

Comprehensive Annual Financial Report

**Fiscal Year Ended
June 30, 2020**

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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October 7, 2020

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 Comprehensive Annual Financial Report (CAFR) of the Traverse City Area Public Schools (the District) for the year ended June 30, 2020. A CAFR 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 sixteenth 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 CAFR. We assume full responsibility for the completeness and reliability of all the information presented herein.

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

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

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

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

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

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 2019 count day, the District served close to 10,000 K-12 students plus 312 Preschool, 109 GSRP (Great Start Readiness Program), and 38 ECSE (Early Childhood Special Education) children.

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, 2019, the District operated ten traditional kindergarten through fifth grade elementary schools, one Montessori kindergarten through sixth grade elementary 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, international 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, an off campus education program for expelled students (one of a very few such programs in Michigan), 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 600+ students. The District consistently performs above statewide and regional averages in terms of test scores, is recognized for its high participation and high success rates relative to Advanced Placement scores, and is nationally and internationally known for its extraordinary fine and performing arts programs.

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

The most recent statistics, published in February 2020 (based on June 30, 2019 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 827 school districts in the State of Michigan in terms of student population. Under the school funding system established in Michigan in 1994, schools are funded on a per-pupil "foundation" basis. The Traverse City Area Public Schools District operates on what is known as the minimum (lowest) foundation per student, which was \$8,111 in fiscal 2020. The District ranks 570 in total general fund revenues per student at \$10,070, 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 (365 in the state for basic programs), instructional support (409), and teacher salaries (115) and fewer resources on Fiscal Services (657), and General Administration (815). Expenditures for Operations and Maintenance (428) reflect the challenges associated with being in a district that is spread over a large geographic area in addition to serving a large student population. Traverse City Area Public Schools is ranked the largest in terms of square miles (by a wide margin) among the top 20 school districts in terms of student population.

		<u>Per Pupil</u>	<u>State Rank</u>
General fund revenues	- All sources	\$ 10,070	570
General fund expenditures	- Basic programs	5,157	365
	- Added needs	998	617
	- Instructional support	840	409
	- Fiscal services	99	657
	- Operations and maintenance	988	428
	- General administration	75	815
	- Total expenditures	10,012	541
		<u>Amount</u>	<u>State Rank</u>
Salary information	- Average teacher salary	\$ 63,691	115

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 2019) and “Aa3” by Moody’s Investors Services (March 2017). Such high ratings in these very difficult financial times serve as independent verification of the District’s commitment to fiscal responsibility.

DISTRICT INITIATIVES

Program/Curriculum Initiatives

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

Highlights include:

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

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

Strategic Financial Planning

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

To identify instructional priorities, the District relies on academic return on investment (AROI) for various programs and curriculum. Maintaining a balanced budget without the need for a traditional approach such as budget reductions is key.

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 10%. As of fiscal year end 2020, the District has 7.2% fund balance. The District acknowledges the difficulty in adding to fund balance without impacting programming, therefore, the District is directing one time revenues to fund balance. It is imperative to maintain a structurally balanced budget while providing a highly reliable school system.

Lean Principles (Continuous Improvement)

TCAPS continues to embrace the use of Lean tools and principles district-wide, emphasizing the importance of continuous improvement throughout the school system. Lean thinking seeks to change the focus of management by reviewing the flow of processes or services across departments and eliminating waste (i.e. human effort, paperwork, etc.). The goal is to alter the way people think about process flow and the use of standardized systems to increase productivity and services. The District has been successful in implementing lean practices and principles within the support services and continues to expand the improvements throughout the organization.

Capital Planning

TCAPS maintains a comprehensive capital infrastructure plan. This capital plan has been in place for a number of years and calls for a structured, multi-year approach to deal with infrastructure needs and improvements to our existing assets. See table below for the buildings 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	Interlochen Community School	1950
Long Lake Elementary	2011	Boardman Administration	1914
Montessori @ Glenn Loomis	1957	Bus Garage	1971
Oak Park Elementary	1950	Facilities Building	1981
Silver Lake Elementary	1987	Data Center	1949
Traverse Heights Elementary	1950	Coast Guard Warehouse	1968
Westwoods Elementary	1990	Thirlby Field	1995

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

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

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

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

INTERNAL CONTROL STRUCTURE

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

BUDGETARY CONTROL

The District adopts an annual budget for its funds that acts as an initial operating plan for the year, in accordance with the State of Michigan Uniform Budgeting and Accounting Act. 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 \$12,462 for fiscal 2020) must contain three informal competitive quotes and be approved on-line by the District's Purchasing Coordinator and the Associate Superintendent of Finance and Operations. Finally, any transaction exceeding the State of Michigan threshold required for sealed bids (\$24,924 for fiscal 2020) 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 2020 fund balance and projected 2021 revenues are sufficient to meet the 2021 budget as presented to the Board in a public budget hearing in June of 2020.

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 CAFR accurately reflects the District's year-end financial condition.

ECONOMIC CONDITION AND OUTLOOK OF LOCAL AND REGIONAL ECONOMY

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

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

The 2018 median age in Grand Traverse County was 42.9 years, compared to 39.8 years for Michigan overall. In 2018, 20% of the population of the County was 65 years old and over which is higher than the 17% for Michigan overall. In comparison, only 13.1% of the County population in 2000 was 65 years old and over. This trend of an aging population is expected to continue for the region. As the population ages, it is expected that demand for medical services will continue to grow. The Health Care and Social Assistance services are expected to continue as one of the fastest growing industries over the coming years which makes it understandable that Munson Healthcare remains the region's largest employer.

During fiscal year ended June 30, 2020, the area's major employers and their approximate number employed were as follows:

<u>Employer</u>	<u>Approximate Number Employed</u>
Munson Healthcare	3,100
Traverse City Area Public Schools	1,213
Hagerty Insurance	628
Meijer	600
Traverse Bay Intermediate School District	597
Northwestern Michigan College	530
Grand Traverse Resort & Spa	500
Grand Traverse County	477
Interlochen Center for the Arts	428
Britten Inc.	350

Sources: Michigan Manufacturers Directory, Networks Northwest, Michigan Economic Development Council, Grand Traverse County Planning Department, and individual employers.

Property values have increased over the past year. We are aware that values in 2020 have increased (which will be reflected in next year's CAFR), and are expected to continue to increase over the course of the near and mid-term future.

Ad Valorem Taxable Value Growth History

2010	\$4,271,136,099	1.88%
2011	4,193,127,769	-1.83%
2012	4,191,562,238	-0.04%
2013	4,296,078,899	2.49%
2014	4,386,730,079	2.11%
2015	4,456,916,037	1.60%
2016	4,554,857,384	2.20%
2017	4,717,990,638	3.58%
2018	4,952,884,648	4.98%
2019	5,215,140,563	5.30%

Compiled by TCAPS Business Office

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

AWARD FOR EXCELLENCE IN FINANCIAL REPORTING

The Association of School Business Officials, International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2019.

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

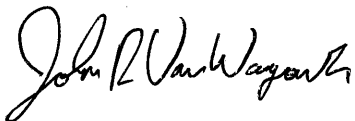
The Certificate of Excellence is valid for a period of one year. We believe our current report continues to conform to the program's requirements and are submitting it to ASBO to determine its eligibility for another certificate for the year ended June 30, 2020.

ACKNOWLEDGEMENTS

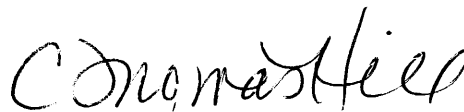
The preparation of this report could not have been accomplished without the hard work and dedication of the members of the Business Office. We would like to express appreciation to all the members of the Business Office for their commitment to this report and the District throughout the year. You are 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,



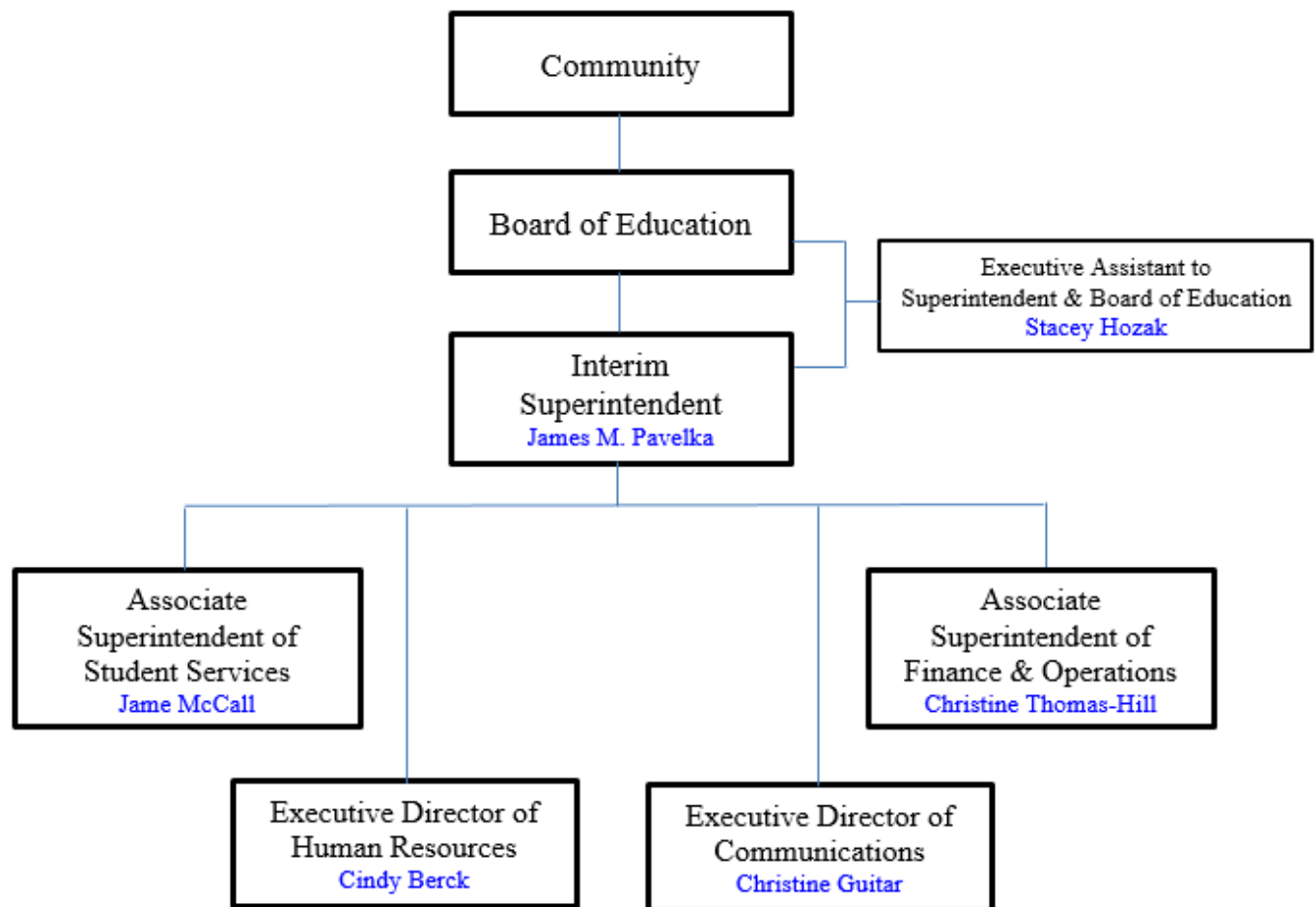
John R. VanWagoner II, Ph.D
Superintendent



Christine Thomas-Hill
Associate Superintendent, Finance and Operations



Organizational Chart 2019-2020



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

Board of Education

Sue Kelly..... President December 2022
Jeff Leonhardt Vice President December 2020
Pamela Forton Secretary December 2022
Matt Anderson..... Treasurer..... December 2022
Jane Klegman Trustee December 2020
Benjamin McGuire Trustee December 2020
Erica Moon Mohr..... Trustee December 2022

District Executive Team

James M. Pavelka..... Interim Superintendent
Jame McCall Associate Superintendent of Student Services
Christine Thomas-Hill..... Associate Superintendent of Finance and Operations
Cindy Berck..... Executive Director of Human Resources
Christine Guitar..... Executive Director of Communications

Official Issuing Report

Christine Thomas-Hill..... Associate Superintendent of Finance and Operations

Department Issuing Report

Business Office



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Traverse City Area Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

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



A handwritten signature in black ink that reads 'Claire Hertz'. The signature is written in a cursive style.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'. The signature is written in a cursive style.

David J. Lewis
Executive Director

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Traverse City Area Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Traverse City Area Public Schools, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Traverse City Area Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Traverse City Area Public Schools as of June 30, 2020, 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.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 13 to the financial statements, Traverse City Area Public Schools implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020 on our consideration of Traverse City Area Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Traverse City Area Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Maney Costeiran PC

October 7, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

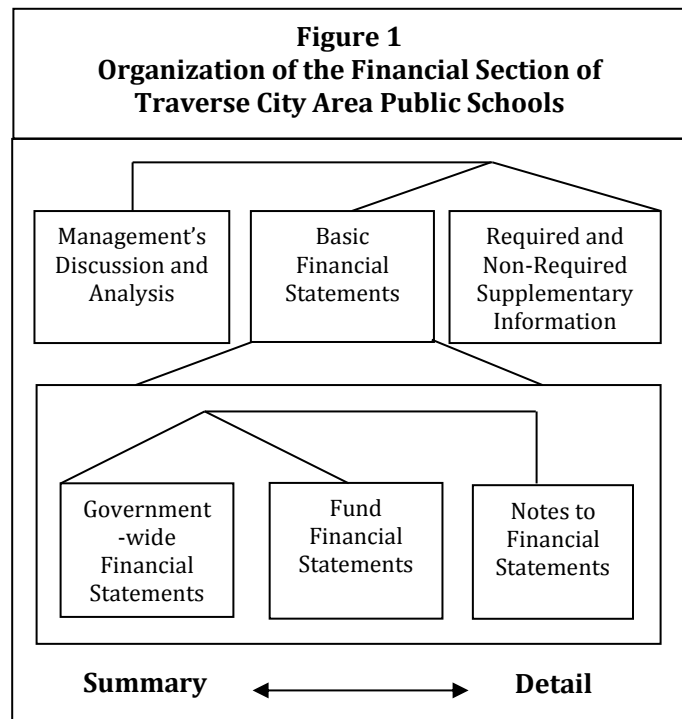
This section of the Comprehensive Annual Financial Report for Traverse City Area Public Schools (the District) presents our discussion and analysis of the District's financial performance during the year ended June 30, 2020. Please read it in conjunction with the transmittal letter found on pages 1 through 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
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, student activities, and childcare. 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, 2020 and 2019. The District's combined net position as of June 30, 2020 totaled (\$83,492,945), which was a decrease over the June 30, 2019 net position of (\$78,612,838).

Figure 3
Traverse City Area Public Schools' Net Position

	2020	2019	Change
Current and other assets	\$ 54,654,626	\$ 71,632,777	\$ (16,978,151)
Capital assets	158,498,205	149,984,010	8,514,195
Total assets	<u>213,152,831</u>	<u>221,616,787</u>	<u>(8,463,956)</u>
Deferred outflows of resources	<u>67,201,070</u>	<u>66,488,865</u>	<u>712,205</u>
Long-term liabilities outstanding	78,372,045	92,848,873	(14,476,828)
Other liabilities	17,972,565	16,888,186	1,084,379
Net pension liability	192,616,311	178,371,730	14,244,581
Net OPEB liability	<u>41,444,191</u>	<u>46,984,762</u>	<u>(5,540,571)</u>
Total liabilities	<u>330,405,112</u>	<u>335,093,551</u>	<u>(4,688,439)</u>
Deferred inflows of resources	<u>33,441,734</u>	<u>31,624,939</u>	<u>1,816,795</u>
Net position			
Net investment in capital assets	107,209,420	101,017,400	6,192,020
Restricted	972,807	1,359,337	(386,530)
Unrestricted	<u>(191,675,172)</u>	<u>(180,989,575)</u>	<u>(10,685,597)</u>
Total net position	<u>\$ (83,492,945)</u>	<u>\$ (78,612,838) *</u>	<u>\$ (4,880,107)</u>

* The 2019 figures have not been updated for the adoption of GASB 84.

- 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 (\$83,492,945) at June 30, 2020 which is a 6.2% decrease from the June 30, 2019 balance of (\$78,612,838). The District is able to report positive balances in two of the three categories of net position. Net investment in capital assets increased primarily as a result of the District paying down debt associated with those assets in excess of depreciation expense. This explains approximately \$4.9 million of the increase noted. The remaining increase is the result of the District adding capital assets with general funds (i.e., not “capital projects funds”), and investment earning within the capital projects funds. Net investment in capital assets increased about \$6.2 million. Restricted assets decreased as a result of property taxes not exceeding debt payments in the debt service fund and a small decrease in accrued interest payable. The decrease in the unrestricted net position was a result of the increase in the net pension liability partially offset by a decrease in the net OPEB liability, combined with a decrease in the general fund balance and a net decrease in fund balance 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

	2020	2019	Change
Revenue			
Program revenues			
Charges for services	\$ 5,209,270	\$ 6,760,627	\$ (1,551,357)
Operating grants and contributions	11,178,528	9,629,456	1,549,072
General revenues			
Property taxes	52,239,172	49,567,022	2,672,150
State aid - unrestricted	50,312,262	50,489,833	(177,571)
Other	4,877,687	4,196,267	681,420
Total revenues	<u>123,816,919</u>	<u>120,643,205</u>	<u>3,173,714</u>
Expenses			
Instruction	66,291,787	61,813,892	4,477,895
Support services	44,935,135	42,829,152	2,105,983
Community services	3,864,783	3,525,526	339,257
Food services	4,569,124	4,304,870	264,254
Student/school activities	1,623,083	-	1,623,083
Intergovernmental expenditures	3,182,616	3,455,182	(272,566)
Interest on long-term debt	2,921,429	1,992,281	929,148
Unallocated depreciation	2,496,955	2,545,715	(48,760)
Total expenses	<u>129,884,912</u>	<u>120,466,618</u>	<u>9,418,294</u>
Change in net position	<u>\$ (6,067,993)</u>	<u>\$ 176,587</u>	<u>\$ (6,244,580)</u>

As shown in **Figure 4** above, total revenues increased by \$3,173,714 or approximately 2.63%, while total expenses increased by \$9,418,294 or approximately 7.82%. The increase in total revenues is the result of increases in property taxes and other revenue sources. These increases were partially offset by decreases in operating grants and state unrestricted revenue.

The decrease in charges for services is the result of an early district closure related to COVID-19. There was less tuition received for our preschool, extended day, and LEAP programs. There was also a decrease in food service program revenue and other support service programs.

The increase in operating grants is the result of the District's implementation of GASB 84. This was partially offset by small decreases in other state and federal grants.

The increase in property tax revenue is the result of increases in taxable value for the 2019 tax year (which is reflected in the 2020 fiscal year).

The state aid unrestricted decrease is mostly the result of the State contribution for section 147C.

Other revenue increased as a result of an increase in investment earnings for the current year and one time reimbursements.

The \$9,418,294 increase in total expenses is largely the result of an increase in the retirement cost paid by the District to the State retirement system, contract settlements, increased health insurance costs, and pension related items.

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 \$37.03 million, which is a \$19.3 million decrease from the prior year. The decrease is mainly the result of bond expenditures exceeding revenues in the 2018 and 2019 capital projects funds. This was in addition to excess expenditures over revenue in the general fund of approximately \$1,561,000, as well as expenditures exceeding revenues in the other nonmajor governmental funds of approximately \$865,000. Further detail of these changes follows:

- The major capital project fund balances, in total, decreased by \$16.85 million. This decrease is the result of expenditures of approximately \$17.5 million for capital projects. These capital projects are part of the District's long-range capital plan. The District collected approximately \$12.43 million from a 2018 fiscal year sale and \$34.97 million from the 2019 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: complete renovation of Eastern Elementary School, Long Lake Elementary School, and Cherry Knoll Elementary School, construction of a technology data center, site and/or building additions to: Silver Lake Elementary School, Blair Elementary School, Courtade Elementary School, Willow Hill Elementary School, Cherry Knoll Elementary School, Central High School, West Senior High School, Traverse City High School, East Middle School and West Middle School, a fuel island upgrade at the transportation facility, district-wide security upgrades, and the annual purchasing of buses, technology, instructional equipment, and operational equipment.
- The general fund balance decreased by approximately \$1,561,000. Although the final budget for the 2020 fiscal year had a projected decrease of \$1,199,098, after our normal expected positive variance was taken into account, the District was projecting an increase to fund balance of approximately \$300,000. The reason for the vast difference is because the State deducted \$175 per pupil on the August 2020 State Aid Payment in order to balance the State budget; after the District was unable to amend its budget.

- The nonmajor governmental fund balance saw a decrease of approximately \$865,000. This occurred from a decrease of \$266,000 in the special revenue funds, \$390,000 in the debt service funds, and \$209,000 in the nonmajor capital projects funds. The decrease in the special revenue funds is the result of a planned use of fund balance in the child care program and the food service program offset by an increase in the student activity fund. The decrease in debt service is the result of expenditures exceeding revenues. The decrease in nonmajor capital funds was the result of a planned use of funds for site improvements.

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 2020 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 \$1,309,003, which was largely the result of recognizing additional local, state and federal program revenues, and recognizing the impact of 159 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 increase in local revenue of approximately \$2,097,000 was the result of adjusting for actual property tax values in relation to the state and local portions of the foundation allowance by \$1,873,000, recognizing local grants, investment income, and other miscellaneous revenue of \$224,000. 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. State revenues decreased by approximately \$1,907,000. This is the result of an increase in accounting for actual allocations and carryover in state grants (i.e., GSRP and At Risk) of \$817,000 and an increase of \$60 per pupil foundation over the original budget of \$582,000. This was offset with a decrease in state categorical funding of \$143,000, a decrease of 159 student FTE from the original budget of \$1,290,000, and the \$1,873,000 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 \$328,000 was the result of accounting for actual allocations in the current year and carryover from the prior fiscal year.
 4. The increase in intergovernmental revenues of approximately \$791,000 is primarily the result of a distribution from the Traverse Bay Area Intermediate School District of \$591,000, a prior period adjustment of \$100,000 and increasing the miscellaneous local grants by \$100,000.

- Budgeted expenditures were increased \$308,410 from the original to the amended budget. This was predominantly the result of recognizing additional state and federal programs during the year, coupled with adjustments to other accounts throughout the District that aligned year-end expenditure expectations with the most current information available. As noted above, state and federal restricted programs increased by approximately \$1,145,000 in total from the original to the final budget. Additionally, accounting for miscellaneous local grants increased budgeted expenditures by \$296,000. A decrease of approximately \$701,000 was related to the closing of the Northern Michigan Partnership. The remaining decrease of approximately \$432,000 was the result of minor adjustments across all accounts.

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

- The \$3,536,393 negative revenue variance is the result of deferring approximately \$1,262,000 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. Also, there was a negative variance related to a State reduction of \$175 per pupil foundation amount for all districts on the August 2020 state aid payment of approximately \$1,698,000. The remaining negative variance of approximately \$576,000 is a result of funds budgeted but not received on various other line items, mostly from local sources.
- The \$3,150,120 positive variance in expenditures is the result of not spending all local, state, and federal program dollars (which, as stated above, are carried over to the next year), coupled with a positive general fund variance in general fund unrestricted expenditure line items. Specifically:
 1. Approximately \$1,262,000 of the positive variance is the result of local, state, and federal program carryover. These restricted grants are budgeted at their full amount during the fiscal year. Because most of these grants do not have the same fiscal year as the District, any amount remaining at June 30 is simply rolled over into the new fiscal year. Approximately \$1,050,000 of the fluctuation noted in instruction and instructional staff support functions is due to state and federal programming carryover, while the remaining \$212,000 is spread throughout the various other line items.
 2. The remaining positive budget variance of approximately \$1,888,000 represents approximately 1.85% 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, 2020, the District had approximately \$289.41 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 \$11.55 million, or 4.16% percent, from last year and is the result of the District’s ongoing bond projects which are funded with proceeds from the 2018, and 2019 bond sales. An increase of \$3.04 million in accumulated depreciation offset the noted \$11.55 million increase in capital assets resulting in an increase in total capital assets of \$8.51 million, from approximately \$149.98 million to \$158.49 million (a 5.68% increase).

Figure 5
Changes in Traverse City Area Public Schools Capital Assets

	2020			2019
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 3,006,539	\$ -	\$ 3,006,539	\$ 3,006,539
Construction in process	4,105,849	-	4,105,849	1,836,394
Land improvements	12,336,665	5,810,515	6,526,150	6,612,177
Building and additions	221,515,259	94,002,550	127,512,709	123,255,174
Machinery and equipment	38,678,469	25,066,518	13,611,951	11,579,929
Transportation equipment	9,770,377	6,035,370	3,735,007	3,693,797
Total	\$ 289,413,158	\$ 130,914,953	\$ 158,498,205	\$ 149,984,010

This year's additions of approximately \$18.16 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 \$77,144,974 in general obligation bonds and \$1,227,071 in other long-term debt outstanding. The combined total reflects a decrease of \$14,476,828, or 15.59%, 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 pay down schedule on all bonds issued after 2001. All new bonds (exclusive of refunding bonds) issued since that time have been issued with maturities of ten years.

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of four factors that could significantly affect the financial health of the District in the future: the current global COVID-19 pandemic, the regulatory environment, staffing challenges for the region, and the inequities of state funding for public education. TCAPS has dealt with previous challenges of declining enrollment by offering various innovative programs to attract and retain students. However, the stabilized student count has recently declined due to the current global pandemic as families choose to homeschool or select alternative learning options for FY21.

The first factor is the unknown and ever changing impact on how school is operated in the middle of a global pandemic. Public schools are in uncharted territory; dealing with an emergency shut down in mid-March, regular changes in executive orders by the Governor, restrictions on indoor and outdoor activities including board meetings, increased reliance on technology and ensuring it is available to students and staff, as well as the need to purchase personal protective equipment and varying cleaning supplies for different state, local and federal requirements and recommendations. In addition, the entire community (school districts, staff, business owners, parents, etc.) must make decisions with limited knowledge, based on recommendations from the medical experts and agencies.

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

The third factor that could significantly impact the financial health of the school system continues to be the ability to attract and retain employees with specialized skill sets. Those seeking jobs within the Traverse City region struggle with the lack of affordable housing, lack of child care providers, and low wages. Added to those challenges, the additional requirements and duties expected of employees continues to increase, especially during the COVID-19 pandemic. In many areas, the District is facing competition in the region for a very limited pool of qualified candidates and the challenge tends to be the need to provide higher wages. It is no longer an option to recruit based on a defined benefit pension option to counter higher pay in the private sector as full pensions are no longer offered by the state. This has contributed to the difficult task of attracting qualified candidates within many sectors of the workforce.

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

As always, it is unknown if the State will provide future increases to schools. This challenge is due to reduced state revenue, often annual changes in state categorical appropriations, which do not provide equitable resources to schools, and line items from the K-12 State Aid Fund like higher education. Unless the State finds a way to navigate budget challenges without negatively impacting the School Aid Fund, including a resolution to the funding inequities that are inherent in the system, the District will have to continue to find a way to absorb inflationary and normal cost increases associated with budget line items or enhance its revenue opportunities. The District has been intentionally focused on structurally balancing the budget and directing one time revenues towards the fund balance. Prior to the pandemic, the district planned to add to fund balance at the close of the 2019/2020 fiscal year. However, due to a recapture of funds from the State in August 2020, that is no longer the case. In order to sustain a plan of structurally balancing the budget while continuing to focus on fund balance, the District must do its best to add to fund balance at the close of the 2020/2021 fiscal year. It is the intent of the district to slowly increase the fund balance over the next several years until we reach the District's target goal of 10% fund balance.

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, 2020**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 15,607,004
Receivables	
Accounts receivable	487,018
Interest receivable	75,537
Taxes receivable	101,608
Intergovernmental	9,586,631
Inventories	153,685
Prepays	602,979
Restricted cash and cash equivalents	28,040,164
Capital assets not being depreciated	7,112,388
Capital assets, net of accumulated depreciation	<u>151,385,817</u>
TOTAL ASSETS	<u>213,152,831</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	54,077,890
Related to OPEB	<u>13,123,180</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>67,201,070</u>
LIABILITIES	
Accounts payable	3,735,128
Accrued salaries and related items	8,865,108
Accrued retirement	3,897,597
Checks written in excess of deposits	68,495
Accrued interest	432,238
Unearned revenue	973,999
Noncurrent liabilities	
Due within one year	14,545,517
Due in more than one year	63,826,528
Net pension liability	192,616,311
Net OPEB liability	<u>41,444,191</u>
TOTAL LIABILITIES	<u>330,405,112</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	9,800,581
Related to OPEB	17,279,785
Related to state aid funding for pension	<u>6,361,368</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>33,441,734</u>
NET POSITION	
Net investment in capital assets	107,209,420
Restricted for debt service	972,807
Unrestricted	<u>(191,675,172)</u>
TOTAL NET POSITION	<u><u>\$ (83,492,945)</u></u>

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 66,291,787	\$ 148,260	\$ 3,670,256	\$ (62,473,271)
Support services	44,935,135	1,281,664	2,675,272	(40,978,199)
Community services	3,864,783	2,180,881	435,338	(1,248,564)
Intergovernmental	3,182,616	-	-	(3,182,616)
Food services	4,569,124	1,598,465	2,610,560	(360,099)
Student/school activities	1,623,083	-	1,787,102	164,019
Interest on long-term debt	2,921,429	-	-	(2,921,429)
Unallocated depreciation*	2,496,955	-	-	(2,496,955)
Total governmental activities	\$ 129,884,912	\$ 5,209,270	\$ 11,178,528	(113,497,114)
General revenues				
Property taxes, levied for general purposes				35,962,488
Property taxes, levied for debt service				16,276,684
Investment earnings				1,023,376
State sources - unrestricted				50,312,262
Traverse Bay Area ISD				2,530,624
Other				1,323,687
Total general revenues				107,429,121
CHANGE IN NET POSITION				(6,067,993)
Net position, beginning of year, as restated				<u>(77,424,952)</u>
Net position, end of year				<u>\$ (83,492,945)</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, 2020**

	<u>General Fund</u>	<u>2018 Capital Projects Fund</u>	<u>2019 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,492,291	\$ -	\$ -	\$ 4,114,713	\$ 15,607,004
Receivables					
Taxes receivable	79,292	-	-	22,316	101,608
Accounts receivable	468,798	-	-	18,220	487,018
Interest receivable	-	-	75,537	-	75,537
Intergovernmental	9,181,491	-	-	405,140	9,586,631
Due from other funds	175,858	-	-	401,388	577,246
Inventories	53,413	-	-	100,272	153,685
Prepaid items	602,979	-	-	-	602,979
Restricted cash and cash equivalents	-	1,969,601	26,070,563	-	28,040,164
TOTAL ASSETS	<u>\$ 22,054,122</u>	<u>\$ 1,969,601</u>	<u>\$ 26,146,100</u>	<u>\$ 5,062,049</u>	<u>\$ 55,231,872</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,283,373	\$ 252,910	\$ 1,979,800	\$ 219,045	\$ 3,735,128
Accrued salaries and related items	8,865,108	-	-	-	8,865,108
Accrued retirement	3,897,597	-	-	-	3,897,597
Checks written in excess of deposits	-	-	-	68,495	68,495
Due to other funds	5,281	22,512	4,290	545,163	577,246
Unearned revenue	833,690	-	-	140,309	973,999
TOTAL LIABILITIES	<u>14,885,049</u>	<u>275,422</u>	<u>1,984,090</u>	<u>973,012</u>	<u>18,117,573</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	<u>70,141</u>	<u>-</u>	<u>-</u>	<u>14,467</u>	<u>84,608</u>

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

	<u>General Fund</u>	<u>2018 Capital Projects Fund</u>	<u>2019 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (concluded)					
FUND BALANCES					
Nonspendable					
Inventories	\$ 53,413	\$ -	\$ -	\$ 100,272	\$ 153,685
Prepaid items	602,979	-	-	-	602,979
Restricted					
Capital projects - bond proceeds	-	1,694,179	24,162,010	-	25,856,189
Debt service - general obligated debt	-	-	-	1,405,045	1,405,045
Food service - basic programs	-	-	-	321,243	321,243
Committed					
Community service	-	-	-	119,223	119,223
Student/school activities	-	-	-	1,351,905	1,351,905
Assigned					
Building carryover	852,564	-	-	-	852,564
Building staff carryover	79,455	-	-	-	79,455
Curriculum carryover	187,434	-	-	-	187,434
Department carryover	205,289	-	-	-	205,289
Severance pay	1,227,071	-	-	-	1,227,071
Subsequent year expenditures	3,890,727	-	-	-	3,890,727
Capital projects funds	-	-	-	776,882	776,882
	<u>7,098,932</u>	<u>1,694,179</u>	<u>24,162,010</u>	<u>4,074,570</u>	<u>37,029,691</u>
TOTAL FUND BALANCES					
	<u>\$ 22,054,122</u>	<u>\$ 1,969,601</u>	<u>\$ 26,146,100</u>	<u>\$ 5,062,049</u>	<u>\$ 55,231,872</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					

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

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**TRAVERSE CITY AREA PUBLIC SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total governmental fund balances		\$ 37,029,691
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - related to pensions	\$ 54,077,890	
Deferred outflows of resources - related to OPEB	13,123,180	
Deferred inflows of resources - related to pensions	(9,800,581)	
Deferred inflows of resources - related to OPEB	(17,279,785)	
Deferred inflows of resources - related to state aid funding for pension	<u>(6,361,368)</u>	
		33,759,336
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	289,413,157	
Accumulated depreciation is	<u>(130,914,952)</u>	
		158,498,205
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
General obligation bonds		(77,144,974)
Net pension liability		(192,616,311)
Net OPEB liability		(41,444,191)
Compensated absences and termination benefits		(1,227,071)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(432,238)
Unavailable revenue at June 30, 2020, expected to be collected after September 1, 2020		<u>84,608</u>
Net position of governmental activities		<u><u>\$ (83,492,945)</u></u>

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

TRAVERSE CITY AREA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>2018 Capital Projects Fund</u>	<u>2019 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources					
Property taxes	\$ 35,943,979	\$ -	\$ -	\$ 16,271,651	\$ 52,215,630
Tuition	148,260	-	-	1,847,722	1,995,982
Investment earnings	301,896	73,674	622,781	25,025	1,023,376
Food sales and community service	-	-	-	1,587,069	1,587,069
Student/school activities income	-	-	-	1,787,102	1,787,102
Other	2,479,085	-	-	611,574	3,090,659
	<u>38,873,220</u>	<u>73,674</u>	<u>622,781</u>	<u>22,130,143</u>	<u>61,699,818</u>
Total local sources					
State sources	54,153,013	-	-	394,348	54,547,361
Federal sources	2,046,585	-	-	2,509,042	4,555,627
Intergovernmental revenues	2,663,866	-	-	-	2,663,866
	<u>97,736,684</u>	<u>73,674</u>	<u>622,781</u>	<u>25,033,533</u>	<u>123,466,672</u>
TOTAL REVENUES					
EXPENDITURES					
Current					
Instruction	60,043,363	-	-	-	60,043,363
Supporting services	38,495,456	-	-	-	38,495,456
Food service activities	-	-	-	4,246,791	4,246,791
Community service activities	240,892	-	-	3,306,547	3,547,439
Student/school activities	-	-	-	1,623,083	1,623,083
Intergovernmental expenditures	66,844	-	-	-	66,844
Capital outlay	-	7,312,641	10,233,946	540,600	18,087,187

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

	<u>General Fund</u>	<u>2018 Capital Projects Fund</u>	<u>2019 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES (concluded)					
Debt service					
Principal repayment	\$ -	\$ -	\$ -	\$ 13,850,000	\$ 13,850,000
Interest expense	-	-	-	2,924,896	2,924,896
Other expense	-	446	500	14,826	15,772
	<u>98,846,555</u>	<u>7,313,087</u>	<u>10,234,446</u>	<u>26,506,743</u>	<u>142,900,831</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,109,871)</u>	<u>(7,239,413)</u>	<u>(9,611,665)</u>	<u>(1,473,210)</u>	<u>(19,434,159)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	156,734	-	-	-	156,734
Transfers in	260,000	-	-	868,113	1,128,113
Transfers out	<u>(868,113)</u>	<u>-</u>	<u>-</u>	<u>(260,000)</u>	<u>(1,128,113)</u>
	<u>(451,379)</u>	<u>-</u>	<u>-</u>	<u>608,113</u>	<u>156,734</u>
NET CHANGE IN FUND BALANCES	(1,561,250)	(7,239,413)	(9,611,665)	(865,097)	(19,277,425)
FUND BALANCES					
Beginning of year, as restated	<u>8,660,182</u>	<u>8,933,592</u>	<u>33,773,675</u>	<u>4,939,667</u>	<u>56,307,116</u>
End of year	<u>\$ 7,098,932</u>	<u>\$ 1,694,179</u>	<u>\$ 24,162,010</u>	<u>\$ 4,074,570</u>	<u>\$ 37,029,691</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, 2020**

Net change in fund balances total governmental funds \$ (19,277,425)

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

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

Depreciation expense	(9,647,752)
Capital outlay	18,161,947

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	435,705
Accrued interest payable, end of the year	(432,238)

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	13,850,000
Amortization of bond premium	678,903

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	(61,066)
Unavailable revenue, end of the year	84,608

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	1,174,996
Accrued compensated absences and termination benefits, end of the year	(1,227,071)

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	(13,600,500)
OPEB related items	3,621,929

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

State aid funding for pension, beginning of year	6,531,339
State aid funding for pension, end of year	<u>(6,361,368)</u>

Change in net position of governmental activities \$ (6,067,993)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

B. Reporting Entity

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

C. Basis of Presentation - Government-wide Financial Statements

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

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

D. Basis of Presentation - Fund Financial Statements

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

The District reports the following *major governmental funds*:

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

	2018 Bonds	2019 Bonds
Revenue	\$ 356,500	\$ 714,812
Expenditures and transfers	\$ 11,093,266	\$ 11,523,412

The above revenue figures do not include original 2018, and 2019 school bond proceeds of \$12,430,945, and \$34,970,610, 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 2010, 2012, 2014, 2016, 2018 refunding, 2018 and 2019 bond issues.

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus and Basis of Accounting (concluded)

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

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

F. Budgetary Information

Budgetary Basis of Accounting

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgetary Information (concluded)

- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2020. 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

- a. In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:
- b. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- c. 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.
- d. 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.
- e. The United States government or federal agency obligations repurchase agreements.
- f. Bankers acceptances of United States banks.
- g. 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 four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

**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 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.

Fund Balance Policies

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

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

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

H. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

H. Revenues and Expenditures/Expenses (concluded)

Property Taxes

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, 2020, 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, 2020, 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, 2020, \$8,100,009 of the District's bank balance of \$9,100,009 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	\$ 3,240,919	N/A
MBIA External Investment pool - CLASS	3,345,548	0.1478
U.S. Treasury Notes	16,464,777	0.3875
Federated Treasury obligations - money market	<u>11,575,387</u>	0.0027
Total fair value	<u><u>\$ 34,626,631</u></u>	
Portfolio weighted average maturity		<u><u>0.1994</u></u>

One day maturity equals 0.0027, one year equals 1.00.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

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

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment pool - MAX	\$ 3,240,919	AAAm	Standard & Poor's
MBIA External Investment pool - CLASS	3,345,548	AAAm	Standard & Poor's
U.S. Treasury Notes	16,464,777	AA+	Standard & Poor's
Federated Treasury obligations - money market	11,575,387	AAAm	Standard & Poor's
Total	<u>\$ 34,626,631</u>		

Foreign Currency Risk

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

Fair Value Measurement

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

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

Investments by Fair Value Level	Level 1	Level 2	Level 3	Balance at June 30, 2020
U.S. Treasury Notes	\$ 16,464,777	\$ -	\$ -	\$ 16,464,777
Federated Treasury obligations - money market	11,575,387	-	-	11,575,387
Total	<u>\$ 28,040,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,040,164</u>

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

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

	<u>Amortized Cost</u>
MILAF External Investment pool - MAX	\$ 3,240,919

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan CLASS investment pool 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 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

As of June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
MBIA External Investment pool - CLASS	\$ 3,345,548	\$ -	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)

The following summarizes the categorization of these amounts as of June 30, 2020:

	Primary Government
Cash and cash equivalents	\$ 15,607,004
Restricted cash and cash equivalents	28,040,164
Total	\$ 43,647,168

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2019	Additions	Reclassifications/ Deletions	Balance June 30, 2020
Capital assets not being depreciated				
Land	\$ 3,006,539	\$ -	\$ -	\$ 3,006,539
Construction in progress	1,836,394	10,851,983	8,582,528	4,105,849
Total capital assets not being depreciated	4,842,933	10,851,983	8,582,528	7,112,388
Capital assets being depreciated				
Land improvements	11,828,646	508,019	-	12,336,665
Buildings and additions	212,412,024	9,103,235	-	221,515,259
Machinery and equipment	38,842,407	5,182,823	5,346,761	38,678,469
Transportation equipment	9,933,546	1,098,415	1,261,584	9,770,377
Total capital assets being depreciated	273,016,623	15,892,492	6,608,345	282,300,770
Less accumulated depreciation				
Land improvements	5,216,469	594,046	-	5,810,515
Buildings and additions	89,156,850	4,845,700	-	94,002,550
Machinery and equipment	27,262,478	3,150,801	5,346,761	25,066,518
Transportation equipment	6,239,749	1,057,205	1,261,584	6,035,370
Total accumulated depreciation	127,875,546	9,647,752	6,608,345	130,914,953
Total capital assets being depreciated, net	145,141,077	6,244,740	-	151,385,817
Net capital assets	\$ 149,984,010	\$ 17,096,723	\$ 8,582,528	\$ 158,498,205

**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	\$	35,569
Support service		3,949,079
Food service		46,202
Community service		4,175
Intergovernmental		3,115,772
Unallocated		<u>2,496,955</u>
		<u>\$ 9,647,752</u>

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

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2020 consist of the following:

State aid - Michigan Department of Education	\$	8,288,846
Federal		904,137
Intermediate school district and other		<u>393,648</u>
		<u>\$ 9,586,631</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, 2020:

	Accumulated Compensated Absences	Accumulated Termination Benefits	General Obligation Bonds	Total
Balance, July 1, 2019	\$ 205,300	\$ 969,696	\$ 91,673,877	\$ 92,848,873
Additions	239,200	241,797	-	480,997
Deletions	<u>205,300</u>	<u>223,622</u>	<u>14,528,903</u>	<u>14,957,825</u>
Balance, June 30, 2020	239,200	987,871	77,144,974	78,372,045
Due within one year	<u>239,200</u>	<u>206,317</u>	<u>14,100,000</u>	<u>14,545,517</u>
Due in more than one year	<u>\$ -</u>	<u>\$ 781,554</u>	<u>\$ 63,044,974</u>	<u>\$ 63,826,528</u>

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

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2020 are comprised of the following issues:

	Amount Outstanding	Original Borrowing
<u>General Obligation Bonds</u>		
2012 School building and site bonds due in annual installments of \$2,925,000 to \$3,000,000 through May 1, 2022, with interest at 2.30%.	\$ 5,925,000	\$ 11,000,000
2014 School building and site bonds due in annual installments of \$1,725,000 to \$1,950,000 through May 1, 2024, with interest at 2.05% to 2.65%.	7,400,000	13,500,000
2016 School building and site bonds due in annual installments of \$3,350,000 to \$3,550,000 through May 1, 2026, with interest at 2.00%.	20,625,000	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 4.00% to 5.00%.	8,050,000	11,275,000
2019 School building and site bonds due in annual installments of \$2,750,000 to \$5,075,000 through May 1, 2029, with interest at 5.00%.	29,550,000	30,235,000
Plus issuance premium, net of amortization	5,594,974	
Total general obligation bonds	77,144,974	
Other accrued benefits		
Obligation under contract for compensated absences	239,200	
Obligation under contract for termination benefits	987,871	
Total general long term obligations	\$ 78,372,045	

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

As of June 30, 2020, \$1,405,045 is available to service the general obligation debt.

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

NOTE 5 - LONG-TERM OBLIGATIONS (concluded)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2020, including interest payments of \$11,122,866 are as follows:

Year Ending June 30,	General Obligation Bonds		Compensated Absences	Termination Benefits	Amounts Payable
	Principal	Interest			
2021	\$ 14,100,000	\$ 2,593,426	\$ -	\$ -	\$ 16,693,426
2022	11,925,000	2,129,538	-	-	14,054,538
2023	9,100,000	1,764,976	-	-	10,864,976
2024	9,300,000	1,460,426	-	-	10,760,426
2025	7,500,000	1,144,750	-	-	8,644,750
2026 - 2029	19,625,000	2,029,750	-	-	21,654,750
	71,550,000	11,122,866	-	-	82,672,866
Issuance premium	5,594,974	-	-	-	5,594,974
Compensated absences	-	-	239,200	-	239,200
Termination benefits	-	-	-	987,871	987,871
	<u>\$ 77,144,974</u>	<u>\$ 11,122,866</u>	<u>\$ 239,200</u>	<u>\$ 987,871</u>	<u>\$ 89,494,911</u>

Interest expense (all funds) for the year ended June 30, 2020 was approximately \$2,921,000.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2020 are as follows:

Payable Fund		Receivable Fund	
General	\$ 5,281	General	\$ 175,858
2018 Capital projects	22,512		
2019 Capital projects	4,290		
Other nonmajor governmental	545,163	Other nonmajor governmental	401,388
	<u>\$ 577,246</u>		<u>\$ 577,246</u>

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

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

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

Pension Reform 2012 (concluded)

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

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

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

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

Pension Reform of 2017

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

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

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

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.

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.

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

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

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.

Pension and OPEB contributions made in the fiscal year ending September 30, 2019 were determined as of the September 30, 2016 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2016 are amortized over a 20-year period beginning October 1, 2018 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, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

The District's pension contributions for the year ended June 30, 2020 were equal to the required contribution total. Total pension contributions were approximately \$16,235,000. Of the total pension contributions approximately \$16,052,000 was contributed to fund the Defined Benefit Plan and approximately \$183,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2020 were equal to the required contribution total. Total OPEB contributions were approximately \$4,798,000. Of the total OPEB contributions approximately \$4,578,000 was contributed to fund the Defined Benefit Plan and approximately \$220,000 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).

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

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

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

Pension Liabilities

The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2018 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Total pension liability	\$ 83,442,507,212	\$ 79,863,694,444
Plan fiduciary net position	\$ 50,325,869,388	\$ 49,801,889,205
Net pension liability	\$ 33,116,637,824	\$ 30,061,805,239
Proportionate share	0.58163%	0.59335%
Net pension liability for the District	\$ 192,616,311	\$ 178,371,730

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

For the year ended June 30, 2020, the District recognized pension expense of \$29,652,533.

At June 30, 2020, 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	\$ 37,714,409	\$ -
Net difference between projected and actual plan investment earnings	-	6,173,025
Changes in proportion and differences between employer contributions and proportionate share of contributions	475,384	2,824,364
Differences between expected and actual experience	863,367	803,192
Reporting Unit's contributions subsequent to the measurement date	15,024,730	-
	<u>\$ 54,077,890</u>	<u>\$ 9,800,581</u>

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

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

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

Pension Liabilities (concluded)

\$15,024,730, 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>
2020	\$ 12,005,264
2021	9,280,735
2022	5,707,177
2023	2,259,403

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, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2018 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>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Total OPEB liability	\$ 13,925,860,688	\$ 13,932,170,264
Plan fiduciary net position	\$ 6,748,112,668	\$ 5,983,218,473
Net OPEB liability	\$ 7,177,748,020	\$ 7,948,951,791
Proportionate share	0.57740%	0.59108%
Net OPEB liability for the District	\$ 41,444,191	\$ 46,984,762

**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 (continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$955,896

At June 30, 2020, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual OPEB plan investment earnings	\$ -	\$ 720,734
Changes of assumptions	8,980,117	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,067	1,352,005
Differences between expected and actual experience	-	15,207,046
Reporting Unit's contributions subsequent to the measurement date	4,140,996	-
	\$ 13,123,180	\$ 17,279,785

\$4,140,996, 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.

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
2020	\$ (2,235,720)
2021	(2,235,720)
2022	(1,876,158)
2023	(1,283,811)
2024	(666,192)

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

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

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%.

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, 2018. 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, 2017 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - 7.5% for year one and graded to 3.5% in year twelve.

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

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

Actuarial Assumptions (continued)

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, 2019 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	28.00%	5.5%
Alternate Investment Pools	18.00%	8.6%
International Equity Pools	16.00%	7.3%
Fixed Income Pools	10.50%	1.2%
Real Estate and Infrastructure Pools	10.00%	4.2%
Absolute Return Pools	15.50%	5.4%
Short Term Investment Pools	2.00%	0.8%
	<u>100.00%</u>	

* Long term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return - For fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.14% and 5.37% 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.

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

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

Actuarial Assumptions (concluded)

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	\$ 250,413,526	\$ 192,616,311	\$ 144,700,428

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	\$ 50,837,529	\$ 41,444,191	\$ 33,556,397

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 7.5% (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	\$ 33,221,989	\$ 41,444,191	\$ 50,836,414

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

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

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 2019 Comprehensive Annual Financial Report.

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

NOTE 8 - RISK MANAGEMENT

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

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2020 for any of the prior three years.

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.

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

NOTE 10 - INTERFUND TRANSFERS

The general fund transferred \$10,080 to the food service fund and \$858,033 to the community services fund. The food service fund transferred \$260,000 to the general fund.

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, 2020. Approximately \$25,856,189 is restricted and recorded as fund balance in the 2018 and 2019 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. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Type	Taxes Abated
Grand Traverse County	IFT	\$ 71,394
Grand Traverse County	Brownfield	1,146,647
Grand Traverse County	PILOT	799,357
Grand Traverse County	NEZ	2,727
Leelanau County	Brownfield	212,609
		\$ 2,232,734

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 - NEW ACCOUNTING STANDARD

For the year ended June 30, 2020, the District implemented the following new pronouncement: GASB Statement No. 84, *Fiduciary Activities*.

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

NOTE 13 - NEW ACCOUNTING STANDARD (concluded)

Summary

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

The restatement of the beginning of the year fund balances and net position is as follows:

	Fund Balances	
	Student/School Activity Fund	Total Governmental Funds
Fund balances as of July 1, 2019, as previously stated	\$ -	\$ 55,119,230
Adoption of GASB Statement 84	1,187,886	1,187,886
Fund balance as of July 1, 2019, as restated	\$ 1,187,886	\$ 56,307,116
	Net Position	
Net position as of July 1, 2019, as previously stated	\$ (78,612,838)	
Adoption of GASB Statement 84	1,187,886	
Net position as of July 1, 2019, as restated	\$ (77,424,952)	

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the District's 2022 year end. 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.

REQUIRED SUPPLEMENTARY INFORMATION

**TRAVERSE CITY AREA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	<u>GAAP Basis</u>			Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Local sources	\$ 37,388,885	\$ 39,486,206	\$ 38,873,220	\$ (612,986)
State sources	58,484,388	56,576,993	54,153,013	(2,423,980)
Federal sources	2,136,635	2,464,891	2,046,585	(418,306)
Intergovernmental revenues	1,954,166	2,744,987	2,663,866	(81,121)
TOTAL REVENUES	<u>99,964,074</u>	<u>101,273,077</u>	<u>97,736,684</u>	<u>(3,536,393)</u>
EXPENDITURES				
Current				
Instruction				
Basic programs	51,054,534	50,196,237	49,904,642	291,595
Added needs	10,388,385	10,925,690	10,138,721	786,969
Total instruction	<u>61,442,919</u>	<u>61,121,927</u>	<u>60,043,363</u>	<u>1,078,564</u>
Supporting services				
Pupil services	4,047,057	4,390,207	4,279,310	110,897
Instructional staff	5,410,120	5,351,692	4,534,905	816,787
General administration	734,898	962,546	923,903	38,643
School administration	7,195,272	7,226,005	7,127,250	98,755
Business services	2,036,218	2,043,733	1,857,564	186,169
Operation/maintenance	9,725,877	9,686,389	9,600,695	85,694
Pupil transportation	5,792,483	5,461,719	5,308,179	153,540
Central services	3,184,213	3,265,270	3,101,489	163,781
Other support services	1,903,581	2,062,099	1,762,161	299,938
Total supporting services	<u>40,029,719</u>	<u>40,449,660</u>	<u>38,495,456</u>	<u>1,954,204</u>
Community services	119,952	323,458	240,892	82,566
Intergovernmental expenditures	95,675	101,630	66,844	34,786
TOTAL EXPENDITURES	<u>101,688,265</u>	<u>101,996,675</u>	<u>98,846,555</u>	<u>3,150,120</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(1,724,191)</u>	<u>(723,598)</u>	<u>(1,109,871)</u>	<u>(386,273)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	110,000	130,000	156,734	26,734
Transfers in	360,000	260,000	260,000	-
Transfers out	(239,000)	(865,500)	(868,113)	(2,613)
TOTAL OTHER FINANCING SOURCES (USES)	<u>231,000</u>	<u>(475,500)</u>	<u>(451,379)</u>	<u>24,121</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,493,191)</u>	<u>\$ (1,199,098)</u>	<u>(1,561,250)</u>	<u>\$ (362,152)</u>
FUND BALANCE				
Beginning of year			<u>8,660,182</u>	
End of year			<u>\$ 7,098,932</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 6 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

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

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 6 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 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>16,052,033</u>	<u>15,370,630</u>	<u>15,604,894</u>	<u>13,959,190</u>	<u>13,090,244</u>	<u>10,368,358</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 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	30.34%	30.64%	30.90%	26.90%	26.37%	21.00%

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 3 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.57740%	0.59108%	0.59615%
Reporting Unit's proportionate share of net OPEB liability	\$ 41,444,191	\$ 46,984,762	\$ 52,792,245
Reporting Unit's covered-employee payroll	\$ 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	82.06%	93.35%	105.17%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	48.46%	42.95%	36.39%

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 3 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

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

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - PENSION INFORMATION

Benefit changes - there were no changes of benefit terms in 2019.

Changes of assumptions - the assumption changes for 2019 were:

Discount rate for MIP and Basic plans decreased to 6.80% from 7.05%.

Discount rate for Pension Plus decreased to 6.80% from 7.00%.

NOTE 2 - OPEB INFORMATION

Benefit changes - there were no changes of benefit terms in 2019.

Changes of assumptions - the assumption changes for 2019 were:

Discount rate for decreased to 6.95% from 7.15%.

Healthcare cost trend rate increased to 7.50% Year 1 graded to 3.50% Year 12 from 7.50% Year 1 graded to 3.00% Year 12.

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ADDITIONAL SUPPLEMENTARY INFORMATION

Major Governmental Fund

General Fund

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
YEAR ENDED JUNE 30, 2020**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
LOCAL SOURCES			
Property taxes	\$ 36,021,645	\$ 35,943,979	\$ (77,666)
Tuition	85,450	148,260	62,810
Investment earnings	330,000	301,896	(28,104)
Other local revenue	3,049,111	2,479,085	(570,026)
TOTAL LOCAL SOURCES	<u>39,486,206</u>	<u>38,873,220</u>	<u>(612,986)</u>
STATE SOURCES			
Foundation grant	41,011,419	39,310,785	(1,700,634)
Special education	2,399,418	2,399,425	7
At risk	3,338,803	2,869,401	(469,402)
Other state revenue	9,827,353	9,573,402	(253,951)
TOTAL STATE SOURCES	<u>56,576,993</u>	<u>54,153,013</u>	<u>(2,423,980)</u>
FEDERAL SOURCES			
Title I	1,438,099	1,312,887	(125,212)
Title II - improving teacher quality	569,662	373,624	(196,038)
Title IV	91,876	40,414	(51,462)
Other federal revenue	365,254	319,660	(45,594)
TOTAL FEDERAL SOURCES	<u>2,464,891</u>	<u>2,046,585</u>	<u>(418,306)</u>
INTERGOVERNMENTAL SOURCES			
Special education - ISD and LEA revenue	2,367,666	2,329,840	(37,826)
Other	377,321	334,026	(43,295)
TOTAL INTERGOVERNMENTAL SOURCES	<u>2,744,987</u>	<u>2,663,866</u>	<u>(81,121)</u>
TOTAL REVENUES	<u>101,273,077</u>	<u>97,736,684</u>	<u>(3,536,393)</u>
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	130,000	156,734	26,734
Transfers in	260,000	260,000	-
TOTAL OTHER FINANCING SOURCES	<u>390,000</u>	<u>416,734</u>	<u>26,734</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 101,663,077</u>	<u>\$ 98,153,418</u>	<u>\$ (3,509,659)</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2020**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INSTRUCTION			
Basic programs			
Elementary			
Salaries	\$ 13,267,035	\$ 13,221,915	\$ 45,120
Benefits	9,555,412	9,437,435	117,977
Purchased services	427,771	400,643	27,128
Supplies and materials	362,545	439,751	(77,206)
Other expenditures	(21,827)	1,545	(23,372)
Capital outlay	2,000	1,600	400
	<u>23,592,936</u>	<u>23,502,889</u>	<u>90,047</u>
Middle school			
Salaries	6,040,093	6,048,577	(8,484)
Benefits	4,215,596	4,171,934	43,662
Purchased services	142,450	161,581	(19,131)
Supplies and materials	295,860	186,162	109,698
Other expenditures	100	-	100
Capital outlay	200	-	200
	<u>10,694,299</u>	<u>10,568,254</u>	<u>126,045</u>
High school			
Salaries	8,339,100	8,375,942	(36,842)
Benefits	5,700,039	5,730,343	(30,304)
Purchased services	768,721	713,921	54,800
Supplies and materials	255,905	181,664	74,241
Other expenditures	17,227	11,827	5,400
Capital outlay	33,441	32,624	817
	<u>15,114,433</u>	<u>15,046,321</u>	<u>68,112</u>
Pre-kindergarten			
Salaries	441,088	443,876	(2,788)
Benefits	292,756	307,426	(14,670)
Purchased services	8,386	219	8,167
Supplies and materials	25,987	15,286	10,701
	<u>768,217</u>	<u>766,807</u>	<u>1,410</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2020
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INSTRUCTION (continued)			
Basic programs (continued)			
Summer school			
Salaries	\$ 10,100	\$ 8,677	\$ 1,423
Benefits	4,767	4,050	717
Purchased services	7,644	7,644	-
Supplies and materials	3,374	-	3,374
Other expenses	467	-	467
	<u>26,352</u>	<u>20,371</u>	<u>5,981</u>
Total summer school			
	<u>26,352</u>	<u>20,371</u>	<u>5,981</u>
Total basic programs	<u>50,196,237</u>	<u>49,904,642</u>	<u>291,595</u>
Added needs			
Special education			
Salaries	3,975,430	4,024,328	(48,898)
Benefits	3,053,260	3,007,500	45,760
Purchased services	93,259	85,746	7,513
Supplies and materials	13,300	7,973	5,327
Other expenditures	3,826	-	3,826
Capital outlay	7,777	4,333	3,444
	<u>7,146,852</u>	<u>7,129,880</u>	<u>16,972</u>
Total special education			
	<u>7,146,852</u>	<u>7,129,880</u>	<u>16,972</u>
Compensatory education			
Salaries	1,677,392	1,559,401	117,991
Benefits	1,124,567	1,028,034	96,533
Purchased services	224,002	117,500	106,502
Supplies and materials	276,817	60,605	216,212
Other expenditures	55,518	9,766	45,752
	<u>3,358,296</u>	<u>2,775,306</u>	<u>582,990</u>
Total compensatory education			
	<u>3,358,296</u>	<u>2,775,306</u>	<u>582,990</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2020
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INSTRUCTION (continued)			
Added needs (continued)			
Career and Technical Education			
Salaries	\$ 195,732	\$ 113,278	\$ 82,454
Benefits	125,368	77,629	47,739
Purchased services	5,800	1,707	4,093
Supplies and materials	43,543	14,910	28,633
Other expenses	13,500	-	13,500
Capital outlay	36,599	26,011	10,588
Total career and technical education	<u>420,542</u>	<u>233,535</u>	<u>187,007</u>
Total added needs	<u>10,925,690</u>	<u>10,138,721</u>	<u>786,969</u>
TOTAL INSTRUCTION	<u>61,121,927</u>	<u>60,043,363</u>	<u>1,078,564</u>
SUPPORTING SERVICES			
Pupil services			
Salaries	2,358,185	2,303,399	54,786
Benefits	1,667,773	1,692,218	(24,445)
Purchased services	300,964	266,262	34,702
Supplies and materials	13,300	15,036	(1,736)
Other expenditures	45,735	2,395	43,340
Capital outlay	4,250	-	4,250
Total pupil services	<u>4,390,207</u>	<u>4,279,310</u>	<u>110,897</u>
Instructional staff			
Salaries	2,750,877	2,584,595	166,282
Benefits	1,784,965	1,696,306	88,659
Purchased services	677,944	167,698	510,246
Supplies and materials	108,364	72,714	35,650
Other expenditures	29,542	13,592	15,950
Total instructional staff	<u>5,351,692</u>	<u>4,534,905</u>	<u>816,787</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2020
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
SUPPORTING SERVICES (continued)			
General administration			
Salaries	\$ 538,279	\$ 554,396	\$ (16,117)
Benefits	176,551	138,947	37,604
Purchased services	205,650	199,447	6,203
Supplies and materials	11,176	2,235	8,941
Other expenditures	30,090	28,878	1,212
Capital outlay	800	-	800
	<u>962,546</u>	<u>923,903</u>	<u>38,643</u>
School administration			
Salaries	4,200,810	4,144,292	56,518
Benefits	2,953,903	2,922,442	31,461
Purchased services	39,800	35,335	4,465
Supplies and materials	23,075	21,043	2,032
Other expenditures	8,417	4,138	4,279
	<u>7,226,005</u>	<u>7,127,250</u>	<u>98,755</u>
Business services			
Salaries	843,209	828,372	14,837
Benefits	649,834	635,451	14,383
Purchased services	259,590	196,702	62,888
Supplies and materials	137,722	94,218	43,504
Other expenditures	151,281	102,410	48,871
Capital outlay	2,097	411	1,686
	<u>2,043,733</u>	<u>1,857,564</u>	<u>186,169</u>
Operations and maintenance			
Salaries	3,255,334	3,292,817	(37,483)
Benefits	2,327,880	2,321,671	6,209
Purchased services	1,844,682	1,767,781	76,901
Supplies and materials	2,166,968	2,139,709	27,259
Other expenditures	5,000	4,682	318
Capital outlay	86,525	74,035	12,490
	<u>9,686,389</u>	<u>9,600,695</u>	<u>85,694</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2020
(continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
SUPPORTING SERVICES (concluded)			
Pupil transportation			
Salaries	\$ 2,194,841	\$ 2,152,921	\$ 41,920
Benefits	1,691,852	1,618,334	73,518
Purchased services	1,074,817	1,059,473	15,344
Supplies and materials	474,709	452,368	22,341
Other expenditures	3,500	3,183	317
Capital outlay	<u>22,000</u>	<u>21,900</u>	<u>100</u>
Total pupil transportation	<u>5,461,719</u>	<u>5,308,179</u>	<u>153,540</u>
Central services			
Salaries	1,487,456	1,494,578	(7,122)
Benefits	1,069,149	1,071,456	(2,307)
Purchased services	485,175	394,799	90,376
Supplies and materials	36,847	29,980	6,867
Other expenditures	177,096	102,640	74,456
Capital outlay	<u>9,547</u>	<u>8,036</u>	<u>1,511</u>
Total central services	<u>3,265,270</u>	<u>3,101,489</u>	<u>163,781</u>
Other support services			
Salaries	600,703	596,776	3,927
Benefits	359,648	332,925	26,723
Purchased services	821,889	706,965	114,924
Supplies and materials	133,019	37,267	95,752
Other expenditures	137,340	83,090	54,250
Capital outlay	<u>9,500</u>	<u>5,138</u>	<u>4,362</u>
Total other support services	<u>2,062,099</u>	<u>1,762,161</u>	<u>299,938</u>
TOTAL SUPPORTING SERVICES	<u>40,449,660</u>	<u>38,495,456</u>	<u>1,954,204</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2020
(concluded)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
COMMUNITY SERVICES			
Salaries	\$ 22,545	\$ 18,004	\$ 4,541
Benefits	10,570	8,604	1,966
Purchased services	232,606	184,208	48,398
Supplies and materials	50,176	29,948	20,228
Other expenditures	6,128	128	6,000
Capital outlay	1,433	-	1,433
	<u>323,458</u>	<u>240,892</u>	<u>82,566</u>
TOTAL COMMUNITY SERVICES			
INTERGOVERNMENTAL EXPENDITURES			
Payments to other governmental units	<u>101,630</u>	<u>66,844</u>	<u>34,786</u>
TOTAL EXPENDITURES	<u>\$ 101,996,675</u>	<u>\$ 98,846,555</u>	<u>\$ 3,150,120</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 2010, 2012, 2014, 2016, 2018, 2018 refunding and 2019.

Capital Projects Funds

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2020**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 1,753,565	\$ 1,404,516	\$ 956,632	\$ 4,114,713
Accounts receivable	18,220	-	-	18,220
Property taxes receivable	-	22,316	-	22,316
Intergovernmental receivable	405,140	-	-	405,140
Due from other funds	-	401,388	-	401,388
Inventories	100,272	-	-	100,272
TOTAL ASSETS	<u>\$ 2,277,197</u>	<u>\$ 1,828,220</u>	<u>\$ 956,632</u>	<u>\$ 5,062,049</u>
LIABILITIES				
Accounts payable	\$ 39,295	\$ -	\$ 179,750	\$ 219,045
Checks written in excess of deposits	68,495	-	-	68,495
Due to other funds	136,455	408,708	-	545,163
Unearned revenue	140,309	-	-	140,309
TOTAL LIABILITIES	<u>384,554</u>	<u>408,708</u>	<u>179,750</u>	<u>973,012</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	14,467	-	14,467
FUND BALANCES				
Nonspendable for inventories	100,272	-	-	100,272
Restricted	321,243	1,405,045	-	1,726,288
Committed	1,471,128	-	-	1,471,128
Assigned				
Capital projects	-	-	776,882	776,882
TOTAL FUND BALANCES	<u>1,892,643</u>	<u>1,405,045</u>	<u>776,882</u>	<u>4,074,570</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,277,197</u>	<u>\$ 1,828,220</u>	<u>\$ 956,632</u>	<u>\$ 5,062,049</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2020**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
REVENUES				
Local sources				
Property taxes	\$ -	\$ 16,271,651	\$ -	\$ 16,271,651
Investment earnings	-	25,025	-	25,025
Food sales and admissions	1,587,069	-	-	1,587,069
Tuition	1,847,722	-	-	1,847,722
Student activity income	1,787,102	-	-	1,787,102
Other	349,374	-	262,200	611,574
	<u>5,571,267</u>	<u>16,296,676</u>	<u>262,200</u>	<u>22,130,143</u>
Total local sources				
State sources	291,299	103,049	-	394,348
Federal sources	2,509,042	-	-	2,509,042
	<u>2,509,042</u>	<u>-</u>	<u>-</u>	<u>2,509,042</u>
TOTAL REVENUES	<u>8,371,608</u>	<u>16,399,725</u>	<u>262,200</u>	<u>25,033,533</u>
EXPENDITURES				
Current				
Food service activities	4,246,791	-	-	4,246,791
Community service activities	3,306,547	-	-	3,306,547
Student activities	1,623,083	-	-	1,623,083
Capital outlay	69,447	-	471,153	540,600
Debt service				
Principal repayment	-	13,850,000	-	13,850,000
Interest expense	-	2,924,896	-	2,924,896
Other expense	-	14,826	-	14,826
	<u>-</u>	<u>14,826</u>	<u>-</u>	<u>14,826</u>
TOTAL EXPENDITURES	<u>9,245,868</u>	<u>16,789,722</u>	<u>471,153</u>	<u>26,506,743</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(874,260)</u>	<u>(389,997)</u>	<u>(208,953)</u>	<u>(1,473,210)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	868,113	-	-	868,113
Transfers out	(260,000)	-	-	(260,000)
	<u>(260,000)</u>	<u>-</u>	<u>-</u>	<u>(260,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>608,113</u>	<u>-</u>	<u>-</u>	<u>608,113</u>
NET CHANGE IN FUND BALANCES	<u>(266,147)</u>	<u>(389,997)</u>	<u>(208,953)</u>	<u>(865,097)</u>
FUND BALANCES				
Beginning of year, as restated	<u>2,158,790</u>	<u>1,795,042</u>	<u>985,835</u>	<u>4,939,667</u>
End of year	<u>\$ 1,892,643</u>	<u>\$ 1,405,045</u>	<u>\$ 776,882</u>	<u>\$ 4,074,570</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2020**

	Food Service	Community Service	Student/ School Activities	Total Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 401,660	\$ -	1,351,905	\$ 1,753,565
Accounts receivable	18,220	-	-	18,220
Intergovernmental receivable	215,540	189,600	-	405,140
Inventories	100,272	-	-	100,272
TOTAL ASSETS	\$ 735,692	\$ 189,600	\$ 1,351,905	\$ 2,277,197
LIABILITIES				
Accounts payable	\$ 37,413	\$ 1,882	\$ -	\$ 39,295
Checks written in excess of deposits	-	68,495	-	68,495
Due to other funds	136,455	-	-	136,455
Unearned revenue	140,309	-	-	140,309
TOTAL LIABILITIES	314,177	70,377	-	384,554
FUND BALANCES				
Nonspendable for inventories	100,272	-	-	100,272
Restricted	321,243	-	-	321,243
Committed	-	119,223	1,351,905	1,471,128
TOTAL FUND BALANCES	421,515	119,223	1,351,905	1,892,643
TOTAL LIABILITIES AND FUND BALANCES	\$ 735,692	\$ 189,600	\$ 1,351,905	\$ 2,277,197

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020**

	Food Service	Community Service	Student/ School Activities	Total Special Revenue Funds
REVENUES				
Sales	\$ 1,295,250	\$ -	\$ -	\$ 1,295,250
Tuition	-	1,847,722	-	1,847,722
Student/school activities income	-	-	1,787,102	1,787,102
State sources	291,299	-	-	291,299
Federal sources	2,319,442	189,600	-	2,509,042
Admissions	-	291,819	-	291,819
Other	303,034	46,340	-	349,374
TOTAL REVENUES	4,209,025	2,375,481	1,787,102	8,371,608
EXPENDITURES				
Salaries	1,416,017	1,602,997	-	3,019,014
Benefits	841,602	1,361,279	-	2,202,881
Purchased services	116,270	121,971	-	238,241
Student/school activities expense	-	-	1,623,083	1,623,083
Supplies and materials	1,842,721	66,576	-	1,909,297
Capital outlay	39,670	29,777	-	69,447
Other expenses	30,181	153,724	-	183,905
TOTAL EXPENDITURES	4,286,461	3,336,324	1,623,083	9,245,868
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(77,436)	(960,843)	164,019	(874,260)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,080	858,033	-	868,113
Transfers out	(260,000)	-	-	(260,000)
TOTAL OTHER FINANCING SOURCES (USES)	(249,920)	858,033	-	608,113
NET CHANGE IN FUND BALANCES	(327,356)	(102,810)	164,019	(266,147)
FUND BALANCES				
Beginning of year, as restated	748,871	222,033	1,187,886	2,158,790
End of year	\$ 421,515	\$ 119,223	\$ 1,351,905	\$ 1,892,643

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE - FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	GAAP Basis			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Local sources	\$ 2,154,334	\$ 1,600,873	\$ 1,598,284	\$ (2,589)
State sources	302,841	270,843	291,299	20,456
Federal sources	2,329,325	2,333,284	2,319,442	(13,842)
TOTAL REVENUES	4,786,500	4,205,000	4,209,025	4,025
EXPENDITURES				
Current				
Food services				
Salaries and wages	1,318,059	1,427,923	1,416,017	11,906
Employee benefits	766,491	832,802	841,602	(8,800)
Purchased services	129,723	121,723	116,270	5,453
Supplies and other	2,292,227	1,977,552	1,872,902	104,650
Capital outlay	30,000	45,000	39,670	5,330
TOTAL EXPENDITURES	4,536,500	4,405,000	4,286,461	118,539
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	250,000	(200,000)	(77,436)	122,564
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,080	80
Transfers out	(260,000)	(260,000)	(260,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(250,000)	(250,000)	(249,920)	80
NET CHANGE IN FUND BALANCE	\$ -	\$ (450,000)	(327,356)	\$ 122,644
FUND BALANCE				
Beginning of year			748,871	
End of year			\$ 421,515	

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE - COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	GAAP Basis			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Local sources	\$ 3,309,680	\$ 2,259,664	\$ 2,180,881	\$ (78,783)
Federal sources	-	189,300	189,600	300
Intergovernmental revenues	-	5,000	5,000	-
TOTAL REVENUES	3,309,680	2,453,964	2,375,481	(78,483)
EXPENDITURES				
Current				
Community services				
Salaries and wages	1,565,907	1,622,685	1,602,997	19,688
Employee benefits	1,272,794	1,378,852	1,361,279	17,573
Purchased services	198,264	151,372	121,971	29,401
Supplies and other	392,731	244,318	220,300	24,018
Capital outlay	8,984	35,237	29,777	5,460
TOTAL EXPENDITURES	3,438,680	3,432,464	3,336,324	96,140
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(129,000)	(978,500)	(960,843)	17,657
OTHER FINANCING SOURCES (USES)				
Transfers in	229,000	855,500	858,033	2,533
Transfers out	(100,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	129,000	855,500	858,033	2,533
NET CHANGE IN FUND BALANCE	\$ -	\$ (123,000)	(102,810)	\$ 20,190
FUND BALANCE				
Beginning of year			222,033	
End of year			\$ 119,223	

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE - STUDENT/SCHOOL ACTIVITIES FUND
YEAR ENDED JUNE 30, 2020**

	<u>GAAP Basis</u>			Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Local sources	<u>\$ 2,500,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,787,102</u>	<u>\$ (12,898)</u>
EXPENDITURES				
Current				
Student activity expense	<u>2,500,000</u>	<u>1,800,000</u>	<u>1,623,083</u>	<u>(176,917)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	164,019	<u>\$ 164,019</u>
FUND BALANCE				
Beginning of year, as restated			<u>1,187,886</u>	
End of year			<u>\$ 1,351,905</u>	

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2020**

	2010	2012	2014	2016	2018 Refunding	2018	2019	Total Debt Service Funds
ASSETS								
Cash and cash equivalents	\$ 282,996	\$ 174,734	\$ 211,090	\$ 216,180	\$ 109,723	\$ 108,980	\$ 300,813	\$ 1,404,516
Due from other funds	-	379,258	22,130	-	-	-	-	401,388
Property taxes receivable	-	-	22,316	-	-	-	-	22,316
TOTAL ASSETS	\$ 282,996	\$ 553,992	\$ 255,536	\$ 216,180	\$ 109,723	\$ 108,980	\$ 300,813	\$ 1,828,220
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Due to other funds	\$ 282,996	\$ 3,929	\$ -	\$ 4,115	\$ 109,723	\$ 3,069	\$ 4,876	\$ 408,708
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	-	-	14,467	-	-	-	-	14,467
FUND BALANCES								
Restricted for debt service	-	550,063	241,069	212,065	-	105,911	295,937	1,405,045
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 282,996	\$ 553,992	\$ 255,536	\$ 216,180	\$ 109,723	\$ 108,980	\$ 300,813	\$ 1,828,220

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2020**

	2010	2012	2014	2016	2018 Refunding	2018	2019	Total Debt Service Funds
REVENUES								
Local sources								
Property taxes	\$ 5,098,640	\$ 2,518,558	\$ 939,837	\$ 1,981,144	\$ 1,928,425	\$ 1,408,925	\$ 2,396,122	\$ 16,271,651
Investment earnings	5,175	2,023	881	6,320	5,477	3,770	1,379	25,025
State sources	34,239	13,629	5,319	12,632	12,964	8,975	15,291	103,049
TOTAL REVENUES	5,138,054	2,534,210	946,037	2,000,096	1,946,866	1,421,670	2,412,792	16,399,725
EXPENDITURES								
Principal repayment	5,475,000	2,025,000	750,000	1,550,000	2,165,000	1,200,000	685,000	13,850,000
Interest expense	191,625	182,850	187,775	443,500	49,579	440,500	1,429,067	2,924,896
Other	4,004	1,744	872	1,977	1,891	1,550	2,788	14,826
TOTAL EXPENDITURES	5,670,629	2,209,594	938,647	1,995,477	2,216,470	1,642,050	2,116,855	16,789,722
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(532,575)	324,616	7,390	4,619	(269,604)	(220,380)	295,937	(389,997)
FUND BALANCES								
Beginning of year	532,575	225,447	233,679	207,446	269,604	326,291	-	1,795,042
End of year	\$ -	\$ 550,063	\$ 241,069	\$ 212,065	\$ -	\$ 105,911	\$ 295,937	\$ 1,405,045

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, 2020**

2012 School Building and Site Bonds

<u>Calendar Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
2020	2.30%	\$ -	\$ -	\$ 68,138	\$ 68,138
2021	2.30%	2,925,000	68,138	34,500	3,027,638
2022	2.30%	3,000,000	34,500	-	3,034,500
Total 2012 bonded debt		<u>\$ 5,925,000</u>	<u>\$ 102,638</u>	<u>\$ 102,638</u>	<u>\$ 6,130,276</u>

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
 JUNE 30, 2020
 (continued)**

2014 School Building and Site Bonds

<u>Calendar Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
2020	1.75%	\$ -	\$ -	\$ 87,325	\$ 87,325
2021	2.05%	1,725,000	87,325	69,644	1,881,969
2022	2.25%	1,825,000	69,644	49,113	1,943,757
2023	2.45%	1,900,000	49,113	25,838	1,974,951
2024	2.65%	1,950,000	25,838	-	1,975,838
Total 2014 bonded debt		<u>\$ 7,400,000</u>	<u>\$ 231,920</u>	<u>\$ 231,920</u>	<u>\$ 7,863,840</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, 2020
 (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>	
2020	2.00%	\$ -	\$ -	\$ 206,250	\$ 206,250
2021	2.00%	3,375,000	206,250	172,500	3,753,750
2022	2.00%	3,350,000	172,500	139,000	3,661,500
2023	2.00%	3,400,000	139,000	105,000	3,644,000
2024	2.00%	3,450,000	105,000	70,500	3,625,500
2025	2.00%	3,500,000	70,500	35,500	3,606,000
2026	2.00%	3,550,000	35,500	-	3,585,500
Total 2016 bonded debt		<u>\$ 20,625,000</u>	<u>\$ 728,750</u>	<u>\$ 728,750</u>	<u>\$ 22,082,500</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, 2020
 (continued)**

2018 School Building and Site Bonds

Calendar Year	Interest Rate	Principal Due May 1,	Interest Due		Total Due Annually
			May 1	November 1	
2020	4.00%	\$ -	\$ -	\$ 196,250	\$ 196,250
2021	4.00%	1,000,000	196,250	176,250	1,372,500
2022	5.00%	1,000,000	176,250	151,250	1,327,500
2023	5.00%	1,000,000	151,250	126,250	1,277,500
2024	5.00%	1,000,000	126,250	101,250	1,227,500
2025	5.00%	1,000,000	101,250	76,250	1,177,500
2026	5.00%	1,000,000	76,250	51,250	1,127,500
2027	5.00%	1,025,000	51,250	25,625	1,101,875
2028	5.00%	1,025,000	25,625	-	1,050,625
Total 2018 bonded debt		<u>\$ 8,050,000</u>	<u>\$ 904,375</u>	<u>\$ 904,375</u>	<u>\$ 9,858,750</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, 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 \$11,275,000.

**TRAVERSE CITY AREA PUBLIC SCHOOLS
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
 JUNE 30, 2020
 (concluded)**

2019 School Building and Site Bonds

Calendar Year	Interest Rate	Principal Due May 1,	Interest Due		Total Due Annually
			May 1	November 1	
2020	2.00%	\$ -	\$ -	\$ 738,750	\$ 738,750
2021	5.00%	5,075,000	738,750	611,875	6,425,625
2022	5.00%	2,750,000	611,875	543,125	3,905,000
2023	5.00%	2,800,000	543,125	473,125	3,816,250
2024	5.00%	2,900,000	473,125	400,625	3,773,750
2025	5.00%	3,000,000	400,625	325,625	3,726,250
2026	5.00%	3,100,000	325,625	248,125	3,673,750
2027	5.00%	3,200,000	248,125	168,125	3,616,250
2028	5.00%	3,350,000	168,125	84,375	3,602,500
2029	5.00%	3,375,000	84,375	-	3,459,375
Total 2019 bonded debt		<u>\$ 29,550,000</u>	<u>\$ 3,593,750</u>	<u>\$ 3,593,750</u>	<u>\$ 36,737,500</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
SCHEDULE OF PROPERTY TAX DATA
YEAR ENDED JUNE 30, 2020**

	2020					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	\$ 176,058,594	\$ 324,900	\$ 13,319,600	\$ 119,694,314	\$ 309,397,408	18.0	6.0	3.1
Blair Township	178,739,351	240,300	7,941,800	101,369,693	288,291,144	18.0	6.0	3.1
East Bay Township	358,205,656	2,109,300	6,679,400	234,894,620	601,888,976	18.0	6.0	3.1
Garfield Township	427,514,710	14,014,600	45,536,100	452,335,771	939,401,181	18.0	6.0	3.1
Grant Township	14,251,203	-	16,900	8,192,851	22,460,954	18.0	6.0	3.1
Green Lake Township	179,238,532	1,362,500	2,725,500	94,967,830	278,294,362	18.0	6.0	3.1
Long Lake Township	403,866,491	323,100	1,907,600	128,756,238	534,853,429	18.0	6.0	3.1
Peninsula Township	537,878,009	-	3,089,500	194,427,128	735,394,637	18.0	6.0	3.1
Union Township	8,934,433	-	99,300	8,174,292	17,208,025	18.0	6.0	3.1
Whitewater Township	393,550	-	-	476,010	869,560	18.0	6.0	3.1
City of Traverse City	451,954,860	12,379,500	39,148,583	543,353,113	1,046,836,056	18.0	6.0	3.1
Leelanau County								
Elmwood Township	210,953,830	27,700	6,298,500	84,749,802	302,029,832	18.0	6.0	3.1
Solon Township	44,442,720	2,400	21,600	15,229,742	59,696,462	18.0	6.0	3.1
Traverse City Annexed	19,012,509	-	694,400	19,706,326	39,413,235	18.0	6.0	3.1
Benzie County - Almira Township	33,649,444	-	5,400	4,525,444	38,180,288	18.0	6.0	3.1
Total	\$ 3,045,093,892	\$ 30,784,300	\$ 127,484,183	\$ 2,010,853,174	\$ 5,214,215,549			
Official Student Enrollment	9,701							

**TRAVERSE CITY AREA PUBLIC SCHOOLS
PROPERTY TAX DATA
JUNE 30, 2020**

<u>Fiscal Year</u>	<u>Delinquent July 1, 2019</u>	<u>Original Tax Levy</u>	<u>Collections, Adjustments, and Write-offs</u>	<u>Delinquent June 30, 2020</u>
General fund				
2020	\$ -	\$ 35,894,668	\$ 35,840,084	\$ 54,584
2019	34,041	-	9,333	24,708
2018	23,997	-	23,997	-
Total general fund	<u>58,038</u>	<u>35,894,668</u>	<u>35,873,414</u>	<u>79,292</u>
Debt service funds				
2020	-	16,187,208	16,167,668	19,540
2019	7,511	-	4,735	2,776
2018	5,164	-	5,164	-
Total debt service funds	<u>12,675</u>	<u>16,187,208</u>	<u>16,177,567</u>	<u>22,316</u>
Total	<u>\$ 70,713</u>	<u>\$ 52,081,876</u>	<u>\$ 52,050,981</u>	<u>\$ 101,608</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
GENERAL FUND BALANCE ASSIGNMENTS BY BUILDING
JUNE 30, 2020**

<u>Site</u>	<u>Amount</u>
Blair	\$ 5,086
Central Grade	23,018
Cherry Knoll	45,235
Courtade	22,512
Eastern	71,267
Long Lake	27,497
Montessori	18,028
Silver Lake	17,036
Traverse Heights	104
Westwoods	12,574
Willow Hill	62,295
East Middle School	84,175
West Middle School	175,486
Central Sr. High	100,097
West Sr. High	50,347
Traverse City Sr. High	137,807
	<u>\$ 852,564</u>

**TRAVERSE CITY AREA PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION OVERVIEW
2019-2020**

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
Comprehensive Annual Financial Report
Statistical Section
2019-2020**

FINANCIAL TRENDS

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Net Position by Component
2011-2020

	Fiscal Year ¹				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> ²
Assets					
Cash and cash equivalents	\$ 12,156,507	\$ 11,210,030	\$ 12,895,329	\$ 12,712,398	\$ 11,576,501
Receivables:					
Accounts receivable	879,406	322,162	325,854	333,350	477,778
Interest receivable	36,444	-	11,349	-	38,435
Taxes receivable	75,463	53,190	40,199	58,438	82,080
Intergovernmental	9,175,291	8,926,478	9,576,068	9,699,500	10,232,956
Inventories	228,477	203,018	192,493	156,430	124,661
Prepays	591,746	631,822	620,343	615,828	657,067
Restricted investments - capital projects	15,084,385	17,887,161	10,347,589	17,217,592	10,740,928
Deferred charges, net of amortization	390,480	397,715	-	-	-
Capital assets not being depreciated	16,129,380	4,067,006	6,085,369	5,473,651	4,157,624
Capital assets, net of accumulated depreciation	132,210,877	144,107,081	142,221,768	141,109,454	140,182,582
Total Assets	186,958,456	187,805,663	182,316,361	187,376,641	178,270,612
Deferred Outflows of Resources					
Related to pension	-	-	-	-	13,905,319
Related to OPEB	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	13,905,319
Liabilities					
Accounts payable	3,482,134	1,388,744	2,776,347	3,378,426	2,809,580
Accrued salaries and related items	9,004,961	9,002,216	10,731,273	10,018,965	9,610,148
Accrued retirement	-	-	-	-	-
Accrued interest	554,237	491,035	465,255	423,897	355,043
Unearned revenue	370,569	865,768	1,085,522	987,146	767,930
Noncurrent liabilities					
Due within one year	11,200,065	10,768,858	10,456,969	11,632,361	12,186,862
Due in more than one year	76,198,871	77,058,072	67,210,648	69,219,947	57,086,955
Net pension liability	-	-	-	-	126,394,985
Net OPEB liability	-	-	-	-	-
Total Liabilities	100,810,837	99,574,693	92,726,014	95,660,742	209,211,503
Deferred Inflows of Resources					
Related to pensions	-	-	-	-	13,973,255
Related to OPEB	-	-	-	-	-
Related to state aid funding for pension	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	13,973,255
Net Position ³					
Net investment in capital assets	75,332,973	78,554,525	80,744,965	83,000,074	86,607,926
Restricted for debt service	1,471,476	970,735	965,709	1,400,691	1,140,931
Restricted for food service	803,192	778,379	695,621	456,408	-
Unrestricted	8,539,978	7,927,331	7,184,052	6,858,726	(118,757,684)
Total Net Position	\$ 86,147,619	\$ 88,230,970	\$ 89,590,347	\$ 91,715,899	\$ (31,008,827)

¹ Years 2016-2020 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
Comprehensive Annual Financial Report
Financial Trends
Net Position by Component
2011-2020 (Continued from previous page)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018¹</u>	<u>2019</u>	<u>2020²</u>
Assets					
Cash and cash equivalents	\$ 8,905,885	\$ 7,496,774	\$ 11,205,076	\$ 14,400,835	\$ 15,607,004
Receivables:					
Accounts receivable	1,079,941	593,504	337,825	322,881	487,018
Interest receivable	-	16,792	-	34,571	75,537
Taxes receivable	208,087	80,607	73,196	70,713	101,608
Intergovernmental	11,564,548	10,584,780	10,771,629	10,448,679	9,586,631
Inventories	147,596	129,254	100,651	115,085	153,685
Prepays	654,660	1,139,190	1,429,606	1,326,852	602,979
Restricted investments - capital projects	31,887,552	25,919,059	23,160,308	44,913,161	28,040,164
Deferred charges, net of amortization	-	-	-	-	-
Capital assets not being depreciated	3,858,346	4,085,902	15,943,329	4,842,933	7,112,388
Capital assets, net of accumulated depreciation	139,413,586	135,349,462	129,533,356	145,141,077	151,385,817
Total Assets	197,720,201	185,395,324	192,554,976	221,616,787	213,152,831
Deferred Outflows of Resources					
Related to pension	19,047,562	21,683,066	35,230,141	57,782,615	54,077,890
Related to OPEB	-	-	3,888,429	8,706,250	13,123,180
Total Deferred Outflows of Resources	19,047,562	21,683,066	39,118,570	66,488,865	67,201,070
Liabilities					
Accounts payable	2,828,756	1,070,775	3,843,748	3,027,379	3,735,128
Accrued salaries and related items	7,923,219	6,966,659	7,222,149	8,384,976	8,865,108
Accrued retirement	2,439,904	2,644,637	2,780,127	3,737,084	3,897,597
Checks written in excess of future deposits	-	-	-	-	68,495
Accrued interest	341,403	320,059	288,085	435,705	432,238
Unearned revenue	968,323	1,152,564	1,015,042	1,303,042	973,999
Noncurrent liabilities:					
Due within one year	12,386,418	13,187,157	14,322,561	14,263,785	14,545,517
Due in more than one year	72,465,197	59,604,711	57,555,179	78,585,088	63,826,528
Net pension liability	144,159,119	147,184,105	154,411,446	178,371,730	192,616,311
Net OPEB liability	-	-	52,792,245	46,984,762	41,444,191
Total Liabilities	243,512,339	232,130,667	294,230,582	335,093,551	330,405,112
Deferred Inflows of Resources					
Related to pensions	477,673	494,673	8,273,896	14,149,387	9,800,581
Related to OPEB	-	-	1,784,763	10,944,213	17,279,785
Related to state aid funding for pension	3,938,030	4,551,373	6,173,730	6,531,339	6,361,368
Total Deferred Inflows of Resources	4,415,703	5,046,046	16,232,389	31,624,939	33,441,734
Net Position:					
Net investment in capital assets	90,095,597	93,414,229	95,277,393	101,017,400	107,209,420
Restricted for debt service	1,175,922	1,269,843	1,521,488	1,359,337	972,807
Restricted for food service	-	-	-	-	-
Unrestricted	(122,431,798)	(124,782,395)	(175,588,306)	(180,989,575)	(191,675,172)
Total Net Position	\$ (31,160,279)	\$ (30,098,323)	\$ (78,789,425)	\$ (78,612,838)	\$ (83,492,945)

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
Comprehensive Annual Financial Report
Financial Trends
Changes in Net Position
2011-2020

	Fiscal Year ¹				
	<u>2011</u> ²	<u>2012</u> ²	<u>2013</u> ²	<u>2014</u> ²	<u>2015</u> ²
Expenses:					
Governmental activities:					
Instruction	\$ 50,211,938	\$ 50,120,841	\$ 50,502,874	\$ 52,189,870	\$ 54,737,324
Support services	36,379,536	34,833,461	35,856,404	36,573,556	37,471,024
Community services	2,276,499	2,758,948	2,862,822	2,749,851	2,843,193
Intergovernmental expenditures	1,834,820	2,164,661	1,981,786	2,185,749	2,025,826
Food services	5,030,158	5,194,391	5,018,794	5,206,132	4,947,800
Student/school activities	-	-	-	-	-
Interest on long-term debt	3,628,290	3,264,483	3,126,214	2,750,174	2,451,022
Loss on sale of capital assets	-	-	-	-	-
Unallocated depreciation	2,827,239	2,819,505	2,782,606	2,728,445	2,673,975
Total governmental expenses	<u>102,188,480</u>	<u>101,156,290</u>	<u>102,131,500</u>	<u>104,383,777</u>	<u>107,150,164</u>
Program Revenues:					
Governmental activities:					
Charges for services:					
Instruction	27,437	26,599	27,689	300,820	639,121
Support services	1,341,978	1,430,231	1,737,376	1,877,815	1,838,218
Community services	1,808,821	2,340,537	2,366,565	2,483,558	2,671,291
Intergovernmental expenditures	192,333	-	-	-	-
Food services	2,535,031	2,480,276	2,340,875	2,343,823	2,405,556
Total charges for services	<u>5,905,600</u>	<u>6,277,643</u>	<u>6,472,505</u>	<u>7,006,016</u>	<u>7,554,186</u>
Operating Grants and Contributions:					
Instruction	3,018,237	2,778,072	2,923,171	3,287,017	3,566,976
Support services	1,840,474	1,593,571	1,545,300	1,493,960	1,866,170
Community services	523,656	387,140	378,750	307,761	243,089
Intergovernmental expenditures	476,284	638,676	124,365	3,400	962
Food services	2,452,936	2,732,010	2,553,481	2,593,682	2,602,292
Student/school activities	-	-	-	-	-
Total operating grants	<u>8,311,587</u>	<u>8,129,469</u>	<u>7,525,067</u>	<u>7,685,820</u>	<u>8,279,489</u>
Total program revenues	<u>14,217,187</u>	<u>14,407,112</u>	<u>13,997,572</u>	<u>14,691,836</u>	<u>15,833,675</u>
Net (Expense) revenue and changes in net position	<u>(87,971,293)</u>	<u>(86,749,178)</u>	<u>(88,133,928)</u>	<u>(89,691,941)</u>	<u>(91,316,489)</u>
General Revenues:					
Property taxes, levied for general purposes	31,427,030	30,319,933	30,113,413	30,559,501	30,913,145
Property taxes, levied for debt service	13,149,336	12,868,574	12,926,697	13,218,886	13,487,310
Investment earnings	64,770	42,414	43,258	32,677	31,014
State sources	41,718,402	41,505,060	43,483,230	44,985,902	47,703,689
Federal sources	2,306,326	1,300,289	-	-	-
Traverse Bay Area ISD	2,102,855	2,099,850	2,476,455	1,683,320	2,318,809
Other	1,127,172	696,409	847,967	1,337,207	1,211,832
Total general revenues	<u>91,895,891</u>	<u>88,832,529</u>	<u>89,891,020</u>	<u>91,817,493</u>	<u>95,665,799</u>
CHANGE IN NET POSITION	3,924,598	2,083,351	1,757,092	2,125,552	4,349,310
NET POSITION, beginning of year	<u>82,223,021</u>	<u>86,147,619</u>	<u>87,833,255</u> ³	<u>89,590,347</u>	<u>(35,358,137)</u> ⁴
NET POSITION, end of year	<u>\$ 86,147,619</u>	<u>\$ 88,230,970</u>	<u>\$ 89,590,347</u>	<u>\$ 91,715,899</u>	<u>\$ (31,008,827)</u>

¹ Years 2016-2020 continue on following page.

² Athletic revenue and Athletic expense are recorded in Support Services due to the implementation of GASB 54 in 2011.

³ Net position was restated for fiscal year 2013 as of July 1, 2012 with the implementation of GASB Statement 65.

⁴ 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
Comprehensive Annual Financial Report
Financial Trends
Changes in Net Position
2011-2020 (Continued from previous page)

	Fiscal Year				
	<u>2016</u> ¹	<u>2017</u> ¹	<u>2018</u> ¹	<u>2019</u> ¹	<u>2020</u> ¹
Expenses:					
Governmental activities:					
Instruction	\$ 55,520,571	\$ 57,716,952	\$ 58,791,022	\$ 61,813,892	\$ 66,291,787
Support services	38,769,671	40,163,580	40,837,582	42,829,152	44,935,135
Community services	3,286,091	3,592,029	3,433,432	3,525,526	3,864,783
Intergovernmental expenditures	2,192,058	2,329,778	2,388,784	3,455,182	3,182,616
Food services	4,930,308	4,835,049	4,318,478	4,304,870	4,569,124
Student/school activities	-	-	-	-	1,623,083
Interest on long-term debt	2,113,909	2,249,605	1,776,008	1,992,281	2,921,429
Loss on sale of capital assets	-	-	1,550,797	-	-
Unallocated depreciation	2,651,801	2,640,866	2,582,597	2,545,715	2,496,955
Total governmental expenses	<u>109,464,409</u>	<u>113,527,859</u>	<u>115,678,700</u>	<u>120,466,618</u>	<u>129,884,912</u>
Program Revenues:					
Governmental activities:					
Charges for services:					
Instruction	754,798	1,056,231	564,560	120,451	148,260
Support services	1,901,006	1,911,478	1,669,033	1,570,060	1,281,664
Community services	2,960,156	3,111,957	3,147,617	2,969,243	2,180,881
Intergovernmental expenditures	-	-	-	-	-
Food services	2,351,646	2,336,497	2,156,294	2,100,873	1,598,465
Total charges for services	<u>7,967,606</u>	<u>8,416,163</u>	<u>7,537,504</u>	<u>6,760,627</u>	<u>5,209,270</u>
Operating Grants and Contributions:					
Instruction	3,719,940	3,704,172	3,021,044	3,749,303	3,670,256
Support services	1,907,790	1,538,251	2,658,890	3,011,069	2,675,272
Community services	226,469	215,533	237,837	397,137	435,338
Intergovernmental expenditures	34,960	3,730	3,241	5,352	-
Food services	2,601,641	2,608,859	2,386,171	2,466,595	2,610,560
Student/school activities	-	-	-	-	1,787,102
Total operating grants	<u>8,490,800</u>	<u>8,070,545</u>	<u>8,307,183</u>	<u>9,629,456</u>	<u>11,178,528</u>
Total program revenues	<u>16,458,406</u>	<u>16,486,708</u>	<u>15,844,687</u>	<u>16,390,083</u>	<u>16,387,798</u>
Net (Expense) revenue and changes in net position	<u>(93,006,003)</u>	<u>(97,041,151)</u>	<u>(99,834,013)</u>	<u>(104,076,535)</u>	<u>(113,497,114)</u>
General Revenues:					
Property taxes, levied for general purposes	31,334,760	31,830,413	32,562,900	34,147,801	35,962,488
Property taxes, levied for debt service	13,864,161	14,182,505	14,713,548	15,419,221	16,276,684
Investment earnings	39,501	138,609	423,896	742,986	1,023,376
State sources	44,619,923	48,811,418	52,245,272	50,489,833	50,312,262
Federal sources	-	-	-	-	-
Traverse Bay Area ISD	2,048,828	2,038,122	2,445,809	2,455,317	2,530,624
Other	947,378	1,102,040	1,639,941	997,964	1,323,687
Total general revenues	<u>92,854,551</u>	<u>98,103,107</u>	<u>104,031,366</u>	<u>104,253,122</u>	<u>107,429,121</u>
CHANGE IN NET POSITION	(151,452)	1,061,956	4,197,353	176,587	(6,067,993)
NET POSITION, beginning of year	<u>(31,008,827)</u>	<u>(31,160,279)</u>	<u>(82,986,778)</u> ²	<u>(78,789,425)</u>	<u>(77,424,952)</u> ³
NET POSITION, end of year	<u>\$ (31,160,279)</u>	<u>\$ (30,098,323)</u>	<u>\$ (78,789,425)</u>	<u>\$ (78,612,838)</u>	<u>\$ (83,492,945)</u>

¹ Athletic revenue and Athletic expense are recorded in Support Services due to the implementation of GASB 54 in 2011.

² Net position was restated for fiscal year 2018 as of July 1, 2017 with the implementation of GASB Statement 75.

³ 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
Comprehensive Annual Financial Report
Financial Trends
Fund Balances - Governmental Funds
2011-2020

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Nonspendable	\$ 726,290	\$ 684,154	\$ 672,974	\$ 696,864	\$ 718,437
Assigned	5,469,043	5,260,693	4,593,098	3,498,533	3,409,215
Unrestricted, unassigned	2,565,268	2,262,138	1,863,251	2,323,340	2,564,871
Total general fund	<u>8,760,601</u>	<u>8,206,985</u>	<u>7,129,323</u>	<u>6,518,737</u>	<u>6,692,523</u>
Other governmental funds					
Nonmajor Special Revenue Funds					
Nonspendable	93,933	150,686	139,862	75,394	63,291
Committed	-	-	-	-	-
Assigned	-	329,576	482,742	659,234	661,429
Restricted	1,051,947	778,379	695,621	456,408	627,117
Nonmajor Debt Service Funds					
Restricted	2,025,713	1,461,770	1,430,964	1,824,588	1,495,974
Major Capital Projects Funds					
Restricted	12,746,197	16,537,981	8,844,427	16,041,654	10,329,070
Assigned nonmajor capital projects funds	658,696	487,805	659,329	784,368	800,851
Total other governmental funds	<u>16,576,486</u>	<u>19,746,197</u>	<u>12,252,945</u>	<u>19,841,646</u>	<u>13,977,732</u>
Total governmental funds	<u>\$ 25,337,087</u>	<u>\$ 27,953,182</u>	<u>\$ 19,382,268</u>	<u>\$ 26,360,383</u>	<u>\$ 20,670,255</u>

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund					
Nonspendable	\$ 730,261	\$ 1,209,417	\$ 1,488,563	\$ 1,402,364	\$ 656,392
Assigned	3,982,515	3,801,866	3,634,696	3,806,720	6,442,540
Unrestricted, unassigned	1,383,412	141,990	2,979,205	3,451,098	-
Total general fund	<u>6,096,188</u>	<u>5,153,273</u>	<u>8,102,464</u>	<u>8,660,182</u>	<u>7,098,932</u>
Other governmental funds					
Nonmajor Special Revenue Funds					
Nonspendable	71,995	59,027	41,694	39,573	100,272
Committed	-	-	-	222,033	1,471,128
Assigned	618,143	361,021	223,962	-	-
Restricted	599,733	697,342	587,829	709,298	321,243
Nonmajor Debt Service Funds					
Restricted	1,517,325	1,589,902	1,809,573	1,795,042	1,405,045
Major Capital Projects Funds					
Restricted	30,487,278	25,446,432	20,444,318	42,707,267	25,856,189
Assigned nonmajor capital projects funds	814,606	741,514	945,742	985,835	776,882
Total other governmental funds	<u>34,109,080</u>	<u>28,895,238</u>	<u>24,053,118</u>	<u>46,459,048</u>	<u>29,930,759</u>
Total governmental funds	<u>\$ 40,205,268</u>	<u>\$ 34,048,511</u>	<u>\$ 32,155,582</u>	<u>\$ 55,119,230</u>	<u>\$ 37,029,691</u>

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Changes in Fund Balances - Governmental Funds
2011-2020

	Fiscal Year ¹				
	<u>2011</u> ²	<u>2012</u> ²	<u>2013</u> ²	<u>2014</u> ²	<u>2015</u> ²
Revenues					
Local sources:					
Property taxes	\$ 44,577,929	\$ 43,197,524	\$ 43,030,247	\$ 43,763,585	\$ 44,376,578
Tuition	1,786,229	2,093,387	2,143,782	2,505,089	2,947,460
Investment earnings	64,770	42,414	43,258	32,677	31,014
Food sales, athletics, and community service	2,028,740	2,156,083	2,078,681	2,131,316	2,171,325
Student activity income	-	-	-	-	-
Other	2,815,204	2,559,136	2,880,736	2,975,467	3,012,727
Total local sources	<u>51,272,872</u>	<u>50,048,544</u>	<u>50,176,704</u>	<u>51,408,134</u>	<u>52,539,104</u>
State sources	43,351,831	43,357,564	45,662,899	47,889,660	51,333,157
Federal sources	8,791,885	7,416,739	5,080,617	4,441,531	4,271,004
Incoming transfers	2,102,855	2,167,903	2,368,559	1,708,084	2,332,348
Intermediate sources	191,198	257,908	589,950	778,568	999,984
Total revenues	<u>105,710,641</u>	<u>103,248,658</u>	<u>103,878,729</u>	<u>106,225,977</u>	<u>111,475,597</u>
Expenditures					
Current:					
Instruction	50,250,087	50,162,272	50,535,662	52,186,563	55,233,442
Supporting services	33,606,811	31,798,179	32,811,130	33,413,865	34,410,938
Food service activities	4,954,369	5,156,384	4,999,233	5,194,052	4,943,768
Athletic activities	-	-	-	-	-
Community service activities	2,271,282	2,701,894	2,847,341	2,734,921	2,832,346
Student/school activities	-	-	-	-	-
Intergovernmental expenditures	473,738	542,407	215,059	40,375	67,879
Capital outlay	14,390,680	7,673,292	7,984,676	6,553,947	5,865,169
Debt service:					
Principal repayment	10,556,432	10,192,858	9,887,278	10,010,000	11,165,000
Interest expense	3,779,368	3,327,685	3,151,994	2,791,532	2,519,876
Payment to refunded bond escrow	-	-	-	-	110,000
Bond issuance costs	-	60,505	-	72,091	38,580
Other expense	19,846	17,087	17,270	19,066	17,307
Total expenditures	<u>120,302,613</u>	<u>111,632,563</u>	<u>112,449,643</u>	<u>113,016,412</u>	<u>117,204,305</u>
Excess of revenues over (under) expenditures	<u>(14,591,972)</u>	<u>(8,383,905)</u>	<u>(8,570,914)</u>	<u>(6,790,435)</u>	<u>(5,728,708)</u>
Other Financing Sources (Uses)					
Proceed from issuance of bonds	-	11,000,000	-	13,500,000	-
Proceed from bond refunding	-	-	-	-	2,300,000
Bond premium	-	-	-	-	-
Payment to refunded bond escrow account	-	-	-	-	(2,261,420)
Proceeds sale of capital assets	404,000	-	-	268,550	-
Proceeds sale of other assets	-	-	-	-	-
Transfers in	676,067	574,310	501,107	478,824	280,172
Transfers out	(676,067)	(574,310)	(501,107)	(478,824)	(280,172)
Total other financing sources (uses)	<u>404,000</u>	<u>11,000,000</u>	<u>-</u>	<u>13,768,550</u>	<u>38,580</u>
Net change in fund balance	<u>\$ (14,187,972)</u>	<u>\$ 2,616,095</u>	<u>\$ (8,570,914)</u>	<u>\$ 6,978,115</u>	<u>\$ (5,690,128)</u>
Debt service as a percentage of noncapital expenditures	13.6%	13.1%	12.5%	12.1%	12.4%

¹ Years 2016-2020 continue on following page.

² Athletic revenue is recorded in Other and Athletic expenditures are recorded in Supporting Services due to the implementation of GASB 54 in 2011.

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Changes in Fund Balances - Governmental Funds
2011-2020 (Continued from previous page)

Revenues	Fiscal Year				
	2016 ¹	2017 ¹	2018 ¹	2019 ¹	2020 ¹
Local sources:					
Property taxes	\$ 45,188,615	\$ 46,018,903	\$ 47,291,619	\$ 49,567,599	\$ 52,215,630
Tuition	3,303,699	3,754,986	3,303,027	2,633,032	1,995,982
Investment earnings	39,501	138,609	423,896	742,986	1,023,376
Food sales, athletics, and community service	2,139,439	2,139,981	2,139,288	2,170,540	1,587,069
Student activity income	-	-	-	-	1,787,102
Other	2,901,547	3,180,509	3,140,219	3,117,529	3,090,659
Total local sources	53,572,801	55,232,988	56,298,049	58,231,686	61,699,818
State sources	52,322,505	52,664,068	56,189,784	55,427,506	54,547,361
Federal sources	4,235,458	4,453,872	3,967,096	4,572,622	4,555,627
Incoming transfers	2,061,437	2,048,122	2,445,809	2,455,317	2,329,840
Intermediate sources	1,048,480	573,887	218,748	177,281	334,026
Total revenues	113,240,681	114,972,937	119,119,486	120,864,412	123,466,672
Expenditures					
Current:					
Instruction	56,226,291	57,462,857	58,242,611	58,081,218	60,043,363
Supporting services	35,332,760	35,938,445	37,550,856	37,777,447	38,495,456
Food service activities	4,933,613	4,798,847	4,279,627	4,110,605	4,246,791
Athletic activities	-	-	-	-	-
Community service activities	3,282,625	3,547,648	3,391,472	3,353,943	3,547,439
Student/school activities	-	-	-	-	1,623,083
Intergovernmental expenditures	89,528	63,796	54,378	769,301	66,844
Capital outlay	7,233,755	5,349,440	17,879,446	13,110,174	18,087,187
Debt service:					
Principal repayment	11,745,000	11,915,000	12,580,000	13,735,000	13,850,000
Interest expense	2,127,549	2,270,949	1,807,982	1,844,661	2,924,896
Payment to refunded bond escrow	-	-	243,000	-	-
Bond issuance costs	277,022	-	161,190	209,213	500
Other expense	17,806	18,917	16,189	16,791	15,272
Total expenditures	121,265,949	121,365,899	136,206,751	133,008,353	142,900,831
Excess of revenues over (under) expenditures	(8,025,268)	(6,392,962)	(17,087,265)	(12,143,941)	(19,434,159)
Other Financing Sources (Uses)					
Proceed from issuance of bonds	26,880,000	-	11,275,000	30,235,000	-
Proceed from bond refunding	-	-	4,400,000	-	-
Bond premium	680,281	-	1,155,945	4,735,610	-
Payment to refunded bond escrow account	-	-	(4,350,732)	-	-
Proceeds sale of capital assets	-	236,205	2,013,678	136,979	156,734
Proceeds sale of other assets	-	-	700,445	-	-
Transfers in	535,006	269,999	758,390	499,233	1,128,113
Transfers out	(535,006)	(269,999)	(758,390)	(499,233)	(1,128,113)
Total other financing sources (uses)	27,560,281	236,205	15,194,336	35,107,589	156,734
Net change in fund balance	\$ 19,535,013	\$ (6,156,757)	\$ (1,892,929)	\$ 22,963,648	\$ (19,277,425)
Debt service as a percentage of noncapital expenditures	12.4%	12.2%	12.5%	13.2%	13.5%

¹ Athletic revenue is recorded in Other and Athletic expenditures are recorded in Supporting Services due to the implementation of GASB 54 in 2011.

TRAVERSE CITY AREA PUBLIC SCHOOLS

Comprehensive Annual Financial Report

Financial Trends

Statement of Expenses and Transfers by Function - Government-Wide

Fiscal Years 2010-2011 through 2019-2020

Governmental Activities:	2010-2011¹	2011-2012¹	2012-2013¹	2013-2014¹	2014-2015¹
Expenses					
Instruction	\$ 50,211,938	\$ 50,120,841	\$ 50,502,874	\$ 52,189,870	\$ 54,737,324
Supporting Services	36,379,536	34,833,461	35,856,404	36,573,556	37,471,024
Community Service Activities	2,276,499	2,758,948	2,862,822	2,749,851	2,843,193
Intergovernmental expenditures	1,834,820	2,164,661	1,981,786	2,185,749	2,025,826
Food Service	5,030,158	5,194,391	5,018,794	5,206,132	4,947,800
Student/school activities	-	-	-	-	-
Interest on Long-Term Debt	3,628,290	3,264,483	3,126,214	2,750,174	2,451,022
Loss on sale of capital assets	-	-	-	-	-
Unallocated Depreciation	2,827,239	2,819,505	2,782,606	2,728,445	2,673,975
Total Governmental Activities	\$ 102,188,480	\$ 101,156,290	\$ 102,131,500	\$ 104,383,777	\$ 107,150,164

Governmental Activities:	2015-2016¹	2016-2017¹	2017-2018¹	2018-2019¹	2019-2020¹
Expenses					
Instruction	\$ 55,520,571	\$ 57,716,952	\$ 58,791,022	\$ 61,813,892	\$ 66,291,787
Supporting Services	38,769,671	40,163,580	40,837,582	42,829,152	44,935,135
Community Service Activities	3,286,091	3,592,029	3,433,432	3,525,526	3,864,783
Intergovernmental expenditures	2,192,058	2,329,778	2,388,784	3,455,182	3,182,616
Food Service	4,930,308	4,835,049	4,318,478	4,304,870	4,569,124
Student/school activities	-	-	-	-	1,623,083
Interest on Long-Term Debt	2,113,909	2,249,605	1,776,008	1,992,281	2,921,429
Loss on sale of capital assets	-	-	1,550,797	-	-
Unallocated Depreciation	2,651,801	2,640,866	2,582,597	2,545,715	2,496,955
Total Governmental Activities	\$ 109,464,409	\$ 113,527,859	\$ 115,678,700	\$ 120,466,618	\$ 129,884,912

¹ Athletic expenses are recorded in Supporting Services due to the implementation of GASB 54 in 2011.

Source: Compiled by TCAPS Business Office

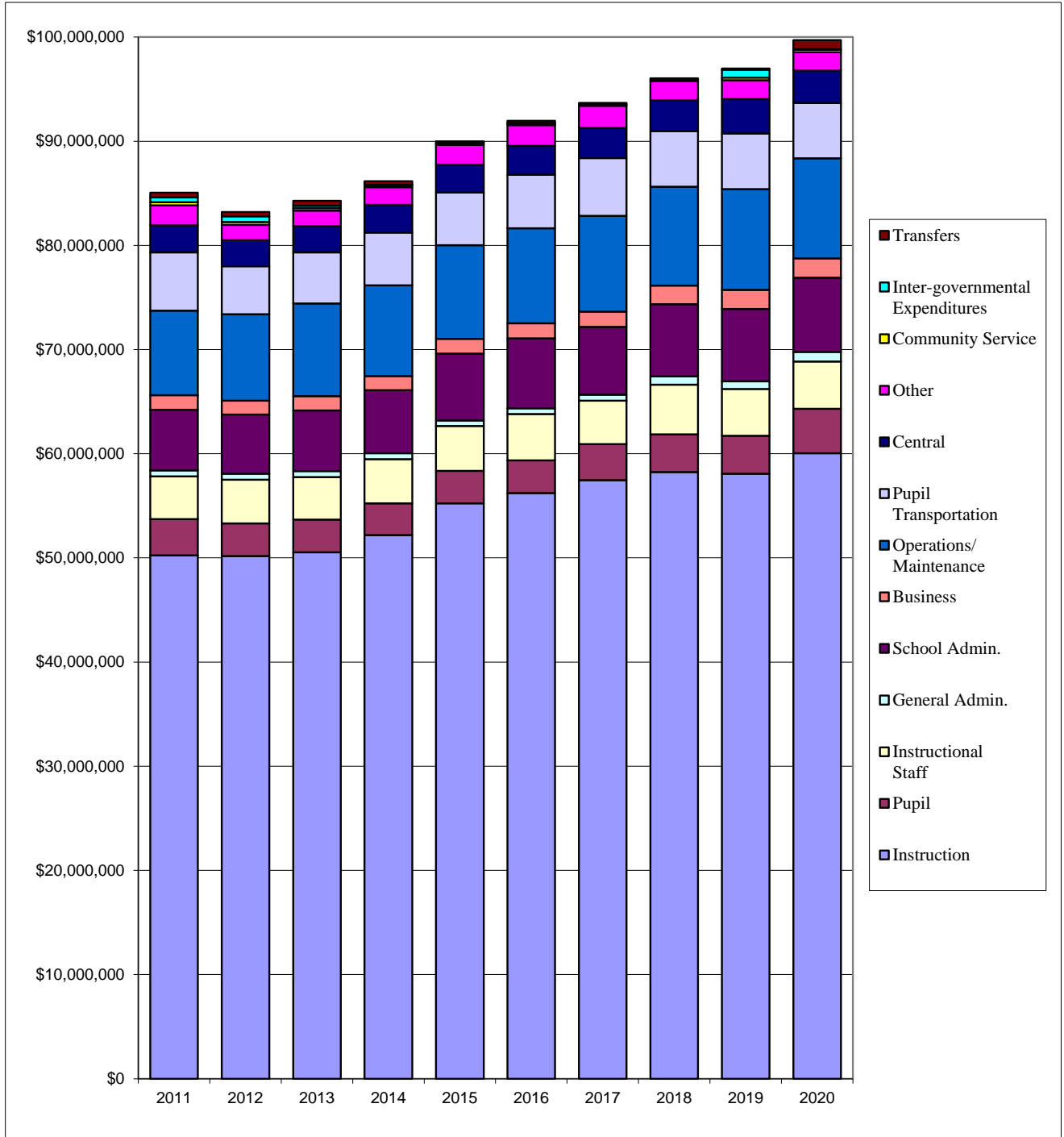
TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Statement of Revenues by Source - Government-Wide
Fiscal Years 2010-2011 through 2019-2020

Revenues	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Program revenues:					
Charges for services	\$ 5,905,600	\$ 6,277,643	\$ 6,472,505	\$ 7,006,016	\$ 7,554,186
Operating grants and contributions	8,311,587	8,129,469	7,525,067	7,685,820	8,279,489
General Revenues:					
Property Taxes	44,576,366	43,188,507	43,040,110	43,778,387	44,400,455
State Aid - Unrestricted	41,718,402	41,505,060	43,483,230	44,985,902	47,703,689
Federal - Unrestricted	2,306,326	1,300,289	-	-	-
Other	3,294,797	2,838,673	3,367,680	3,053,204	3,561,655
Total Revenue	\$ 106,113,078	\$ 103,239,641	\$ 103,888,592	\$ 106,509,329	\$ 111,499,474

Revenues	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Program revenues:					
Charges for services	\$ 7,967,606	\$ 8,416,163	\$ 7,537,504	\$ 6,760,627	\$ 5,209,270
Operating grants and contributions	8,490,800	8,070,545	8,307,183	9,629,456	11,178,528
General Revenues:					
Property Taxes	45,198,921	46,012,918	47,276,448	49,567,022	52,239,172
State Aid - Unrestricted	44,619,923	48,811,418	52,245,272	50,489,833	50,312,262
Federal - Unrestricted	-	-	-	-	-
Other	3,035,707	3,278,771	4,509,646	4,196,267	4,877,687
Total Revenue	\$ 109,312,957	\$ 114,589,815	\$ 119,876,053	\$ 120,643,205	\$ 123,816,919

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
General Fund - Expenditures and Transfers by Function
Graphical Representation
Fiscal Years 2010-2011 through 2019-2020



TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
General Fund - Expenditures and Transfers by Function
Fiscal Years 2010-2011 through 2019-2020

Year Ended June 30	Support Services						
	Instruction	Pupil	Instructional Staff	General Admin.	School Admin.	Business	Operations/ Maintenance
2011	\$ 50,250,087	\$ 3,473,507	\$ 4,106,524	\$ 568,593	\$ 5,815,684	\$ 1,419,495	\$ 8,107,268
2012	50,162,272	3,143,329	4,212,884	553,883	5,686,309	1,328,383	8,308,615
2013	50,535,662	3,138,060	4,084,582	581,881	5,822,051	1,373,402	8,882,897
2014	52,186,563	3,057,436	4,233,325	572,208	6,044,221	1,357,359	8,723,332
2015	55,233,442	3,123,569	4,302,350	529,320	6,419,606	1,413,471	8,993,881
2016	56,226,291	3,134,705	4,440,545	563,647	6,705,847	1,453,181	9,120,694
2017	57,462,857	3,455,660	4,173,283	582,946	6,515,286	1,456,066	9,183,569
2018	58,242,611	3,630,196	4,753,741	806,689	6,924,413	1,793,490	9,487,265
2019	58,081,218	3,639,287	4,504,306	731,150	6,950,160	1,833,869	9,664,422
2020	60,043,363	4,279,310	4,534,905	923,903	7,127,250	1,857,564	9,600,695

Year Ended June 30	Support Services			Community Service	Inter-governmental Expenditures	Transfers	Total Expenditures and Transfers
	Pupil Transportation	Central	Other				
2011	\$ 5,585,258	\$ 2,590,326	\$ 1,940,156 ¹	\$ 279,652	\$ 473,738	\$ 440,887	\$ 85,051,175
2012	4,614,436	2,489,180	1,461,160	283,677	542,407	417,389	83,203,924
2013	4,918,620	2,516,703	1,492,934	235,645	215,059	496,342	84,293,838
2014	5,049,332	2,658,630	1,718,022	184,466	40,375	334,146	86,159,415
2015	5,080,590	2,651,351	1,896,800	108,088	67,879	168,598	89,988,945
2016	5,132,582	2,783,460	1,998,099	104,121	89,528	212,336	91,965,036
2017	5,567,794	2,880,693	2,123,148	95,433	63,796	129,821	93,690,352
2018	5,342,191	2,952,881	1,859,990	82,836	54,378	115,511	96,046,192
2019	5,344,422	3,310,120	1,799,711	244,636	769,301	120,275	96,992,877
2020	5,308,179	3,101,489	1,762,161	240,892	66,844	868,113	99,714,668

¹ Increase due to including Athletics in general fund with the implementation of GASB 54 in 2011.

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends

General Fund - Sources of Expenditures and Transfers as a Percentage of Total Expenditures
Fiscal Years 2010-2011 through 2019-2020

Year Ended June 30	Instruction	Pupil	Instructional Staff	General Admin.	School Admin.	Business
2011	59.08%	4.08%	4.83%	0.67%	6.84%	1.67%
2012	60.29%	3.78%	5.06%	0.67%	6.83%	1.60%
2013	59.95%	3.72%	4.85%	0.69%	6.91%	1.63%
2014	60.57%	3.55%	4.91%	0.66%	7.02%	1.58%
2015	61.38%	3.47%	4.78%	0.59%	7.13%	1.57%
2016	61.14%	3.41%	4.83%	0.61%	7.29%	1.58%
2017	61.33%	3.69%	4.45%	0.62%	6.95%	1.55%
2018	60.64%	3.78%	4.95%	0.84%	7.21%	1.87%
2019	59.88%	3.75%	4.64%	0.75%	7.17%	1.89%
2020	60.22%	4.29%	4.55%	0.93%	7.15%	1.86%

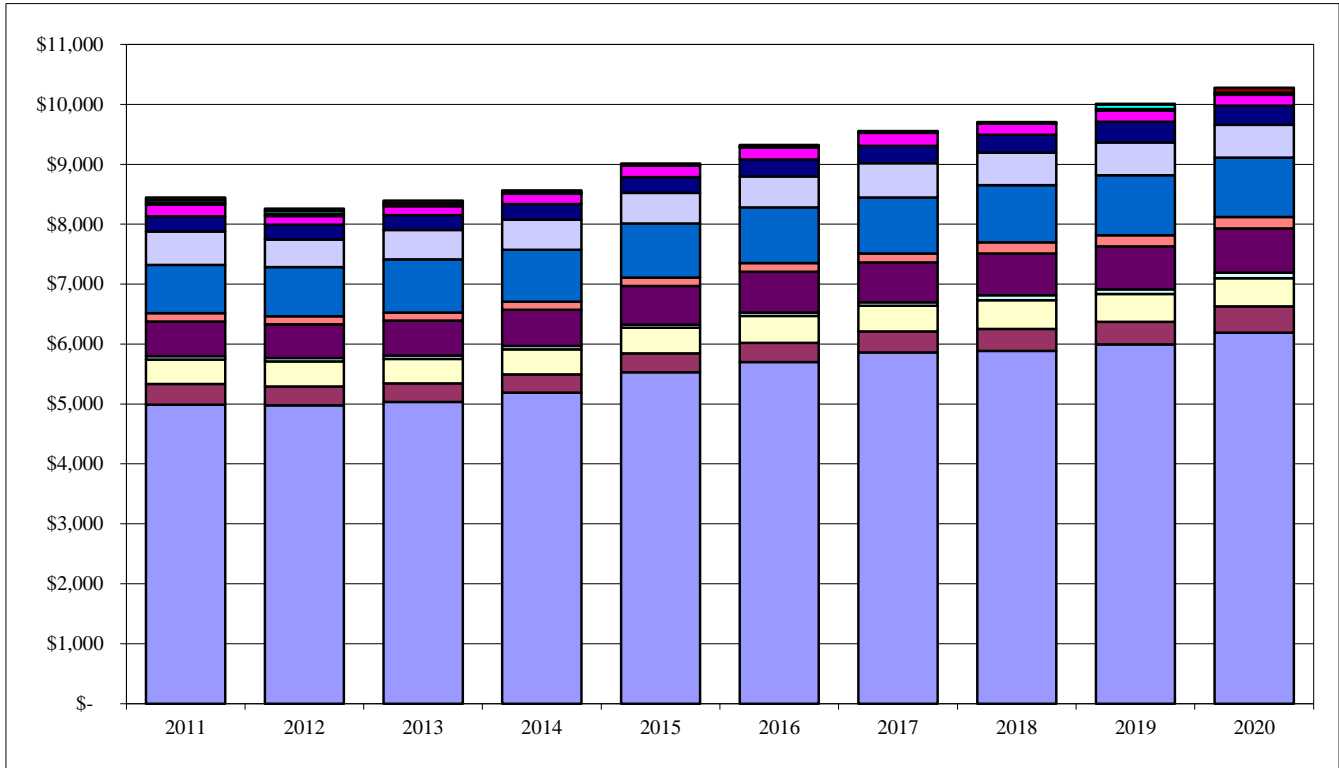
Year Ended June 30	Operations/ Maintenance	Pupil Transportation	Central	Other	Community Service	Inter- governmental Expenditures
2011	9.53%	6.57%	3.05%	2.28%	0.33%	0.56%
2012	9.99%	5.55%	2.99%	1.76%	0.34%	0.65%
2013	10.54%	5.84%	2.99%	1.77%	0.28%	0.26%
2014	10.12%	5.86%	3.09%	1.99%	0.21%	0.05%
2015	9.99%	5.65%	2.95%	2.11%	0.12%	0.08%
2016	9.92%	5.58%	3.03%	2.17%	0.11%	0.10%
2017	9.80%	5.94%	3.07%	2.27%	0.10%	0.07%
2018	9.88%	5.56%	3.07%	1.94%	0.09%	0.06%
2019	9.96%	5.51%	3.41%	1.86%	0.25%	0.79%
2020	9.63%	5.32%	3.11%	1.77%	0.24%	0.07%

Year Ended June 30	Debt Service	Transfers	Total Expenditures and Transfers
2011	0.00%	0.52%	100.00%
2012	0.00%	0.50%	100.00%
2013	0.00%	0.59%	100.00%
2014	0.00%	0.39%	100.00%
2015	0.00%	0.19%	100.00%
2016	0.00%	0.23%	100.00%
2017	0.00%	0.14%	100.00%
2018	0.00%	0.12%	100.00%
2019	0.00%	0.12%	100.00%
2020	0.00%	0.87%	100.00%

¹ Increase due to including Athletics in general fund with the implementation of GASB 54 in 2011.
Source: Compiled by TCAPS Business Office

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

**General Fund - Comparison of Per Pupil Expenditures and Transfers by Function ¹
Fiscal Years 2010-2011 through 2019-2020**

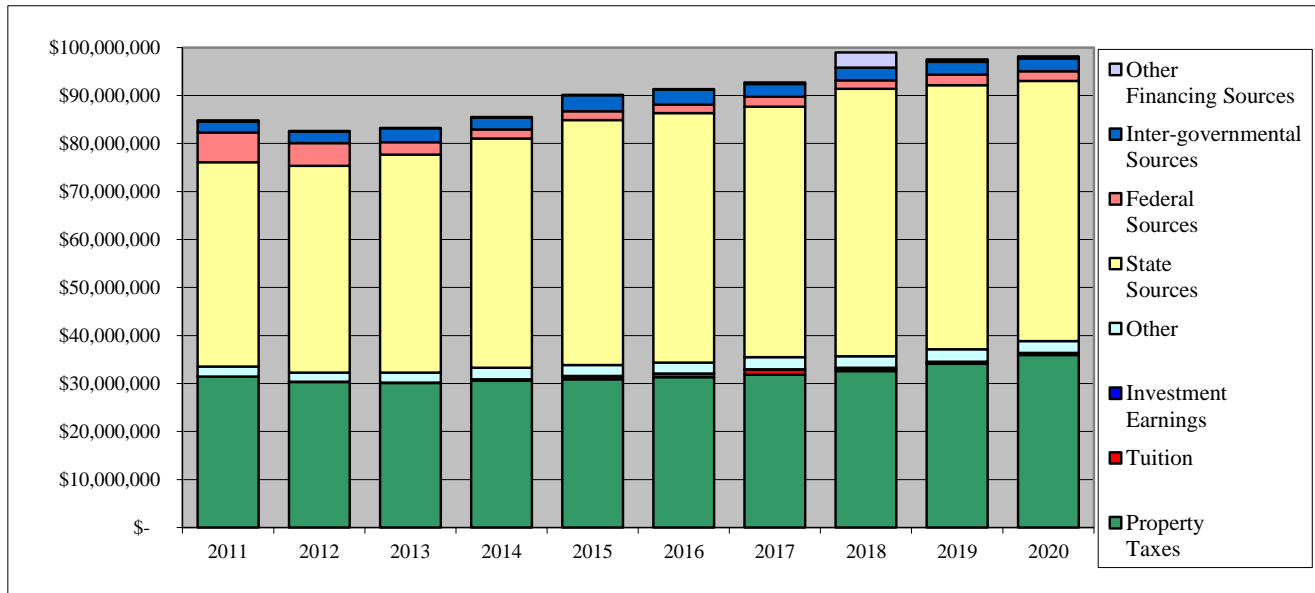


Year Ended June 30	Instruction	Pupil	Instruc-tional Staff	Gen. Admin.	School Admin.	Business	Oper./ Maint.	Pupil Trans.	Central	Other	Comm. Service	Inter Gov. Exp.	Oper. Trans.	Total Expenditures and Transfers
2011	\$ 4,989	\$ 345	\$ 408	\$ 56	\$ 577	\$ 141	\$ 805	\$ 554	\$ 257	\$ 193	\$ 28	\$ 47	\$ 44	\$ 8,443
2012	4,980	312	418	55	565	132	825	458	247	145	28	54	41	8,260
2013	5,033	313	407	58	580	137	885	490	251	149	23	21	49	8,395
2014	5,188	304	421	57	601	135	867	502	264	171	18	4	33	8,565
2015	5,531	313	431	53	643	142	901	509	265	190	11	7	17	9,011
2016	5,701	318	450	57	680	147	925	520	282	203	11	9	22	9,324
2017	5,861	352	426	59	664	149	937	568	294	217	10	7	13	9,555
2018	5,885	367	480	82	700	181	959	540	298	188	8	5	12	9,706
2019	5,995	376	465	75	717	189	997	552	342	186	25	79	12	10,011
2020	6,189	441	467	95	735	191	990	547	320	182	25	7	89	10,279

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
Comprehensive Annual Financial Report
Financial Trends
General Fund - Revenues and Other Financing Sources by Source
Fiscal Years 2010-2011 through 2019-2020



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
2011	\$ 31,429,225	\$ 15,475	\$ 26,479	\$ 2,078,513	\$ 42,533,713	\$ 6,201,626	\$ 2,294,053	\$ 235,180	\$ 84,814,264
2012	30,326,457	26,599	40,099	1,857,333	43,114,262	4,702,826	2,425,811	156,921	82,650,308
2013	30,110,223	27,689	30,511	2,119,650	45,431,128	2,533,701	2,958,509	4,765	83,216,176
2014	30,553,269	300,820	27,095	2,422,102	47,724,510	1,889,703	2,486,652	144,678	85,548,829
2015	30,896,714	639,120	18,282	2,297,841	51,064,397	1,802,471	3,332,332	111,574	90,162,731
2016	31,320,438	754,798	25,356	2,237,256	52,004,781	1,780,560	3,109,917	135,595	91,368,701
2017	31,844,987	1,056,231	65,440	2,513,301	52,219,420	2,060,213	2,622,009	365,836	92,747,437
2018	32,571,182	564,560	139,467	2,378,733	55,774,382	1,741,882	2,664,557	3,160,620	98,995,383
2019	34,132,614	120,451	294,269	2,569,364	55,012,323	2,273,039	2,632,598	515,937	97,550,595
2020	35,943,979	148,260	301,896	2,479,085	54,153,013	2,046,585	2,663,866	416,734	98,153,418

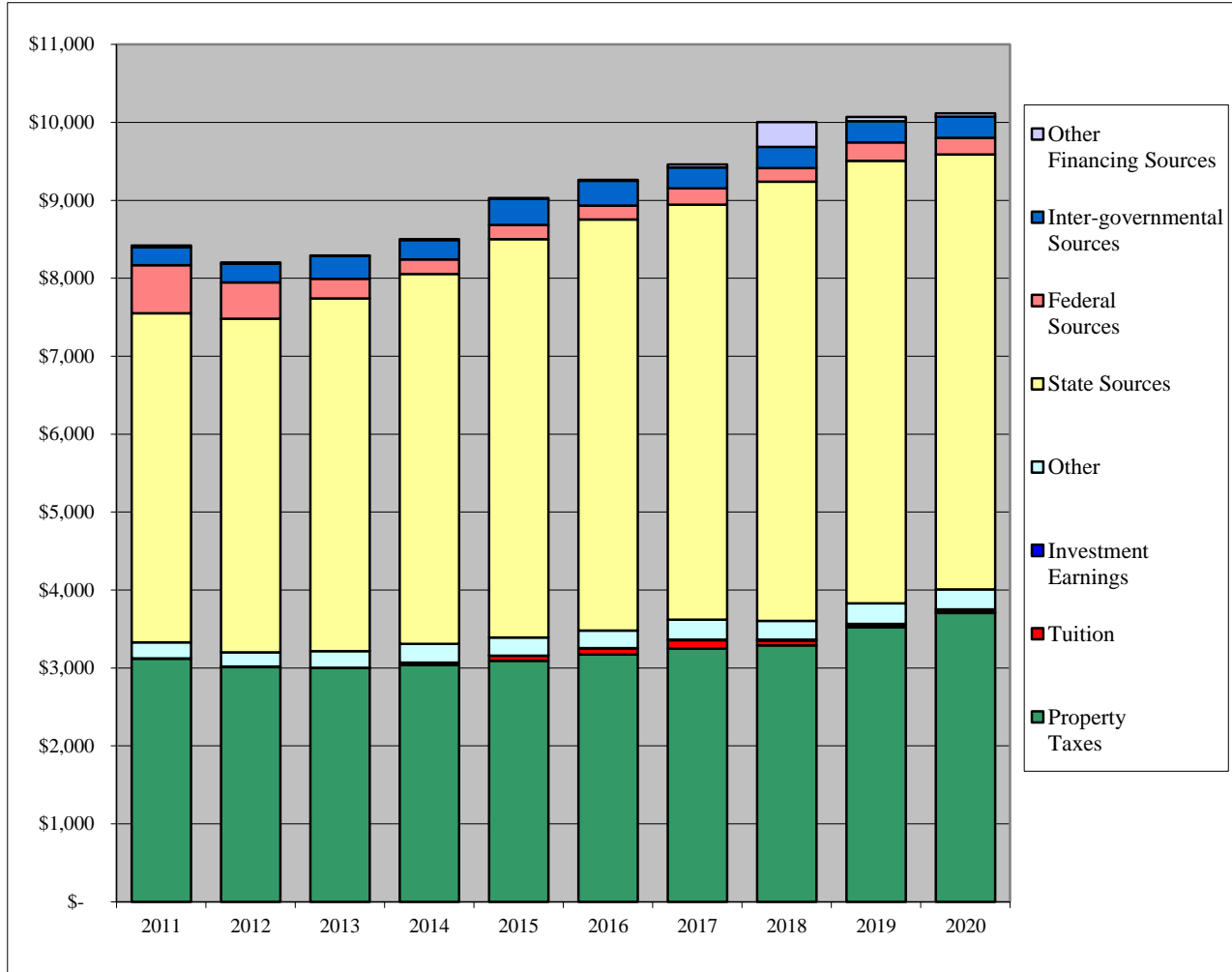
Sources of Revenues as a Percentage of Total Revenue

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
2011	37.06%	0.02%	0.03%	2.45%	50.15%	7.31%	2.70%	0.28%	100.00%
2012	36.69%	0.03%	0.05%	2.25%	52.16%	5.69%	2.94%	0.19%	100.00%
2013	36.18%	0.03%	0.04%	2.55%	54.59%	3.04%	3.56%	0.01%	100.00%
2014	35.71%	0.35%	0.03%	2.83%	55.79%	2.21%	2.91%	0.17%	100.00%
2015	34.27%	0.71%	0.02%	2.55%	56.64%	2.00%	3.70%	0.12%	100.00%
2016	34.28%	0.83%	0.03%	2.45%	56.92%	1.95%	3.40%	0.15%	100.00%
2017	34.34%	1.14%	0.07%	2.71%	56.30%	2.22%	2.83%	0.39%	100.00%
2018	32.90%	0.57%	0.14%	2.40%	56.34%	1.76%	2.69%	3.19%	100.00%
2019	34.99%	0.12%	0.30%	2.63%	56.39%	2.33%	2.70%	0.53%	100.00%
2020	36.62%	0.15%	0.31%	2.53%	55.17%	2.09%	2.71%	0.42%	100.00%

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends

General Fund - Comparison of Per Pupil Revenues and Other Financing Sources by Source ¹
Fiscal Years 2010-2011 through 2019-2020



Year Ended June 30	Property Taxes	Tuition	Investment		State Sources	Federal Sources	Inter- governmental Sources	Other Financing Sources	Total Revenues and Other Financing Sources		Student Enrollment ²
			Earnings	Other							
2011	\$ 3,120	\$ 2	\$ 3	\$ 206	\$ 4,223	\$ 616	\$ 228	\$ 23	\$ 8,420	10,073	
2012	3,011	3	4	184	4,280	467	241	16	8,205	10,073	
2013	2,999	3	3	211	4,525	252	295	0	8,288	10,041	
2014	3,037	30	3	241	4,744	188	247	14	8,504	10,060	
2015	3,094	64	2	230	5,113	180	334	11	9,028	9,987	
2016	3,176	77	3	227	5,273	181	315	14	9,264	9,863	
2017	3,248	108	7	256	5,326	210	267	37	9,459	9,805	
2018	3,291	57	14	240	5,636	176	269	319	10,004	9,896	
2019	3,523	12	30	265	5,678	235	272	53	10,068	9,689	
2020	3,705	15	31	256	5,582	211	275	43	10,118	9,701	

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
Comprehensive Annual Financial Report
Financial Trends
General Fund - History of Fund Equity
Fiscal Years 2010-2011 through 2019-2020

Fiscal Year	Total		% of General Fund
	General Fund Equity	Expenditures and Transfers Out	
2010-2011	\$ 8,760,601	\$ 85,051,175	10.30%
2011-2012	8,206,985	83,203,924	9.86%
2012-2013	7,129,323	84,293,838	8.46%
2013-2014	6,518,737	86,159,415	7.57%
2014-2015	6,692,523	89,988,945	7.44%
2015-2016	6,096,188	91,965,036	6.63%
2016-2017	5,153,273	93,690,352	5.50%
2017-2018	8,102,464	96,046,192	8.44%
2018-2019	8,660,182	96,992,877	8.93%
2019-2020	7,098,932	99,714,668	7.12%

Source: Compiled by TCAPS Business Office

Fiscal Year	Total		% of General Fund
	General Fund Equity	Revenue and Transfers In	
2010-2011	\$ 8,760,601	\$ 84,814,264	10.33%
2011-2012	8,206,985	82,650,308	9.93%
2012-2013	7,129,323	83,216,176	8.57%
2013-2014	6,518,737	85,548,829	7.62%
2014-2015	6,692,523	90,162,731	7.42%
2015-2016	6,096,188	91,368,701	6.67%
2016-2017	5,153,273	92,747,437	5.56%
2017-2018	8,102,464	98,995,383	8.18%
2018-2019	8,660,182	97,550,595	8.88%
2019-2020	7,098,932	98,153,418	7.23%

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Statistical Section
2019-2020**

REVENUE AND DEBT CAPACITY

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Property Tax Levies and Collections
Fiscal Years 2010-2011 through 2019-2020

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
2010-2011	2010	\$ 31,279,336	\$ 31,238,701	99.87%	\$ 17,320	\$ 31,256,021	99.93%
2011-2012	2011	30,186,270	30,167,965	99.94%	10,918	30,178,883	99.98%
2012-2013	2012	29,943,230	29,924,177	99.94%	11,776	29,935,953	99.98%
2013-2014	2013	30,377,482	30,349,853	99.91%	10,788	30,360,641	99.94%
2014-2015	2014	30,677,070	30,641,080	99.88%	554	30,641,634	99.88%
2015-2016	2015	31,241,191	31,104,948	99.56%	110,274	31,215,222	99.92%
2016-2017	2016	31,761,313	31,740,709	99.94%	11,642	31,752,351	99.97%
2017-2018	2017	31,499,860	31,465,124	99.89%	10,739	31,475,863	99.92%
2018-2019	2018	34,061,167	34,027,126	99.90%	9,333	34,036,459	99.93%
2019-2020	2019	35,894,668	35,840,084	99.85%	-	35,840,084	99.85%

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
2010-2011	2010	\$ 13,113,042	\$ 13,101,426	99.91%	\$ 9,292	\$ 13,110,718	99.98%
2011-2012	2011	12,848,910	12,839,666	99.93%	5,551	12,845,217	99.97%
2012-2013	2012	12,873,163	12,863,097	99.92%	5,687	12,868,784	99.97%
2013-2014	2013	13,135,131	13,115,978	99.85%	4,913	13,120,891	99.89%
2014-2015	2014	13,452,206	13,437,197	99.89%	8,318	13,445,515	99.95%
2015-2016	2015	13,873,622	13,843,905	99.79%	16,637	13,860,542	99.91%
2016-2017	2016	14,149,564	14,128,610	99.85%	4,502	14,133,112	99.88%
2017-2018	2017	14,652,615	14,639,569	99.91%	7,882	14,647,451	99.96%
2018-2019	2018	15,377,063	15,369,552	99.95%	4,735	15,374,287	99.98%
2019-2020	2019	16,187,208	16,167,668	99.88%	-	16,167,668	99.88%

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Assessed and Estimated Actual Value of Property
Fiscal Years 2010-2011 through 2019-2020

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Assessed Value</u>	<u>Estimated Cash Value</u>
2010-2011	2010	\$ 5,329,477,145	\$ 10,658,954,290
2011-2012	2011	5,016,234,260	10,032,468,520
2012-2013	2012	4,907,996,827	9,815,993,654
2013-2014	2013	5,000,341,519	10,000,683,038
2014-2015	2014	5,123,856,539	10,247,713,078
2015-2016	2015	5,315,168,275	10,630,336,550
2016-2017	2016	5,546,848,735	11,093,697,470
2017-2018	2017	5,866,049,727	11,732,099,454
2018-2019	2018	6,147,831,756	12,295,663,512
2019-2020	2019	6,593,794,495	13,187,588,990

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Tax Rates - Overlapping ¹
Tax Years 2010-2019

Tax Year	Operating (Mills)	Debt (Mills)	State Education (Mills)	Traverse Bay Area ISD (Mills)	Northwestern Michigan Community College (Mills)	County of Benzie (Mills)	Almira Township (Mills)	County of Leelanau (Mills)
2010	18.0000	3.1000	6.0000	2.9312	2.8700	6.7173	2.8881	4.3143
2011	18.0000	3.1000	6.0000	2.9312	2.9400	6.8761	2.3881	4.3143
2012	18.0000	3.1000	6.0000	2.9312	2.9400	6.9121	2.3943	4.2293
2013	18.0000	3.1000	6.0000	2.9312	2.9200	7.9121	2.3943	4.3143
2014	18.0000	3.1000	6.0000	2.9312	2.9100	8.0057	2.3943	4.3143
2015	18.0000	3.1000	6.0000	2.9312	2.8300	8.0121	3.0228	4.3143
2016	18.0000	3.1000	6.0000	2.9299	2.8192	8.1691	2.9933	4.2947
2017	18.0000	3.1000	6.0000	2.9234	2.7420	8.3224	2.9593	4.2628
2018	18.0000	3.1000	6.0000	2.9197	2.7139	8.5110	2.9319	4.2948
2019	18.0000	3.1000	6.0000	2.9161	2.6839	8.4995	2.9079	4.2693

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)
2010	1.4417	1.3553	6.2291	0.3454	1.1145	1.6535	2.3250	0.7348
2011	1.4417	1.3553	6.2433	0.3454	1.1068	1.6535	2.3250	0.7348
2012	1.4417	1.6053	6.2433	0.3454	1.1092	1.6535	2.3250	0.7348
2013	1.4417	1.6053	6.2433	0.3454	1.1050	1.6535	2.3250	0.7348
2014	0.6617	1.6053	7.2433	0.3454	1.1002	0.7332	2.3250	0.7348
2015	2.3116	1.5995	6.5838	0.3454	0.9548	1.4632	2.3250	0.7348
2016	2.3060	2.0974	6.7017	0.3447	1.0870	1.4582	2.3250	0.7348
2017	2.2957	2.0845	6.6486	0.3420	0.9467	1.4582	2.3203	0.7284
2018	2.9031	2.3404	6.7608	0.4978	0.9431	1.4486	2.3082	0.7230
2019	2.8917	2.3274	6.6915	0.4952	0.9382	1.4486	2.2928	0.7174

Tax Year	Garfield Township (Mills)	Grant Township (Mills)	Green Lake Township (Mills)	Long Lake Township (Mills)	Peninsula Township (Mills)	Union Township (Mills)	Whitewater Township (Mills)	City of Traverse City (Mills)
2010	2.6744	0.7377	2.2096	1.8837	3.1167	1.2051	0.6021	13.5567
2011	2.3372	0.7377	2.2096	1.8837	3.1167	1.2396	0.6021	13.0567
2012	2.3372	0.7377	2.2096	1.8837	3.0955	1.2051	0.6021	13.4367
2013	2.3372	0.7377	2.2096	1.8837	3.1182	1.2396	0.6021	13.4367
2014	2.3372	0.7377	2.6396	1.6812	2.9432	1.2396	0.6021	13.4367
2015	2.0000	0.7377	2.6396	1.6680	3.0732	1.2396	2.1016	13.4367
2016	2.0000	0.7357	2.6297	1.6539	3.0510	1.2396	2.1007	13.4367
2017	2.0000	0.7290	2.6067	1.6354	3.0298	1.2289	2.0920	13.4367
2018	2.0000	0.7274	3.5446	1.6198	2.6185	1.2286	2.0900	14.4367
2019	2.0000	0.7274	3.5249	1.6440	2.5984	1.2242	2.0803	14.4367

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
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Ratio of Net General Bonded Debt Outstanding to Assessed Value
and Net Bonded Debt Per Capita
Fiscal Years 2010-2011 through 2019-2020

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
2010-2011	2010	86,954	\$ 5,329,477,145	\$ 85,816,939	\$ 2,025,713	\$ 83,791,226	1.57%	964
2011-2012	2011	88,141	5,016,234,260	86,457,980	1,461,770	84,996,210	1.69%	964
2012-2013	2012	89,112	4,907,996,827	76,406,599	1,430,964	74,975,635	1.53%	841
2013-2014	2013	89,987	5,000,341,519	79,624,685	1,824,588	77,800,097	1.56%	865
2014-2015	2014	90,782	5,123,856,539	68,061,350	1,495,974	66,565,376	1.30%	733
2015-2016	2015	91,363	5,315,168,275	83,663,613	1,517,325	82,146,288	1.55%	899
2016-2017	2016	92,084	5,546,848,735	71,467,567	1,589,902	69,877,665	1.26%	759
2017-2018	2017	91,796	5,866,049,727	70,643,610	1,809,573	68,834,037	1.17%	750
2018-2019	2018	92,573	6,147,831,756	91,673,877	1,795,042	89,878,835	1.46%	971
2019-2020	2019	93,088	6,593,794,495	77,144,974	1,405,045	75,739,929	1.15%	814

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

² Presented net of original discounts and premiums.

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Ratio of Net General Bonded Debt Outstanding
Fiscal Years 2010-2011 through 2019-2020

Fiscal Year	General Obligation Bonds ¹	Monies Restricted for Debt Service	Net Bonded Debt ¹	Percentage of Taxable Value ²	Per Capita ³
2010-2011	\$ 85,816,939	\$ 2,025,713	\$ 83,791,226	1.96%	964
2011-2012	86,457,980	1,461,770	84,996,210	2.03%	964
2012-2013	76,406,599	1,430,964	74,975,635	1.79%	841
2013-2014	79,624,685	1,824,588	77,800,097	1.81%	865
2014-2015	68,061,350	1,495,974	66,565,376	1.52%	733
2015-2016	83,663,613	1,517,325	82,146,288	1.84%	899
2016-2017	71,467,567	1,589,902	69,877,665	1.53%	759
2017-2018	70,643,610	1,809,573	68,834,037	1.46%	750
2018-2019	91,673,877	1,795,042	89,878,835	1.81%	971
2019-2020	77,144,974	1,405,045	75,739,929	1.45%	814

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
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Ratio of Net Debt Outstanding by Type
Fiscal Years 2010-2011 through 2019-2020

Fiscal Year	General Obligation Bonds ¹	Limited Obligation Bonds ²	Capital Leases	Monies Restricted for Debt Service	Total Net Outstanding Debt ¹	Percentage of Personal Income ³	Per Capita ³
2010-2011	\$ 85,816,939	\$ 190,136	\$ 136,886	\$ 2,025,713	\$ 84,118,248	2.63%	967
2011-2012	86,457,980	97,278	-	1,461,770	85,093,488	2.50%	965
2012-2013	76,406,599	-	-	1,430,964	74,975,635	2.11%	841
2013-2014	79,624,685	-	-	1,824,588	77,800,097	2.16%	865
2014-2015	68,061,350	-	-	1,495,974	66,565,376	1.73%	733
2015-2016	83,663,613	-	-	1,517,325	82,146,288	2.02%	899
2016-2017	71,467,567	-	-	1,589,902	69,877,665	1.65%	759
2017-2018	70,643,610	-	-	1,809,573	68,834,037	1.55%	750
2018-2019	91,673,877	-	-	1,795,042	89,878,835	1.92%	971
2019-2020	77,144,974	-	-	1,405,045	75,739,929	1.54%	814

¹ Presented net of original discounts and premiums.

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

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

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Legal Debt Margin Information
2011-2020

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Value	\$ 6,593,794,495
Debt limit (15% of assessed value)	989,069,174
Debt applicable to limit:	
General obligation bonds	71,550,000
Less: Amount set aside for repayment of general obligation debt	1,405,045
Total net debt applicable to limit	70,144,955
Legal debt margin	\$ 918,924,219

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 799,421,572	\$ 752,435,139	\$ 736,199,524	\$ 750,051,228	\$ 768,578,481
Total net debt applicable to limit	81,634,287	83,098,230	73,339,036	76,435,412	65,584,026
Legal debt margin	\$ 717,787,285	\$ 669,336,909	\$ 662,860,488	\$ 673,615,816	\$ 702,994,455
Total net debt applicable to the limit as a percentage of debt limit	10.21%	11.04%	9.96%	10.19%	8.53%

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 797,275,241	\$ 832,027,310	\$ 892,438,309	\$ 920,199,275	\$ 989,069,174
Total net debt applicable to limit	80,697,675	68,710,098	67,090,427	83,604,958	70,144,955
Legal debt margin	\$ 716,577,566	\$ 763,317,212	\$ 825,347,882	\$ 836,594,317	\$ 918,924,219
Total net debt applicable to the limit as a percentage of debt limit	10.12%	8.26%	7.52%	9.09%	7.09%

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Schedule of Direct and Overlapping Debt
6/30/2020

Direct Debt	Debt Outstanding	Percent Applicable to School District ¹	Amount Applicable to School District ¹	Debt Principal Per Capita (Pop 93,088)	Percent of STV ²
General Obligation Bonds	\$ 71,550,000	100.00%	\$ 71,550,000	\$ 769	1.37%
Total Direct Debt	71,550,000		71,550,000	769	1.37%
Overlapping Debt ³					
Traverse City	15,994,722	100.00%	15,994,722	172	0.31%
Acme Township	1,046,198	86.63%	906,321	10	0.02%
Blair Township	5,785,000	95.40%	5,518,890	59	0.11%
East Bay Township	6,250,015	100.00%	6,250,015	67	0.12%
Elmwood Township	548,660	90.17%	494,727	5	0.01%
Garfield Township	1,606,721	100.00%	1,606,721	17	0.03%
Green Lake Township	153,888	92.25%	141,962	2	0.00%
Long Lake Township	-	100.00%	-	-	0.00%
Peninsula Township	6,022,223	100.00%	6,022,223	65	0.12%
Whitewater Township	-	0.41%	-	-	0.00%
Benzie County	4,855,000	2.90%	140,795	2	0.00%
Grand Traverse County	15,220,352	88.81%	13,517,195	145	0.26%
Leelanau County	2,905,000	13.88%	403,214	4	0.01%
Northwestern Community College	26,135,000	88.81%	23,210,494	249	0.45%
Traverse Area District Library	-	88.89%	-	-	0.00%
Traverse City-Garfield Recreational Authority	3,150,000	100.00%	3,150,000	34	0.06%
Total Overlapping Debt	89,672,779		77,357,279	831	1.48%
Total Direct and Overlapping Debt	\$ 161,222,779		\$ 148,907,279	\$ 1,600	2.86%

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 2019 Taxable Value equal to \$5,214,215,549

³ Overlapping debt amounts provided by Municipal Advisory Council of Michigan.

Source: Municipal Advisory Council of Michigan

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Taxable Valuation of Property in School District
Tax Years 2010-2019

Tax Year	Valuation ¹				Taxable Valuation Total	Tax Levy (Mills) ¹			
	Principal Residence Exemption	Industrial Personal Property	Commercial Personal Property	All Other Non-PRE		Principal Residence Exemption	Non-Principal Residence Exemption	Commercial Personal Property	Debt
2010	\$ 2,323,523,259	\$61,921,144	\$ 129,181,037	\$1,756,510,659	\$ 4,271,136,099	6.00	18.0000	6.00	3.10
2011	2,302,221,253	57,330,850	124,382,935	1,709,192,731	4,193,127,769	6.00	18.0000	6.00	3.10
2012	2,313,651,871	58,219,009	121,911,605	1,697,779,753	4,191,562,238	6.00	18.0000	6.00	3.10
2013	2,367,691,868	65,404,327	127,234,174	1,735,748,530	4,296,078,899	6.00	18.0000	6.00	3.10
2014	2,451,503,634	61,557,308	110,499,128	1,763,170,009	4,386,730,079	6.00	18.0000	6.00	3.10
2015	2,521,868,619	70,149,000	109,218,500	1,755,679,918	4,456,916,037	6.00	18.0000	6.00	3.10
2016	2,619,800,458	43,840,000	112,261,182	1,778,955,744	4,554,857,384	6.00	18.0000	6.00	3.10
2017	2,739,054,623	33,837,000	119,194,012	1,825,905,003	4,717,990,638	6.00	18.0000	6.00	3.10
2018	2,891,372,306	34,846,600	123,279,055	1,903,386,687	4,952,884,648	6.00	18.0000	6.00	3.10
2019	3,045,093,892	30,784,300	127,484,183	2,010,853,174	5,214,215,549	6.00	18.0000	6.00	3.10

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

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Statistical Section
2019-2020**

DEMOGRAPHIC AND ECONOMIC INFORMATION

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
Employment by Classification
Fiscal Years 2010-2011 through 2019-2020

School Year	Number of Staff			Total
	Instructional Employees	Administrative Employees	Support/ Non-Instructional Employees	
2010-2011	579	80	690	1,349
2011-2012	567	78	609	1,254
2012-2013	567	80	629	1,276
2013-2014	569	80	611	1,260
2014-2015	571	81	623	1,275
2015-2016	548	84	617	1,249
2016-2017	535	87	615	1,237
2017-2018	534	84	601	1,219
2018-2019	531	85	584	1,200
2019-2020	545	87	581	1,213

Source: TCAPS Human Resources Department

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
School District Demographic Statistics
Fiscal Years 2010-2011 through 2019-2020

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (Thousands)</u>	<u>Per Capita Income</u>	<u>% of Michigan</u>	<u>% of U.S.</u>	<u>Unemployment Rate ¹</u>
2010-2011	86,954	\$ 3,198,608	\$ 36,751	104.70%	91.51%	9.6%
2011-2012	88,141	3,407,167	38,634	103.96%	91.26%	8.0%
2012-2013	89,112	3,554,592	39,937	103.32%	90.22%	7.7%
2013-2014	89,987	3,605,272	40,068	102.18%	90.05%	6.1%
2014-2015	90,782	3,840,464	42,298	103.31%	91.03%	4.7%
2015-2016	91,363	4,064,560	44,330	101.34%	90.68%	4.1%
2016-2017	92,084	4,226,265	45,956	100.17%	90.14%	4.3%
2017-2018	91,796	4,441,732	48,387	100.28%	89.94%	4.5%
2018-2019	92,573	4,687,847	50,639	100.51%	87.81%	4.1%
2019-2020	93,088 ²	4,902,386 ²	52,877 ²	100.70% ²	86.28% ²	10.9% ²

¹ Unemployment rate listed for 2019-2020 is the average YTD through 06/30/20; 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

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
Property Value and Construction
Fiscal Years 2010-2011 through 2019-2020

Fiscal Year	Tax Year	Valuation ¹					New Residential Building Permits ²	
		Principal Residence Exemption	Industrial Personal Property	Commercial Personal Property	All Other Non-PRE	Total	Number	Value
2010-2011	2010	\$ 2,323,523,259	\$ 61,921,144	\$ 129,181,037	\$ 1,756,510,659	\$ 4,271,136,099	245	\$ 47,611,073
2011-2012	2011	2,302,221,253	57,330,850	124,382,935	1,709,192,731	4,193,127,769	266	54,973,178
2012-2013	2012	2,313,651,871	58,219,009	121,911,605	1,697,779,753	4,191,562,238	322	69,135,182
2013-2014	2013	2,367,691,868	65,404,327	127,234,174	1,735,748,530	4,296,078,899	539	104,647,775
2014-2015	2014	2,451,503,634	61,557,308	110,499,128	1,763,170,009	4,386,730,079	440	96,244,572
2015-2016	2015	2,521,868,619	70,149,000	109,218,500	1,755,679,918	4,456,916,037	478	95,617,643
2016-2017	2016	2,619,800,458	43,840,000	112,261,182	1,778,955,744	4,554,857,384	571	120,593,094
2017-2018	2017	2,739,054,623	33,837,000	119,194,012	1,825,905,003	4,717,990,638	600	116,510,580
2018-2019	2018	2,891,372,306	34,846,600	123,279,055	1,903,386,687	4,952,884,648	574	118,573,301
2019-2020	2019	3,045,093,892	30,784,300	127,484,183	2,010,853,174	5,214,215,549	571	120,593,094

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

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

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
Principal Taxpayers
Tax Years 2010 and 2019

2010		Taxable Valuation and Industrial Facilities Tax Valuation	
Principal Taxpayer	Product/Service	Total	Percent of Total
Great Wolf Lodge of TC LLC	Lodge	\$ 20,067,900	0.46%
Grand Traverse Band of Ottawa Indians	Resort	18,997,456	0.44%
Centro Bradley GTII LLC	Home Depot	18,552,850	0.43%
Consumers Energy	Utility	17,096,352	0.39%
Sara Lee Corp.	Frozen Foods	16,494,680	0.38%
Michigan Consolidated Gas (DTE Energy)	Utility	14,581,700	0.33%
Grand Traverse Mall, Ltd.	Retail Shopping Mall	14,560,260	0.33%
Arbors of Traverse LLC	Apartments	10,488,020	0.24%
Cherryland Electric Co-op	Utility	10,262,102	0.24%
State of Michigan	Government	9,160,500	0.21%
Subtotal		150,261,820	3.45%
All Others		4,202,560,844	96.55%
Totals		\$ 4,352,822,664	100.00%

2019		Taxable Valuation and Industrial Facilities Tax Valuation	
Principal Taxpayer	Product/Service	Total	Percent of Total
Consumer Energy	Utility	\$ 24,602,226	0.47%
DTE Gas	Utility	15,545,446	0.30%
Grand Traverse Resort & Spa, LLC	Resort	15,202,824	0.29%
Grand Traverse Mall Ltd	Retail Shopping Mall	14,930,000	0.29%
CEGM Traverse City, LLC	Condominiums	14,439,611	0.28%
Cherryland Electric Coop	Utility	11,887,977	0.23%
Liv Arbors	Real Estate	11,511,230	0.22%
GTC Owner LLC	Real Estate	10,281,200	0.20%
Delamar Traverse City SPE LLC	Resort	9,922,400	0.19%
PHR TCI LLC	Resort	9,896,000	0.19%
Subtotal		138,218,914	2.65%
All Others		5,075,996,635	97.35%
Totals		\$ 5,214,215,549	100.00%

Source: Grand Traverse, Leelanau, and Benzie Counties

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
Principal Employers in the District
Fiscal Years 2010-2011 and 2019-2020

Employer	Product/Service	2010/2011	
		Number Employed	% of Total Employed
Munson Healthcare	Health Care	3,740	8.89%
Traverse City Area Public Schools	Education	1,349	3.17%
Grand Traverse Resort & Casinos	Hotel/Gaming	943	2.16%
Northwestern Michigan College	Education	700	1.55%
Traverse Bay ISD	Education	618	1.37%
Grand Traverse County Government	Government	530	1.13%
Sara Lee Bakery	Frozen Food	500	1.05%
Grand Traverse Pavilions	Assisted Living	470	0.94%
Hagerty	Insurance	450	0.93%
Interlochen Center for the Arts	Education	350	0.70%

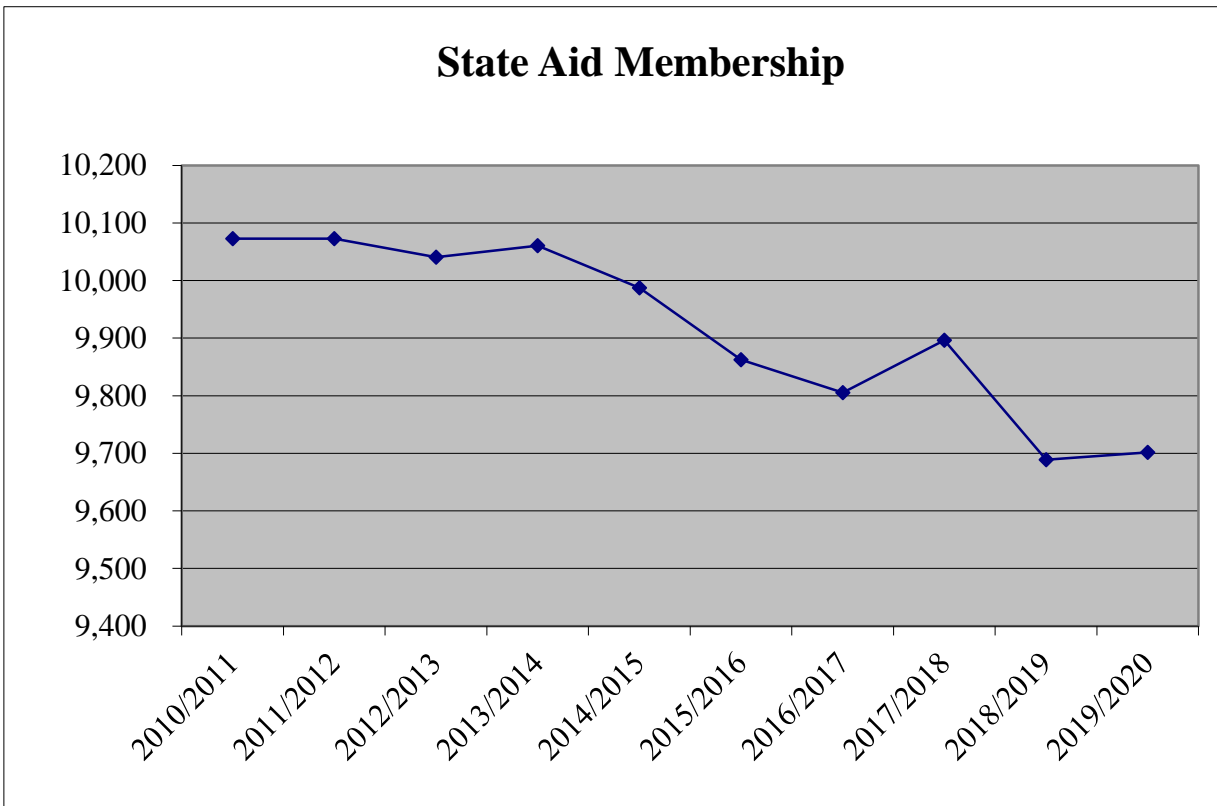
Employer	Product/Service	2019/2020	
		Approximate Number Employed	% of Total Employed ¹
Munson Healthcare	Health Care	3,100	6.17%
Traverse City Area Public Schools	Education	1,213	2.41%
Hagerty Insurance Agency	Insurance	628	1.25%
Meijer	Retail/Groceries	600	1.19%
Traverse Bay Intermediate School District	Education	597	1.19%
Northwestern Michigan College	Education	530	1.05%
Grand Traverse Resort & Spa	Hotel/Gaming	500	0.99%
Grand Traverse County	Government	477	0.95%
Interlochen Center for the Arts	Arts Education Institution	428	0.85%
Britten Banners	Banners	350	0.70%

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

Sources: Michigan Manufacturers Directory, the Michigan Economic Development Council, Grand Traverse Planning Department, Networks Northwest, Grand Traverse County and individual employers

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
School District State Aid Membership
Fiscal Years 2010-2011 through 2019-2020

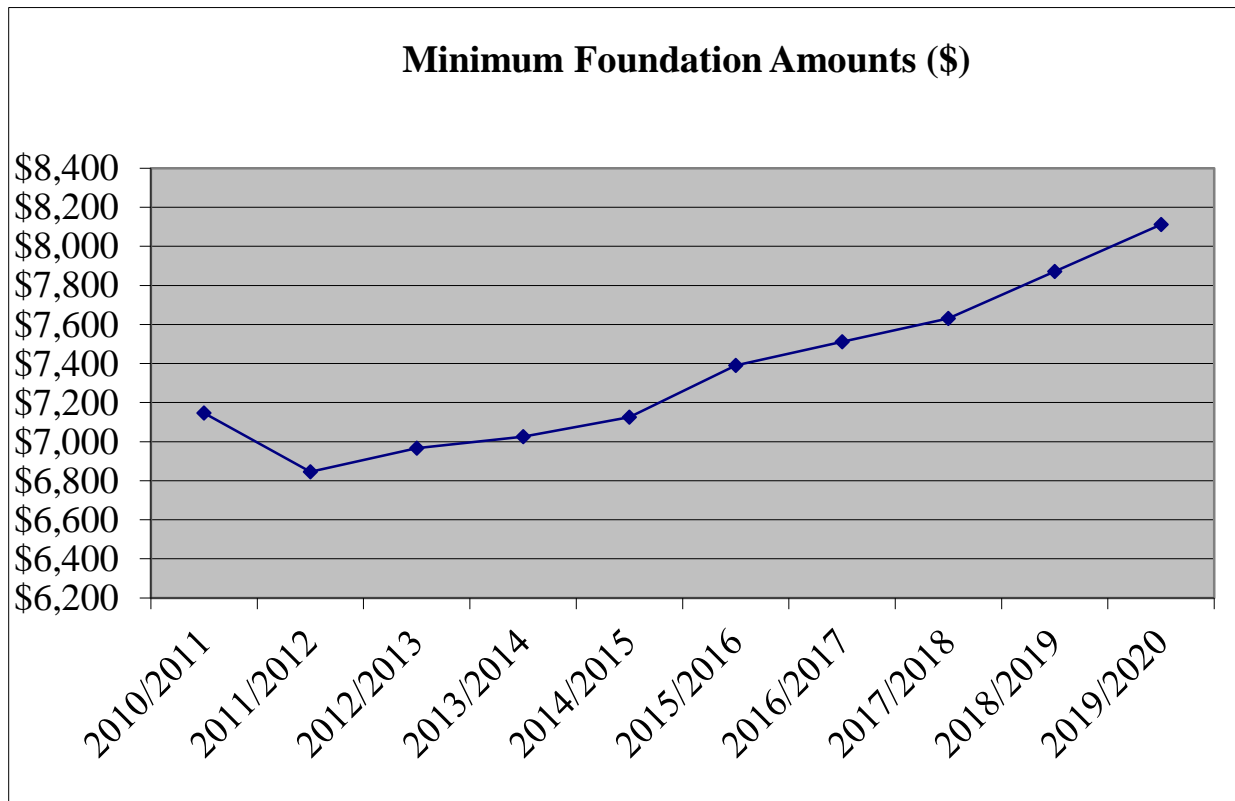
Fiscal Year	Total F.T.E.
2010/2011	10,073.00
2011/2012	10,072.97
2012/2013	10,040.69
2013/2014	10,060.43
2014/2015	9,987.35
2015/2016	9,862.59
2016/2017	9,805.08
2017/2018	9,896.39
2018/2019	9,688.87
2019/2020	9,701.42



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

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
History of Foundation Allowance
Fiscal Years 2010-2011 through 2019-2020

Fiscal Year	Minimum Foundation Amounts (\$)
2010/2011	\$ 7,146
2011/2012	6,846
2012/2013	6,966
2013/2014	7,026
2014/2015	7,126
2015/2016	7,391
2016/2017	7,511
2017/2018	7,631
2018/2019	7,871
2019/2020	8,111



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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Statistical Section
2019-2020**

OPERATIONAL INFORMATION

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Operational Information
Insurance Coverage Data
Fiscal Year 2019-2020

Location	Structure ¹	Contents ¹	Site Improvements ¹	Total Insured
Bertha Vos Elementary ²	\$ 5,664,500	\$ 375,000	\$ 67,600	\$ 6,107,100
Blair Elementary	8,603,000	900,000	187,300	9,690,300
Central Grade Elementary	24,964,500	2,650,000	80,700	27,695,200
Cherry Knoll Elementary	8,511,206	750,000	249,100	9,510,306
Courtade Elementary	8,848,500	775,000	153,200	9,776,700
Eastern Elementary ²	10,819,183	1,100,000	161,400	12,080,583
Interlochen Community School ³	6,360,845	725,000	187,100	7,272,945
Long Lake Elementary	9,517,500	910,000	128,900	10,556,400
Montessori at Glenn Loomis	7,937,242	1,002,477	117,600	9,057,319
Oak Park Elementary	6,104,683	600,000	79,300	6,783,983
Silver Lake Elementary	7,216,841	800,000	186,800	8,203,641
Traverse Heights Elementary	9,735,500	925,000	207,500	10,868,000
Westwoods Elementary	8,103,918	808,191	196,800	9,108,909
Willow Hill Elementary	7,793,206	675,000	246,600	8,714,806
East Middle School	31,939,789	3,026,883	1,288,400	36,255,072
West Middle School	36,643,168	3,991,276	1,432,100	42,066,544
Central High School	47,773,858	4,042,233	1,611,400	53,427,491
Traverse City High School	7,373,683	650,000	-	8,023,683
West Senior High School	45,527,716	3,795,560	2,803,600	52,126,876
Boardman Administration Bldg.	4,096,500	825,000	2,000	4,923,500
Bus Garage	1,617,500	2,600,000	-	4,217,500
Facilities Building	1,156,356	354,620	285,200	1,796,176
Data Center/Sabin Building	7,183,654	1,000,000	358,200	8,541,854
Coast Guard Warehouse/Fields	1,210,366	9,830	-	1,220,196
Thirlby Field	3,408,977	9,831	2,041,000	5,459,808
	<u>\$ 318,112,191</u>	<u>\$ 33,300,901</u>	<u>\$ 12,071,800</u>	
Total Real & Personal Property				<u>\$ 363,484,892</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.

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Operational Information
Summary of Owned Buildings and Sites
June 30, 2020

Building	Year of Construction or Purchase	Number of Stories	Square Footage	Acreage	Number of Classrooms		Number of Students ¹	
					Total	Vacant	Total	K-5
INSTRUCTIONAL								
<u>Elementary Schools</u>								
Bertha Vos Elementary ²	1953	one	35,320	6.0	0	0	0	0
Blair Elementary	1990	one	50,562	110.0	18	2	278	249
Central Grade Elementary	1922	two	144,717	4.4	32	0	693	639
Cherry Knoll Elementary	1956	one	48,600	4.1	19	0	444	420
Courtade Elementary	1991	one	52,984	16.0	23	3	281	267
Eastern Elementary ²	2017	two	70,254	12.0	24	7	407	392
Long Lake Elementary	2011	one	50,752	33.1	18	0	412	368
Montessori at Glenn Loomis	1957	one	47,156	4.6	16	0	335	279
Oak Park Elementary ³	1950	one	36,565	3.5	9	0	17	0
Silver Lake Elementary	1987	one	49,515	16.0	21	0	411	383
Traverse Heights Elementary	1950	one	57,873	14.0	24	0	243	216
Westwoods Elementary	1990	one	47,408	16.1	20	0	469	420
Willow Hill Elementary	1949	one	46,813	10.0	20	0	493	453
Interlochen Community School ⁴	1950	one	41,224	10.2	13	9	0	0
<u>Secondary Schools</u>								
East Middle School	1991	one	190,508	90.0	75	-	859	
West Middle School	1969	one	208,004	80.0	75	-	1,225	
Central High School	1958	one	315,330	36.3	70	-	1,452	
Traverse City High School	1949	one	45,997	7.1	19	-	168	
West Senior High School	1997	two	271,190	100.0	75	-	1,644	
Total Instructional			<u>1,810,772</u>	<u>573.4</u>	<u>571</u>	<u>21</u>	<u>9,831</u>	<u>4,086</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				
Coast Guard Warehouse/Fields	1968	one	18,000	26.0				
Thirlby Field	1995		<u>27,588</u>	<u>7.0</u>				
Total Non-Instructional			<u>158,579</u>	<u>56.2</u>				
LAND ASSETS								
Lockman Outdoor Education Center	1975	-	-	212.0				
BAAS Property	1942	-	-	80.0				
Church Road Property	1942	-	-	40.0				
Potter Forest Property	1940	-	-	80.0				

¹ Based on October 2019 count data; the total number includes Early Childhood programming at the elementary buildings.

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

³ Oak Park Elementary closed at the end of the 2005/2006 school year; the Traverse Bay Area Intermediate School District leases most of the building for their programming but TCAPS also operates Early Childhood programming in the building.

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

Source: Compiled by TCAPS Business Office

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Operational Information
School Building Information ¹
Fiscal Years 2010-2011 through 2019-2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<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	0	0	42	57	60	55	290	276	0	0
<u>Blair Elementary</u>										
Square feet	42,000	42,000	42,000	50,562	50,562	50,562	50,562	50,562	50,562	50,562
Capacity	350	350	350	475	475	475	475	475	475	475
Enrollment	271	283	307	280	293	264	269	249	238	249
<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	594	584	624	623	631	644	658	634	620	639
<u>Cherry Knoll Elementary</u>										
Square feet	48,800	48,800	48,800	48,800	48,800	48,800	48,800	48,800	48,800	48,800
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	373	363	374	369	379	386	405	429	436	420
<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	368	339	319	307	324	289	268	284	263	267
<u>Eastern Elementary ²</u>										
Square feet	34,226	34,226	34,226	34,226	34,226	34,226	0	0	70,254	70,254
Capacity	300	300	300	300	300	300	0	0	550	550
Enrollment	244	249	274	268	293	279	0	0	357	392
<u>Interlochen Community School ³</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	268	255	231	239	190	170	0	0	0	0
<u>Long Lake Elementary (old) ⁴</u>										
Square feet	38,648	38,648	38,648	38,648	38,648	38,648	0	0	0	0
Capacity	350	350	350	350	350	350	0	0	0	0
Enrollment	279	0	0	0	0	0	0	0	0	0
<u>Long Lake Elementary (new) ⁴</u>										
Square feet		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
Enrollment		277	274	292	275	266	301	322	361	368
<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	331	348	340	354	322	331	316	327	319	279

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

⁴ 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
Comprehensive Annual Financial Report
Operational Information
School Building Information
Fiscal Years 2010-2011 through 2019-2020
(Continued from previous page)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Oak Park Elementary</u>										
Square feet	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Capacity	275	275	275	275	275	275	275	275	275	275
Enrollment	0	0	0	0	0	0	0	0	0	0
<u>Old Mission Peninsula School</u> ¹										
Square feet	39,304	39,304	39,304	39,304	39,304	39,304	39,304	39,304	0	0
Capacity	375	375	375	375	375	375	375	375	0	0
Enrollment	207	200	174	178	164	168	151	152	0	0
<u>Silver Lake Elementary</u> ²										
Square feet	41,000	41,000	41,000	41,000	41,000	41,000	41,000	49,515	49,515	49,515
Capacity	350	350	350	350	350	350	350	645	645	645
Enrollment	277	290	266	273	281	271	375	336	367	383
<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	214	213	236	253	221	225	246	226	202	216
<u>Westwoods Elementary</u>										
Square feet	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	386	407	407	383	371	365	426	432	429	420
<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	441	468	476	468	442	438	457	465	440	453
<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	937	949	946	902	842	874	918	884	849	859
<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	1,174	1,187	1,171	1,164	1,207	1,233	1,180	1,223	1,194	1,225
<u>Central High School</u>										
Square feet	280,087	280,087	280,087	280,087	280,087	280,087	280,087	280,087	280,087	280,087
Capacity	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,751	1,751	1,751
Enrollment	1,458	1,435	1,436	1,490	1,419	1,353	1,371	1,387	1,436	1,452
<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	181	188	189	173	219	199	214	196	171	168
<u>West Senior High School</u>										
Square feet	256,086	256,086	256,086	256,086	256,086	256,086	256,086	256,086	256,086	256,086
Capacity	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,876	1,876	1,876
Enrollment	1,770	1,738	1,638	1,656	1,567	1,552	1,602	1,657	1,720	1,644

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

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

TRAVERSE CITY AREA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Operating Statistics
Fiscal Years 2010-2011 through 2019-2020

Fiscal year	Expenses	Enrollment	Cost per pupil	Percentage change	Instructional employees	Pupil/instructional employee ratio
2010-2011	\$ 102,188,480	10,073	\$ 10,145	-0.2%	579	17.4
2011-2012	101,156,290	10,073	10,042	-1.0%	567	17.8
2012-2013	102,131,500	10,041	10,171	1.3%	567	17.7
2013-2014	104,383,777	10,060	10,376	2.0%	569	17.7
2014-2015	107,150,164	9,987	10,729	3.4%	571	17.5
2015-2016	109,464,409	9,863	11,098	3.4%	548	18.0
2016-2017	113,527,859	9,805	11,579	4.3%	535	18.3
2017-2018	115,678,700	9,896	11,689	1.0%	534	18.5
2018-2019	120,466,618	9,689	12,433	6.4%	531	18.2
2019-2020	129,884,912	9,701	13,389	7.7%	545	17.8

Source: Compiled by TCAPS Business Office

**TRAVERSE CITY AREA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal CFDA Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2019	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued Revenue at 6/30/2020
U.S. Department of Agriculture									
Passed Through the Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance (Donated Foods)									
National School Lunch Program									
Entitlement	N/A	10.555	\$ 262,313	\$ -	\$ -	\$ -	\$ 262,313	\$ 262,313	\$ -
Bonus	N/A	10.555	181	-	-	-	181	181	-
Non-Cash Assistance Subtotal			<u>262,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,494</u>	<u>262,494</u>	<u>-</u>
Cash Assistance									
National School Lunch Program									
2018-2019	191960	10.555	1,478,106	1,306,156	269,131	-	441,081	171,950	-
2019-2020	201960	10.555	904,793	-	-	-	904,793	904,793	-
			<u>2,382,899</u>	<u>1,306,156</u>	<u>269,131</u>	<u>-</u>	<u>1,345,874</u>	<u>1,076,743</u>	<u>-</u>
COVID-19 Unanticipated School Closure Program									
2019-2020	200902	10.555	504,739	-	-	-	504,739	504,739	-
Total CFDA #10.555 National School Lunch Program			<u>3,150,132</u>	<u>1,306,156</u>	<u>269,131</u>	<u>-</u>	<u>2,113,107</u>	<u>1,843,795</u>	<u>-</u>
Cash Assistance									
School Breakfast Program									
2018-2019	191970	10.553	373,040	330,049	71,669	-	114,660	42,991	-
2019-2020	201970	10.553	231,102	-	-	-	231,102	231,102	-
Total CFDA #10.553 School Breakfast Program			<u>604,142</u>	<u>330,049</u>	<u>71,669</u>	<u>-</u>	<u>345,762</u>	<u>274,093</u>	<u>-</u>
COVID-19 Summer Food Service Program									
2019-2020	200901	10.559	193,508	-	-	-	-	193,508	193,508
Cash Assistance Total			<u>3,685,288</u>	<u>1,636,205</u>	<u>340,800</u>	<u>-</u>	<u>2,196,375</u>	<u>2,049,083</u>	<u>193,508</u>
Total Child Nutrition Cluster			<u>3,947,782</u>	<u>1,636,205</u>	<u>340,800</u>	<u>-</u>	<u>2,458,869</u>	<u>2,311,577</u>	<u>193,508</u>

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, 2020
(continued)**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal CFDA Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2019	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued Revenue at 6/30/2020
U.S. Department of Agriculture (continued)									
Passed Through the Michigan Department of Education									
Child and Adult Care Food Program									
2018-2019	191920	10.558	\$ 11,076	\$ 10,267	\$ 1,648	\$ -	\$ 2,457	\$ 809	\$ -
2019-2020	201920	10.558	7,056	-	-	-	7,056	7,056	-
Total CFDA #10.558			18,132	10,267	1,648	-	9,513	7,865	-
Total Michigan Department of Education			3,965,914	1,646,472	342,448	-	2,468,382	2,319,442	193,508
Passed Through the Michigan Fitness Foundation									
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program									
	E20190792-00	10.561	75,000	62,943	31,401	-	40,075	8,674	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program									
	E20200639-00	10.561	75,000	-	-	-	32,756	61,649	28,893
Total CFDA #10.561			150,000	62,943	31,401	-	72,831	70,323	28,893
TOTAL U.S. DEPARTMENT OF AGRICULTURE			4,115,914	1,709,415	373,849	-	2,541,213	2,389,765	222,401
U.S. Department of Education									
Direct Programs									
Indian Education Grants to Local Educational Agencies									
	S060A180803	84.060A	54,142	54,142	10,988	-	10,988	-	-
Indian Education Grants to Local Educational Agencies									
	S060A190803	84.060A	51,226	-	-	-	39,741	44,360	4,619
Total CFDA #84.060A			105,368	54,142	10,988	-	50,729	44,360	4,619

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, 2020
(continued)**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal CFDA Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2019	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued Revenue at 6/30/2020
U.S. Department of Education (continued)									
Passed Through the Michigan Department of Education									
Education for Homeless Children and Youth	192320/1819	84.196A	\$ 87,171	\$ 72,308	\$ 20,263	\$ -	\$ 20,263	\$ -	\$ -
Education for Homeless Children and Youth	202320/1920	84.196A	80,365	-	-	-	46,049	58,687	12,638
Total CFDA #84.196A			167,536	72,308	20,263	-	66,312	58,687	12,638
Twenty-First Century Community Learning Centers	192110/114003	84.287C	135,000	135,000	48,845	-	48,845	-	-
Title I Grants to Local Educational Agencies	181530/1718	84.010A	1,391,400	-	-	(630)	-	-	-
Title I Grants to Local Educational Agencies	191530/1819	84.010A	1,767,034	1,588,495	495,809	-	495,809	-	-
Title I Grants to Local Educational Agencies	201530/1920	84.010A	1,438,099	-	-	-	1,001,232	1,312,887	311,655
Total CFDA #84.010A			4,596,533	1,588,495	495,809	(630)	1,497,041	1,312,887	311,655
Supporting Effective Instruction State Grants	190520/1819	84.367A	477,778	234,827	84,810	-	84,810	-	-
Supporting Effective Instruction State Grants	200520/1920	84.367A	544,304	-	-	-	307,292	350,014	42,722
Supporting Effective Instruction State Grants	180532-19	84.367A	46,162	20,804	16,851	-	16,851	23,610	23,610
Total CFDA #84.367A			1,068,244	255,631	101,661	-	408,953	373,624	66,332
English Language Acquisition State Grants									
Title III Limited English Proficient Students	190580/1819	84.365A	33,361	26,610	6,985	-	6,985	-	-
Title III Immigrant Students	190570/1819	84.365A	21,203	10,821	728	-	728	-	-
Title III Limited English Proficient Students	200580/1920	84.365A	31,854	-	-	-	14,576	18,958	4,382
Title III Immigrant Students	200570/1920	84.365A	15,135	-	-	-	47	1,801	1,754
Total CFDA #84.365A			101,553	37,431	7,713	-	22,336	20,759	6,136
Title IV Part A Student Support and Academic Assistance Program									
Assistance Program	190750/1819	84.424A	84,472	84,472	40,441	-	40,441	-	-
Assistance Program	200750/1920	84.424A	91,876	-	-	-	40,414	40,414	-
Total CFDA #84.424A			176,348	84,472	40,441	-	80,855	40,414	-
Total Michigan Department of Education			6,245,214	2,173,337	714,732	(630)	2,124,342	1,806,371	396,761

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, 2020
(concluded)**

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Federal CFDA Number	Approved Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at 7/1/2019	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued Revenue at 6/30/2020
<u>U.S. Department of Education (continued)</u>									
Passed Through the Traverse Bay Area Intermediate School District									
Special Education Cluster									
Special Education Preschool Grants	190460/1819	84.173A	\$ 86,322	\$ 86,322	\$ 86,322	\$ -	\$ 86,322	\$ -	\$ -
Special Education Preschool Grants	200460/1920	84.173A	90,756	-	-	-	-	90,756	90,756
Total CFDA #84.173A			<u>177,078</u>	<u>86,322</u>	<u>86,322</u>	<u>-</u>	<u>86,322</u>	<u>90,756</u>	<u>90,756</u>
Total passed through the Traverse Bay Area Intermediate School District			<u>177,078</u>	<u>86,322</u>	<u>86,322</u>	<u>-</u>	<u>86,322</u>	<u>90,756</u>	<u>90,756</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>6,527,660</u>	<u>2,313,801</u>	<u>812,042</u>	<u>(630)</u>	<u>2,261,393</u>	<u>1,941,487</u>	<u>492,136</u>
<u>U.S. Department of Health and Human Services</u>									
Passed Through the Michigan Department of Education									
COVID-19 Child Development & Care Block Grant - CCDF Cluster	2020	93.575	189,600	-	-	-	-	189,600	189,600
Passed Through the Traverse Bay Area Intermediate School District									
Medical Assistance Program - Medicaid Cluster	2020	93.778	34,775	-	-	-	34,775	34,775	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 10,867,949</u>	<u>\$ 4,023,216</u>	<u>\$ 1,185,891</u>	<u>\$ (630)</u>	<u>\$ 4,837,381</u>	<u>\$ 4,555,627</u>	<u>\$ 904,137</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, 2020**

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, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Traverse City Area Public Schools it is not intended to and does not present the financial position or changes in net position of Traverse City Area Public Schools.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

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

General fund	\$ 2,046,585
Other nonmajor governmental funds (special revenue funds)	<u>2,509,042</u>
Total financial assistance	<u><u>\$ 4,555,627</u></u>

NOTE 4 - PROGRAM CLUSTERS

Program clusters contained within the schedule are as follows:

Child Nutrition Cluster consists of CFDA #10.553, #10.555 and #10.559. The Special Education Cluster consists of CFDA #84.173A. The Medicaid Cluster consists of CFDA #93.778 and the CCDF Cluster consists of CFDA #93.575.

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

To the Board of Education
Traverse City Area Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Traverse City Area Public Schools as of and for the year ended June 30, 2020, 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 October 7, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Maney Costeiran PC

October 7, 2020

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

To the Board of Education
Traverse City Area Public Schools

Report on Compliance for Each Major Federal Program

We have audited Traverse City Area Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Traverse City Area Public Schools' major federal programs for the year ended June 30, 2020. Traverse City Area Public Schools major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Traverse City Area Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Maney Costeiran PC

October 7, 2020

**TRAVERSE CITY AREA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

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

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

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

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, 2020**

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

October 7, 2020

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, 2020, 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 October 7, 2020 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. Therefore, the importance of maintaining, and adhering to, a balanced budget is critical to the overall health of the District. During the 2019-20 school year there was a decrease in the fund balance of the general fund of approximately \$1,561,250. The year-end general fund balance as of June 30, 2020 stands at 7.18% of general fund expenditures, which is below the board established target of 10%. The 2020-21 general fund budget shows expenditures exceeding revenues. We recognize this is due to a reduction in state revenue due to COVID. We recommend that TCAPS continue to look for ways to cut costs in order to maintain a structurally balanced budget in the near future and work to restore fund equity to the Board established target of 10%.

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,

Manes Costeiran PC

October 7, 2020

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, 2020. 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 2020, the District implemented Governmental Accounting Standard No. 84, *Fiduciary Activities*. The application of existing policies was not changed during fiscal year 2020. 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 October 7, 2020.

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