

Annual Comprehensive Financial Report

**Fiscal Year Ended
June 30, 2022**

**Prepared by:
Business Office
Christine Thomas-Hill, Assistant 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, 2022**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-8
Organizational Chart.....	9
Principal Officials	10
Certificate of Excellence	11
 FINANCIAL SECTION	
Independent Auditor’s Report	13-15
Management’s Discussion and Analysis.....	17-26
Basic Financial Statements	27
Government-wide Financial Statements	
Statement of Net Position	28
Statement of Activities.....	29
Fund Financial Statements	
Balance Sheet - Governmental Funds	30-31
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	33
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	34-35
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	36
Notes to the Basic Financial Statements	37-68
Required Supplementary Information	69
Budgetary Comparison Schedule - General Fund	70
Schedule of the Reporting Unit’s Proportionate Share of the Net Pension Liability.....	71
Schedule of the Reporting Unit’s Pension Contributions.....	72
Schedule of the Reporting Unit’s Proportionate Share of the Net OPEB Liability.....	73
Schedule of the Reporting Unit’s OPEB Contributions.....	74
Notes to Required Supplementary Information	75

**TRAVERSE CITY AREA PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION (concluded)	
Additional Supplementary Information	77
General Fund.....	78
Schedule of Revenues and Other Financing Sources.....	79
Schedule of Expenditures.....	80-85
Nonmajor Governmental Fund Types.....	86
Combining Balance Sheet.....	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	88
Special Revenue Funds	
Combining Balance Sheet.....	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	90
Budgetary Comparison Schedule - Food Service Fund.....	91
Budgetary Comparison Schedule - Community Service Fund.....	92
Budgetary Comparison Schedule - Student/School Activities Fund.....	93
Debt Service Funds	
Combining Balance Sheet.....	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	95
Other Schedules.....	96
Bonded Debt.....	97-101
Schedule of Property Tax Data.....	102
Property Tax Data.....	103
General Fund Balance Assignments by Building.....	104

**TRAVERSE CITY AREA PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED)	
Statistical Section Overview	105
Financial Trends.....	106
Net Position by Component.....	107-108
Changes in Net Position.....	109-110
Fund Balances - Governmental Funds	111
Changes in Fund Balances - Governmental Funds.....	112-113
Statement of Expenses and Transfers by Function - Government-wide.....	114
Statement of Revenues by Source - Government-wide	115
General Fund - Expenditures and Transfers by Function - Graphical.....	116
General Fund - Expenditures and Transfers by Function.....	117
General Fund - Sources of Expenditures and Transfers as a Percentage of Total Expenditures.....	118
General Fund - Comparison of per Pupil Expenditures and Transfers by Function	119
General Fund - Revenues and Other Financing Sources by Source.....	120
General Fund - Comparison of per Pupil Revenues and Other Financing Sources by Source	121
General Fund - History of Fund Equity	122
Revenue and Debt Capacity	123
Property Tax Levies and Collections	124
Assessed and Estimated Actual Value of Property	125
Tax Rates - Overlapping.....	126
Ratio of Net General Bonded Debt Outstanding to Assessed Value and Net Bonded Debt per Capita.....	127

**TRAVERSE CITY AREA PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED) (concluded)	
Ratio of Net General Bonded Debt Outstanding	128
Ratio of Net Debt Outstanding by Type	129
Legal Debt Margin Information.....	130
Schedule of Direct and Overlapping Debt.....	131
Taxable Valuation of Property in School District.....	132
Demographic and Economic Information	133
Employment by Classification	134
School District Demographic Statistics.....	135
Property Value and Construction	136
Principal Taxpayers	137
Principal Employers in the District.....	138
School District State Aid Membership	139
History of Foundation Allowance	140
Operational Information	141
Insurance Coverage Data.....	142
Summary of Owned Buildings and Sites	143
School Building Information	144-145
Operating Statistics	146

**TRAVERSE CITY AREA PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS

	<u>Page</u>
OTHER ITEMS	
Schedule of Expenditures of Federal Awards	147-150
Notes to Schedule of Expenditures of Federal Awards.....	151-152
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 <i>GOVERNMENT AUDITING STANDARDS</i>	153-154
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	155-157
Schedule of Findings and Questioned Costs	159
Schedule of Prior Audit Findings.....	160
Vision and Mission Statement	161



Christine Thomas-Hill
*Assistant Superintendent
of Finance and Operations*

412 Webster Street
Traverse City MI 49686

t: 231.933.1730
e: thomasch@tcaps.net

September 30, 2022

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 ending June 30, 2022. 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 eighteenth 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 about 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 2021 count day, the District's enrollment was 9,124 K-12, shared time, and Early Childhood Special Education (ECSE) students. The District also operated additional programs which include 232 Preschool students and 53 Great Start Readiness Program (GSRP) students. The District has experienced declining enrollment over the past decade and projections show the same trajectory for the foreseeable future; this primarily is due to an increase in parental choice and a decrease in birth rates. The budgeted enrollment for the 2022-2023 fiscal year is 9,008.

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, 2021, the District operated ten traditional kindergarten through fifth-grade elementary schools, one Montessori toddler through eighth-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, abundant farms, 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 February 2022 (based on June 30, 2021 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 18th largest out of 821 school districts in the State of Michigan in terms of the 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 \$8,700 in fiscal year 2022. The District ranks 575 in total general fund revenues per student at \$11,456, 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 (287 in the state for basic programs), instructional support (418), and teacher salaries (106) and fewer resources on Fiscal Services (653), and General Administration (799). Expenditures for Operations and Maintenance (419) 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 the student population.

		<u>Per Pupil</u>	<u>State Rank</u>
General fund revenues	- All sources	\$ 11,456	575
General fund expenditures	- Basic programs	5,870	287
	- Added needs	1,011	636
	- Instructional support	939	418
	- Fiscal services	104	653
	- Operations and maintenance	1,112	419
	- General administration	76	799
	- Total expenditures	11,071	517
		<u>Amount</u>	<u>State Rank</u>
Salary information	- Average teacher salary	\$ 65,965	106

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 Ratings Services (April 2021). A high rating in these very difficult financial times serves as independent verification of the District’s commitment to fiscal responsibility.

DISTRICT STRATEGIC PLAN

TCAPS COMPASS

CRUCIAL OBJECTIVES AND METRICS TO PLAN FOR ACTIONABLE STUDENT SUCCESS

MISSION

TCAPS educates, inspires, and supports all learners to maximize individual excellence and success.

VISION

An educational community providing opportunities and resources to relentlessly support all learners in achieving their full potential.

VALUES

Students First - Prioritizing the needs of all learners

Excellence - Offering a world-class educational experience to all students

Integrity - Operating with honesty, transparency and fairness

Inclusive - Ensuring equitable access and acceptance for all

Success for All - Supporting each learner to maximize their full potential

Leadership - Developing high-quality programs and people through innovation, empathy, and mindfulness

Community - Connecting with each other and our community to serve our students greater

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. The target goal for TCAPS’ fund balance is 12% of expenditures. As of fiscal year end 2022, the District has a 12.24% fund balance.

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 the table below for the buildings 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
Montessori at Glen Loomis	1957	Bus Garage	1971
Oak Park Elementary	1950	Facilities Building	1981
Silver Lake Elementary	1987	Data Center	1949
Traverse Heights Elementary	1950	Thirlby Field	1995
Westwoods Elementary	1990	Trojan Athletic Complex	2021
Willow Hill Elementary	1949		
Interlochen Community School	1950		
Long Lake Elementary	2011		

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.

Proceeds from the 2018 authorized bonds have been used for the following:

- Construction of secure entry vestibules;
- Security enhancements of building level access systems and notification systems at all buildings;
- Complete reconstruction of one elementary facility;
- Partial reconstruction and additions to elementary buildings;
- Athletic upgrades at the secondary level;
- Site improvements and parking lot upgrades at elementary and secondary facilities;
- Renovation and system upgrades to high school auditoriums;
- Improvements to integrated fiber/wireless system;
- Creation of a disaster recovery 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 classroom and cafeteria furniture to standardize District assets.

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 have 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 a 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 an 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. This budget is established prior to the fiscal year beginning and 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. Annual appropriations lapse at year-end.

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 \$13,023 for fiscal 2022) must contain three informal competitive quotes and be approved online by the District's Purchasing Coordinator and the Assistant Superintendent of Finance and Operations. Finally, any transaction exceeding the State of Michigan threshold required for sealed bids (\$26,046 for fiscal 2022) 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 2022 fund balance and projected 2023 revenues are sufficient to meet the 2023 budget as presented to the Board in a public budget hearing in June of 2022.

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 and tremendous cultural and social opportunities often only found in much larger cities. Grand Traverse County is a growing tech, manufacturing, health care, and financial hub offering a rich and diverse experience which makes the county an attractive choice for remote workers. The region's reputation as a foodie town, destination for the area's finest wineries, natural beauty source, and vibrant and thriving community has grown exponentially over the past 10 years. USA Today recently featured Traverse City in their "10 Best" list highlighting the cultural scene, amazing beaches, environmental 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 entices 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 microbrew 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 2021 median age in Grand Traverse County was 43 years, compared to 39.8 years for Michigan overall. In 2021, 21% of the population of the County was 65 years old and over which is higher than the 18% for Michigan overall. In comparison, only 15.1% of the County population in 2010 was 65 years old and over. This trend of an aging population is expected to continue in the region. As the population ages, it is expected that demand for medical services will continue to grow. 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, 2022, the area's major employers and their approximate number employed were as follows:

<u>Employer</u>	<u>Approximate Number Employed</u>
Munson Healthcare	3,700
Traverse City Area Public Schools	1,140
Hagerty Insurance	751
Northwestern Michigan College	736
Northwest Education Services	592
Meijer	564
Grand Traverse County	514
Grand Traverse Resort & Casino	500
Interlochen Center for the Arts	483
Britten Inc.	350

Sources: Grand Traverse County and individual employers.

Property values have increased over the past year and we are aware that values in 2022 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

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%
2021	5,723,517,329	4.32%

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 the 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 Annual Comprehensive Financial Report for the fiscal year ending June 30, 2021.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, 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 ending June 30, 2022.

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,



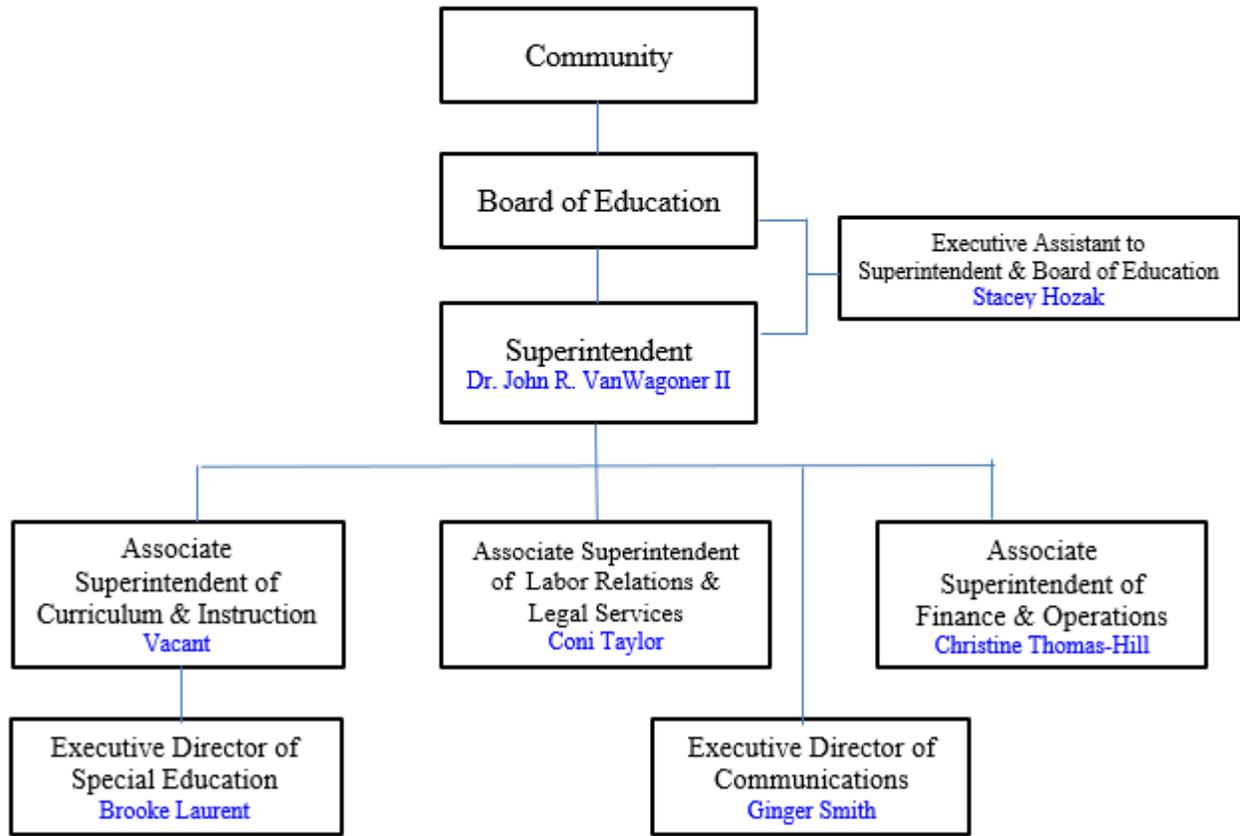
Dr. John R. VanWagoner II
Superintendent



Christine Thomas-Hill
Assistant Superintendent, Finance and Operations

Organizational Chart

2021-2022



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

Board of Education

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

District Executive Team

Dr. John R. VanWagoner II Superintendent
Vacant Associate Superintendent of Curriculum and Instruction
Christine Thomas-Hill Assistant Superintendent of Finance and Operations
Coni Taylor Associate Superintendent of Labor Relations & Legal Services
Dr. Cindy Berck Executive Director of Human Resources
Brooke Laurent Executive Director of Special Education
Ginger Smith Executive Director of Communications

Official Issuing Report

Christine Thomas-Hill Assistant 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 Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

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



A handwritten signature in black ink, reading 'William A. Sutter'.

**William A. Sutter
President**

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

**David J. Lewis
Executive Director**

THIS PAGE IS INTENTIONALLY LEFT BLANK



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Traverse City Area Public Schools

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Traverse City Area Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, in 2022 the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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, 2022 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 Traverse City Area Public Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

September 30, 2022

THIS PAGE IS INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

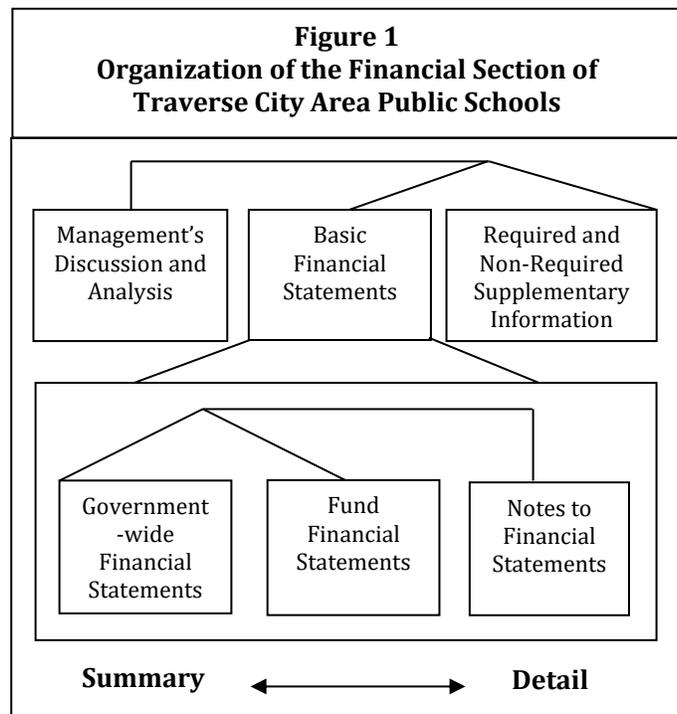
This section of the Annual Comprehensive Financial Report for Traverse City Area Public Schools (the District) presents our discussion and analysis of the District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the transmittal letter found on pages 1 through 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, 2022 and 2021. The District's combined net position as of June 30, 2022 totaled (\$61,743,249), which was an improvement over the June 30, 2021 net position of (\$82,837,220).

Figure 3
Traverse City Area Public Schools' Net Position

	2022	2021	Change
Current and other assets	\$ 57,282,741	\$ 77,806,160	\$ (20,523,419)
Capital assets	189,733,309	173,561,903	16,171,406
Total assets	<u>247,016,050</u>	<u>251,368,063</u>	<u>(4,352,013)</u>
Deferred outflows of resources	42,695,306	60,357,701	(17,662,395)
Long-term liabilities outstanding	90,313,451	106,222,609	(15,909,158)
Other liabilities	21,591,207	19,398,952	2,192,255
Net pension liability	137,819,903	201,937,658	(64,117,755)
Net OPEB liability	8,760,664	31,960,557	(23,199,893)
Total liabilities	<u>258,485,225</u>	<u>359,519,776</u>	<u>(101,034,551)</u>
Deferred inflows of resources	92,969,380	35,043,208	57,926,172
Net position			
Net investment in capital assets	116,189,396	111,756,852	4,432,544
Restricted	1,077,437	1,364,149	(286,712)
Unrestricted	<u>(179,010,082)</u>	<u>(195,958,221)</u>	<u>16,948,139</u>
Total net position	<u>\$ (61,743,249)</u>	<u>\$ (82,837,220)</u>	<u>\$ 21,093,971</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 (\$61,743,249) at June 30, 2022 which is a 25.46% increase from the June 30, 2021 balance of (\$82,837,220). The District is able to report positive balances in two of the three categories of net position. Net investment in capital assets increased \$4.4 million. This was primarily the result of the District paying down debt associated with those assets in excess of depreciation expense, the addition of capital assets from general funds (i.e., not “capital project funds”) and investment earnings within the capital project funds. Restricted assets decreased as a result of debt payments exceeding property taxes in the debt service fund. The increase in the unrestricted net position was a result of the decrease in the net pension liability, the decrease in the net OPEB liability, which was partially offset by the change in deferred outflows and inflows, 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

	2022	2021	Change
Revenue			
Program revenues			
Charges for services	\$ 4,458,190	\$ 2,952,737	\$ 1,505,453
Operating grants and contributions	21,721,413	15,895,301	5,826,112
General revenues			
Property taxes	56,281,997	54,426,694	1,855,303
State aid - unrestricted	52,341,992	50,693,928	1,648,064
Other	5,289,856	5,357,714	(67,858)
Total revenues	<u>140,093,448</u>	<u>129,326,374</u>	<u>10,767,074</u>
Expenses			
Instruction	56,780,254	66,083,301	(9,303,047)
Support services	42,421,618	45,388,537	(2,966,919)
Community services	2,972,557	3,283,466	(310,909)
Food services	5,218,571	4,563,393	655,178
Student/school activities	1,480,866	960,209	520,657
Intergovernmental expenditures	4,459,937	3,297,916	1,162,021
Interest on long-term debt	3,218,626	2,646,117	572,509
Unallocated depreciation	2,447,048	2,447,710	(662)
Total expenses	<u>118,999,477</u>	<u>128,670,649</u>	<u>(9,671,172)</u>
Change in net position	<u>\$ 21,093,971</u>	<u>\$ 655,725</u>	<u>\$ 20,438,246</u>
Net position, end of year	<u>\$ (61,743,249)</u>	<u>\$ (82,837,220)</u>	

As shown in **Figure 4** above, total revenues increased by \$10,767,074 or approximately 8.3%, while total expenses decreased by \$9,671,172 or approximately 7.5 %. The increase in total revenues is the result of increases in charges for services, operating grants and contributions, property taxes, and state unrestricted revenue.

The increase in charges for services is primarily the result of an increase in program revenue from greater participation in food service, preschool, extended day care, and LEAP (Learning, Enrichment, and Athletic Program). This was coupled with increases for bus trips and athletic event tickets.

The increase in operating grants and contributions is the result of funding from various Elementary and Secondary School Emergency Relief funds, Child Care Relief funds, food service reimbursements and student/school activities.

The increase in property tax revenue is the result of increases in taxable value for the 2021 tax year (which is reflected in the 2022 fiscal year).

The increase in state aid unrestricted revenue is the result of an increase in the per pupil foundation allowance which was partially offset by a reduction in the funded student count.

The decrease in other revenue was in miscellaneous revenue.

The \$9,671,172 decrease in total expenses is the result of a decrease in the net pension liability and the net OPEB liability which was partially offset by an increase in the retirement cost paid by the District to the State retirement system, contract settlements and health insurance costs.

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 \$34.66 million, which is a \$24.04 million decrease from the prior year. The decrease is mainly the result of the bond expenditures exceeding revenues in the 2019 and 2021 capital projects funds by \$27.78 million. This was offset by revenue exceeding expenditures in the general fund of approximately \$2.67 million, as well as revenues exceeding expenditures in the other nonmajor governmental funds of approximately \$1.07 million. Further detail of these changes follows:

- The major capital project fund balances, in total, decreased by \$27.78 million. This decrease is the result of expenditures of approximately \$27.80 million for capital projects. These capital projects are part of the District's long-range capital plan. The District collected approximately \$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 a new Montessori school, Eastern Elementary School, Long Lake Elementary School, Trojan Athletic Complex 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 \$2,670,000. Although the final budget for the 2022 fiscal year had a projected increase of \$596,544, after our normal expected positive variance was taken into account, the District was projecting an increase to fund balance of approximately \$2,096,000. 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 \$1,067,000. This occurred from an increase of approximately \$1,444,000 in the special revenue funds, a decrease of approximately \$299,000 in the debt service funds, and \$78,000 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, food service program and student school activities program. The decrease in the debt service fund is the result of debt service payments exceeding property tax collections. The decrease in the nonmajor capital funds was the result of capital outlay exceeding contributions and donations.

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 2022 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 \$9,589,010, which was largely the result of recognizing additional local, state and federal program revenues, and recognizing the impact of 212 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 \$1,427,000 is the result of adjusting for actual property tax values in relation to the state and local portions of the foundation allowance by \$1,157,000, recognizing local grants of \$187,000, and other miscellaneous revenue of \$83,000. 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 \$4,011,000 is the result of an increase in state grants (i.e., GSRP and At Risk) of \$2,709,000, an increase of \$339 per pupil foundation over the original budget of \$3,166,000, and an increase in state categorical funding of \$1,137,000. This was offset with a decrease of 212 student FTE from the original budget of \$1,844,000 along with the \$1,157,000 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 \$3,385,000 is the result of accounting for actual and carryover allocations in federal grants (i.e., Title I and Title II) of \$449,000 as well as accounting for the Coronavirus Relief funds, Elementary and Secondary School Emergency Relief fund (CARES Act), and the American Rescue Plan (ARP Act) of \$2,936,000.
 4. The increase in intergovernmental revenues of approximately \$766,000 is the result of an increased contribution from Northwest Education Services of \$693,000 and miscellaneous local grants by \$73,000.

- Budgeted expenditures were increased \$8,447,340 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 \$6,094,000 in total from the original to the final budget. Additional increases were the result of recognizing local and miscellaneous grants of \$260,000, accounting for an increase in the state categorical section 147C funding of \$962,000 and recording items that were carried over from fiscal year 2021 of \$679,000. The remaining increase of approximately \$452,000 was the result of minor adjustments across all accounts.

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

- The \$3,424,080 negative revenue variance is the result of deferring approximately \$2,855,000 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 \$569,000 is primarily from not receiving funds budgeted from local sources.
- The \$5,475,982 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 \$2,855,000 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 \$2,516,000 of the fluctuation noted in instruction, pupil service support and instructional staff support functions is due to local, state and federal programming carryover, while the remaining \$339,000 is spread throughout the various other line items.
 2. Additionally, there is approximately \$761,000 in other carryover items for staffing, textbook and curriculum purchases.
 3. The remaining positive budget variance of approximately \$1,860,000 represents approximately 1.63% 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, 2022, the District had approximately \$339.09 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 \$25.36 million, or 8.08% percent from last year and is the result of the District’s ongoing bond projects which are funded with proceeds from the 2019 and 2021 bond sales. An increase of \$9.19 million in accumulated depreciation offset the noted \$25.36 million increase in capital assets resulting in an increase in total capital assets of \$16.17 million, from approximately \$173.56 million to \$189.73 million (a 9.32% increase).

Figure 5
Changes in Traverse City Area Public Schools Capital Assets

	2022			2021
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 3,004,191	\$ -	\$ 3,004,191	\$ 3,006,539
Construction in progress	19,241,727	-	19,241,727	19,234,370
Land improvements	23,136,783	7,576,854	15,559,929	7,231,160
Building and additions	236,309,946	103,107,285	133,202,661	125,153,822
Machinery and equipment	47,571,540	32,658,984	14,912,556	15,214,759
Transportation equipment	9,820,911	6,008,666	3,812,245	3,721,253
Total	\$ 339,085,098	\$ 149,351,789	\$ 189,733,309	\$ 173,561,903

This year's additions of approximately \$28.54 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 \$88,962,014 in general obligation bonds and \$1,351,437 in other long-term debt outstanding. The combined total reflects a decrease of \$15,909,158, or 14.98%, from the previous fiscal year. This change was the result of the District's payments on prior bonds in the current year. 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 three factors that could significantly affect the financial health of the District in the future: local housing difficulties that are exacerbating staffing challenges, one-time revenue sources, and safety and security.

The first factor has become a main barrier for the school district. The lack of housing continues to diminish our ability to recruit high-quality staff members who do not currently reside in the area. The housing market has been a challenge in the past, but with increasing inflation in the housing market and limited access to affordable housing, this has become the primary factor in our ability to hire experienced professionals with specialized skills. This has exacerbated the overall staffing shortage the District has experienced in the last few years. Fewer people are in the market for a job and more entities are looking for qualified candidates, making the market extremely competitive.

The second factor is the current influx of one-time federal and state revenues. This new revenue is appreciated and the District has been strategic in the use of the funds to lessen the reliance on those revenues in future years. However, the lack of these revenue sources in the future will be felt at all levels of the District. Expectations for higher wages, lower class sizes, and additional educational opportunities will likely remain the same, thereby intensifying the impact of losing these one-time revenues.

The third factor is overall safety and security. Because safety and security in schools is a very wide range of topics, money will likely be needed to address the various recommendations for schools. The need to improve systems, increase personnel, provide additional professional development for staff, renovate facilities, and increase technology components is evolving and all of these priorities require financial resources. The District has been extremely fortunate to secure capital bond funds because of ongoing taxpayer support. Most recently the 2018 bond authorization provided funds to improve our facilities and the main focus has been on improving safety and security. The majority of our school buildings have been renovated to provide a secure entry vestibule, the main recommendation coming from security experts. The District has also invested these bond funds to improve security cameras, electronic access, and notification systems, along with cybersecurity components to protect the District's data and communication. However, there are many other recommendations that the District can continue to incorporate into our facilities, but those requiring additional personnel or training of staff cannot be funded through capital bond funds. These items can be funded by our general fund or additional resources provided by the state or federal government. Current systems and structures in place are directly impacted by our general fund resources and limited restricted grant opportunities that are changing on an annual basis.

As always, it is unknown if the State will provide funding stability or future funding increases to public schools. As planned, the District will add to the fund balance at the close of the 2021/2022 fiscal year. In order to sustain a plan of structurally balancing the budget, the District must continue to be responsible with unrestricted revenues and one-time revenue sources. The goal of 12% fund balance by fiscal year-end 2024 will be accomplished so the Board of Education may discuss future expectations. This level of fund balance will put the District in a responsible position, providing future flexibility and stability given the uncertainty of the overall 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, 2022**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 22,888,317
Receivables	
Accounts receivable	214,243
Interest receivable	1,980
Taxes receivable	125,765
Intergovernmental	13,572,047
Leases	1,374,865
Inventories	188,841
Prepays	830,716
Restricted investments - capital projects	18,085,967
Capital assets not being depreciated	22,245,918
Capital assets, net of accumulated depreciation/amortization	167,487,391
TOTAL ASSETS	247,016,050
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	30,076,283
Related to OPEB	12,619,023
TOTAL DEFERRED OUTFLOWS OF RESOURCES	42,695,306
LIABILITIES	
Accounts payable	4,135,371
Accrued salaries and related items	9,173,580
Accrued retirement	4,888,954
Accrued interest	472,588
Unearned revenue	2,920,714
Noncurrent liabilities	
Due within one year	15,932,785
Due in more than one year	74,380,666
Net pension liability	137,819,903
Net OPEB liability	8,760,664
TOTAL LIABILITIES	258,485,225
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	47,689,640
Related to OPEB	34,871,033
Related to state aid funding for pension	9,033,842
Related to unavailable revenue - leases	1,374,865
TOTAL DEFERRED INFLOWS OF RESOURCES	92,969,380
NET POSITION	
Net investment in capital assets	116,189,396
Restricted for debt service	1,077,437
Unrestricted	(179,010,082)
TOTAL NET POSITION	\$ (61,743,249)

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, 2022**

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	\$ 56,780,254	\$ 24,000	\$ 10,097,325	\$ (46,658,929)
Support services	42,421,618	1,330,691	2,777,946	(38,312,981)
Community services	2,972,557	2,594,138	1,405,786	1,027,367
Intergovernmental	4,459,937	-	-	(4,459,937)
Food services	5,218,571	509,361	5,912,866	1,203,656
Student/school activities	1,480,866	-	1,527,490	46,624
Interest on long-term debt	3,218,626	-	-	(3,218,626)
Unallocated depreciation*	2,447,048	-	-	(2,447,048)
Total governmental activities	<u>\$ 118,999,477</u>	<u>\$ 4,458,190</u>	<u>\$ 21,721,413</u>	<u>(92,819,874)</u>
General revenues				
Property taxes, levied for general purposes				38,438,070
Property taxes, levied for debt service				17,843,927
Investment earnings				26,313
State sources - unrestricted				52,341,992
Northwest Education Services				3,529,344
Other				<u>1,734,199</u>
Total general revenues				<u>113,913,845</u>
CHANGE IN NET POSITION				21,093,971
Net position, beginning of year				<u>(82,837,220)</u>
Net position, end of year				<u>\$ (61,743,249)</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, 2022**

	<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	\$ 16,493,673	\$ -	\$ -	\$ 6,394,644	\$ 22,888,317
Receivables					
Taxes receivable	96,562	-	-	29,203	125,765
Accounts receivable	199,897	-	-	14,346	214,243
Interest receivable	-	-	1,980	-	1,980
Intergovernmental	13,186,179	-	-	385,868	13,572,047
Due from other funds	-	26,680	39,921	804,692	871,293
Leases	1,374,865	-	-	-	1,374,865
Inventories	110,890	-	-	77,951	188,841
Prepaid items	830,716	-	-	-	830,716
Restricted investments - capital projects	-	-	18,085,967	-	18,085,967
TOTAL ASSETS	<u>\$ 32,292,782</u>	<u>\$ 26,680</u>	<u>\$ 18,127,868</u>	<u>\$ 7,706,704</u>	<u>\$ 58,154,034</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,295,074	\$ 26,680	\$ 2,709,767	\$ 103,850	\$ 4,135,371
Accrued salaries and related items	9,173,580	-	-	-	9,173,580
Accrued retirement	4,888,954	-	-	-	4,888,954
Due to other funds	729,649	-	-	141,644	871,293
Unearned revenue	1,414,847	-	-	1,505,867	2,920,714
TOTAL LIABILITIES	<u>17,502,104</u>	<u>26,680</u>	<u>2,709,767</u>	<u>1,751,361</u>	<u>21,989,912</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - leases	1,374,865	-	-	-	1,374,865
Unavailable revenue - property taxes	96,450	-	-	29,023	125,473
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,471,315</u>	<u>-</u>	<u>-</u>	<u>29,023</u>	<u>1,500,338</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	\$ 110,890	\$ -	\$ -	\$ 77,951	\$ 188,841
Prepaid items	830,716	-	-	-	830,716
Restricted					
Capital projects - bond proceeds	-	-	15,418,101	-	15,418,101
Debt service - general obligated debt	-	-	-	1,550,025	1,550,025
Food service - basic programs	-	-	-	1,130,208	1,130,208
Committed					
Community service	-	-	-	1,079,213	1,079,213
Student/school activities	-	-	-	1,370,914	1,370,914
Assigned					
Building carryover	904,942	-	-	-	904,942
Building staff carryover	203,642	-	-	-	203,642
Curriculum carryover	545,344	-	-	-	545,344
Department carryover	49,905	-	-	-	49,905
Severance pay	1,351,437	-	-	-	1,351,437
Subsequent year expenditures	1,406,160	-	-	-	1,406,160
Capital projects funds	-	-	-	718,009	718,009
Unassigned	7,916,327	-	-	-	7,916,327
TOTAL FUND BALANCES	<u>13,319,363</u>	<u>-</u>	<u>15,418,101</u>	<u>5,926,320</u>	<u>34,663,784</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 32,292,782</u>	<u>\$ 26,680</u>	<u>\$ 18,127,868</u>	<u>\$ 7,706,704</u>	<u>\$ 58,154,034</u>

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

**TRAVERSE CITY AREA PUBLIC SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total governmental fund balances \$ 34,663,784

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

Deferred outflows of resources - related to pensions	\$ 30,076,283	
Deferred outflows of resources - related to OPEB	12,619,023	
Deferred inflows of resources - related to pensions	(47,689,640)	
Deferred inflows of resources - related to OPEB	(34,871,033)	
Deferred inflows of resources - related to state aid funding for pension	<u>(9,033,842)</u>	
		(48,899,209)

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

The cost of the capital assets is	339,085,098	
Accumulated depreciation is	<u>(149,351,789)</u>	
		189,733,309

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

General obligation bonds		(88,962,014)
Net pension liability		(137,819,903)
Net OPEB liability		(8,760,664)
Compensated absences and termination benefits		(1,351,437)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(472,588)

Unavailable revenue at June 30, 2022, expected to be collected after September 1, 2022		<u>125,473</u>
--	--	----------------

Net position of governmental activities \$ (61,743,249)

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, 2022

	<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>
REVENUES					
Local sources					
Property taxes	\$ 38,486,218	\$ -	\$ -	\$ 17,854,511	\$ 56,340,729
Tuition	24,000	-	-	2,143,933	2,167,933
Investment earnings	10,683	330	13,225	2,075	26,313
Food sales and community service	-	-	-	776,095	776,095
Student/school activities	-	-	-	1,527,490	1,527,490
Other	2,558,387	-	-	595,941	3,154,328
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total local sources	41,079,288	330	13,225	22,900,045	63,992,888
State sources	57,264,279	-	-	711,343	57,975,622
Federal sources	9,006,995	-	-	6,557,741	15,564,736
Intergovernmental revenues	3,703,597	-	-	-	3,703,597
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	111,054,159	330	13,225	30,169,129	141,236,843
EXPENDITURES					
Current					
Instruction	65,692,537	-	-	-	65,692,537
Supporting services	42,632,090	-	-	-	42,632,090
Food service activities	-	-	-	5,557,527	5,557,527
Community service activities	142,214	-	-	3,134,919	3,277,133
Student/school activities	-	-	-	1,480,866	1,480,866
Intergovernmental expenditures	181,372	-	-	-	181,372
Capital outlay	-	3,273,930	24,520,383	608,297	28,402,610

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>
EXPENDITURES (concluded)					
Debt service					
Principal repayment	\$ -	\$ -	\$ -	\$ 15,000,000	\$ 15,000,000
Interest expenditures	-	-	-	3,230,968	3,230,968
Other expenditures	-	-	1,000	17,318	18,318
	<u>108,648,213</u>	<u>3,273,930</u>	<u>24,521,383</u>	<u>29,029,895</u>	<u>165,473,421</u>
 TOTAL EXPENDITURES					
	<u>108,648,213</u>	<u>3,273,930</u>	<u>24,521,383</u>	<u>29,029,895</u>	<u>165,473,421</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,405,946</u>	<u>(3,273,600)</u>	<u>(24,508,158)</u>	<u>1,139,234</u>	<u>(24,236,578)</u>
 OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	192,429	-	-	-	192,429
Transfers in	260,000	-	-	187,535	447,535
Transfers out	(187,535)	-	-	(260,000)	(447,535)
	<u>264,894</u>	<u>-</u>	<u>-</u>	<u>(72,465)</u>	<u>192,429</u>
 TOTAL OTHER FINANCING SOURCES (USES)					
	<u>264,894</u>	<u>-</u>	<u>-</u>	<u>(72,465)</u>	<u>192,429</u>
 NET CHANGE IN FUND BALANCES	<u>2,670,840</u>	<u>(3,273,600)</u>	<u>(24,508,158)</u>	<u>1,066,769</u>	<u>(24,044,149)</u>
 FUND BALANCES					
Beginning of year	<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>
End of year	<u>\$ 13,319,363</u>	<u>\$ -</u>	<u>\$ 15,418,101</u>	<u>\$ 5,926,320</u>	<u>\$ 34,663,784</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, 2022**

Net change in fund balances total governmental funds \$ (24,044,149)

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/amortization.

Depreciation expenditure	(11,730,601)
Capital outlay	28,538,285
Book value of capital assets disposed of during the year	(636,278)

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	484,930
Accrued interest payable, end of the year	(472,588)

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:

Payments on debt	15,000,000
Amortization of bond premium	1,042,896

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	(184,205)
Unavailable revenue, end of the year	125,473

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	1,217,699
Accrued compensated absences and termination benefits, end of the year	(1,351,437)

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	4,784,420
OPEB related items	9,596,618

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	7,756,750
State aid funding for pension, end of year	<u>(9,033,842)</u>

Change in net position of governmental activities \$ 21,093,971

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 *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 2019 and 2021 school bonds' activity:

	2019 Bonds	2021 Bonds
Revenue	\$ 730,281	\$ 14,196
Expenditures and transfers	\$ 35,700,891	\$ 27,213,215

The above revenue figures do not include original 2019 and 2021 school bond proceeds of \$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, 2019, and 2021 bond issues.

The *Capital Projects Fund* accounts 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 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, 2022. 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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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 five 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. The fifth is the District reports unavailable revenue from leases. These amounts are long-term leases entered into by the District in which the District is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

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.

Leases

Lessor: The District is a lessor for a noncancelable lease of building space. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and Expenditures/Expenses (concluded)

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.

For the year ended June 30, 2022, 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, 2022, 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, 2022, \$16,383,326 of the District's bank balance of \$17,000,225 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	\$ 3,251,613	N/A
MBIA External Investment pool - CLASS	3,360,135	0.0986
U.S. Treasury Notes	8,846,529	0.3051
First American Government Fund	<u>9,239,438</u>	N/A
Total fair value	<u>\$ 24,697,715</u>	
Portfolio weighted average maturity		<u>0.2581</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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment pool - MAX	\$ 3,251,613	AAAm	Standard & Poor's
MBIA External Investment pool - CLASS	3,360,135	AAAm	Standard & Poor's
U.S. Treasury Notes	8,846,529	AAAm	Standard & Poor's
First American Government Fund	<u>9,239,438</u>	AAAm	Standard & Poor's
Total	<u><u>\$ 24,697,715</u></u>		

Foreign Currency Risk

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

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (concluded)

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.

	Amortized Cost
MILAF External Investment pool - MAX	\$ 3,251,613
U.S. Treasury Notes	\$ 8,846,529

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 First American Government Fund 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, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
MBIA External Investment pool - CLASS	\$ 3,360,135	\$ -	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, 2022:

	Primary Government
Cash and cash equivalents	\$ 22,888,317
Restricted investments - capital projects	18,085,967
Total	\$ 40,974,284

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2021	Reclassifications/ Additions	Reclassifications/ Deletions	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 3,006,539	\$ -	\$ 2,348	\$ 3,004,191
Construction in progress	19,234,370	22,810,225	22,802,868	19,241,727
Total capital assets not being depreciated	22,240,909	22,810,225	22,805,216	22,245,918
Capital assets being depreciated/amortized				
Land improvements	13,704,018	9,482,528	49,763	23,136,783
Buildings and additions	224,025,886	14,042,625	1,758,565	236,309,946
Machinery and equipment	43,853,377	3,849,625	131,462	47,571,540
Transportation equipment	9,900,494	1,156,150	1,235,733	9,820,911
Total capital assets being depreciated	291,483,775	28,530,928	3,175,523	316,839,180
Less accumulated depreciation/amortization				
Land improvements	6,472,858	1,129,877	25,881	7,576,854
Buildings and additions	98,872,064	5,405,670	1,170,449	103,107,285
Machinery and equipment	28,638,618	4,129,895	109,529	32,658,984
Transportation equipment	6,179,241	1,065,159	1,235,734	6,008,666
Total accumulated depreciation	140,162,781	11,730,601	2,541,593	149,351,789
Total capital assets being depreciated, net	151,320,994	16,800,327	633,930	167,487,391
Net capital assets	\$ 173,561,903	\$ 39,610,552	\$ 23,439,146	\$ 189,733,309

**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	\$ 50,445
Support service	4,906,738
Food service	45,891
Community service	1,914
Intergovernmental	4,278,565
Unallocated	<u>2,447,048</u>
	<u><u>\$ 11,730,601</u></u>

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

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2022 consist of the following:

State aid - Michigan Department of Education	\$ 10,403,970
Federal	3,023,887
Intermediate school district and other	<u>144,190</u>
	<u><u>\$ 13,572,047</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, 2022:

	Accumulated Compensated Absences	Accumulated Termination Benefits	General Obligation Bonds	Total
Balance, July 1, 2021	\$ 234,100	\$ 983,599	\$ 105,004,910	\$ 106,222,609
Additions	263,000	220,024	-	483,024
Deletions	<u>234,100</u>	<u>115,186</u>	<u>16,042,896</u>	<u>16,392,182</u>
Balance, June 30, 2022	263,000	1,088,437	88,962,014	90,313,451
Due within one year	<u>263,000</u>	<u>144,785</u>	<u>15,525,000</u>	<u>15,932,785</u>
Due in more than one year	<u>\$ -</u>	<u>\$ 943,652</u>	<u>\$ 73,437,014</u>	<u>\$ 74,380,666</u>

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

Refer to Note 7 for changes in the net pension liability and the other post-employment benefit liability.

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2022 are comprised of the following issues:

	Amount Outstanding	Original Borrowing
<u>General Obligation Bonds</u>		
2014 School building and site bonds due in annual installments of \$1,900,000 to \$1,950,000 through May 1, 2024, with interest at 2.25% to 2.65%.	\$ 3,850,000	\$ 13,500,000
2016 School building and site bonds due in annual installments of \$3,400,000 to \$3,550,000 through May 1, 2026, with interest at 2.00%.	13,900,000	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%.	6,050,000	11,275,000
2019 School building and site bonds due in annual installments of \$2,800,000 to \$3,375,000 through May 1, 2029, with interest at 5.00%.	21,725,000	30,235,000
2021 School building and site bonds due in annual installments of \$3,375,000 to \$6,425,000 through May 1, 2031, with interest at 3.00%.	35,685,000	38,760,000
Plus issuance premium, net of amortization	7,752,014	
Total general obligation bonds	88,962,014	
Other accrued benefits		
Obligation under contract for compensated absences	263,000	
Obligation under contract for termination benefits	1,088,437	
Total general long term obligations	\$ 90,313,451	

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

As of June 30, 2022, \$1,550,025 is available in the debt service funds 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, 2022, including interest payments of \$11,499,602 are as follows:

Year Ending June 30,	General Obligation Bonds		Compensated Absences	Termination Benefits	Amounts Payable
	Principal	Interest			
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	7,900,000	1,162,300	-	-	9,062,300
2028 - 2031	22,860,000	1,695,950	-	-	24,555,950
	81,210,000	11,499,602	-	-	92,709,602
Issuance premium	7,752,014	-	-	-	7,752,014
Compensated absences	-	-	263,000	-	263,000
Termination benefits	-	-	-	1,088,437	1,088,437
	<u>\$ 88,962,014</u>	<u>\$ 11,499,602</u>	<u>\$ 263,000</u>	<u>\$ 1,088,437</u>	<u>\$ 101,813,053</u>

Interest expenditures (all funds) for the year ended June 30, 2022 were \$3,218,626.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2022 are as follows:

Payable Fund		Receivable Fund	
General	\$ 729,649	General	\$ -
2019 Capital Projects	-	2019 Capital Projects	26,680
2021 Capital Projects	-	2021 Capital Projects	39,921
Other nonmajor governmental	141,644	Other nonmajor governmental	804,692
	<u>\$ 871,293</u>		<u>\$ 871,293</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

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 Annual Comprehensive 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 the 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 (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 (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 (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 (continued)

Employer Contributions (concluded)

Pension and OPEB contributions made in the fiscal year ending September 30, 2021 were determined as of the September 30, 2018 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2018 are amortized over a 19-year period beginning October 1, 2020 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, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately \$19,872,000. Of the total pension contributions approximately \$19,314,000 was contributed to fund the Defined Benefit Plan and approximately \$558,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB contributions were approximately \$4,902,000. Of the total OPEB contributions approximately \$4,572,000 was contributed to fund the Defined Benefit Plan and approximately \$330,000 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020 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>MPSERS (Plan) Non-university Employers</i>	September 30, 2021	September 30, 2020
Total pension liability	\$ 86,392,473,395	\$ 85,290,583,799
Plan fiduciary net position	\$ 62,717,060,920	\$ 50,939,496,006
Net pension liability	\$ 23,675,412,475	\$ 34,351,087,793
Proportionate share	0.58212%	0.58786%
Net pension liability for the District	\$ 137,819,903	\$ 201,937,658

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (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, 2022, the District recognized pension expense of \$14,529,523.

At June 30, 2022, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 8,687,674	\$ -
Net difference between projected and actual plan investment earnings	-	44,308,656
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,134,889	811,595
Differences between expected and actual experience	956,908	2,569,389
Reporting Unit's contributions subsequent to the measurement date	<u>18,296,812</u>	<u>-</u>
	<u>\$ 30,076,283</u>	<u>\$ 47,689,640</u>

\$18,296,812 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:

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ (4,672,566)
2023	(8,123,619)
2024	(10,964,306)
2025	(12,149,678)

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2020 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, 2021</u>	<u>September 30, 2020</u>
Total OPEB liability	\$ 12,049,393,511	\$ 13,206,903,534
Plan fiduciary net position	\$ 10,520,015,621	\$ 7,849,636,555
Net OPEB liability	\$ 1,529,377,890	\$ 5,357,266,979
Proportionate share	0.57395%	0.59658%
Net OPEB liability for the District	\$ 8,760,664	\$ 31,960,557

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

For the year ended June 30, 2022, the District recognized OPEB benefit of \$5,024,153.

At June 30, 2022, 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	\$ -	\$ 6,603,070
Changes of assumptions	7,323,481	1,095,866
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,142,969	2,165,405
Differences between expected and actual experience	-	25,006,692
Reporting Unit's contributions subsequent to the measurement date	<u>4,152,573</u>	<u>-</u>
	<u>\$ 12,619,023</u>	<u>\$ 34,871,033</u>

\$4,152,573 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:

Year Ended September 30,	Amount
2022	\$ (6,900,686)
2023	(6,311,674)
2024	(5,697,049)
2025	(5,164,468)
2026	(2,060,386)
2027	(270,320)

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 mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality 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, 2020. 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 (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 - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% 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, 2021, 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%	5.4%
Private Equity Pools	16.00%	9.1%
International Equity Pools	15.00%	7.5%
Fixed Income Pools	10.50%	-0.7%
Real Estate and Infrastructure Pools	10.00%	5.4%
Absolute Return Pools	9.00%	2.6%
Real Return / Opportunistic Pools	12.50%	6.1%
Short Term Investment Pools	2.00%	-1.3%
	<u>100.00%</u>	

* Long term rates of return are net of administrative expenses and 2.0% inflation.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.3% and 27.14% 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	\$ 197,045,085	\$ 137,819,903	\$ 88,718,343

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	\$ 16,278,895	\$ 8,760,664	\$ 2,380,371

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (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	\$ 2,132,276	\$ 8,760,664

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 2021 Annual Comprehensive 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 of 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, 2022 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, 2022 are as follows:

Transfers In Fund		Transfers Out Fund	
General	\$ 260,000	General	\$ 187,535
Other nonmajor governmental	187,535	Other nonmajor governmental	260,000
	\$ 447,535		\$ 447,535

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, 2022. \$15,418,101 is restricted and recorded as fund balance in the 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
(continued)**

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	\$ 31,031
Grand Traverse County	Brownfield	1,422,204
Grand Traverse County	PILOT	1,060,652
Leelanau County	Brownfield	215,660
		\$ 2,729,547

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 PRONOUNCEMENT

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.

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the District implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

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.

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

NOTE 15 - LEASE RECEIVABLE

During the fiscal year, the District began leasing one of its buildings to a third-party. The lease is for nine years. The District received \$98,187 for fiscal year 2022 and yearly payments of \$182,825 will be received through fiscal years 2023 through 2030. The District recognized \$98,187 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the District's receivable for lease payments was \$1,374,865. Also, the District has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$1,374,865.

REQUIRED SUPPLEMENTARY INFORMATION

**TRAVERSE CITY AREA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<u>GAAP Basis</u>			Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Local sources	\$ 40,190,869	\$ 41,618,275	\$ 41,079,288	\$ (538,987)
State sources	55,346,705	59,357,869	57,264,279	(2,093,590)
Federal sources	6,350,217	9,734,888	9,006,995	(727,893)
Intergovernmental revenues	3,001,438	3,767,207	3,703,597	(63,610)
TOTAL REVENUES	<u>104,889,229</u>	<u>114,478,239</u>	<u>111,054,159</u>	<u>(3,424,080)</u>
EXPENDITURES				
Current				
Instruction				
Basic programs	52,764,659	56,816,159	55,066,704	1,749,455
Added needs	10,641,998	11,769,290	10,625,833	1,143,457
Total instruction	<u>63,406,657</u>	<u>68,585,449</u>	<u>65,692,537</u>	<u>2,892,912</u>
Supporting services				
Pupil services	4,848,798	5,194,234	4,668,162	526,072
Instructional staff	5,150,616	5,684,513	4,541,383	1,143,130
General administration	736,953	688,831	686,697	2,134
School administration	7,599,293	7,829,580	7,798,160	31,420
Business services	2,056,944	2,094,721	1,936,535	158,186
Operation/maintenance	10,001,424	10,577,295	10,655,850	(78,555)
Pupil transportation	6,046,343	6,731,935	6,468,397	263,538
Central services	3,708,599	4,017,664	3,929,629	88,035
Other support services	1,860,508	2,127,375	1,947,277	180,098
Total supporting services	<u>42,009,478</u>	<u>44,946,148</u>	<u>42,632,090</u>	<u>2,314,058</u>
Community services	168,720	378,589	142,214	236,375
Intergovernmental expenditures	92,000	214,009	181,372	32,637
TOTAL EXPENDITURES	<u>105,676,855</u>	<u>114,124,195</u>	<u>108,648,213</u>	<u>5,475,982</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(787,626)</u>	<u>354,044</u>	<u>2,405,946</u>	<u>2,051,902</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	130,000	185,000	192,429	7,429
Transfers in	260,000	260,000	260,000	-
Transfers out	(402,500)	(202,500)	(187,535)	14,965
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,500)</u>	<u>242,500</u>	<u>264,894</u>	<u>22,394</u>
NET CHANGE IN FUND BALANCE	<u>\$ (800,126)</u>	<u>\$ 596,544</u>	<u>2,670,840</u>	<u>\$ 2,074,296</u>
FUND BALANCE				
Beginning of year			<u>10,648,523</u>	
End of year			<u>\$ 13,319,363</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 EIGHT FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.58212%	0.58786%	0.58163%	0.59335%	0.59586%	0.58994%	0.59021%	0.57383%
Reporting Unit's proportionate share of net pension liability	\$ 137,819,903	\$ 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	\$ 51,732,211	\$ 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	266.41%	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)	72.60%	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 ten years. However, until a full ten-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 EIGHT FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 19,313,943	\$ 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>19,313,943</u>	<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	\$ 55,217,930	\$ 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	34.98%	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 ten years. However, until a full ten-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 FIVE FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.57395%	0.59658%	0.57740%	0.59108%	0.59615%
Reporting Unit's proportionate share of net OPEB liability	\$ 8,760,664	\$ 31,960,557	\$ 41,444,191	\$ 46,984,762	\$ 52,792,245
Reporting Unit's covered-employee payroll	\$ 51,732,211	\$ 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	16.93%	60.46%	82.06%	93.35%	105.17%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-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 FIVE FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 4,572,465	\$ 4,422,560	\$ 4,577,826	\$ 4,217,788	\$ 4,382,400
Contributions in relation to statutorily required contributions	<u>4,572,465</u>	<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>				
Reporting Unit's covered-employee payroll	\$ 55,217,930	\$ 51,430,892	\$ 52,904,521	\$ 50,166,804	\$ 50,494,918
Contributions as a percentage of covered-employee payroll	8.28%	8.60%	8.65%	8.41%	8.68%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-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, 2022**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - there were no changes of assumptions in 2021.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - the assumption changes for 2021 were:

Healthcare cost trend rate was broken into two groups, Pre 65 and Post 65. The Pre 65 rate is 7.75% Year 1 graded to 3.50% Year 15. The Post 65 rate is 5.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rate was reported as one group with a rate of 7.00% Year 1 graded to 3.50% Year 15.

NOTE 3 - BASIS OF BUDGETING

The District budgets on the GAAP basis.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
LOCAL SOURCES			
Property taxes	\$ 38,449,168	\$ 38,486,218	\$ 37,050
Tuition	47,000	24,000	(23,000)
Investment earnings	50,000	10,683	(39,317)
Other local revenue	3,072,107	2,558,387	(513,720)
TOTAL LOCAL SOURCES	<u>41,618,275</u>	<u>41,079,288</u>	<u>(538,987)</u>
STATE SOURCES			
Foundation grant	39,821,334	39,778,678	(42,656)
Special education	2,606,990	2,606,991	1
At risk	3,124,200	2,338,963	(785,237)
Other state revenue	13,805,345	12,539,647	(1,265,698)
TOTAL STATE SOURCES	<u>59,357,869</u>	<u>57,264,279</u>	<u>(2,093,590)</u>
FEDERAL SOURCES			
Title I	1,272,842	1,145,939	(126,903)
Title II - improving teacher quality	492,148	192,164	(299,984)
Title IV	184,804	164,804	(20,000)
Education Stabilization Fund	7,288,824	7,073,421	(215,403)
Other federal revenue	496,270	430,667	(65,603)
TOTAL FEDERAL SOURCES	<u>9,734,888</u>	<u>9,006,995</u>	<u>(727,893)</u>
INTERGOVERNMENTAL SOURCES			
Special education - ISD and LEA revenue	3,519,128	3,529,344	10,216
Other	248,079	174,253	(73,826)
TOTAL INTERGOVERNMENTAL SOURCES	<u>3,767,207</u>	<u>3,703,597</u>	<u>(63,610)</u>
TOTAL REVENUES	<u>114,478,239</u>	<u>111,054,159</u>	<u>(3,424,080)</u>
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	185,000	192,429	7,429
Transfers in	260,000	260,000	-
TOTAL OTHER FINANCING SOURCES	<u>445,000</u>	<u>452,429</u>	<u>7,429</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 114,923,239</u>	<u>\$ 111,506,588</u>	<u>\$ (3,416,651)</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INSTRUCTION			
Basic programs			
Elementary			
Salaries	\$ 14,061,657	\$ 13,874,884	\$ 186,773
Benefits	11,028,696	10,884,759	143,937
Purchased services	568,293	664,781	(96,488)
Supplies and materials	746,871	862,097	(115,226)
Other expenditures	225,335	8,134	217,201
Capital outlay	2,000	834	1,166
Total elementary	<u>26,632,852</u>	<u>26,295,489</u>	<u>337,363</u>
Middle school			
Salaries	6,025,365	6,045,066	(19,701)
Benefits	4,480,418	4,561,523	(81,105)
Purchased services	214,252	210,236	4,016
Supplies and materials	760,189	488,099	272,090
Other expenditures	17,000	9,875	7,125
Capital outlay	12,715	12,338	377
Total middle school	<u>11,509,939</u>	<u>11,327,137</u>	<u>182,802</u>
High school			
Salaries	9,178,761	9,003,745	175,016
Benefits	6,775,704	6,718,983	56,721
Purchased services	1,016,050	839,022	177,028
Supplies and materials	364,398	211,753	152,645
Other expenditures	19,920	13,589	6,331
Capital outlay	1,000	4,839	(3,839)
Total high school	<u>17,355,833</u>	<u>16,791,931</u>	<u>563,902</u>
Pre-kindergarten			
Salaries	435,563	254,280	181,283
Benefits	449,026	180,310	268,716
Purchased services	7,775	232	7,543
Supplies and materials	30,874	22,379	8,495
Other expenditures	500	37	463
Capital outlay	11,732	9,164	2,568
Total pre-kindergarten	<u>935,470</u>	<u>466,402</u>	<u>469,068</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INSTRUCTION (continued)			
Basic programs (continued)			
Summer school			
Salaries	\$ 240,768	\$ 124,238	\$ 116,530
Benefits	95,774	38,360	57,414
Purchased services	35,208	20,533	14,675
Supplies and materials	9,815	2,614	7,201
Other expenditures	500	-	500
	<u>382,065</u>	<u>185,745</u>	<u>196,320</u>
Total summer school			
	<u>382,065</u>	<u>185,745</u>	<u>196,320</u>
Total basic programs	<u>56,816,159</u>	<u>55,066,704</u>	<u>1,749,455</u>
Added needs			
Special education			
Salaries	4,283,176	4,168,058	115,118
Benefits	3,543,740	3,399,434	144,306
Purchased services	282,550	281,514	1,036
Supplies and materials	12,251	3,592	8,659
Other expenditures	3,258	4,194	(936)
Capital outlay	10,000	10,270	(270)
	<u>8,134,975</u>	<u>7,867,062</u>	<u>267,913</u>
Total special education			
	<u>8,134,975</u>	<u>7,867,062</u>	<u>267,913</u>
Compensatory education			
Salaries	1,556,822	1,334,139	222,683
Benefits	1,067,355	896,009	171,346
Purchased services	105,484	50,979	54,505
Supplies and materials	348,521	67,797	280,724
Other expenditures	115,574	8,040	107,534
	<u>3,193,756</u>	<u>2,356,964</u>	<u>836,792</u>
Total compensatory education			
	<u>3,193,756</u>	<u>2,356,964</u>	<u>836,792</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INSTRUCTION (continued)			
Added needs (continued)			
Career and Technical Education			
Salaries	\$ 205,509	\$ 182,207	\$ 23,302
Benefits	140,276	138,633	1,643
Purchased services	2,639	1,725	914
Supplies and materials	11,660	9,581	2,079
Capital outlay	80,475	69,661	10,814
Total career and technical education	<u>440,559</u>	<u>401,807</u>	<u>38,752</u>
Total added needs	<u>11,769,290</u>	<u>10,625,833</u>	<u>1,143,457</u>
TOTAL INSTRUCTION	<u>68,585,449</u>	<u>65,692,537</u>	<u>2,892,912</u>
SUPPORTING SERVICES			
Pupil services			
Salaries	2,649,528	2,523,958	125,570
Benefits	2,086,593	1,978,688	107,905
Purchased services	87,589	142,665	(55,076)
Supplies and materials	261,262	13,253	248,009
Other expenditures	109,262	9,488	99,774
Capital outlay	-	110	(110)
Total pupil services	<u>5,194,234</u>	<u>4,668,162</u>	<u>526,072</u>
Instructional staff			
Salaries	2,952,094	2,416,508	535,586
Benefits	2,078,744	1,778,367	300,377
Purchased services	469,053	217,113	251,940
Supplies and materials	157,035	118,361	38,674
Other expenditures	26,587	11,034	15,553
Capital outlay	1,000	-	1,000
Total instructional staff	<u>5,684,513</u>	<u>4,541,383</u>	<u>1,143,130</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
SUPPORTING SERVICES (continued)			
General administration			
Salaries	\$ 297,478	\$ 303,800	\$ (6,322)
Benefits	197,711	187,229	10,482
Purchased services	151,576	165,751	(14,175)
Supplies and materials	11,176	794	10,382
Other expenditures	30,090	29,123	967
Capital outlay	800	-	800
	<u>688,831</u>	<u>686,697</u>	<u>2,134</u>
Total general administration			
School administration			
Salaries	4,320,491	4,317,215	3,276
Benefits	3,429,721	3,415,799	13,922
Purchased services	41,575	27,869	13,706
Supplies and materials	26,001	30,028	(4,027)
Other expenditures	11,792	7,249	4,543
	<u>7,829,580</u>	<u>7,798,160</u>	<u>31,420</u>
Total school administration			
Business services			
Salaries	839,780	831,162	8,618
Benefits	701,563	684,321	17,242
Purchased services	251,475	178,026	73,449
Supplies and materials	148,622	138,416	10,206
Other expenditures	151,281	104,610	46,671
Capital outlay	2,000	-	2,000
	<u>2,094,721</u>	<u>1,936,535</u>	<u>158,186</u>
Total business services			
Operations and maintenance			
Salaries	3,504,007	3,530,741	(26,734)
Benefits	2,659,591	2,576,342	83,249
Purchased services	1,752,607	1,640,710	111,897
Supplies and materials	2,504,025	2,787,510	(283,485)
Other expenditures	5,000	4,949	51
Capital outlay	152,065	115,598	36,467
	<u>10,577,295</u>	<u>10,655,850</u>	<u>(78,555)</u>
Total operations and maintenance			

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
SUPPORTING SERVICES (concluded)			
Pupil transportation			
Salaries	\$ 2,761,185	\$ 2,587,256	\$ 173,929
Benefits	2,210,814	1,975,297	235,517
Purchased services	1,128,502	1,220,795	(92,293)
Supplies and materials	627,934	677,741	(49,807)
Other expenditures	3,500	5,698	(2,198)
Capital outlay	-	1,610	(1,610)
Total pupil transportation	<u>6,731,935</u>	<u>6,468,397</u>	<u>263,538</u>
Central services			
Salaries	1,844,281	1,846,236	(1,955)
Benefits	1,351,892	1,307,957	43,935
Purchased services	595,641	603,769	(8,128)
Supplies and materials	32,655	51,053	(18,398)
Other expenditures	191,995	120,614	71,381
Capital outlay	1,200	-	1,200
Total central services	<u>4,017,664</u>	<u>3,929,629</u>	<u>88,035</u>
Other support services			
Salaries	628,745	606,190	22,555
Benefits	396,836	371,267	25,569
Purchased services	838,868	747,195	91,673
Supplies and materials	140,991	11,527	129,464
Other expenditures	112,435	193,475	(81,040)
Capital outlay	9,500	17,623	(8,123)
Total other support services	<u>2,127,375</u>	<u>1,947,277</u>	<u>180,098</u>
TOTAL SUPPORTING SERVICES	<u>44,946,148</u>	<u>42,632,090</u>	<u>2,314,058</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022
(concluded)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
COMMUNITY SERVICES			
Salaries	\$ 28,645	\$ 18,712	\$ 9,933
Benefits	14,602	9,248	5,354
Purchased services	263,913	80,360	183,553
Supplies and materials	64,130	32,461	31,669
Other expenditures	5,866	-	5,866
Capital outlay	1,433	1,433	-
	<u>378,589</u>	<u>142,214</u>	<u>236,375</u>
TOTAL COMMUNITY SERVICES			
INTERGOVERNMENTAL EXPENDITURES			
Payments to other governmental units	<u>214,009</u>	<u>181,372</u>	<u>32,637</u>
TOTAL EXPENDITURES	<u>\$ 114,124,195</u>	<u>\$ 108,648,213</u>	<u>\$ 5,475,982</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, 2019 and 2021.

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, 2022**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 4,167,374	\$ 1,498,298	\$ 728,972	\$ 6,394,644
Receivables				
Taxes receivable	-	29,203	-	29,203
Accounts receivable	14,346	-	-	14,346
Intergovernmental	385,868	-	-	385,868
Due from other funds	611,501	193,191	-	804,692
Inventories	77,951	-	-	77,951
TOTAL ASSETS	\$ 5,257,040	\$ 1,720,692	\$ 728,972	\$ 7,706,704
LIABILITIES				
Accounts payable	\$ 92,887	\$ -	\$ 10,963	\$ 103,850
Due to other funds	-	141,644	-	141,644
Unearned revenue	1,505,867	-	-	1,505,867
TOTAL LIABILITIES	1,598,754	141,644	10,963	1,751,361
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	29,023	-	29,023
FUND BALANCES				
Nonspendable for inventories	77,951	-	-	77,951
Restricted	1,130,208	1,550,025	-	2,680,233
Committed	2,450,127	-	-	2,450,127
Assigned				
Capital projects	-	-	718,009	718,009
TOTAL FUND BALANCES	3,658,286	1,550,025	718,009	5,926,320
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,257,040	\$ 1,720,692	\$ 728,972	\$ 7,706,704

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2022**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
REVENUES				
Local sources				
Property taxes	\$ -	\$ 17,854,511	\$ -	\$ 17,854,511
Investment earnings	-	2,075	-	2,075
Food sales and admissions	776,095	-	-	776,095
Tuition	2,143,933	-	-	2,143,933
Student/school activities	1,527,490	-	-	1,527,490
Other	183,471	-	412,470	595,941
	<u>4,630,989</u>	<u>17,856,586</u>	<u>412,470</u>	<u>22,900,045</u>
Total local sources				
State sources	618,697	92,646	-	711,343
Federal sources	6,557,741	-	-	6,557,741
	<u>11,807,427</u>	<u>17,949,232</u>	<u>412,470</u>	<u>30,169,129</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Food service activities	5,557,527	-	-	5,557,527
Community service activities	3,134,919	-	-	3,134,919
Student/school activities	1,480,866	-	-	1,480,866
Capital outlay	118,084	-	490,213	608,297
Debt service				
Principal repayment	-	15,000,000	-	15,000,000
Interest expenditure	-	3,230,968	-	3,230,968
Other expenditure	-	17,318	-	17,318
	<u>10,291,396</u>	<u>18,248,286</u>	<u>490,213</u>	<u>29,029,895</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,516,031</u>	<u>(299,054)</u>	<u>(77,743)</u>	<u>1,139,234</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	187,535	-	-	187,535
Transfers out	(260,000)	-	-	(260,000)
	<u>(72,465)</u>	<u>-</u>	<u>-</u>	<u>(72,465)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	1,443,566	(299,054)	(77,743)	1,066,769
FUND BALANCES				
Beginning of year	<u>2,214,720</u>	<u>1,849,079</u>	<u>795,752</u>	<u>4,859,551</u>
End of year	<u>\$ 3,658,286</u>	<u>\$ 1,550,025</u>	<u>\$ 718,009</u>	<u>\$ 5,926,320</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2022**

	<u>Food Service</u>	<u>Community Service</u>	<u>Student/ School Activities</u>	<u>Total Special Revenue Funds</u>
ASSETS				
Cash and cash equivalents	\$ 344,129	\$ 2,452,331	\$ 1,370,914	\$ 4,167,374
Accounts receivable	12,584	1,762	-	14,346
Intergovernmental receivable	385,868	-	-	385,868
Due from other funds	611,501	-	-	611,501
Inventories	77,951	-	-	77,951
	<u>77,951</u>	<u>-</u>	<u>-</u>	<u>77,951</u>
TOTAL ASSETS	<u>\$ 1,432,033</u>	<u>\$ 2,454,093</u>	<u>\$ 1,370,914</u>	<u>\$ 5,257,040</u>
LIABILITIES				
Accounts payable	\$ 32,903	\$ 59,984	\$ -	\$ 92,887
Unearned revenue	190,971	1,314,896	-	1,505,867
	<u>190,971</u>	<u>1,314,896</u>	<u>-</u>	<u>1,505,867</u>
TOTAL LIABILITIES	<u>223,874</u>	<u>1,374,880</u>	<u>-</u>	<u>1,598,754</u>
FUND BALANCES				
Nonspendable for inventories	77,951	-	-	77,951
Restricted	1,130,208	-	-	1,130,208
Committed	-	1,079,213	1,370,914	2,450,127
	<u>-</u>	<u>1,079,213</u>	<u>1,370,914</u>	<u>2,450,127</u>
TOTAL FUND BALANCES	<u>1,208,159</u>	<u>1,079,213</u>	<u>1,370,914</u>	<u>3,658,286</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,432,033</u>	<u>\$ 2,454,093</u>	<u>\$ 1,370,914</u>	<u>\$ 5,257,040</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022**

	Food Service	Community Service	Student/ School Activities	Total Special Revenue Funds
REVENUES				
Sales	\$ 344,140	\$ -	\$ -	\$ 344,140
Tuition	-	2,143,933	-	2,143,933
Student/school activities	-	-	1,527,490	1,527,490
State sources	618,697	-	-	618,697
Federal sources	5,294,170	1,263,571	-	6,557,741
Admissions	-	431,955	-	431,955
Other	165,221	18,250	-	183,471
TOTAL REVENUES	6,422,228	3,857,709	1,527,490	11,807,427
EXPENDITURES				
Salaries	1,769,779	1,404,267	-	3,174,046
Benefits	1,051,895	1,253,634	-	2,305,529
Purchased services	98,760	168,559	-	267,319
Student/school activities	-	-	1,480,866	1,480,866
Supplies and materials	2,606,592	59,883	-	2,666,475
Capital outlay	79,739	38,345	-	118,084
Other expenditure	30,501	248,576	-	279,077
TOTAL EXPENDITURES	5,637,266	3,173,264	1,480,866	10,291,396
EXCESS OF REVENUES OVER EXPENDITURES	784,962	684,445	46,624	1,516,031
OTHER FINANCING SOURCES (USES)				
Transfers in	10,023	177,512	-	187,535
Transfers out	(260,000)	-	-	(260,000)
TOTAL OTHER FINANCING SOURCES (USES)	(249,977)	177,512	-	(72,465)
NET CHANGE IN FUND BALANCES	534,985	861,957	46,624	1,443,566
FUND BALANCES				
Beginning of year	673,174	217,256	1,324,290	2,214,720
End of year	<u>\$ 1,208,159</u>	<u>\$ 1,079,213</u>	<u>\$ 1,370,914</u>	<u>\$ 3,658,286</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE - FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>GAAP Basis</u>			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Local sources	\$ 670,925	\$ 491,710	\$ 509,361	\$ 17,651
State sources	350,053	592,854	618,697	25,843
Federal sources	4,749,022	5,212,436	5,294,170	81,734
TOTAL REVENUES	<u>5,770,000</u>	<u>6,297,000</u>	<u>6,422,228</u>	<u>125,228</u>
EXPENDITURES				
Current				
Food services				
Salaries and wages	1,480,443	1,780,907	1,769,779	11,128
Employee benefits	974,309	1,084,298	1,051,895	32,403
Purchased services	95,646	94,982	98,760	(3,778)
Supplies and other	2,939,602	2,713,395	2,637,093	76,302
Capital outlay	30,000	66,418	79,739	(13,321)
TOTAL EXPENDITURES	<u>5,520,000</u>	<u>5,740,000</u>	<u>5,637,266</u>	<u>102,734</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>250,000</u>	<u>557,000</u>	<u>784,962</u>	<u>227,962</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,023	23
Transfers out	(260,000)	(260,000)	(260,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(249,977)</u>	<u>23</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 307,000</u>	534,985	<u>\$ 227,985</u>
FUND BALANCE				
Beginning of year			<u>673,174</u>	
End of year			<u>\$ 1,208,159</u>	

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE - COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	GAAP Basis			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Local sources	\$ 2,683,111	\$ 2,398,000	\$ 2,594,138	\$ 196,138
Federal sources	-	1,263,571	1,263,571	-
TOTAL REVENUES	<u>2,683,111</u>	<u>3,661,571</u>	<u>3,857,709</u>	<u>196,138</u>
EXPENDITURES				
Current				
Community services				
Salaries and wages	1,395,161	1,494,564	1,404,267	90,297
Employee benefits	1,314,693	1,348,095	1,253,634	94,461
Purchased services	137,650	170,472	168,559	1,913
Supplies and other	240,507	393,627	308,459	85,168
Capital outlay	12,600	32,313	38,345	(6,032)
TOTAL EXPENDITURES	<u>3,100,611</u>	<u>3,439,071</u>	<u>3,173,264</u>	<u>265,807</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(417,500)	222,500	684,445	461,945
OTHER FINANCING SOURCES (USES)				
Transfers in	392,500	192,500	177,512	(14,988)
NET CHANGE IN FUND BALANCE	<u>\$ (25,000)</u>	<u>\$ 415,000</u>	861,957	<u>\$ 446,957</u>
FUND BALANCE				
Beginning of year			<u>217,256</u>	
End of year			<u>\$ 1,079,213</u>	

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE - STUDENT/SCHOOL ACTIVITIES FUND
YEAR ENDED JUNE 30, 2022**

	<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>\$ 1,500,000</u>	<u>\$ 1,575,000</u>	<u>\$ 1,527,490</u>	<u>\$ (47,510)</u>
EXPENDITURES				
Student/school activities	<u>1,500,000</u>	<u>1,600,000</u>	<u>1,480,866</u>	<u>119,134</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (25,000)</u>	46,624	<u>\$ 71,624</u>
FUND BALANCE				
Beginning of year			<u>1,324,290</u>	
End of year			<u>\$ 1,370,914</u>	

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2022**

	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>	<u>2021</u>	Total Debt Service Funds
ASSETS							
Cash and cash equivalents	\$ 108,147	\$ 197,435	\$ 316,160	\$ 114,510	\$ 305,543	\$ 456,503	\$ 1,498,298
Taxes receivable	-	29,203	-	-	-	-	29,203
Due from other funds	5,185	165,754	6,109	1,899	6,163	8,081	193,191
TOTAL ASSETS	<u>\$ 113,332</u>	<u>\$ 392,392</u>	<u>\$ 322,269</u>	<u>\$ 116,409</u>	<u>\$ 311,706</u>	<u>\$ 464,584</u>	<u>\$ 1,720,692</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Due to other funds	\$ 113,332	\$ -	\$ 7,716	\$ 2,800	\$ 7,778	\$ 10,018	\$ 141,644
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	29,023	-	-	-	-	29,023
FUND BALANCES							
Restricted for debt service	-	363,369	314,553	113,609	303,928	454,566	1,550,025
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 113,332</u>	<u>\$ 392,392</u>	<u>\$ 322,269</u>	<u>\$ 116,409</u>	<u>\$ 311,706</u>	<u>\$ 464,584</u>	<u>\$ 1,720,692</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>	<u>2021</u>	<u>Total Debt Service Funds</u>
REVENUES							
Local sources							
Property taxes	\$ 2,785,382	\$ 2,038,303	\$ 3,551,258	\$ 1,288,769	\$ 3,579,899	\$ 4,610,900	\$ 17,854,511
Investment earnings	797	545	-	-	61	672	2,075
State sources	<u>15,092</u>	<u>9,564</u>	<u>18,529</u>	<u>6,724</u>	<u>18,679</u>	<u>24,058</u>	<u>92,646</u>
TOTAL REVENUES	<u>2,801,271</u>	<u>2,048,412</u>	<u>3,569,787</u>	<u>1,295,493</u>	<u>3,598,639</u>	<u>4,635,630</u>	<u>17,949,232</u>
EXPENDITURES							
Principal repayment	3,000,000	1,825,000	3,350,000	1,000,000	2,750,000	3,075,000	15,000,000
Interest expenditure	69,000	139,288	345,000	352,500	1,223,750	1,101,430	3,230,968
Other	<u>2,430</u>	<u>1,695</u>	<u>3,586</u>	<u>1,652</u>	<u>3,321</u>	<u>4,634</u>	<u>17,318</u>
TOTAL EXPENDITURES	<u>3,071,430</u>	<u>1,965,983</u>	<u>3,698,586</u>	<u>1,354,152</u>	<u>3,977,071</u>	<u>4,181,064</u>	<u>18,248,286</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(270,159)	82,429	(128,799)	(58,659)	(378,432)	454,566	(299,054)
FUND BALANCES							
Beginning of year	<u>270,159</u>	<u>280,940</u>	<u>443,352</u>	<u>172,268</u>	<u>682,360</u>	<u>-</u>	<u>1,849,079</u>
End of year	<u>\$ -</u>	<u>\$ 363,369</u>	<u>\$ 314,553</u>	<u>\$ 113,609</u>	<u>\$ 303,928</u>	<u>\$ 454,566</u>	<u>\$ 1,550,025</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, 2022**

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>	
2022	2.25%	\$ -	\$ -	\$ 49,113	\$ 49,113
2023	2.45%	1,900,000	49,113	25,838	1,974,951
2024	2.65%	<u>1,950,000</u>	<u>25,838</u>	<u>-</u>	<u>1,975,838</u>
Total 2014 bonded debt		<u>\$ 3,850,000</u>	<u>\$ 74,951</u>	<u>\$ 74,951</u>	<u>\$ 3,999,902</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, 2022
 (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>	
2022	2.00%	\$ -	\$ -	\$ 139,000	\$ 139,000
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>\$ 13,900,000</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 14,600,000</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, 2022
 (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>	
2022	5.00%	\$ -	\$ -	\$ 151,250	\$ 151,250
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>\$ 6,050,000</u>	<u>\$ 531,875</u>	<u>\$ 531,875</u>	<u>\$ 7,113,750</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, 2022
 (continued)**

2019 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>	
2022	5.00%	\$ -	\$ -	\$ 543,125	\$ 543,125
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%	<u>3,375,000</u>	<u>84,375</u>	<u>-</u>	<u>3,459,375</u>
Total 2019 bonded debt		<u>\$ 21,725,000</u>	<u>\$ 2,243,125</u>	<u>\$ 2,243,125</u>	<u>\$ 26,211,250</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, 2022
 (concluded)**

2021 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>	
2022	3.00%	\$ -	\$ -	\$ 535,275	\$ 535,275
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>\$ 35,685,000</u>	<u>\$ 2,549,850</u>	<u>\$ 2,549,850</u>	<u>\$ 40,784,700</u>

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
SCHEDULE OF PROPERTY TAX DATA
YEAR ENDED JUNE 30, 2022**

	2022					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	\$ 192,529,749	\$ 315,700	\$ 13,028,200	\$ 120,105,913	\$ 325,979,562	18.0	6.0	3.1
Blair Township	197,906,028	277,300	8,794,300	113,667,613	320,645,241	18.0	6.0	3.1
East Bay Township	403,710,723	2,830,100	6,635,400	242,994,886	656,171,109	18.0	6.0	3.1
Garfield Township	482,506,236	14,182,700	45,986,600	486,421,253	1,029,096,789	18.0	6.0	3.1
Grant Township	14,986,736	-	15,300	8,787,615	23,789,651	18.0	6.0	3.1
Green Lake Township	199,443,231	731,000	3,377,200	98,809,843	302,361,274	18.0	6.0	3.1
Long Lake Township	450,361,210	237,100	2,338,900	132,341,073	585,278,283	18.0	6.0	3.1
Peninsula Township	596,299,366	9,700	2,725,800	208,625,233	807,660,099	18.0	6.0	3.1
Union Township	9,690,428	-	-	9,229,911	18,920,339	18.0	6.0	3.1
Whitewater Township	416,810	-	-	491,692	908,502	18.0	6.0	3.1
City of Traverse City	509,104,224	13,698,700	37,570,537	614,396,885	1,174,770,346	18.0	6.0	3.1
Leelanau County								
Elmwood Township	228,218,504	1,393,000	6,800,100	92,098,668	328,510,272	18.0	6.0	3.1
Solon Township	47,359,104	2,300	18,900	17,605,583	64,985,887	18.0	6.0	3.1
Traverse City Annexed	22,091,981	30,100	749,100	20,517,545	43,388,726	18.0	6.0	3.1
Benzie County - Almira Township	36,231,623	-	5,400	4,814,226	41,051,249	18.0	6.0	3.1
Total	\$ 3,390,855,953	\$ 33,707,700	\$ 128,045,737	\$ 2,170,907,939	\$ 5,723,517,329			
Official Student Enrollment	9,130							

**TRAVERSE CITY AREA PUBLIC SCHOOLS
PROPERTY TAX DATA
JUNE 30, 2022**

<u>Fiscal Year</u>	<u>Delinquent July 1, 2021</u>	<u>Original Tax Levy</u>	<u>Collections, Adjustments, and Write-offs</u>	<u>Delinquent June 30, 2022</u>
General fund				
2022	\$ -	\$ 38,398,474	\$ 38,394,140	\$ 4,334
2021	97,556	-	5,328	92,228
2020	54,584	-	54,584	-
Total general fund	<u>152,140</u>	<u>38,398,474</u>	<u>38,454,052</u>	<u>96,562</u>
Debt service funds				
2022	-	17,760,812	17,756,290	4,522
2021	26,607	-	1,926	24,681
2020	19,540	-	19,540	-
Total debt service funds	<u>46,147</u>	<u>17,760,812</u>	<u>17,777,756</u>	<u>29,203</u>
Total	<u>\$ 198,287</u>	<u>\$ 56,159,286</u>	<u>\$ 56,231,808</u>	<u>\$ 125,765</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND BALANCE ASSIGNMENTS BY BUILDING
JUNE 30, 2022**

<u>Site</u>	<u>Amount</u>
Blair	\$ 4,972
Central Grade	38,420
Cherry Knoll	70,721
Courtade	16,335
Eastern	87,343
Long Lake	47,420
Montessori	25,404
Silver Lake	22,193
Traverse Heights	5,913
Westwoods	41,022
Willow Hill	91,149
East Middle School	138,806
West Middle School	117,471
Central High School	82,018
Traverse City High School	115,755
	<u>\$ 904,942</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
STATISTICAL SECTION OVERVIEW
2021-2022**

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
2021-2022**

FINANCIAL TRENDS

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Net Position by Component
2013-2022

	Fiscal Year ¹				
	<u>2013</u>	<u>2014</u>	<u>2015</u> ²	<u>2016</u>	<u>2017</u>
Assets					
Cash and cash equivalents	\$ 12,895,329	\$ 12,712,398	\$ 11,576,501	\$ 8,905,885	\$ 7,496,774
Receivables:					
Accounts receivable	325,854	333,350	477,778	1,079,941	593,504
Interest receivable	11,349	-	38,435	-	16,792
Taxes receivable	40,199	58,438	82,080	208,087	80,607
Intergovernmental	9,576,068	9,699,500	10,232,956	11,564,548	10,584,780
Leases	-	-	-	-	-
Inventories	192,493	156,430	124,661	147,596	129,254
Prepays	620,343	615,828	657,067	654,660	1,139,190
Restricted investments - capital projects	10,347,589	17,217,592	10,740,928	31,887,552	25,919,059
Capital assets not being depreciated	6,085,369	5,473,651	4,157,624	3,858,346	4,085,902
Capital assets, net of accumulated depreciation	142,221,768	141,109,454	140,182,582	139,413,586	135,349,462
Total Assets	182,316,361	187,376,641	178,270,612	197,720,201	185,395,324
Deferred Outflows of Resources					
Related to pension	-	-	13,905,319	19,047,562	21,683,066
Related to OPEB	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	13,905,319	19,047,562	21,683,066
Liabilities					
Accounts payable	2,776,347	3,378,426	2,809,580	2,828,756	1,070,775
Accrued salaries and related items	10,731,273	10,018,965	9,610,148	7,923,219	6,966,659
Accrued retirement	-	-	-	2,439,904	2,644,637
Checks written in excess of future deposits	-	-	-	-	-
Accrued interest	465,255	423,897	355,043	341,403	320,059
Unearned revenue	1,085,522	987,146	767,930	968,323	1,152,564
Noncurrent liabilities					
Due within one year	10,456,969	11,632,361	12,186,862	12,386,418	13,187,157
Due in more than one year	67,210,648	69,219,947	57,086,955	72,465,197	59,604,711
Net pension liability	-	-	126,394,985	144,159,119	147,184,105
Net OPEB liability	-	-	-	-	-
Total Liabilities	92,726,014	95,660,742	209,211,503	243,512,339	232,130,667
Deferred Inflows of Resources					
Related to pensions	-	-	13,973,255	477,673	494,673
Related to OPEB	-	-	-	-	-
Related to state aid funding for pension	-	-	-	3,938,030	4,551,373
Related to unavailable revenue - leases	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	13,973,255	4,415,703	5,046,046
Net Position ³					
Net investment in capital assets	80,744,965	83,000,074	86,607,926	90,095,597	93,414,229
Restricted for debt service	965,709	1,400,691	1,140,931	1,175,922	1,269,843
Restricted for food service	695,621	456,408	-	-	-
Unrestricted	7,184,052	6,858,726	(118,757,684)	(122,431,798)	(124,782,395)
Total Net Position	\$ 89,590,347	\$ 91,715,899	\$ (31,008,827)	\$ (31,160,279)	\$ (30,098,323)

¹ Years 2018-2022 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
2013-2022 (Continued from previous page)

	Fiscal Year				
	<u>2018</u> ¹	<u>2019</u>	<u>2020</u> ²	<u>2021</u>	<u>2022</u>
Assets					
Cash and cash equivalents	\$ 11,205,076	\$ 14,400,835	\$ 15,607,004	\$ 18,304,482	\$ 22,888,317
Receivables:					
Accounts receivable	337,825	322,881	487,018	80,144	214,243
Interest receivable	-	34,571	75,537	-	1,980
Taxes receivable	73,196	70,713	101,608	190,939	125,765
Intergovernmental	10,771,629	10,448,679	9,586,631	11,066,052	13,572,047
Leases	-	-	-	-	1,374,865
Inventories	100,651	115,085	153,685	127,672	188,841
Prepays	1,429,606	1,326,852	602,979	976,175	830,716
Restricted investments - capital projects	23,160,308	44,913,161	28,040,164	47,060,696	18,085,967
Capital assets not being depreciated	15,943,329	4,842,933	7,112,388	22,240,909	22,245,918
Capital assets, net of accumulated depreciation	129,533,356	145,141,077	151,385,817	151,320,994	167,487,391
Total Assets	192,554,976	221,616,787	213,152,831	251,368,063	247,016,050
Deferred Outflows of Resources					
Related to pension	35,230,141	57,782,615	54,077,890	44,147,988	30,076,283
Related to OPEB	3,888,429	8,706,250	13,123,180	16,209,713	12,619,023
Total Deferred Outflows of Resources	39,118,570	66,488,865	67,201,070	60,357,701	42,695,306
Liabilities					
Accounts payable	3,843,748	3,027,379	3,735,128	4,618,613	4,135,371
Accrued salaries and related items	7,222,149	8,384,976	8,865,108	8,643,400	9,173,580
Accrued retirement	2,780,127	3,737,084	3,897,597	4,276,321	4,888,954
Checks written in excess of future deposits	-	-	68,495	-	-
Accrued interest	288,085	435,705	432,238	484,930	472,588
Unearned revenue	1,015,042	1,303,042	973,999	1,375,688	2,920,714
Noncurrent liabilities:					
Due within one year	14,322,561	14,263,785	14,545,517	15,398,119	15,932,785
Due in more than one year	57,555,179	78,585,088	63,826,528	90,824,490	74,380,666
Net pension liability	154,411,446	178,371,730	192,616,311	201,937,658	137,819,903
Net OPEB liability	52,792,245	46,984,762	41,444,191	31,960,557	8,760,664
Total Liabilities	294,230,582	335,093,551	330,405,112	359,519,776	258,485,225
Deferred Inflows of Resources					
Related to pensions	8,273,896	14,149,387	9,800,581	2,428,010	47,689,640
Related to OPEB	1,784,763	10,944,213	17,279,785	24,858,448	34,871,033
Related to state aid funding for pension	6,173,730	6,531,339	6,361,368	7,756,750	9,033,842
Related to unavailable revenue - leases	-	-	-	-	1,374,865
Total Deferred Inflows of Resources	16,232,389	31,624,939	33,441,734	35,043,208	92,969,380
Net Position:					
Net investment in capital assets	95,277,393	101,017,400	107,209,420	111,756,852	116,189,396
Restricted for debt service	1,521,488	1,359,337	972,807	1,364,149	1,077,437
Restricted for food service	-	-	-	-	-
Unrestricted	(175,588,306)	(180,989,575)	(191,675,172)	(195,958,221)	(179,010,082)
Total Net Position	\$ (78,789,425)	\$ (78,612,838)	\$ (83,492,945)	\$ (82,837,220)	\$ (61,743,249)

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
Annual Comprehensive Financial Report
Financial Trends
Changes in Net Position
2013-2022

	Fiscal Year ¹				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses:					
Governmental activities:					
Instruction	\$ 50,502,874	\$ 52,189,870	\$ 54,737,324	\$ 55,520,571	\$ 57,716,952
Support services	35,856,404	36,573,556	37,471,024	38,769,671	40,163,580
Community services	2,862,822	2,749,851	2,843,193	3,286,091	3,592,029
Intergovernmental expenditures	1,981,786	2,185,749	2,025,826	2,192,058	2,329,778
Food services	5,018,794	5,206,132	4,947,800	4,930,308	4,835,049
Student/school activities	-	-	-	-	-
Interest on long-term debt	3,126,214	2,750,174	2,451,022	2,113,909	2,249,605
Loss on sale of capital assets	-	-	-	-	-
Unallocated depreciation	2,782,606	2,728,445	2,673,975	2,651,801	2,640,866
Total governmental expenses	<u>102,131,500</u>	<u>104,383,777</u>	<u>107,150,164</u>	<u>109,464,409</u>	<u>113,527,859</u>
Program Revenues:					
Governmental activities:					
Charges for services:					
Instruction	27,689	300,820	639,121	754,798	1,056,231
Support services	1,737,376	1,877,815	1,838,218	1,901,006	1,911,478
Community services	2,366,565	2,483,558	2,671,291	2,960,156	3,111,957
Food services	2,340,875	2,343,823	2,405,556	2,351,646	2,336,497
Total charges for services	<u>6,472,505</u>	<u>7,006,016</u>	<u>7,554,186</u>	<u>7,967,606</u>	<u>8,416,163</u>
Operating Grants and Contributions:					
Instruction	2,923,171	3,287,017	3,566,976	3,719,940	3,704,172
Support services	1,545,300	1,493,960	1,866,170	1,907,790	1,538,251
Community services	378,750	307,761	243,089	226,469	215,533
Intergovernmental expenditures	124,365	3,400	962	34,960	3,730
Food services	2,553,481	2,593,682	2,602,292	2,601,641	2,608,859
Student/school activities	-	-	-	-	-
Total operating grants	<u>7,525,067</u>	<u>7,685,820</u>	<u>8,279,489</u>	<u>8,490,800</u>	<u>8,070,545</u>
Total program revenues	<u>13,997,572</u>	<u>14,691,836</u>	<u>15,833,675</u>	<u>16,458,406</u>	<u>16,486,708</u>
Net (Expense) revenue and changes in net position	<u>(88,133,928)</u>	<u>(89,691,941)</u>	<u>(91,316,489)</u>	<u>(93,006,003)</u>	<u>(97,041,151)</u>
General Revenues:					
Property taxes, levied for general purposes	30,113,413	30,559,501	30,913,145	31,334,760	31,830,413
Property taxes, levied for debt service	12,926,697	13,218,886	13,487,310	13,864,161	14,182,505
Investment earnings	43,258	32,677	31,014	39,501	138,609
State sources	43,483,230	44,985,902	47,703,689	44,619,923	48,811,418
Northwest Education Services	2,476,455	1,683,320	2,318,809	2,048,828	2,038,122
Other	847,967	1,337,207	1,211,832	947,378	1,102,040
Total general revenues	<u>89,891,020</u>	<u>91,817,493</u>	<u>95,665,799</u>	<u>92,854,551</u>	<u>98,103,107</u>
CHANGE IN NET POSITION	<u>1,757,092</u>	<u>2,125,552</u>	<u>4,349,310</u>	<u>(151,452)</u>	<u>1,061,956</u>
NET POSITION, beginning of year	<u>87,833,255</u>	<u>89,590,347</u>	<u>(35,358,137)</u> ²	<u>(31,008,827)</u>	<u>(31,160,279)</u>
NET POSITION, end of year	<u>\$ 89,590,347</u>	<u>\$ 91,715,899</u>	<u>\$ (31,008,827)</u>	<u>\$ (31,160,279)</u>	<u>\$ (30,098,323)</u>

¹ Years 2018-2022 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.

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Changes in Net Position
2013-2022 (Continued from previous page)

	Fiscal Year				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Expenses:					
Governmental activities:					
Instruction	\$ 58,791,022	\$ 61,813,892	\$ 66,291,787	\$ 66,083,301	\$ 56,780,254
Support services	40,837,582	42,829,152	44,935,135	45,388,537	42,421,618
Community services	3,433,432	3,525,526	3,864,783	3,283,466	2,972,557
Intergovernmental expenditures	2,388,784	3,455,182	3,182,616	3,297,916	4,459,937
Food services	4,318,478	4,304,870	4,569,124	4,563,393	5,218,571
Student/school activities	-	-	1,623,083	960,209	1,480,866
Interest on long-term debt	1,776,008	1,992,281	2,921,429	2,646,117	3,218,626
Loss on sale of capital assets	1,550,797	-	-	-	-
Unallocated depreciation	2,582,597	2,545,715	2,496,955	2,447,710	2,447,048
Total governmental expenses	<u>115,678,700</u>	<u>120,466,618</u>	<u>129,884,912</u>	<u>128,670,649</u>	<u>118,999,477</u>
Program Revenues:					
Governmental activities:					
Charges for services:					
Instruction	564,560	120,451	148,260	32,781	24,000
Support services	1,669,033	1,570,060	1,281,664	907,813	1,330,691
Community services	3,147,617	2,969,243	2,180,881	1,856,251	2,594,138
Food services	2,156,294	2,100,873	1,598,465	155,892	509,361
Total charges for services	<u>7,537,504</u>	<u>6,760,627</u>	<u>5,209,270</u>	<u>2,952,737</u>	<u>4,458,190</u>
Operating Grants and Contributions:					
Instruction	3,021,044	3,749,303	3,670,256	5,951,722	10,097,325
Support services	2,658,890	3,011,069	2,675,272	3,669,036	2,777,946
Community services	237,837	397,137	435,338	633,502	1,405,786
Intergovernmental expenditures	3,241	5,352	-	-	-
Food services	2,386,171	2,466,595	2,610,560	4,708,447	5,912,866
Student/school activities	-	-	1,787,102	932,594	1,527,490
Total operating grants	<u>8,307,183</u>	<u>9,629,456</u>	<u>11,178,528</u>	<u>15,895,301</u>	<u>21,721,413</u>
Total program revenues	<u>15,844,687</u>	<u>16,390,083</u>	<u>16,387,798</u>	<u>18,848,038</u>	<u>26,179,603</u>
Net (Expense) revenue and changes in net position	<u>(99,834,013)</u>	<u>(104,076,535)</u>	<u>(113,497,114)</u>	<u>(109,822,611)</u>	<u>(92,819,874)</u>
General Revenues:					
Property taxes, levied for general purposes	32,562,900	34,147,801	35,962,488	37,341,579	38,438,070
Property taxes, levied for debt service	14,713,548	15,419,221	16,276,684	17,085,115	17,843,927
Investment earnings	423,896	742,986	1,023,376	40,095	26,313
State sources	52,245,272	50,489,833	50,312,262	50,693,928	52,341,992
Northwest Education Services	2,445,809	2,455,317	2,530,624	4,276,346	3,529,344
Other	1,639,941	997,964	1,323,687	1,041,273	1,734,199
Total general revenues	<u>104,031,366</u>	<u>104,253,122</u>	<u>107,429,121</u>	<u>110,478,336</u>	<u>113,913,845</u>
CHANGE IN NET POSITION	4,197,353	176,587	(6,067,993)	655,725	21,093,971
NET POSITION, beginning of year	<u>(82,986,778)</u> ¹	<u>(78,789,425)</u>	<u>(77,424,952)</u> ²	<u>(83,492,945)</u>	<u>(82,837,220)</u>
NET POSITION, end of year	<u>\$ (78,789,425)</u>	<u>\$ (78,612,838)</u>	<u>\$ (83,492,945)</u>	<u>\$ (82,837,220)</u>	<u>\$ (61,743,249)</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.

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Fund Balances - Governmental Funds
2013-2022

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund					
Nonspendable	\$ 672,974	\$ 696,864	\$ 718,437	\$ 730,261	\$ 1,209,417
Assigned	4,593,098	3,498,533	3,409,215	3,982,515	3,801,866
Unrestricted, unassigned	1,863,251	2,323,340	2,564,871	1,383,412	141,990
Total general fund	<u>7,129,323</u>	<u>6,518,737</u>	<u>6,692,523</u>	<u>6,096,188</u>	<u>5,153,273</u>
Other governmental funds					
Nonmajor Special Revenue Funds					
Nonspendable	139,862	75,394	63,291	71,995	59,027
Committed	-	-	-	-	-
Assigned	482,742	659,234	661,429	618,143	361,021
Restricted	695,621	456,408	627,117	599,733	697,342
Nonmajor Debt Service Funds					
Restricted	1,430,964	1,824,588	1,495,974	1,517,325	1,589,902
Major Capital Projects Funds					
Restricted	8,844,427	16,041,654	10,329,070	30,487,278	25,446,432
Assigned nonmajor capital projects funds	659,329	784,368	800,851	814,606	741,514
Total other governmental funds	<u>12,252,945</u>	<u>19,841,646</u>	<u>13,977,732</u>	<u>34,109,080</u>	<u>28,895,238</u>
Total governmental funds	<u>\$ 19,382,268</u>	<u>\$ 26,360,383</u>	<u>\$ 20,670,255</u>	<u>\$ 40,205,268</u>	<u>\$ 34,048,511</u>

	Fiscal Year				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund					
Nonspendable	\$ 1,488,563	\$ 1,402,364	\$ 656,392	\$ 1,031,124	\$ 941,606
Assigned	3,634,696	3,806,720	6,442,540	3,477,381	4,461,430
Unrestricted, unassigned	2,979,205	3,451,098	-	6,140,018	7,916,327
Total general fund	<u>8,102,464</u>	<u>8,660,182</u>	<u>7,098,932</u>	<u>10,648,523</u>	<u>13,319,363</u>
Other governmental funds					
Nonmajor Special Revenue Funds					
Nonspendable	41,694	39,573	100,272	72,723	77,951
Committed	-	222,033	1,471,128	1,541,546	2,450,127
Assigned	223,962	-	-	-	-
Restricted	587,829	709,298	321,243	600,451	1,130,208
Nonmajor Debt Service Funds					
Restricted	1,809,573	1,795,042	1,405,045	1,849,079	1,550,025
Major Capital Projects Funds					
Restricted	20,444,318	42,707,267	25,856,189	43,199,859	15,418,101
Assigned nonmajor capital projects funds	945,742	985,835	776,882	795,752	718,009
Total other governmental funds	<u>24,053,118</u>	<u>46,459,048</u>	<u>29,930,759</u>	<u>48,059,410</u>	<u>21,344,421</u>
Total governmental funds	<u>\$ 32,155,582</u>	<u>\$ 55,119,230</u>	<u>\$ 37,029,691</u>	<u>\$ 58,707,933</u>	<u>\$ 34,663,784</u>

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Changes in Fund Balances - Governmental Funds
2013-2022

	Fiscal Year ¹				
	2013	2014	2015	2016	2017
Revenues					
Local sources:					
Property taxes	\$ 43,030,247	\$ 43,763,585	\$ 44,376,578	\$ 45,188,615	\$ 46,018,903
Tuition	2,143,782	2,505,089	2,947,460	3,303,699	3,754,986
Investment earnings	43,258	32,677	31,014	39,501	138,609
Food sales, athletics, and community service	2,078,681	2,131,316	2,171,325	2,139,439	2,139,981
Student/school activities	-	-	-	-	-
Other	<u>2,880,736</u>	<u>2,975,467</u>	<u>3,012,727</u>	<u>2,901,547</u>	<u>3,180,509</u>
Total local sources	50,176,704	51,408,134	52,539,104	53,572,801	55,232,988
State sources	45,662,899	47,889,660	51,333,157	52,322,505	52,664,068
Federal sources	5,080,617	4,441,531	4,271,004	4,235,458	4,453,872
Incoming transfers	2,368,559	1,708,084	2,332,348	2,061,437	2,048,122
Intermediate sources	<u>589,950</u>	<u>778,568</u>	<u>999,984</u>	<u>1,048,480</u>	<u>573,887</u>
Total revenues	<u>103,878,729</u>	<u>106,225,977</u>	<u>111,475,597</u>	<u>113,240,681</u>	<u>114,972,937</u>
Expenditures					
Current:					
Instruction	50,535,662	52,186,563	55,233,442	56,226,291	57,462,857
Supporting services	32,811,130	33,413,865	34,410,938	35,332,760	35,938,445
Food service activities	4,999,233	5,194,052	4,943,768	4,933,613	4,798,847
Community service activities	2,847,341	2,734,921	2,832,346	3,282,625	3,547,648
Student/school activities	-	-	-	-	-
Intergovernmental expenditures	215,059	40,375	67,879	89,528	63,796
Capital outlay	7,984,676	6,553,947	5,865,169	7,233,755	5,349,440
Debt service:					
Principal repayment	9,887,278	10,010,000	11,165,000	11,745,000	11,915,000
Interest expenditure	3,151,994	2,791,532	2,519,876	2,127,549	2,270,949
Payment to refunded bond escrow	-	-	110,000	-	-
Bond issuance costs	-	72,091	38,580	277,022	-
Other expenditure	<u>17,270</u>	<u>19,066</u>	<u>17,307</u>	<u>17,806</u>	<u>18,917</u>
Total expenditures	<u>112,449,643</u>	<u>113,016,412</u>	<u>117,204,305</u>	<u>121,265,949</u>	<u>121,365,899</u>
Excess of revenues over (under) expenditures	<u>(8,570,914)</u>	<u>(6,790,435)</u>	<u>(5,728,708)</u>	<u>(8,025,268)</u>	<u>(6,392,962)</u>
Other Financing Sources (Uses)					
Proceed from issuance of bonds	-	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	-	-	236,205
Proceeds sale of other assets	-	-	-	-	-
Transfers in	501,107	478,824	280,172	535,006	269,999
Transfers out	<u>(501,107)</u>	<u>(478,824)</u>	<u>(280,172)</u>	<u>(535,006)</u>	<u>(269,999)</u>
Total other financing sources (uses)	<u>-</u>	<u>13,768,550</u>	<u>38,580</u>	<u>27,560,281</u>	<u>236,205</u>
Net change in fund balance	<u>\$ (8,570,914)</u>	<u>\$ 6,978,115</u>	<u>\$ (5,690,128)</u>	<u>\$ 19,535,013</u>	<u>\$ (6,156,757)</u>
Debt service as a percentage of noncapital expenditures	12.5%	12.1%	12.4%	12.4%	12.2%

¹ Years 2018-2022 continue on following page.

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Changes in Fund Balances - Governmental Funds
2013-2022 (Continued from previous page)

	Fiscal Year				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues					
Local sources:					
Property taxes	\$ 47,291,619	\$ 49,567,599	\$ 52,215,630	\$ 54,327,097	\$ 56,340,729
Tuition	3,303,027	2,633,032	1,995,982	1,609,942	2,167,933
Investment earnings	423,896	742,986	1,023,376	40,095	26,313
Food sales, athletics, and community service	2,139,288	2,170,540	1,587,069	285,652	776,095
Student/school activities	-	-	1,787,102	932,594	1,527,490
Other	3,140,219	3,117,529	3,090,659	1,913,600	3,154,328
Total local sources	<u>56,298,049</u>	<u>58,231,686</u>	<u>61,699,818</u>	<u>59,108,980</u>	<u>63,992,888</u>
State sources	56,189,784	55,427,506	54,547,361	55,259,400	57,975,622
Federal sources	3,967,096	4,572,622	4,555,627	11,474,740	15,564,736
Incoming transfers	2,445,809	2,455,317	2,329,840	4,276,346	3,529,344
Intermediate sources	<u>218,748</u>	<u>177,281</u>	<u>334,026</u>	<u>393,070</u>	<u>174,253</u>
Total revenues	<u>119,119,486</u>	<u>120,864,412</u>	<u>123,466,672</u>	<u>130,512,536</u>	<u>141,236,843</u>
Expenditures					
Current:					
Instruction	58,242,611	58,081,218	60,043,363	61,832,354	65,692,537
Supporting services	37,550,856	37,777,447	38,495,456	39,192,914	42,632,090
Food service activities	4,279,627	4,110,605	4,246,791	4,336,227	5,557,527
Community service activities	3,391,472	3,353,943	3,547,439	3,093,814	3,277,133
Student/school activities	-	-	1,623,083	960,209	1,480,866
Intergovernmental expenditures	54,378	769,301	66,844	75,517	181,372
Capital outlay	17,879,446	13,110,174	18,087,187	25,082,097	28,402,610
Debt service:					
Principal repayment	12,580,000	13,735,000	13,850,000	14,100,000	15,000,000
Interest expenditure	1,807,982	1,844,661	2,924,896	2,593,425	3,230,968
Payment to refunded bond escrow	243,000	-	-	-	-
Bond issuance costs	161,190	209,213	500	277,463	-
Other expenditure	16,189	16,791	15,272	17,017	18,318
Total expenditures	<u>136,206,751</u>	<u>133,008,353</u>	<u>142,900,831</u>	<u>151,561,037</u>	<u>165,473,421</u>
Excess of revenues over (under) expenditures	<u>(17,087,265)</u>	<u>(12,143,941)</u>	<u>(19,434,159)</u>	<u>(21,048,501)</u>	<u>(24,236,578)</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	2,013,678	136,979	156,734	109,623	192,429
Proceeds sale of other assets	700,445	-	-	-	-
Transfers in	758,390	499,233	1,128,113	892,788	447,535
Transfers out	(758,390)	(499,233)	(1,128,113)	(892,788)	(447,535)
Total other financing sources (uses)	<u>15,194,336</u>	<u>35,107,589</u>	<u>156,734</u>	<u>42,726,743</u>	<u>192,429</u>
Net change in fund balance	<u>\$ (1,892,929)</u>	<u>\$ 22,963,648</u>	<u>\$ (19,277,425)</u>	<u>\$ 21,678,242</u>	<u>\$ (24,044,149)</u>
Debt service as a percentage of noncapital expenditures	12.5%	13.2%	13.5%	13.4%	13.3%

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends

Statement of Expenses and Transfers by Function - Government-Wide
Fiscal Years 2012-2013 through 2021-2022

Governmental Activities:	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Expenses					
Instruction	\$ 50,502,874	\$ 52,189,870	\$ 54,737,324	\$ 55,520,571	\$ 57,716,952
Supporting Services	35,856,404	36,573,556	37,471,024	38,769,671	40,163,580
Community Service Activities	2,862,822	2,749,851	2,843,193	3,286,091	3,592,029
Intergovernmental expenditures	1,981,786	2,185,749	2,025,826	2,192,058	2,329,778
Food Service	5,018,794	5,206,132	4,947,800	4,930,308	4,835,049
Student/school activities	-	-	-	-	-
Interest on Long-Term Debt	3,126,214	2,750,174	2,451,022	2,113,909	2,249,605
Loss on sale of capital assets	-	-	-	-	-
Unallocated Depreciation	2,782,606	2,728,445	2,673,975	2,651,801	2,640,866
Total Governmental Activities	\$ 102,131,500	\$ 104,383,777	\$ 107,150,164	\$ 109,464,409	\$ 113,527,859

Governmental Activities:	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Expenses					
Instruction	\$ 58,791,022	\$ 61,813,892	\$ 66,291,787	\$ 66,083,301	\$ 56,780,254
Supporting Services	40,837,582	42,829,152	44,935,135	45,388,537	42,421,618
Community Service Activities	3,433,432	3,525,526	3,864,783	3,283,466	2,972,557
Intergovernmental expenditures	2,388,784	3,455,182	3,182,616	3,297,916	4,459,937
Food Service	4,318,478	4,304,870	4,569,124	4,563,393	5,218,571
Student/school activities	-	-	1,623,083	960,209	1,480,866
Interest on Long-Term Debt	1,776,008	1,992,281	2,921,429	2,646,117	3,218,626
Loss on sale of capital assets	1,550,797	-	-	-	-
Unallocated Depreciation	2,582,597	2,545,715	2,496,955	2,447,710	2,447,048
Total Governmental Activities	\$ 115,678,700	\$ 120,466,618	\$ 129,884,912	\$ 128,670,649	\$ 118,999,477

Source: Compiled by TCAPS Business Office

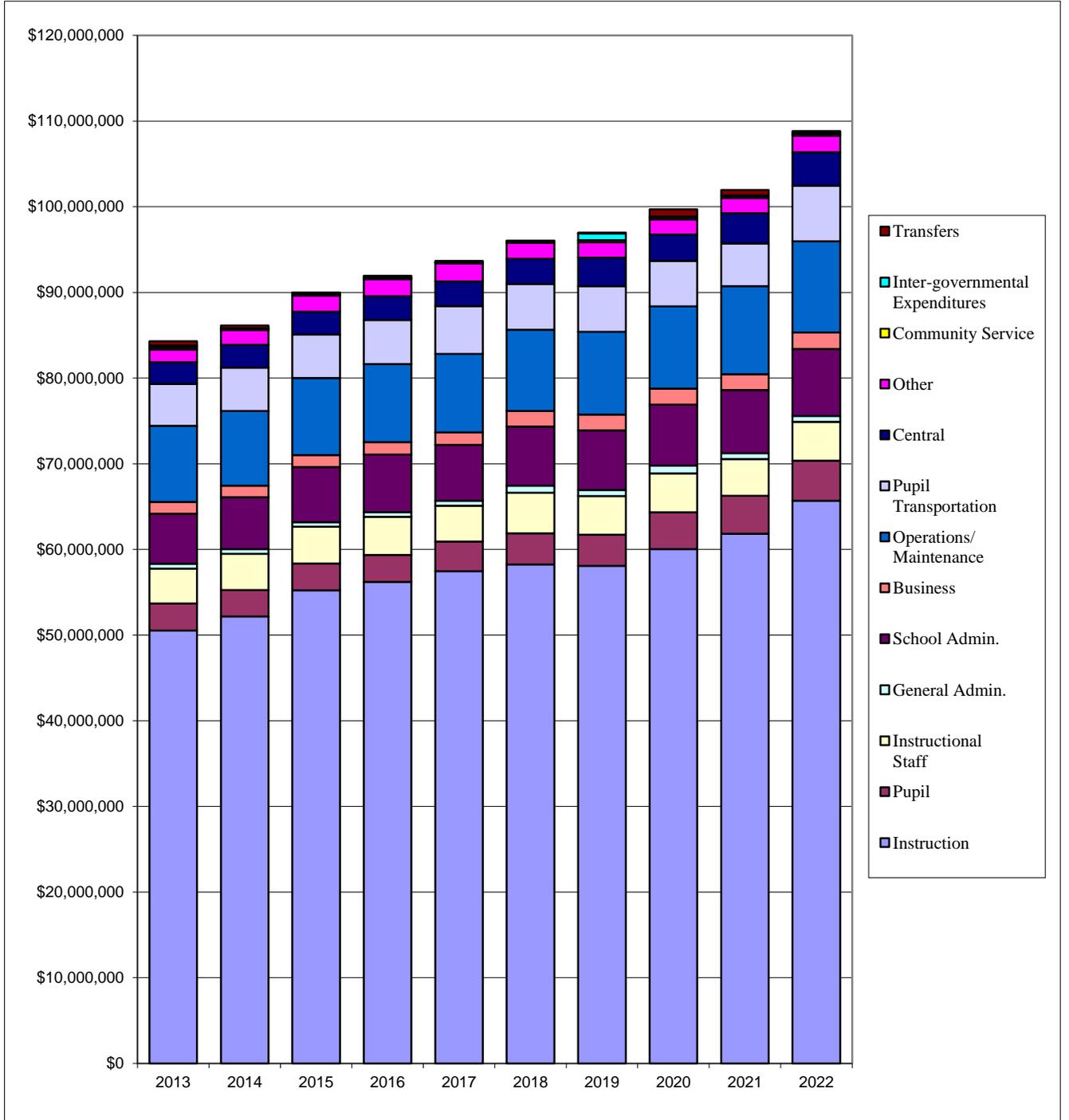
TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Statement of Revenues by Source - Government-Wide
Fiscal Years 2012-2013 through 2021-2022

Revenues	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Program revenues:					
Charges for services	\$ 6,472,505	\$ 7,006,016	\$ 7,554,186	\$ 7,967,606	\$ 8,416,163
Operating grants and contributions	7,525,067	7,685,820	8,279,489	8,490,800	8,070,545
General Revenues:					
Property Taxes	43,040,110	43,778,387	44,400,455	45,198,921	46,012,918
State Aid - Unrestricted	43,483,230	44,985,902	47,703,689	44,619,923	48,811,418
Federal - Unrestricted	-	-	-	-	-
Other	3,367,680	3,053,204	3,561,655	3,035,707	3,278,771
Total Revenue	\$ 103,888,592	\$ 106,509,329	\$ 111,499,474	\$ 109,312,957	\$ 114,589,815

Revenues	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Program revenues:					
Charges for services	\$ 7,537,504	\$ 6,760,627	\$ 5,209,270	\$ 2,952,737	\$ 4,458,190
Operating grants and contributions	8,307,183	9,629,456	11,178,528	15,895,301	21,721,413
General Revenues:					
Property Taxes	47,276,448	49,567,022	52,239,172	54,426,694	56,281,997
State Aid - Unrestricted	52,245,272	50,489,833	50,312,262	50,693,928	52,341,992
Federal - Unrestricted	-	-	-	-	-
Other	4,509,646	4,196,267	4,877,687	5,357,714	5,289,856
Total Revenue	\$ 119,876,053	\$ 120,643,205	\$ 123,816,919	\$ 129,326,374	\$ 140,093,448

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 2012-2013 through 2021-2022



TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
General Fund - Expenditures and Transfers by Function
Fiscal Years 2012-2013 through 2021-2022

Year Ended June 30	Support Services						
	Instruction	Pupil	Instructional Staff	General Admin.	School Admin.	Business	Operations/ Maintenance
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
2022	65,692,537	4,668,162	4,541,383	686,697	7,798,160	1,936,535	10,655,850

Year Ended June 30	Support Services			Community Service	Inter-governmental Expenditures	Transfers	Total Expenditures and Transfers
	Pupil Transportation	Central	Other				
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
2022	6,468,397	3,929,629	1,947,277	142,214	181,372	187,535	108,835,748

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 2012-2013 through 2021-2022

Year Ended June 30	Instruction	Pupil	Instructional Staff	General Admin.	School Admin.	Business
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%
2022	60.36%	4.29%	4.17%	0.63%	7.17%	1.78%

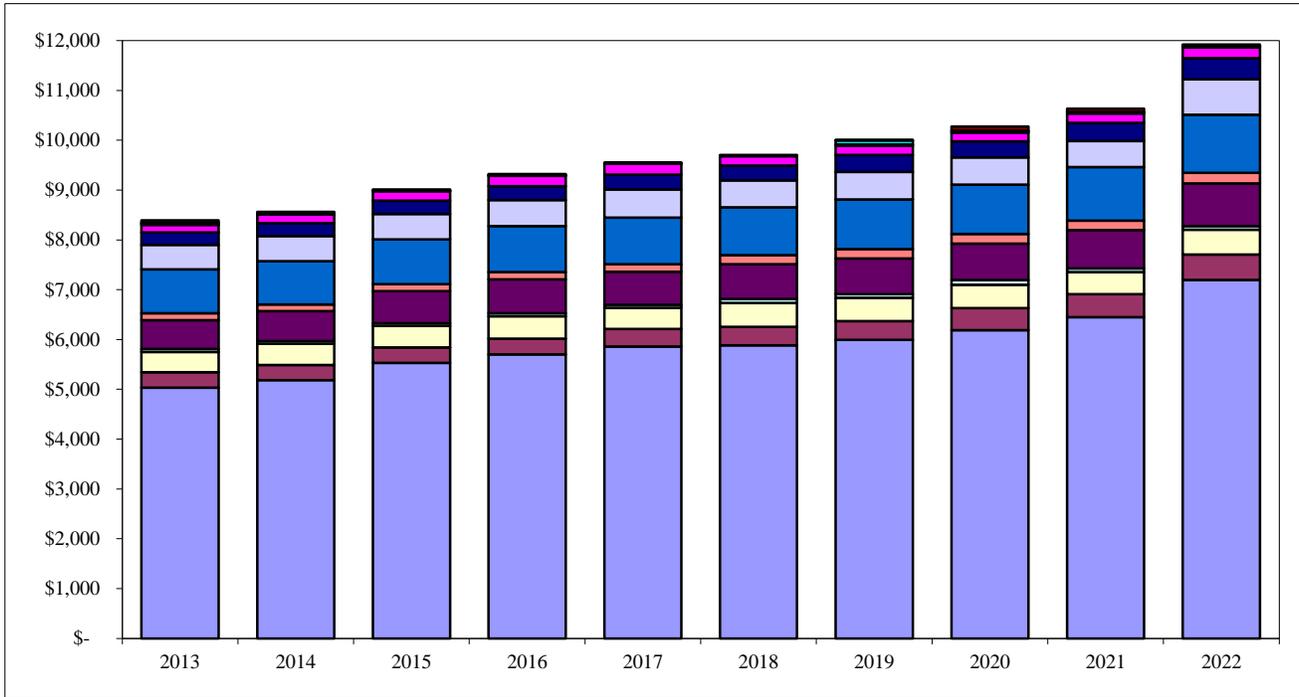
Year Ended June 30	Operations/ Maintenance	Pupil Transportation	Central	Other	Community Service	Inter- governmental Expenditures
2013	10.54%	5.84%	2.99%	1.77%	0.28%	0.26%
2014	10.12%	5.86%	3.09%	1.99%	0.21%	0.05%
2015	9.99%	5.65%	2.95%	2.11%	0.12%	0.08%
2016	9.92%	5.58%	3.03%	2.17%	0.11%	0.10%
2017	9.80%	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%
2022	9.79%	5.94%	3.61%	1.79%	0.13%	0.17%

Year Ended June 30	Debt Service	Transfers	Total Expenditures and Transfers
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%
2022	0.00%	0.17%	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 2012-2013 through 2021-2022**

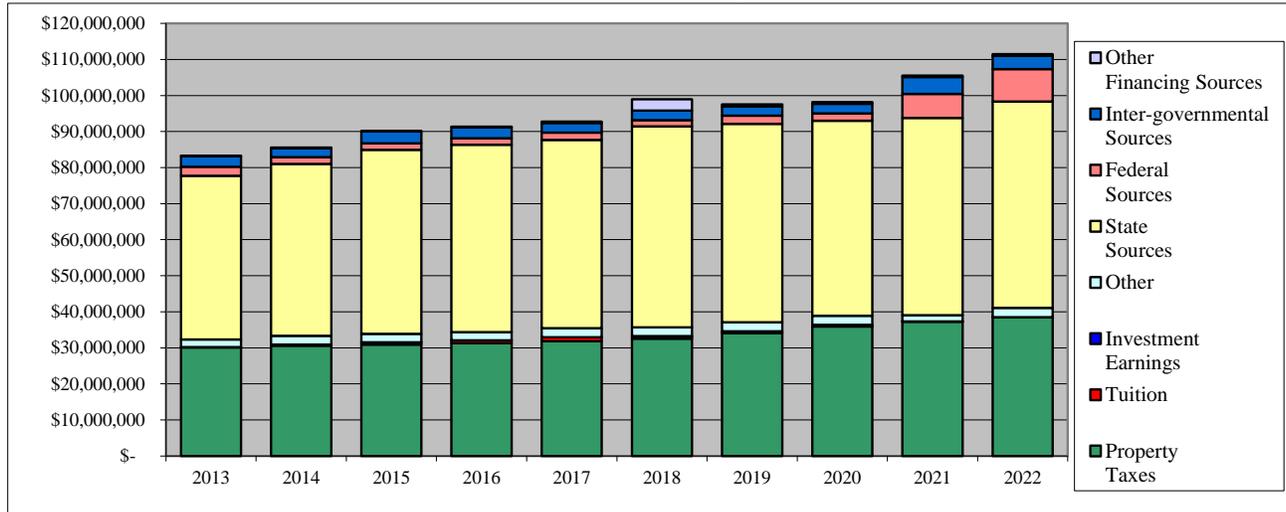


Year Ended June 30	Instructional		Gen. Admin.	School Admin.	Oper./ Business	Pupil Maint.	Pupil Trans.	Central	Other	Comm. Service	Inter. Gov. Exp.	Oper. Trans.	Total Expenditures and Transfers	
	Instruction	Pupil												Staff
2013	\$ 5,033	\$ 313	\$ 407	\$ 58	\$ 580	\$ 137	\$ 885	\$ 490	\$ 251	\$ 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
2022	7,195	511	497	75	854	212	1,167	708	430	213	16	20	21	11,921

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 2012-2013 through 2021-2022



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
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
2022	38,486,218	24,000	10,683	2,558,387	57,264,279	9,006,995	3,703,597	452,429	111,506,588

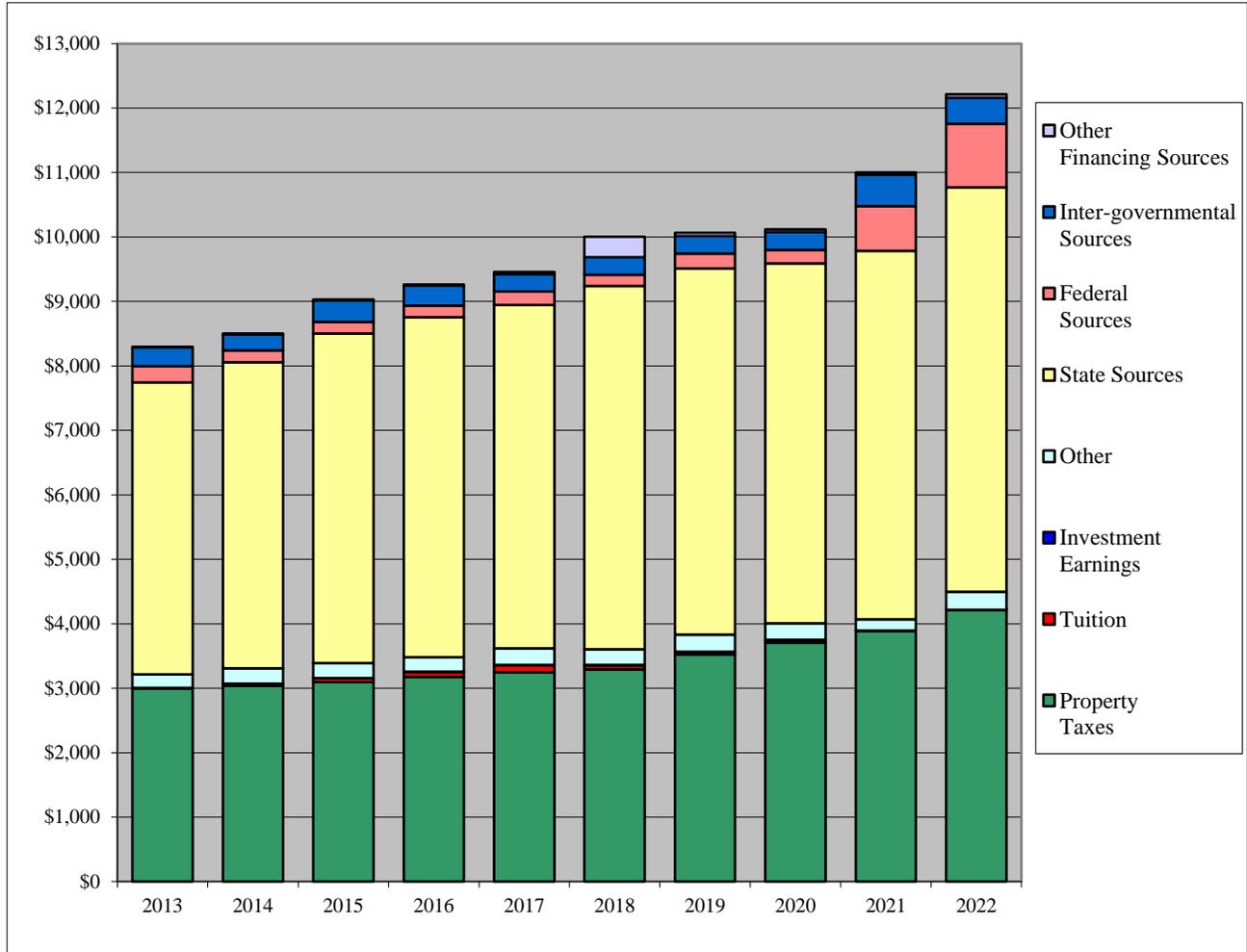
Sources of Revenues as a Percentage of Total Revenue

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
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%
2022	34.51%	0.02%	0.01%	2.29%	51.36%	8.08%	3.32%	0.41%	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 2012-2013 through 2021-2022



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
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
2022	4,215	3	1	280	6,272	987	406	50	12,213	9,130

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 2012-2013 through 2021-2022

Fiscal Year	General Fund Equity	Total Expenditures and Transfers Out	% of General Fund
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%
2021-2022	13,319,363	108,835,748	12.24%

Source: Compiled by TCAPS Business Office

Fiscal Year	General Fund Equity	Total Revenue and Transfers In	% of General Fund
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%
2021-2022	13,319,363	111,506,588	11.94%

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Statistical Section
2021-2022**

REVENUE AND DEBT CAPACITY

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue & Debt Capacity
Property Tax Levies and Collections
Fiscal Years 2012-2013 through 2021-2022

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
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%	5,328	37,176,273	99.75%
2021-2022	2021	38,398,474	38,394,140	99.99%	-	38,394,140	99.99%

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
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%	1,926	16,994,774	99.85%
2021-2022	2021	17,760,812	17,756,290	99.97%	-	17,756,290	99.97%

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 2012-2013 through 2021-2022

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Assessed Value</u>	<u>Estimated Cash Value</u>
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
2021-2022	2021	7,527,153,543	15,054,307,086

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue & Debt Capacity
Tax Rates - Overlapping ¹
Tax Years 2012-2021

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)
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
2021	18.0000	3.1000	6.0000	2.9003	2.0935	8.0865	2.9306	4.4105

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)
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
2021	2.8337	3.0331	6.5560	0.4863	0.9202	1.4306	2.2456	0.7051

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)
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
2021	2.0000	2.4700	4.0570	3.5805	2.5325	1.1883	2.0379	14.4154

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 2012-2013 through 2021-2022

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
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
2021-2022	2021	95,860	7,527,153,543	88,962,014	1,550,025	87,411,989	1.16%	912

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 2012-2013 through 2021-2022

Fiscal Year	General Obligation Bonds ¹	Monies Restricted for Debt Service	Net Bonded Debt ¹	Percentage of Taxable Value ²	Per Capita ³
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
2021-2022	88,962,014	1,550,025	87,411,989	1.53%	912

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 2012-2013 through 2021-2022

Fiscal Year	General Obligation Bonds ¹	Monies Restricted for Debt Service	Total Net Outstanding Debt ¹	Percentage of Personal Income ²	Per Capita ²
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	1.58%	814
2020-2021	105,004,910	1,849,079	103,155,831	1.94%	1,102
2021-2022	88,962,014	1,550,025	87,411,989	1.55%	912

¹ Presented net of original discounts and premiums.

² 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
2013-2022

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed Value	\$ 7,527,153,543
Debt limit (15% of assessed value)	1,129,073,031
Debt applicable to limit:	
General obligation bonds	81,210,000
Less: Amount set aside for repayment of general obligation debt	1,550,025
Total net debt applicable to limit	79,659,975
Legal debt margin	\$ 1,049,413,056

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 736,199,524	\$ 750,051,228	\$ 768,578,481	\$ 797,275,241	\$ 832,027,310
Total net debt applicable to limit	73,339,036	76,435,412	65,584,026	80,697,675	68,710,098
Legal debt margin	\$ 662,860,488	\$ 673,615,816	\$ 702,994,455	\$ 716,577,566	\$ 763,317,212
Total net debt applicable to the limit as a percentage of debt limit	9.96%	10.19%	8.53%	10.12%	8.26%

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$ 892,438,309	\$ 920,199,275	\$ 989,069,174	\$ 1,063,063,471	\$ 1,129,073,031
Total net debt applicable to limit	67,090,427	83,604,958	70,144,955	94,360,921	79,659,975
Legal debt margin	\$ 825,347,882	\$ 836,594,317	\$ 918,924,219	\$ 968,702,550	\$ 1,049,413,056
Total net debt applicable to the limit as a percentage of debt limit	7.52%	9.09%	7.09%	8.88%	7.06%

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue & Debt Capacity
Schedule of Direct and Overlapping Debt
June 30, 2022

Direct Debt	Debt Outstanding	Percent Applicable to School District ¹	Amount Applicable to School District ¹	Debt Principal Per Capita (Pop 95,860)	Percent of STV ²
General Obligation Bonds	\$ 81,210,000	100.00%	\$ 81,210,000	\$ 847	1.42%
Total Direct Debt	81,210,000		81,210,000	847	1.42%
Overlapping Debt ³					
Traverse City	11,095,000	100.00%	11,095,000	116	0.19%
Acme Township	714,175	85.61%	611,405	6	0.01%
Blair Township	4,425,000	95.40%	4,221,450	44	0.07%
East Bay Township	4,787,405	100.00%	4,787,405	50	0.08%
Elmwood Township	161,720	90.12%	145,742	2	0.00%
Garfield Township	326,451	100.00%	326,451	3	0.01%
Green Lake Township	3,685,563	92.37%	3,404,355	36	0.06%
Long Lake Township	3,175,000	100.00%	3,175,000	33	0.06%
Peninsula Township	3,320,248	100.00%	3,320,248	35	0.06%
Benzie County	3,620,000	2.88%	104,256	1	0.00%
Grand Traverse County	62,580,366	88.85%	55,602,655	580	0.97%
Leelanau County	2,185,000	13.99%	305,682	3	0.01%
Northwestern Community College	23,630,000	88.85%	20,995,255	219	0.38%
Traverse City-Garfield Recreational Authority	2,020,000	100.00%	2,020,000	21	0.04%
Total Overlapping Debt	125,725,928		110,114,904	1,149	1.93%
Total Direct and Overlapping Debt	\$ 206,935,928		\$ 191,324,904	\$ 1,996	3.34%

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 2021 Taxable Value equal to \$5,723,517,329

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 2012-2021

Tax Year	Valuation					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
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
2021	3,390,855,953	33,707,700	128,045,737	2,170,907,939	5,723,517,329	6.00	18.0000	6.00	3.10

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Statistical Section
2021-2022**

DEMOGRAPHIC AND ECONOMIC INFORMATION

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Demographic & Economic Information
Employment by Classification
Fiscal Years 2012-2013 through 2021-2022

School Year	Number of Staff			Total
	Instructional Employees	Administrative Employees	Support/ Non-Instructional Employees	
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
2021-2022	516	88	536	1,140

Source: TCAPS Human Resources Department

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Demographic & Economic Information
School District Demographic Statistics
Fiscal Years 2012-2013 through 2021-2022

<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>
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	4,805,113	51,619	100.70%	90.56%	9.9%
2020-2021	93,646	5,321,694	56,861	103.66%	92.26%	5.1%
2021-2022	95,860 ²	5,640,995 ²	58,846 ²	104.78% ²	93.00% ²	4.0% ²

¹ Unemployment rate listed for 2021-2022 is the average YTD through 06/30/22; previous years are calendar annual average rates (not seasonally adjusted); Grand Traverse County.

² Estimated; Grand Traverse County

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

Demographic & Economic Information
Property Value and Construction
Fiscal Years 2012-2013 through 2021-2022

Fiscal Year	Tax Year	Valuation					New Residential Building Permits ¹	
		Principal Residence Exemption	Industrial Personal Property	Commercial Personal Property	All Other Non-PRE	Total	Number	Value
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
2021-2022	2021	3,390,855,953	33,707,700	128,045,737	2,170,907,939	5,723,517,329	264	61,437,116

¹ 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 2012 and 2021

2012		Taxable Valuation and Industrial Facilities Tax Valuation	
Principal Taxpayer	Product/Service	Total	Percent of Total
Consumers Energy	Utility	\$ 19,469,656	0.46%
Sara Lee Corp	Frozen Foods	16,160,356	0.39%
Grand Traverse Resort & Spa LLC	Resort	12,398,000	0.30%
Grand Traverse Mall, Ltd.	Retail Shopping Mall	11,732,936	0.28%
Micigan Electric Transmission Co.	Utility	11,277,958	0.27%
Michigan Consolidated Gas (DTE Energy)	Utility	9,549,677	0.23%
Cherryland Electric Co-op	Utility	9,302,131	0.22%
Great Wolf Lodge of TC LLC	Lodge	7,941,700	0.19%
Arbors of Traverse LLC	Apartments	7,152,613	0.17%
Charter Communications	Communications	6,861,333	0.16%
Subtotal		111,846,360	2.67%
All Others		4,079,715,878	97.33%
Totals		<u>\$ 4,191,562,238</u>	<u>100.00%</u>

2021		Taxable Valuation and Industrial Facilities Tax Valuation	
Principal Taxpayer	Product/Service	Total	Percent of Total
Consumer Energy	Utility	\$ 27,449,583	0.48%
Detroit Edison	Utility	22,340,488	0.39%
Delamar Traverse City SPE LLC	Resort	15,390,817	0.27%
CEGM Traverse City, LLC	Condominiums	14,844,485	0.26%
Cherryland Electric Coop	Utility	14,520,552	0.25%
Grand Traverse Resort & Spa LLC	Resort	14,261,894	0.25%
Liv Arbors	Apartments	11,933,059	0.21%
Elmers Crane & Dozer Inc	Paving/Construction	10,350,101	0.18%
PHR TCI LLC	Hotel	10,227,633	0.18%
Midwest MFD LLC	Apartments	9,663,452	0.17%
Subtotal		150,982,064	2.64%
All Others		5,572,535,265	97.36%
Totals		<u>\$ 5,723,517,329</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 2012-2013 and 2021-2022

Employer	Product/Service	2012/2013	
		Number Employed	% of Total Employed
Munson Healthcare	Health Care	3,740	8.57%
Traverse City Area Public Schools	Education	1,276	2.92%
Grand Traverse Resort & Casinos	Hotel/Gaming	943	2.16%
Northwestern Michigan College	Education	700	1.60%
Meijer	Retail/Groceries	600	1.37%
Walmart	Retail/Groceries	600	1.37%
Sara Lee Bakery	Frozen Food	550	1.26%
Traverse Bay ISD	Education	502	1.15%
Grand Traverse County Government	Government	489	1.12%
Hagerty	Insurance	450	1.03%

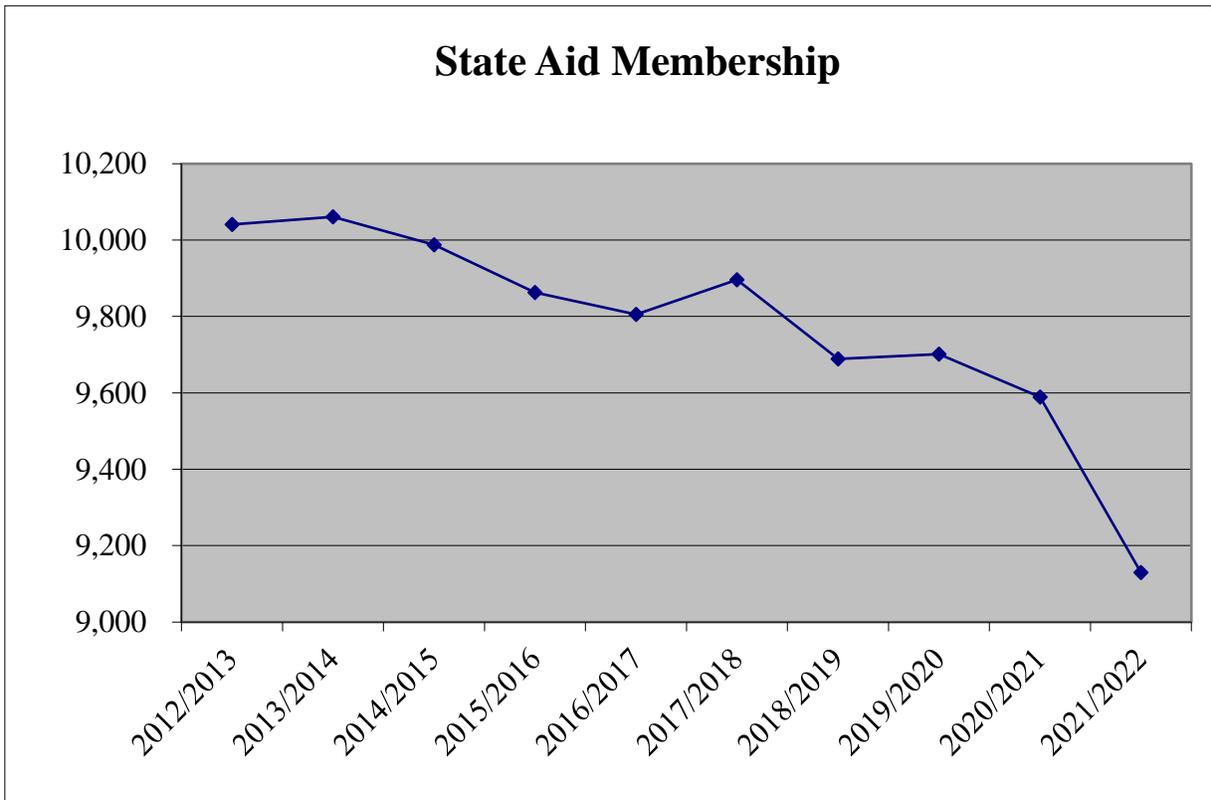
Employer	Product/Service	2021/2022	
		Approximate Number Employed	% of Total Employed ¹
Munson Healthcare	Health Care	3,700	7.52%
Traverse City Area Public Schools	Education	1,140	2.32%
Hagerty Insurance Agency	Insurance	751	1.53%
Northwestern Michigan College	Education	736	1.49%
Northwest Education Services	Education	592	1.20%
Meijer	Retail/Groceries	564	1.15%
Grand Traverse County	Government	514	1.04%
Grand Traverse Resort & Casinos	Hotel/Gaming	500	1.02%
Interlochen Center for the Arts	Arts Education Institution	483	0.98%
Britten Inc.	Signs & Banners	350	0.71%

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: Grand Traverse County, and individual employers

**TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Demographic & Economic Information
School District State Aid Membership
Fiscal Years 2012-2013 through 2021-2022**

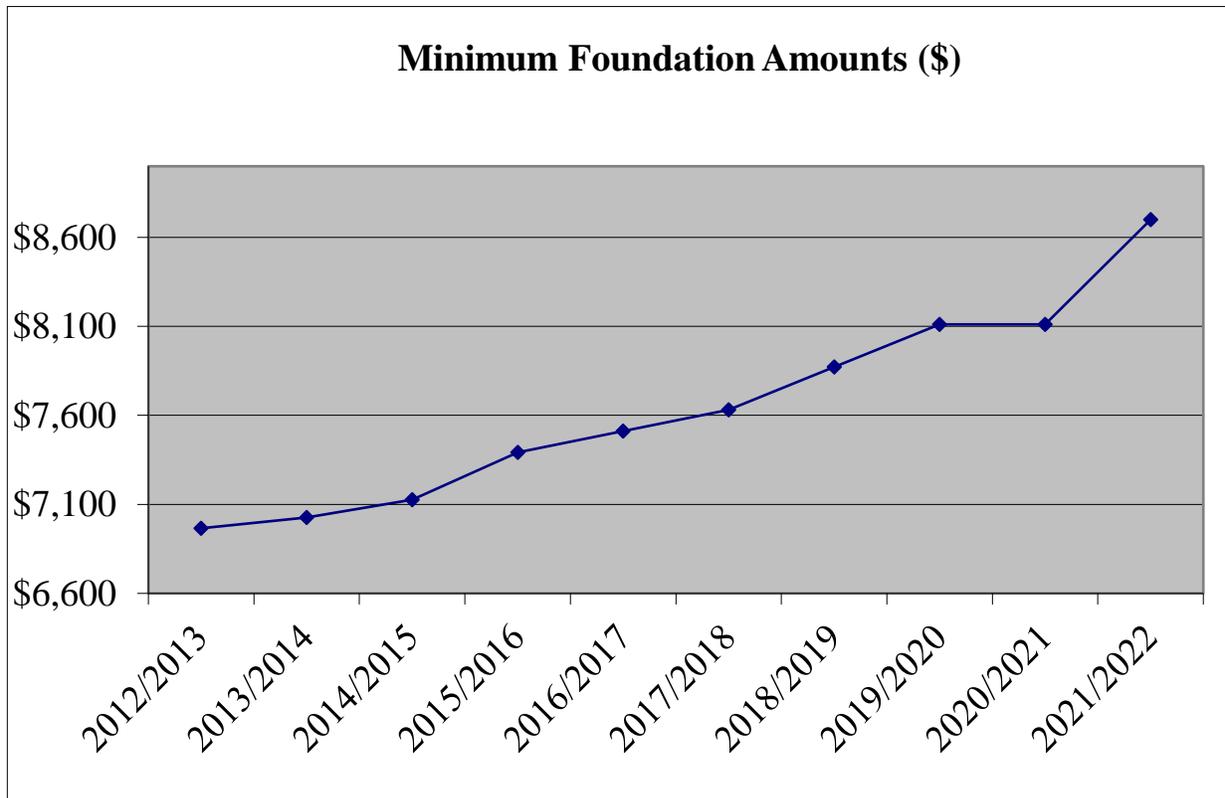
Fiscal Year	Total F.T.E.
2012/2013	10,040.69
2013/2014	10,060.43
2014/2015	9,987.35
2015/2016	9,862.59
2016/2017	9,805.08
2017/2018	9,896.39
2018/2019	9,688.87
2019/2020	9,701.42
2020/2021	9,589.10
2021/2022	9,129.82



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 2012-2013 through 2021-2022

Fiscal Year	Minimum Foundation Amounts (\$)
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
2021/2022	8,700



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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Statistical Section
2021-2022**

OPERATIONAL INFORMATION

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Operational Information
Insurance Coverage Data
Fiscal Year 2021-2022

Location	Structure ¹	Contents ¹	Site Improvements ¹	Total Insured
Bertha Vos Elementary ²	\$ 5,777,790	\$ 382,500	\$ 68,952	\$ 6,229,242
Blair Elementary	8,775,060	918,000	191,406	9,884,466
Central Grade Elementary	25,463,790	2,703,000	82,314	28,249,104
Cherry Knoll Elementary	8,681,460	765,000	254,082	9,700,542
Courtade Elementary	9,025,470	790,500	156,264	9,972,234
Eastern Elementary ²	11,035,567	1,122,000	164,628	12,322,195
Interlochen Community School ³	-	-	-	-
Long Lake Elementary	9,707,850	928,200	131,478	10,767,528
Montessori at Glenn Loomis	8,095,986	17,327	119,952	8,233,265
Oak Park Elementary	6,226,777	612,000	80,886	6,919,663
Silver Lake Elementary	7,361,178	816,000	190,536	8,367,714
Traverse Heights Elementary	9,930,210	943,500	211,650	11,085,360
Westwoods Elementary	8,265,996	824,355	200,736	9,291,087
Willow Hill Elementary	7,949,070	688,500	251,532	8,889,102
East Middle School	32,578,585	3,087,421	1,314,168	36,980,174
West Middle School	37,376,031	4,071,102	1,460,742	42,907,875
Central High School	48,729,336	4,123,077	1,643,628	54,496,041
Traverse City High School	7,521,157	663,000	-	8,184,157
West Senior High School	46,438,271	3,871,471	2,859,672	53,169,414
Boardman Administration Bldg.	4,178,430	841,500	2,040	5,021,970
Bus Garage	1,649,850	2,652,000	-	4,301,850
Facilities Building	1,179,483	361,712	290,904	1,832,099
Data Center/Sabin Building	7,327,327	1,020,000	365,364	8,712,691
Trojan Athletic Complex	1,210,366	9,830	-	1,220,196
Thirlby Field	3,477,157	10,028	2,081,820	5,569,005
	<u>\$ 317,962,197</u>	<u>\$ 32,222,023</u>	<u>\$ 12,122,754</u>	
Total Real & Personal Property				<u>\$ 362,306,974</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. In October of 2021, per the property's reverter clause, this building has been returned to Interlochen Center for the Arts.

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Operational Information
Summary of Owned Buildings and Sites
June 30, 2022

Building	Year of Construction or Purchase	Number of Stories	Square Footage	Acreage	Number of Classrooms		Number of Students ¹	
					Total	Total	K-5	
INSTRUCTIONAL								
Elementary Schools								
Bertha Vos Elementary ²	1953	one	33,647	6.0	15	0	0	
Blair Elementary	1990	one	50,961	80.0	21	246	216	
Central Grade Elementary	1922	three	143,550	4.4	38	556	535	
Cherry Knoll Elementary	1956	one	54,100	4.1	25	394	370	
Courtade Elementary	1991	one	51,000	16.0	25	260	245	
Eastern Elementary ²	2017	two	70,254	12.0	26	508	451	
Long Lake Elementary	2011	one	50,750	33.1	20	390	351	
Montessori at Glenn Loomis	1957	one	46,537	4.6	16	370	256	
Oak Park Elementary ³	1950	one	36,000	3.5	9	17	0	
Silver Lake Elementary	1987	one	49,515	16.0	20	368	344	
Traverse Heights Elementary	1950	one	57,873	14.0	25	213	203	
Westwoods Elementary	1990	one	59,249	16.1	26	415	387	
Willow Hill Elementary	1949	one	44,430	10.0	22	459	423	
Interlochen Community School ⁴	1950	one	37,192	10.2	13	0	0	
Secondary Schools								
East Middle School	1991	one	190,000	90.0	75	806		
West Middle School	1969	one	210,000	80.0	75	1,086		
Central High School	1958	one	280,087	36.3	70	1,467		
Traverse City High School	1949	one	43,842	7.1	19	157		
West Senior High School	1997	two	256,086	100.0	75	1,557		
Total Instructional			<u>1,765,073</u>	<u>543.4</u>	<u>615</u>	<u>9,269</u>	<u>3,781</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	2021		5,377	26.0				
Thirlby Field	1995		27,588	7.0				
Total Non-Instructional			<u>145,956</u>	<u>56.2</u>				
LAND ASSETS								
Cedar Run Road Property	1942	-	-	80.0				
Church Road Property	1942	-	-	40.0				
Potter Road Property	1940	-	-	80.0				

¹ Based on October 2021 count data; the total number includes Early Childhood programming at the elementary buildings.

² The Bertha Vos Elementary building 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. 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. In October of 2021, per the property's reverter clause, this building has been returned to Interlochen Center for the Arts.

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Operational Information
School Building Information ¹
Fiscal Years 2012-2013 through 2021-2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Bertha Vos Elementary ²</u>										
Square feet	33,647	33,647	33,647	33,647	33,647	33,647	33,647	33,647	33,647	33,647
Capacity	325	325	325	325	325	325	325	325	325	325
Enrollment	42	57	60	55	290	276	0	0	0	0
<u>Blair Elementary</u>										
Square feet	42,000	50,562	50,562	50,562	50,562	50,562	50,562	50,562	50,961	50,961
Capacity	350	475	475	475	475	475	475	475	475	475
Enrollment	307	280	293	264	269	249	238	249	228	246
<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	624	623	631	644	658	634	620	639	576	556
<u>Cherry Knoll Elementary ³</u>										
Square feet	48,800	48,800	48,800	48,800	48,800	48,800	48,800	48,800	54,100	54,100
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	374	369	379	386	405	429	436	420	417	394
<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	319	307	324	289	268	284	263	267	251	260
<u>Eastern Elementary ²</u>										
Square feet	34,226	34,226	34,226	34,226	0	0	70,254	70,254	70,254	70,254
Capacity	300	300	300	300	0	0	550	550	550	550
Enrollment	274	268	293	279	0	0	357	392	429	508
<u>Interlochen Community School ⁴</u>										
Square feet	37,192	37,192	37,192	37,192	37,192	37,192	37,192	37,192	37,192	37,192
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	231	239	190	170	0	0	0	0	0	0
<u>Long Lake Elementary (old) ⁵</u>										
Square feet	38,648	38,648	38,648	38,648	0	0	0	0	0	0
Capacity	350	350	350	350	0	0	0	0	0	0
Enrollment	0	0	0	0	0	0	0	0	0	0
<u>Long Lake Elementary (new) ⁵</u>										
Square feet	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750
Capacity	540	540	540	540	540	540	540	540	540	540
Enrollment	274	292	275	266	301	322	361	368	388	390
<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	340	354	322	331	316	327	319	279	302	370

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 2020 and was occupied by students at the start of the 2020/2021 school year.

⁴ 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. In October of 2021, per the property's reverter clause, this building has been returned to Interlochen Center for the Arts.

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 2012-2013 through 2021-2022
(Continued from previous page)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	0	0	0	0
Capacity	375	375	375	375	375	375	0	0	0	0
Enrollment	174	178	164	168	151	152	0	0	0	0
<u>Silver Lake Elementary</u> ²										
Square feet	41,000	41,000	41,000	41,000	41,000	49,515	49,515	49,515	49,515	49,515
Capacity	350	350	350	350	350	645	645	645	645	645
Enrollment	266	273	281	271	375	336	367	383	360	368
<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	236	253	221	225	246	226	202	216	210	213
<u>Westwoods Elementary</u> ³										
Square feet	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	59,249
Capacity	450	450	450	450	450	450	450	450	450	500
Enrollment	407	383	371	365	426	432	429	420	425	415
<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	476	468	442	438	457	465	440	453	447	459
<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	946	902	842	874	918	884	849	859	848	806
<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	1,171	1,164	1,207	1,233	1,180	1,223	1,194	1,225	1,081	1,086
<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	1,751	1,751	1,751	1,751	1,751
Enrollment	1,436	1,490	1,419	1,353	1,371	1,387	1,436	1,452	1,468	1,467
<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	189	173	219	199	214	196	171	168	128	157
<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	1,876	1,876	1,876	1,876	1,876
Enrollment	1,638	1,656	1,567	1,552	1,602	1,657	1,720	1,644	1,660	1,557

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.

³ Westwoods Elementary addition was completed and occupied by students in September of 2021.

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Operating Statistics
Fiscal Years 2012-2013 through 2021-2022

<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>
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
2021-2022	118,999,477	9,130	13,034	-2.9%	516	17.7

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal Assistance Listing Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2021	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Unearned) Revenue at 6/30/2022
U.S. Department of Agriculture									
Passed Through Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance (Donated Foods)									
National School Lunch Program									
Entitlement	N/A	10.555	\$ 320,571	\$ -	\$ -	\$ -	\$ 320,571	\$ 320,571	\$ -
Cash Assistance									
National School Lunch Program									
COVID-19 Seamless Summer Option - Lunch	211961	10.555	353,750	-	-	-	353,750	353,750	-
COVID-19 Seamless Summer Option - Lunch	221961	10.555	3,282,854	-	-	-	3,063,868	3,282,854	218,986
COVID-19 CNP Emergency Operations Reimbursements	211965	10.555	19,302	-	-	-	19,302	19,302	-
COVID-19 Supply Chain Assistance Fund	220910	10.555	176,495	-	-	-	176,495	74,250	(102,245)
			<u>3,832,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,613,415</u>	<u>3,730,156</u>	<u>116,741</u>
Total ALN 10.555 National School Lunch Program			<u>4,152,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,933,986</u>	<u>4,050,727</u>	<u>116,741</u>
School Breakfast Program									
COVID-19 Seamless Summer Option - Breakfast	211971	10.553	103,127	-	-	-	103,127	103,127	-
COVID-19 Seamless Summer Option - Breakfast	221971	10.553	926,368	-	-	-	862,272	926,368	64,096
Total ALN 10.553 School Breakfast Program			<u>1,029,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>965,399</u>	<u>1,029,495</u>	<u>64,096</u>
COVID-19 Summer Food Service Program									
2020-2021	210904	10.559	3,790,279	3,609,269	326,995	-	508,005	181,010	-
2021-2022	220904	10.559	1,964	-	-	-	-	1,964	1,964
Total ALN 10.559 Summer Food Service Program			<u>3,792,243</u>	<u>3,609,269</u>	<u>326,995</u>	<u>-</u>	<u>508,005</u>	<u>182,974</u>	<u>1,964</u>
Total Cash Assistance			<u>8,654,139</u>	<u>3,609,269</u>	<u>326,995</u>	<u>-</u>	<u>5,086,819</u>	<u>4,942,625</u>	<u>182,801</u>
Total Child Nutrition Cluster			<u>8,974,710</u>	<u>3,609,269</u>	<u>326,995</u>	<u>-</u>	<u>5,407,390</u>	<u>5,263,196</u>	<u>182,801</u>
NSLP Equipment Assistance Grant	201991-EAG22	10.579	25,000	-	-	-	-	25,000	25,000

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, 2022
(continued)**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal Assistance Listing Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2021	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Unearned) Revenue at 6/30/2022
U.S. Department of Agriculture (concluded)									
Passed Through Michigan Department of Education (concluded)									
COVID-19 Child and Adult Care Food Program									
2020-2021	211920	10.558	\$ 96	\$ -	\$ -	-	\$ 96	\$ 96	\$ -
2021-2022	221920	10.558	3,160	-	-	-	2,971	3,160	189
CNP Emergency Operations Reimbursements	221925	10.558	2,718	-	-	-	2,718	2,718	-
Total ALN 10.558			5,974	-	-	-	5,785	5,974	189
COVID-19 Pandemic-EBT Local Level Costs	210980	10.649	3,063	-	-	-	3,063	3,063	-
Total ALN 10.649			3,063	-	-	-	3,063	3,063	-
Total Passed Through Michigan Department of Education			9,008,747	3,609,269	326,995	-	5,416,238	5,297,233	207,990
Passed Through the Michigan Fitness Foundation									
Supplemental Nutrition Assistance Program Cluster									
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program									
	E20212299-00	10.561	80,000	48,633	11,124	-	19,427	8,303	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program									
	E20222299-00	10.561	80,000	-	-	-	41,608	56,006	14,398
Total ALN 10.561			160,000	48,633	11,124	-	61,035	64,309	14,398
TOTAL U.S. DEPARTMENT OF AGRICULTURE			9,168,747	3,657,902	338,119	-	5,477,273	5,361,542	222,388
U.S. Department of Education									
Direct Programs									
Indigenous Education Grants to Local Educational Agencies									
	S060A200803	84.060A	51,646	48,824	12,508	-	15,329	2,821	-
Indigenous Education Grants to Local Educational Agencies									
	S060A210803	84.060A	50,449	-	-	-	42,858	50,449	7,591
Total ALN 84.060A			102,095	48,824	12,508	-	58,187	53,270	7,591
Passed Through Michigan Department of Education									
Education for Homeless Children and Youth									
	212320/2021	84.196A	86,191	53,682	9,561	-	9,561	-	-
Education for Homeless Children and Youth									
	222320/2122	84.196A	113,848	-	-	-	56,344	65,634	9,290
Total ALN 84.196A			200,039	53,682	9,561	-	65,905	65,634	9,290
Title I Grants to Local Educational Agencies									
	211530/2021	84.010A	1,374,603	1,335,990	289,318	-	289,318	-	-
Title I Grants to Local Educational Agencies									
	221530/2122	84.010A	1,272,842	-	-	-	886,513	1,145,939	259,426
Total ALN 84.010A			2,647,445	1,335,990	289,318	-	1,175,831	1,145,939	259,426

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, 2022
(continued)**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal Assistance Listing Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2021	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Unearned) Revenue at 6/30/2022
U.S. Department of Education (concluded)									
Passed Through Michigan Department of Education (concluded)									
Supporting Effective Instruction State Grants	210520/2021	84.367A	\$ 489,750	\$ 265,226	\$ 16,353	-	\$ 16,353	-	-
Supporting Effective Instruction State Grants	220520/2122	84.367A	492,148	-	-	-	160,931	192,164	31,233
Total ALN 84.367A			981,898	265,226	16,353	-	177,284	192,164	31,233
English Language Acquisition State Grants									
Title III Limited English Proficient Students	210580/2021	84.365A	34,262	26,683	11,571	-	11,571	-	-
Title III Immigrant Students	210570/2021	84.365A	12,183	765	271	-	271	-	-
Title III Limited English Proficient Students	220580/2122	84.365A	28,626	-	-	-	15,183	20,067	4,884
Title III Immigrant Students	220570/2122	84.365A	8,524	-	-	-	673	1,173	500
Total ALN 84.365A			83,595	27,448	11,842	-	27,698	21,240	5,384
Title IV Part A Student Support and Academic Enrichment	210750/2021	84.424A	142,724	68,879	43,292	-	43,292	-	-
Title IV Part A Student Support and Academic Enrichment	220750/2122	84.424A	164,804	-	-	-	163,686	164,804	1,118
Total ALN 84.424A			307,528	68,879	43,292	-	206,978	164,804	1,118
Education Stabilization Fund									
COVID-19 Governor's Emergency Education Relief Fund (GEER II)	211202-2122	84.425C	27,500	-	-	-	26,753	26,753	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	213712-2021	84.425D	4,275,734	-	-	3,144,274	3,272,246	127,972	-
Emergency Relief Fund (ESSER II)	213722-2122	84.425D	125,400	-	-	6,925	112,399	105,474	-
Emergency Relief Fund (ESSER II)	213742-2122	84.425D	134,200	-	-	10,195	70,177	59,982	-
Emergency Relief Fund (ESSER II)	213752-2122	84.425D	25,000	-	-	-	20,838	20,838	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III)	213713-2122	84.425U	6,401,794	-	-	1,259,449	1,310,709	1,590,210	1,538,950
Emergency Relief Fund (11-t)	213723-2122	84.425U	871,366	-	-	-	-	721,349	721,349
Total ALN 84.425			11,860,994	-	-	4,420,843	4,813,122	2,652,578	2,260,299
Passed Through Northwest Education Services									
Special Education Cluster									
Special Education Preschool Grants	210460/2021	84.173A	84,241	84,241	84,241	-	84,241	-	-
Special Education Preschool Grants	220460/2122	84.173A	79,200	-	-	-	-	79,200	79,200
Pre-School American Rescue Plan	221285/2122	84.173A	45,713	-	-	-	-	45,713	45,713
Total ALN 84.173A			209,154	84,241	84,241	-	84,241	124,913	124,913
Total Passed Through Northwest Education Services			209,154	84,241	84,241	-	84,241	124,913	124,913
TOTAL U.S. DEPARTMENT OF EDUCATION			16,392,748	1,884,290	467,115	4,420,843	6,609,246	4,420,542	2,699,254

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, 2022
(concluded)**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal Assistance Listing Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2021	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Unearned) Revenue at 6/30/2022
<u>U.S. Department of Health and Human Services</u>									
Passed Through Northwest Education Services Medical Assistance Program - Medicaid Cluster	2022	93.778	\$ 42,210	\$ -	\$ -	\$ -	\$ 42,210	\$ 42,210	\$ -
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>42,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,210</u>	<u>42,210</u>	<u>-</u>
<u>U.S. Department of Treasury</u>									
Passed Through Northwest Education Services Coronavirus State and Local Fiscal Recovery Funds	22S439/2122	21.027	56,028	-	-	-	56,028	56,028	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 25,659,733</u>	<u>\$ 5,542,192</u>	<u>\$ 805,234</u>	<u>\$ 4,420,843</u>	<u>\$ 12,184,757</u>	<u>\$ 9,880,322</u>	<u>\$ 2,921,642</u>

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, 2022**

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, 2022. 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 NexSys, 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	\$ 9,006,995
Other nonmajor governmental funds (special revenue funds)	<u>6,557,741</u>
Total federal revenue in the fund financial statements	<u>15,564,736</u>
Less: Federal assistance funding not subject to single audit act	(1,263,571)
Prior year federal expenditures incurred but not reported on the prior year schedule of expenditures of federal awards	<u>(4,420,843)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 9,880,322</u></u>

Federal intergovernmental receivable as reported in Note 4 to the financial statements:

Federal intergovernmental receivables	\$ 3,023,887
Less: Unearned federal funds	<u>(102,245)</u>
Accrued revenue per the schedule of expenditures of federal awards	<u><u>\$ 2,921,642</u></u>

TRAVERSE CITY AREA PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (concluded)
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 - PROGRAM CLUSTERS

Program clusters contained within the schedule are as follows:

Child Nutrition Cluster consists of Assistance Listing #10.553, #10.555 and #10.559. The Special Education Cluster consists of Assistance Listing #84.173A. The Medicaid Cluster consists of Assistance Listing #93.778. The Supplemental Nutrition Assistance Program Cluster consists of Assistance Listing #10.561.

NOTE 5 - ADJUSTMENTS

Adjustments were made for Assistance Listing #84.425 (\$4,420,843) for prior year federal expenditures incurred but not reported on the SEFA.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

**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, 2022, 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, 2022.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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, 2022



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

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

Opinion on Each Major Federal Program

We have audited Traverse City Area Public Schools' compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Traverse City Area Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Traverse City Area Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Traverse City Area Public Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Traverse City Area Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Traverse City Area Public Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Traverse City Area Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Traverse City Area Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Traverse City Area Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Manes Costeiran PC

September 30, 2022

THIS PAGE IS INTENTIONALLY LEFT BLANK

**TRAVERSE CITY AREA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425	Education Stabilization Fund
84.010	Title I

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, 2022**

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

THIS PAGE IS INTENTIONALLY LEFT BLANK



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

September 30, 2022

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, 2022, 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, 2022 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 2021-22 school year there was an increase in the fund balance of the general fund of approximately \$2,670,840. The year-end general fund balance as of June 30, 2022 stands at 12.26% of general fund expenditures. The 2022-23 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 maintain fund equity at 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,

Maner Costerisan PC



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

September 30, 2022

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, 2022. 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 Traverse City Area Public Schools are described in Note 1 to the financial statements. During fiscal year 2022, the District implemented Governmental Accounting Standard No. 87, *Leases*. 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, 2022.

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