | 294,230,582 | 335,093,551 | 330,405,112 | 359,519,776 |
| Deferred Inflows of Resources | | | | | |
| 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 |
| Total Deferred Inflows of Resources | 5,046,046 | 16,232,389 | 31,624,939 | 33,441,734 | 35,043,208 |
| Net Position: | | | | | |
| 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) |
| Total Net Position | \$ (30,098,323) | \$ (78,789,425) | \$ (78,612,838) | \$ (83,492,945) | \$ (82,837,220) |

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

² 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
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Changes in Net Position
2012-2021

| | Fiscal Year ¹ | | | | |
|---|--------------------------|--------------------------------|----------------------|----------------------------------|------------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses: | | | | | |
| 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> |
| Program Revenues: | | | | | |
| 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> |
| General Revenues: | | | | | |
| 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> |
| CHANGE IN NET POSITION | <u>2,083,351</u> | <u>1,757,092</u> | <u>2,125,552</u> | <u>4,349,310</u> | <u>(151,452)</u> |
| NET POSITION, beginning of year | <u>86,147,619</u> | <u>87,833,255</u> ² | <u>89,590,347</u> | <u>(35,358,137)</u> ³ | <u>(31,008,827)</u> |
| NET POSITION, end of year | <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> |

¹ Years 2017-2021 continue on following page.

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

³ 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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Changes in Net Position
2012-2021 (Continued from previous page)

| | Fiscal Year | | | | |
|---|------------------------|----------------------------------|------------------------|----------------------------------|------------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Expenses: | | | | | |
| 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> |
| Program Revenues: | | | | | |
| 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> |
| General Revenues: | | | | | |
| 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> |
| CHANGE IN NET POSITION | 1,061,956 | 4,197,353 | 176,587 | (6,067,993) | 655,725 |
| NET POSITION, beginning of year | <u>(31,160,279)</u> | <u>(82,986,778)</u> ¹ | <u>(78,789,425)</u> | <u>(77,424,952)</u> ² | <u>(83,492,945)</u> |
| NET POSITION, end of year | <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> |

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

² 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 |
| General Fund | | | | | |
| 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 |
| Total general fund | <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> |
| Other governmental funds | | | | | |
| 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 |
| Total other governmental funds | <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> |
| Total governmental funds | <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 |
| General Fund | | | | | |
| 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 |
| Total general fund | <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> |
| Other governmental funds | | | | | |
| 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 |
| Total other governmental funds | <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> |
| Total governmental funds | <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> |

TRAVERSE CITY AREA PUBLIC SCHOOLS
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Changes in Fund Balances - Governmental Funds
2012-2021

| | Fiscal Year ¹ | | | | |
|---|--------------------------|-----------------------|---------------------|-----------------------|----------------------|
| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| Revenues | | | | | |
| 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 | <u>50,048,544</u> | <u>50,176,704</u> | <u>51,408,134</u> | <u>52,539,104</u> | <u>53,572,801</u> |
| 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 | <u>103,248,658</u> | <u>103,878,729</u> | <u>106,225,977</u> | <u>111,475,597</u> | <u>113,240,681</u> |
| Expenditures | | | | | |
| 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 | <u>111,632,563</u> | <u>112,449,643</u> | <u>113,016,412</u> | <u>117,204,305</u> | <u>121,265,949</u> |
| Excess of revenues over (under) expenditures | <u>(8,383,905)</u> | <u>(8,570,914)</u> | <u>(6,790,435)</u> | <u>(5,728,708)</u> | <u>(8,025,268)</u> |
| Other Financing Sources (Uses) | | | | | |
| 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) | <u>11,000,000</u> | <u>-</u> | <u>13,768,550</u> | <u>38,580</u> | <u>27,560,281</u> |
| Net change in fund balance | <u>\$ 2,616,095</u> | <u>\$ (8,570,914)</u> | <u>\$ 6,978,115</u> | <u>\$ (5,690,128)</u> | <u>\$ 19,535,013</u> |
| Debt service as a percentage of noncapital expenditures | 13.1% | 12.5% | 12.1% | 12.4% | 12.4% |

¹ 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 |
| Revenues | | | | | |
| 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 | <u>55,232,988</u> | <u>56,298,049</u> | <u>58,231,686</u> | <u>61,699,818</u> | <u>59,108,980</u> |
| 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 | <u>114,972,937</u> | <u>119,119,486</u> | <u>120,864,412</u> | <u>123,466,672</u> | <u>130,512,536</u> |
| Expenditures | | | | | |
| 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 | <u>121,365,899</u> | <u>136,206,751</u> | <u>133,008,353</u> | <u>142,900,831</u> | <u>151,561,037</u> |
| Excess of revenues over (under) expenditures | <u>(6,392,962)</u> | <u>(17,087,265)</u> | <u>(12,143,941)</u> | <u>(19,434,159)</u> | <u>(21,048,501)</u> |
| Other Financing Sources (Uses) | | | | | |
| 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) | <u>236,205</u> | <u>15,194,336</u> | <u>35,107,589</u> | <u>156,734</u> | <u>42,726,743</u> |
| Net change in fund balance | <u>\$ (6,156,757)</u> | <u>\$ (1,892,929)</u> | <u>\$ 22,963,648</u> | <u>\$ (19,277,425)</u> | <u>\$ 21,678,242</u> |
| Debt service as a percentage of noncapital expenditures | 12.2% | 12.5% | 13.2% | 13.5% | 13.4% |

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends

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

| Governmental Activities: | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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> |

| Governmental Activities: | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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

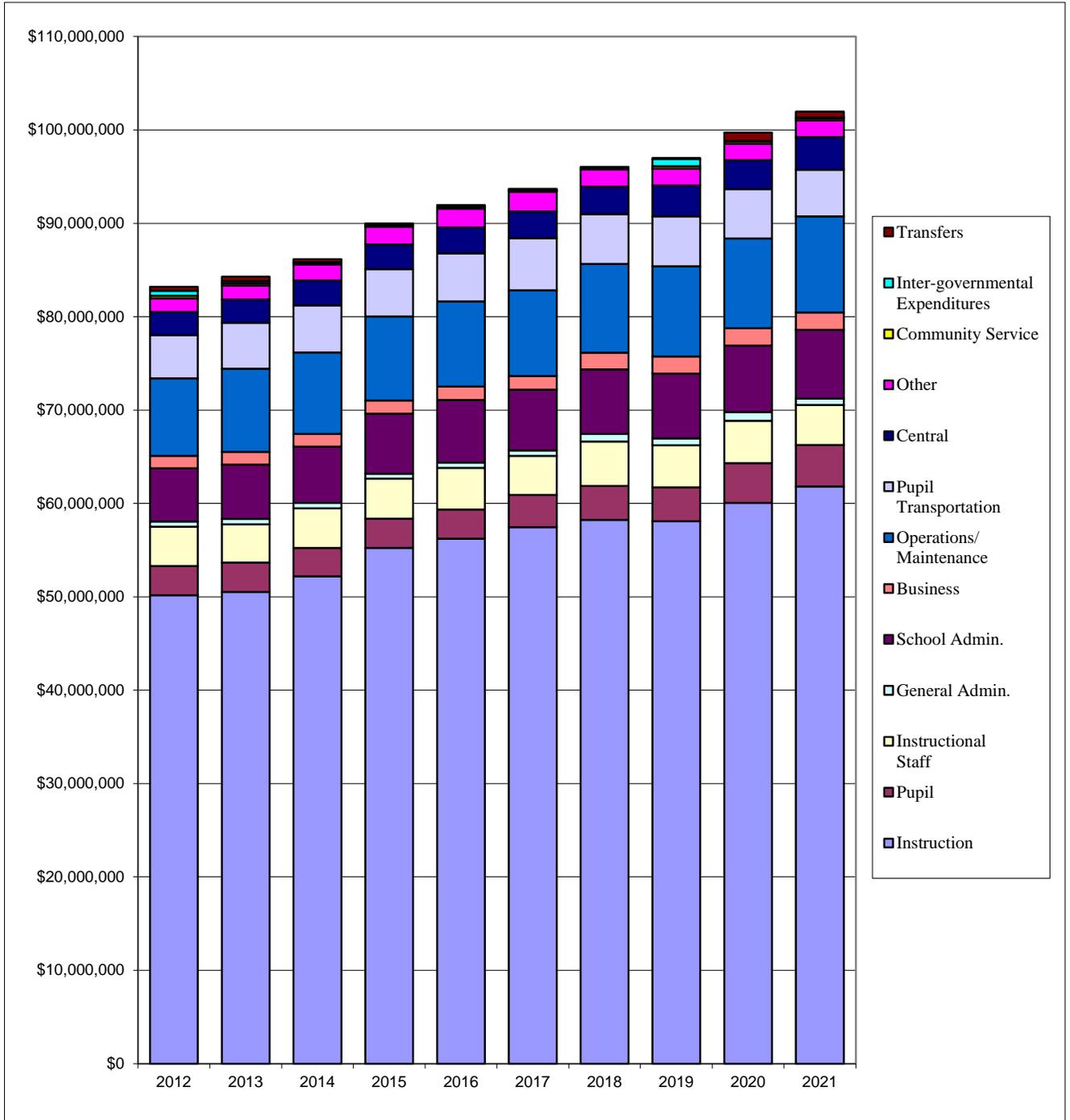
TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Statement of Revenues by Source - Government-Wide
Fiscal Years 2011-2012 through 2020-2021

| Revenues | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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 | \$103,239,641 | \$103,888,592 | \$106,509,329 | \$111,499,474 | \$109,312,957 |

| Revenues | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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 | \$114,589,815 | \$119,876,053 | \$120,643,205 | \$123,816,919 | \$129,326,374 |

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
General Fund - Expenditures and Transfers by Function
Graphical Representation
Fiscal Years 2011-2012 through 2020-2021



TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
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% |

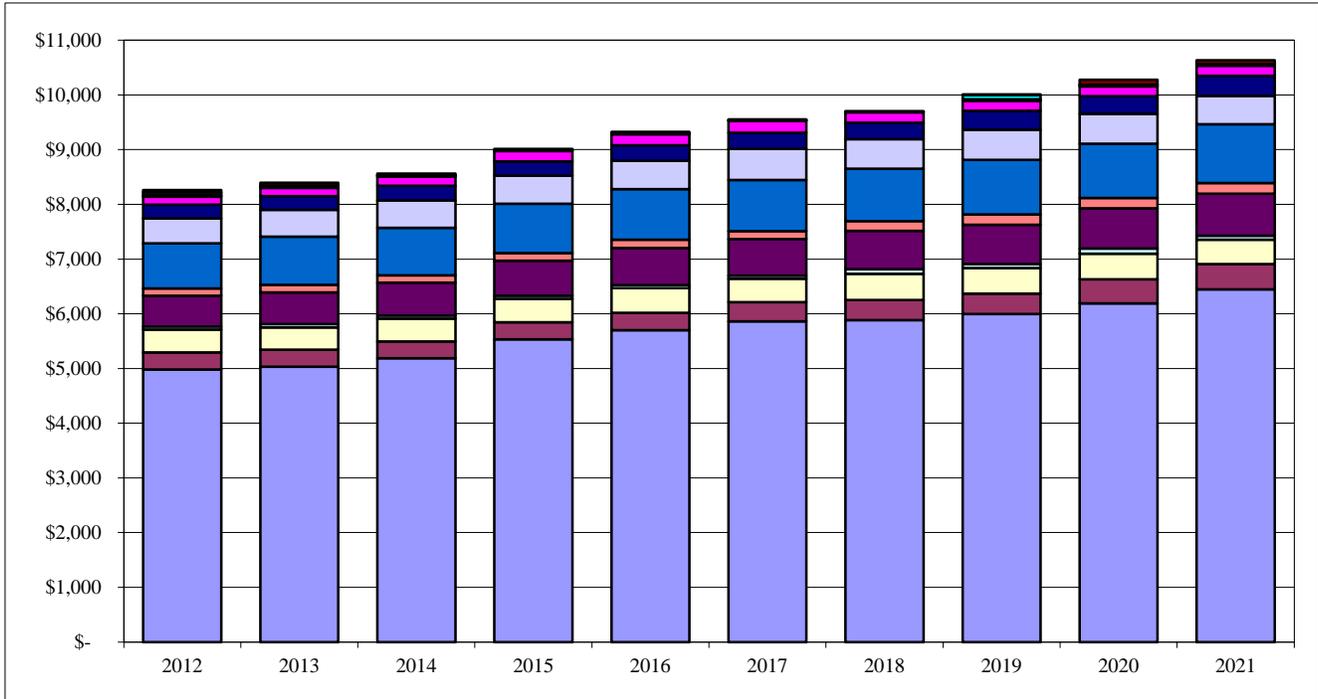
| Year Ended June 30 | Operations/ Maintenance | Pupil Transportation | Central | Other | Community Service | Inter- governmental Expenditures |
|-----------------------|----------------------------|-------------------------|---------|-------|----------------------|--|
| 2012 | 9.99% | 5.55% | 2.99% | 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 ¹
Fiscal Years 2011-2012 through 2020-2021**

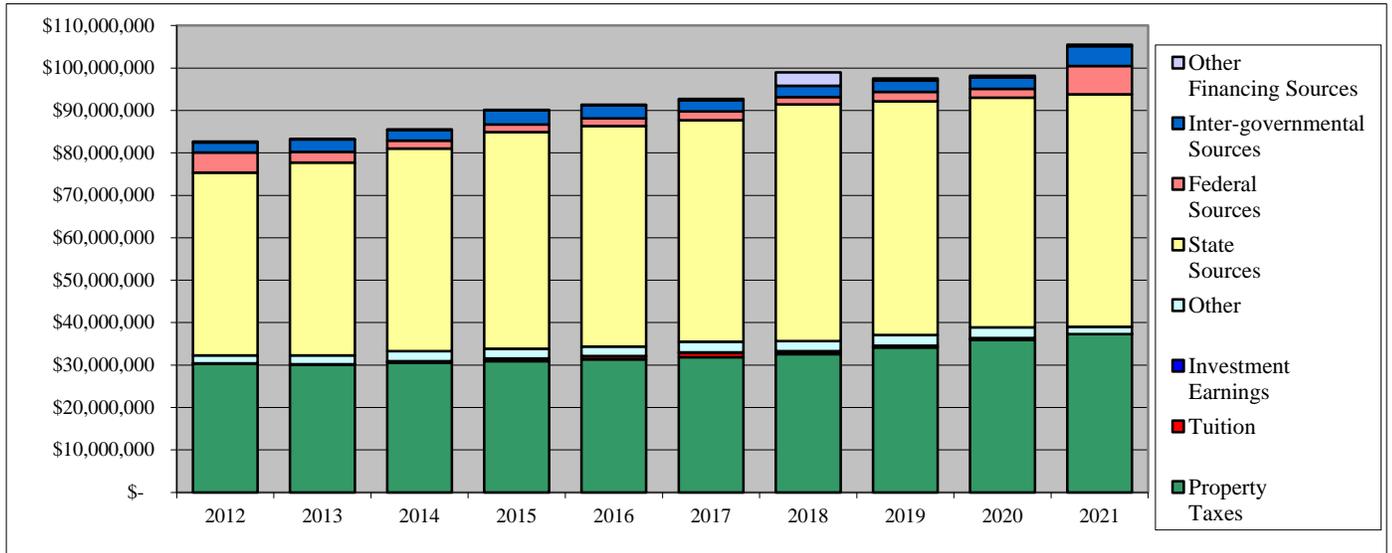


| Year Ended June 30 | Instruction | Pupil | Instruc-tional Staff | Gen. Admin. | School Admin. | Business | Oper./ Maint. | Pupil Trans. | Central | Other | Comm. Service | Inter Gov. Exp. | Oper. Trans. | Total Expenditures and Transfers |
|--------------------|-------------|--------|----------------------|-------------|---------------|----------|---------------|--------------|---------|--------|---------------|-----------------|--------------|----------------------------------|
| 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 |

¹ 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 |

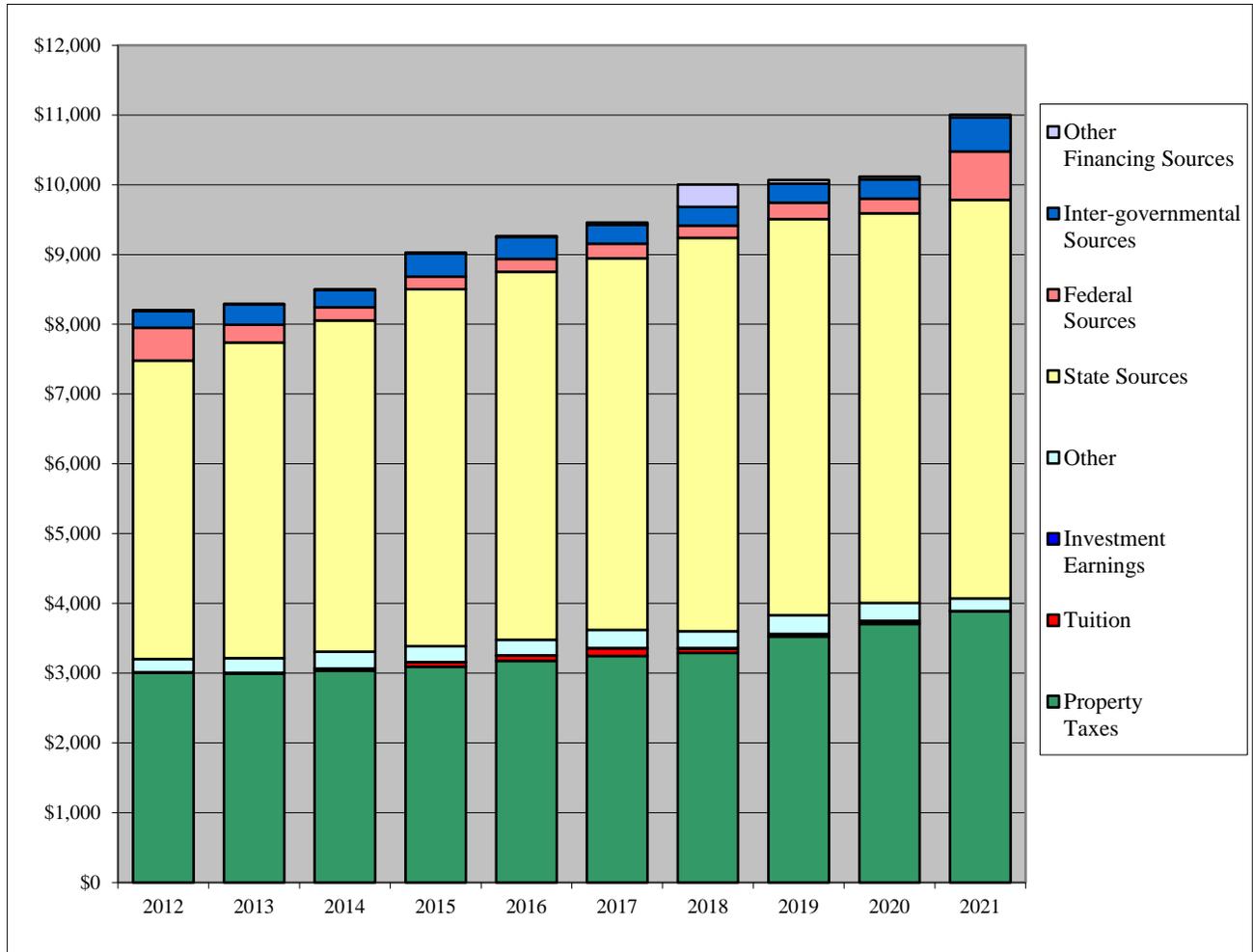
Sources of Revenues as a Percentage of Total Revenue

| 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 ¹
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 ² |
|--------------------|----------------|---------|---------------------|--------|---------------|-----------------|----------------------------|-------------------------|--|---------------------------------|
| 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 |

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

² 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 Equity | Total Expenditures and Transfers Out | % of General Fund |
|-------------|------------------------|--|----------------------|
| 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 Equity | Total Revenue and Transfers In | % of General Fund |
|-------------|------------------------|--------------------------------------|----------------------|
| 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 ¹
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 (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 |

¹ 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 ¹ (Estimated) | Assessed Valuation | Gross Bonded Debt ² | Debt Service Monies Available | Net Bonded Debt ² | 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 |

¹ Source: U.S. Census Bureau; Grand Traverse County

² 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

| Fiscal Year | General Obligation Bonds ¹ | Monies Restricted for Debt Service | Net Bonded Debt ¹ | Percentage of Taxable Value ² | Per Capita ³ |
|-------------|---|--|------------------------------------|---|-------------------------|
| 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 |

¹ Presented net of original discounts and premiums.

² Property Taxable Value data provided in Demographic & Economic Information - Property Value & Construction Schedule.

³ 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 ¹ | Limited Obligation Bonds ² | Monies Restricted for Debt Service | Total Net Outstanding Debt ¹ | Percentage of Personal Income ³ | Per Capita ³ |
|-------------|---|---|--|---|--|-------------------------|
| 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 |

¹ Presented net of original discounts and premiums.

² 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.

³ 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 | 1,849,079 |
| Total net debt applicable to limit | 94,360,921 |
| Legal debt margin | \$ 968,702,550 |

| | Fiscal Year | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Debt Limit | \$ 752,435,139 | \$ 736,199,524 | \$ 750,051,228 | \$ 768,578,481 | \$ 797,275,241 |
| Total net debt applicable to limit | 83,098,230 | 73,339,036 | 76,435,412 | 65,584,026 | 80,697,675 |
| Legal debt margin | \$ 669,336,909 | \$ 662,860,488 | \$ 673,615,816 | \$ 702,994,455 | \$ 716,577,566 |
| 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 | | | | |
|---|----------------|----------------|----------------|----------------|------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Debt Limit | \$ 832,027,310 | \$ 892,438,309 | \$ 920,199,275 | \$ 989,069,174 | \$ 1,063,063,471 |
| Total net debt applicable to limit | 68,710,098 | 67,090,427 | 83,604,958 | 70,144,955 | 94,360,921 |
| Legal debt margin | \$ 763,317,212 | \$ 825,347,882 | \$ 836,594,317 | \$ 918,924,219 | \$ 968,702,550 |
| 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

| Direct Debt | Debt Outstanding | Percent Applicable to School District ¹ | Amount Applicable to School District ¹ | Debt Principal Per Capita (Pop 93,646) | Percent of STV ² |
|---|-------------------------|---|--|---|------------------------------------|
| General Obligation Bonds | \$ 96,210,000 | 100.00% | \$ 96,210,000 | \$ 1,027 | 1.75% |
| Total Direct Debt | 96,210,000 | | 96,210,000 | 1,027 | 1.75% |
| Overlapping Debt ³ | | | | | |
| 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% |
| Total Overlapping Debt | 86,717,130 | | 75,401,952 | 805 | 1.38% |
| Total Direct and Overlapping Debt | \$ 182,927,130 | | \$ 171,611,952 | \$ 1,833 | 3.13% |

¹ 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.

² 2020 Taxable Value equal to \$5,486,030,079

³ 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 ¹ | | | | | Tax Levy (Mills) ¹ | | | |
|-------------|-------------------------------------|------------------------------------|------------------------------------|----------------------|----------------------------|-------------------------------------|---|------------------------------------|------|
| | Principal Residence Exemption | Industrial Personal Property | Commercial Personal Property | All Other Non-PRE | Taxable Valuation Total | Operating | | | |
| | | | | | | 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 |

¹ 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

| School Year | Number of Staff | | | Total |
|--------------------|--------------------------------|---------------------------------|---|--------------|
| | Instructional Employees | Administrative Employees | Support/ Non-Instructional Employees | |
| 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 Rate¹</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% |

¹ 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 ¹ | | | | | New Residential Building Permits ² | |
|-------------|----------|-------------------------------|------------------------------|------------------------------|-------------------|------------------|---|---------------|
| | | 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 |

¹ 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.

² 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 | | <u>\$ 4,193,127,769</u> | <u>100.00%</u> |

| 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 | | <u>\$ 5,486,030,079</u> | <u>100.00%</u> |

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% |

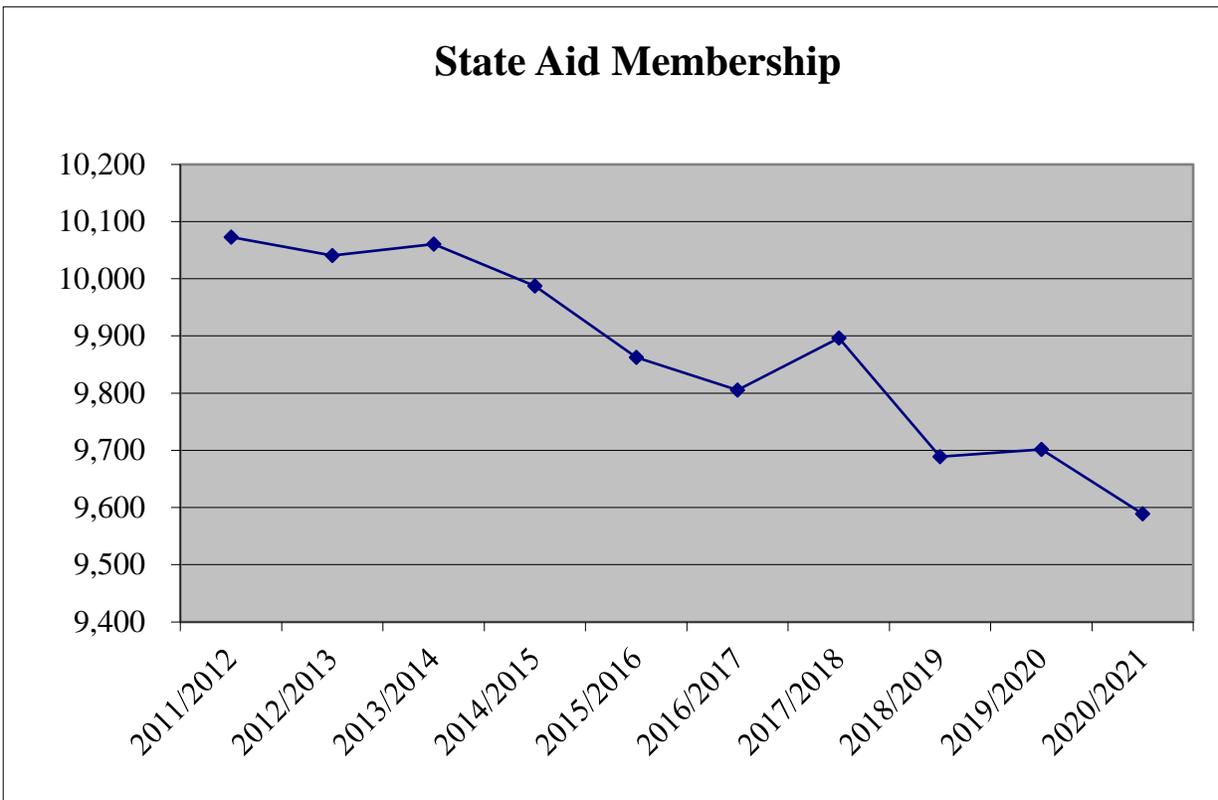
| Employer | Product/Service | 2020/2021 | |
|-----------------------------------|----------------------------|-----------------------------|----------------------------------|
| | | Approximate Number Employed | % of Total Employed ¹ |
| Munson Healthcare | Health Care | 3,100 | 6.51% |
| Traverse City 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% |

¹ 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**

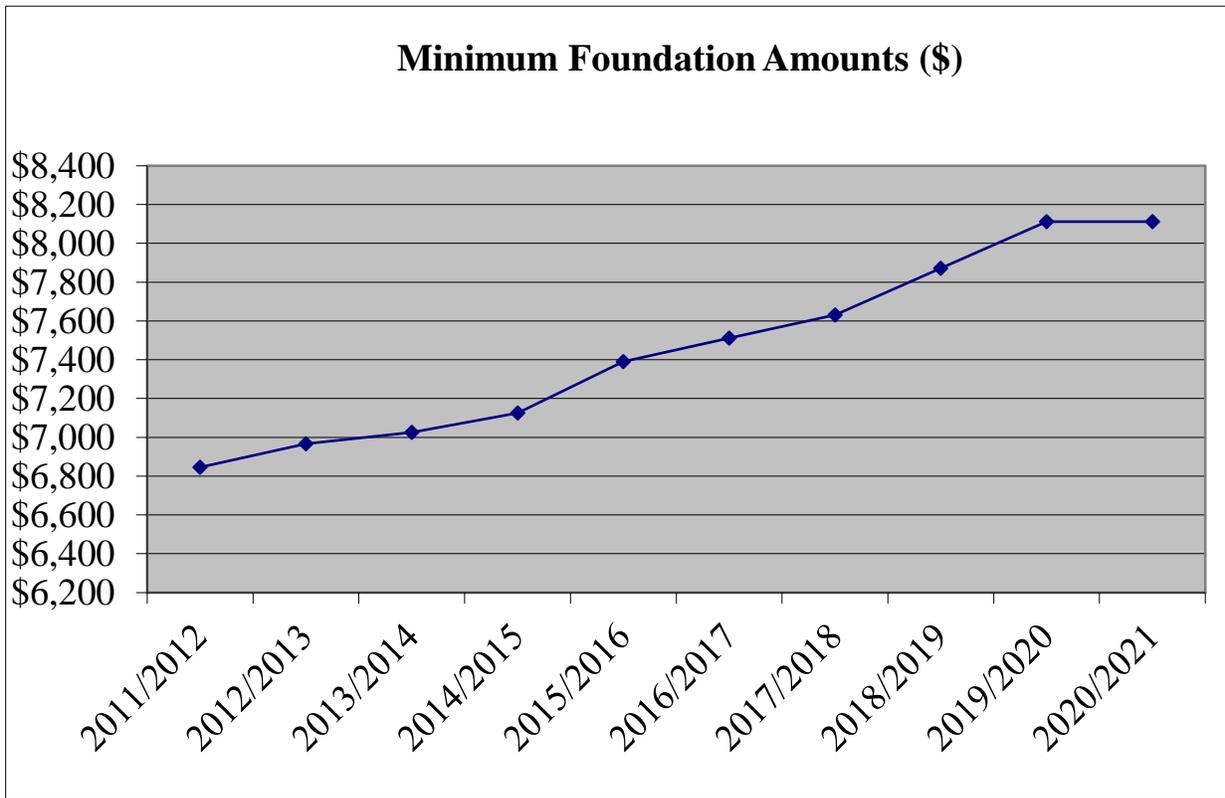
| Fiscal Year | Total F.T.E. |
|-------------|--------------|
| 2011/2012 | 10,072.97 |
| 2012/2013 | 10,040.69 |
| 2013/2014 | 10,060.43 |
| 2014/2015 | 9,987.35 |
| 2015/2016 | 9,862.59 |
| 2016/2017 | 9,805.08 |
| 2017/2018 | 9,896.39 |
| 2018/2019 | 9,688.87 |
| 2019/2020 | 9,701.42 |
| 2020/2021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

| Fiscal Year | Minimum Foundation Amounts (\$) |
|-------------|---------------------------------|
| 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 ¹ | Contents ¹ | Site Improvements ¹ | Total Insured |
|--|------------------------|-----------------------|-----------------------------------|-----------------------|
| Bertha Vos Elementary ² | \$ 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 ² | 10,819,183 | 1,737,025 | 161,400 | 12,717,608 |
| Interlochen Community School ³ | 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 ⁴ | 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> | |
| <u>Total Real & Personal Property</u> | | | | <u>\$ 378,433,202</u> |

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

² 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.

³ 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.

⁴ 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
Operational Information
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 ¹ | |
|---|----------------------------------|-------------------|------------------|--------------|----------------------|--------------|---------------------------------|-----|
| | | | | | Total | Total | Total | K-5 |
| INSTRUCTIONAL | | | | | | | | |
| <u>Elementary Schools</u> | | | | | | | | |
| Bertha Vos Elementary ² | 1953 | one | 35,320 | 6.0 | 15 | 0 | 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 ² | 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 ³ | 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 ⁴ | 1950 | one | 41,224 | 10.2 | 13 | 0 | 0 | |
| <u>Secondary Schools</u> | | | | | | | | |
| 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 | | | <u>1,819,481</u> | <u>573.4</u> | <u>602</u> | <u>9,232</u> | <u>3,771</u> | |
| 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 ⁵ | | | | 26.0 | | | | |
| Thirlby Field | 1995 | | <u>27,588</u> | <u>7.0</u> | | | | |
| Total Non-Instructional | | | <u>140,579</u> | <u>56.2</u> | | | | |
| 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 | | | | |

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

² 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.

³ 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.

⁴ 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.

⁵ 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
Operational Information
School Building Information ¹
Fiscal Years 2011-2012 through 2020-2021

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>Bertha Vos Elementary</u> ² | | | | | | | | | | |
| 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>Blair Elementary</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>Central Grade Elementary</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>Cherry Knoll Elementary</u> ³ | | | | | | | | | | |
| 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>Courtade Elementary</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>Eastern Elementary</u> ² | | | | | | | | | | |
| 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>Interlochen Community School</u> ⁴ | | | | | | | | | | |
| 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>Long Lake Elementary (old)</u> ⁵ | | | | | | | | | | |
| 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>Long Lake Elementary (new)</u> ⁵ | | | | | | | | | | |
| 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>Montessori at Glenn Loomis</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 |

¹ This schedule continues on the following page.

² 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.

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

⁴ 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.

⁵ 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
Annual Comprehensive Financial Report
Operational Information
School Building Information
Fiscal Years 2011-2012 through 2020-2021
(Continued from previous page)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>Oak Park Elementary</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>Old Mission Peninsula School</u> ¹ | | | | | | | | | | |
| 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>Silver Lake Elementary</u> ² | | | | | | | | | | |
| 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>Traverse Heights Elementary</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>Westwoods Elementary</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>Willow Hill Elementary</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>East Middle School</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>West Middle School</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>Central High School</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>Traverse City High School</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>West Senior High School</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 |

¹ 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.

² 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 |
|--|----------------------------------|---------------------------|-----------------------------|---|-----------------------------------|---------------------------------|--|---------------------------------|------------------------------------|
| <u>U.S. Department of Agriculture</u> | | | | | | | | | |
| 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 |
| <u>U.S. Department of Education</u> | | | | | | | | | |
| 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 |
|--|----------------------------------|---------------------------|-----------------------------|---|-----------------------------------|---------------------------------|--|---------------------------------|------------------------------------|
| U.S. Department of Education (continued) | | | | | | | | | |
| 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 Bay 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

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