

Budget Hearing

2012/2013 Budget Amendments

2013/2014 Proposed Preliminary Budget

TRAVERSE CITY AREA PUBLIC SCHOOLS
Traverse City, Michigan

June 24, 2013



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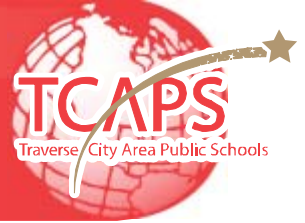
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**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

**BUDGET HEARING
June 24, 2013
6:00 p.m.**

**Held at
Tompkins Boardman
Administration Building**

- ★ Open Budget Hearing
- ★ Discussion of Budget
- ★ Public Comment
- ★ Close Budget Hearing



MEMORANDUM



TO: Steve Cousins, Superintendent

FROM: Paul Soma, CPA

Chief Financial Officer/Chief Operating Officer

DATE: June 21, 2013

**RE: AMENDMENT II TO 2012/2013 GENERAL FUND BUDGET and
AMENDMENT I TO 2012/2013 SPECIAL REVENUE FUND BUDGET:**

- **FOOD SERVICES**
- **COMMUNITY SERVICES**

Paul A. Soma, CPA

Chief Financial Officer
Chief Operating Officer

Michele Greenan
Executive Assistant

Attached please find the proposed final amendments to the 2012/2013 General Fund and Special Revenue Fund budgets.

The General Fund amendment reflects a positive adjustment from the amended budget of \$145,197. This variance is minor given the size of the general fund budget, representing less than one-half percent of our expenditure budget, and is indicative of a budget that saw no major changes to the bottom line since the first amendment. Minor changes that accounted for this variance include adjustments to reflect actual state aid payments and secondary building “carryover” of staffing positions. This staffing carryover has the impact of decreasing the current year budgeted expenditure and increasing the following year by the same amount and is part of the District’s long- standing practice of allowing sites flexibility with their budgets from year to year. This practice has served our district well by encouraging a multi-year spending plan approach rather than a “spend it or lose it” mentality. For further information regarding variances from the first to second amended budgets, please see the following detailed budget documents.

While the bottom line has not been impacted by changes to the budget, the implementation of a new categorical funding source in June of this year has had an impact on the numbers. Sections 147c, also known as the retirement subsidy payment, had the effect of “grossing up” revenues and expenditures by approximately \$940,000. This new categorical is the vehicle the state is using to “cap” retirement costs. In reality, there is no way to “cap” costs other than to reduce benefits. As such, the school aid fund is still paying for all retirement costs. This matter is discussed in greater detail in the 2014 original proposed budget found in Tab 3 of this booklet.

The general fund budgeted shortfall stands at approximately \$3 million. As has been discussed in the past, actual expenditures by law must not exceed the total budget. Actual district expenditures historically show a budget variance of approximately 1%, and we expect that this will occur again in the current year. Taking this variance into account, it is

my expectation that our general fund shortfall will be approximately \$1.5 million once the books are closed, leaving the District with a fund balance of approximately \$6.7 million.

The \$6.7 million fund balance represents approximately 7.6% of our budgeted expenditures. This amount is below the board-established target of 10% and is cause for concern from the perspective that we are still carrying a structural deficit. Going into the 2013 school year there was hope, based on state fiscal data, that school funding might rebound and that retirement reform might result in less pressure on state school aid resources. Unfortunately, this hope turned out to be misguided. The State has not freed up new resources for schools and the retirement reform touted by the state legislature is being paid out of state school aid funds. This essentially means that there is no cap on retirement costs and, as will be shown in the 2014 budget discussion, the actual rate paid for employee pensions will rise to approximately 30%.

What this all means is that in spite of over \$11.4 million in reductions over the last five years, the District is still not at a point where revenues received are adequate to cover expenditures. This situation (the District's "structural deficit"), by definition cannot continue. It will be imperative for the District to eliminate this gap within a short time frame. Failure to do so will have dire consequences. Schools across the state are struggling with all the same variables as TCAPS. Based on recent data published by the Citizens Research Council and Munitrex (an independent data source for municipal governments and school districts), schools are losing the battle against limited resources with 55 districts in true deficit, over 62 districts in fiscal distress and another 106 districts showing signs of distress. The funding situation continues to be bleak for Michigan schools, creating a wide range of challenges for TCAPS in the coming years.

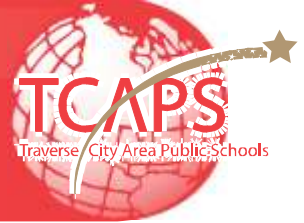
The challenges and opportunities in store for next year are discussed in more detail under Tab 3 of the Budget Hearing booklet.

Also attached, please find the proposed final amendment to the 2012/2013 Special Revenue Funds. This amendment aligns our budgets with our most current information and expectations. The Community Services fund shows a positive bottom line adjustment that recognizes the implementation of improved business practices in the District's fee-for-service programs. The Food Services fund shows a negative bottom line adjustment that is the result of primarily four factors:

- a decrease in meal participation due to new federal guidelines;
- the loss of 10 serving days as a result of school closures for snow days;
- a change in accounting guidelines relative to federal commodities; and
- an increase in food prices.

An appropriate motion to adopt these amendments would be:

Moved by _____, Supported by _____, to adopt a resolution to approve the second amendment to the 2012/2013 General Fund Budget and the first amendment to the 2012/2013 Special Revenue Fund Budget, dated June 24, 2013.



TRAVERSE CITY AREA PUBLIC SCHOOLS BOARD OF EDUCATION

June 24, 2013

FOR ACTION:

TOPIC:

- Amendment II to 2012/2013 General Fund Budget
Amendment I to 2012/2013 Special Revenue Fund Budget:
- Food Services
 - Community Services

RECOMMENDATION:

That the Board of Education approve the amendments as shown on the attached. These budget amendment summaries are being presented at this time of year to reflect those changes that will impact our financial operations for the year. The intent is to, as accurately as possible, reflect our current estimated financial position as we approach the end of our fiscal year.

BUDGET INFORMATION:

These are revisions to the Preliminary 2012/2013 Budgets.

SOURCE PERSON:

Paul A. Soma, CPA, Chief Financial Officer and Chief Operating Officer

ATTACHMENTS:

- 2012/2013 General Fund Budget Final Amendment
2012/2013 Special Revenue Fund Budget Final Amendment:
- Food Services
 - Community Services

**Traverse City Area Public Schools
General Fund Budget
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1*	2012-2013 Amend 2*	Variance*
Local Restricted and Unrestricted	32,468,470	32,590,741	32,364,141	(226,600)
State Unrestricted	42,115,188	42,486,222	42,506,622	20,400
State Restricted	2,064,217	2,798,839	3,817,079	1,018,240
Federal Stabilization	0	0	0	0
Federal EdJobs	0	0	0	0
Federal Restricted	1,912,880	2,772,104	2,810,480	38,376
Incoming Transfers/Other	2,635,115	3,002,144	3,328,553	326,409
Total Revenues	81,195,870	83,650,050	84,826,875	1,176,825

Expenditures				
Instruction				
Basic Instruction	41,354,607	42,309,025	42,693,136	384,111
Added Needs	9,511,961	9,841,279	9,976,910	135,631
Total Instruction	50,866,568	52,150,304	52,670,046	519,742
Support				
Pupil	3,207,512	3,236,466	3,192,789	(43,677)
Instructional Staff	3,704,735	4,493,038	4,493,100	62
General Administration	601,143	576,910	582,285	5,375
School Administration	5,911,452	5,880,813	5,997,296	116,483
Business Services	1,574,648	1,597,829	1,474,268	(123,561)
Operations and Maintenance	8,467,784	8,638,193	8,800,809	162,616
Pupil Transportation	4,582,457	5,150,334	5,169,272	18,938
Central Services	2,567,461	2,528,541	2,588,976	60,435
Student Support Services	1,502,424	1,570,501	1,641,353	70,852
Total Support Services	32,119,616	33,672,625	33,940,148	267,523
Community Services	198,008	287,290	325,653	38,363
Other Uses - Outgoing Transfers & Other	525,916	695,614	901,614	206,000
Total Expenditures	83,710,108	86,805,833	87,837,461	1,031,628
Excess Revenue/(Expenditures)	(2,514,238)	(3,155,783)	(3,010,586)	145,197
Fund Balance - July 1	8,206,985	8,206,985	8,206,985	0
Fund Balance - June 30	5,692,747	5,051,202	5,196,399	145,197
Less Non-Spendable and Assigned	1,782,476	1,773,854	1,968,954	195,100
Unassigned Fund Balance	3,910,271	3,277,348	3,227,445	(49,903)

Fund Equity Non-Spendable and Assigned				
Non-Spendable for Inventories	50,000	50,000	50,000	0
Non-Spendable for Prepays	100,000	100,000	100,000	0
Assigned for Unrestricted "At Risk" Activities	0	0	0	0
Assigned for Curriculum Development	0	0	0	0
Assigned for Building Carryover	732,476	723,854	626,816	(97,038)
Assigned for Department Carryover	0	0	0	0
Assigned for Building Staff Carryover	0	0	292,138	292,138
Assigned for Computer Notes and Leases	0	0	0	0
Assigned for Severance Pay	900,000	900,000	900,000	0
Assigned for Building Supplies	0	0	0	0
Assigned for Budget Stabilization	0	0	0	0
Total Fund Equity Non-Spendable and Assigned	1,782,476	1,773,854	1,968,954	195,100

* Please see the attached pages for detailed breakdown of budget and explanation of fluctuations.

**Traverse City Area Public Schools
General Fund Budget - Unrestricted Revenues
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1	2012-2013 Amend 2	Variance	Note
Local Unrestricted	32,233,389	32,269,501	32,042,901	(226,600)	1,2
State Unrestricted	42,115,188	42,486,222	42,506,622	20,400	2,3
State Restricted	0	0	934,507	934,507	6
Federal Stabilization	0	0	0	0	
Federal EdJobs	0	0	0	0	
Federal Restricted	11,090	11,090	20,881	9,791	
Incoming Transfers/Other	2,535,115	2,821,839	3,126,248	304,409	3
Total Revenues	76,894,782	77,588,652	78,631,159	1,042,507	

Expenditures					
Instruction					
Basic Instruction	40,921,484	41,837,315	42,210,248	372,933	4,5,6
Added Needs	7,027,436	6,648,391	6,633,351	(15,040)	5,6
Total Instruction	47,948,920	48,485,706	48,843,599	357,893	
Support					
Pupil	2,801,375	2,833,069	2,809,752	(23,317)	6
Instructional Staff	3,225,293	3,377,009	3,462,793	85,784	6
General Administration	601,143	576,910	582,285	5,375	6
School Administration	5,911,452	5,880,813	5,997,296	116,483	6
Business Services	1,574,648	1,587,079	1,463,518	(123,561)	1,6
Operations and Maintenance	8,418,804	8,564,406	8,727,022	162,616	6
Pupil Transportation	4,571,104	5,053,158	5,062,096	8,938	6
Central Services	2,566,461	2,526,541	2,586,426	59,885	6
Student Support Services	1,335,243	1,388,713	1,459,565	70,852	6
Total Support Services	31,005,523	31,787,698	32,150,753	363,055	
Community Services	0	0	0	0	
Other Uses - Outgoing Transfers & Other	454,577	471,031	647,393	176,362	3
Total Expenditures	79,409,020	80,744,435	81,641,745	897,310	
Excess Revenue/(Expenditures)	(2,514,238)	(3,155,783)	(3,010,586)	145,197	
Fund Balance - July 1	8,206,985	8,206,985	8,206,985	0	
Fund Balance - June 30	5,692,747	5,051,202	5,196,399	145,197	
Less Non-Spendable and Assigned	1,782,476	1,773,854	1,968,954	195,100	
Unassigned Fund Balance	3,910,271	3,277,348	3,227,445	(49,903)	

Fund Equity Non-Spendable and Assigned					
Non-Spendable for Inventories	50,000	50,000	50,000	0	
Non-Spendable for Prepaids	100,000	100,000	100,000	0	
Assigned for Unrestricted "At Risk" Activities	0	0		0	
Assigned for Curriculum Development	0	0		0	
Assigned for Building Carryover	732,476	723,854	626,816	(97,038)	
Assigned for Department Carryover	0	0		0	
Assigned for Building Staff Carryover	0	0	292,138	292,138	
Assigned for Computer Notes and Leases	0	0		0	
Assigned for Severance Pay	900,000	900,000	900,000	0	
Assigned for Building Supplies	0	0		0	
Assigned for Budget Stabilization	0	0		0	
Total Fund Equity Non-Spendable and Assigned	1,782,476	1,773,854	1,968,954	195,100	

**Traverse City Area Public Schools
General Fund Budget - Variance Explanation
For the Fiscal Years Ending June 30**

- (1) Variance, or a portion of the variance, is primarily the result of our projected year end accounting entry to close our printing department operations for the fiscal year. The impact of this entry is to decrease expenditures and revenues by the same amount, therefore having no bottom line impact on the overall budget of the district.
- (2) Variance, or a portion of the variance, is primarily the result of adjusting state and local funding related to the foundation allowance.
- (3) Variance, or a portion of the variance, is primarily the result of accounting for reduction in the Hold Harmless Transportation.
- (4) Variance, or a portion of the variance, is primarily the result of secondary teaching FTE not being used and will be carried over to the 2013-2014 budget.
- (5) Variance, or a portion of the variance, is primarily the result of shifting special education FTE's to cover instructional costs at the high schools.
- (6) Variance, or a portion of the variance, is primarily the result of the State allocation and required expenditure for Section 147c retirement system payment.

**Traverse City Area Public Schools
General Fund Budget - Restricted Local Funds
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1	2012-2013 Amend 2	Variance	Note
Local Restricted	62,000	146,545	146,545	0	
State Unrestricted				0	
State Restricted				0	
Federal Stabilization				0	
Federal EdJobs				0	
Federal Restricted				0	
Incoming Transfers/Other	100,000	180,305	202,305	22,000	7
Total Revenues	162,000	326,850	348,850	22,000	

Expenditures					
Instruction					
Basic Instruction	7,659	17,921	30,921	13,000	7
Added Needs	95,154	132,320	132,320	0	
Total Instruction	102,813	150,241	163,241	13,000	
Support					
Pupil	11,261	11,093	11,093	0	
Instructional Staff	1,000	19,249	19,249	0	
General Administration				0	
School Administration				0	
Business Services	0	10,750	10,750	0	
Operations and Maintenance	43,080	67,880	67,880	0	
Pupil Transportation		0	5,000	5,000	7
Central Services				0	
Student Support Services	0	10,000	10,000	0	
Total Support Services	55,341	118,972	123,972	5,000	
Community Services	0	52,313	56,313	4,000	7
Other Uses - Outgoing Transfers & Other	3,846	5,324	5,324	0	
Total Expenditures	162,000	326,850	348,850	22,000	
Excess Revenue/(Expenditures)	0	0	0	0	
Fund Balance - July 1	0	0	0	0	
Fund Balance - June 30	0	0	0	0	
Less Non-Spendable and Assigned	0	0	0	0	
Unassigned Fund Balance	0	0	0	0	

(7) Variances are the result of additional local grants awarded subsequent to adoption of the first budget amendment. Please see the attached schedule for detail of all local restricted grants currently operated by TCAPS.

**Traverse City Area Public Schools
General Fund Budget - Student Activities
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1	2012-2013 Amend 2	Variance	Note
Local Unrestricted	173,081	174,695	174,695	0	
State Unrestricted				0	
State Restricted				0	
Federal Stabilization				0	
Federal EdJobs				0	
Federal Restricted				0	
Incoming Transfers/Other				0	
Total Revenues	173,081	174,695	174,695	0	

Expenditures					
Instruction					
Basic Instruction				0	
Added Needs				0	
Total Instruction	0	0	0	0	
Support					
Pupil				0	
Instructional Staff				0	
General Administration				0	
School Administration				0	
Business Services				0	
Operations and Maintenance	5,900	5,907	5,907	0	
Pupil Transportation				0	
Central Services				0	
Student Support Services	167,181	168,788	168,788	0	
Total Support Services	173,081	174,695	174,695	0	
Community Services	0	0	0	0	
Other Uses - Outgoing Transfers & Other	0	0	0	0	
Total Expenditures	173,081	174,695	174,695	0	
Excess Revenue/(Expenditures)	0	0	0	0	
Fund Balance - July 1	0	0	0	0	
Fund Balance - June 30	0	0	0	0	
Less Non-Spendable and Assigned	0	0	0	0	
Unassigned Fund Balance	0	0	0	0	

**Traverse City Area Public Schools
General Fund Budget - Restricted State Funds
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1	2012-2013 Amend 2	Variance	Note
Local Restricted				0	
State Unrestricted				0	
State Restricted	2,064,217	2,798,839	2,882,572	83,733	8
Federal Stabilization				0	
Federal EdJobs				0	
Federal Restricted				0	
Incoming Transfers/Other				0	
Total Revenues	2,064,217	2,798,839	2,882,572	83,733	

Expenditures					
Instruction					
Basic Instruction	425,464	448,470	448,470	0	
Added Needs	1,204,132	1,805,005	1,858,919	53,914	8
Total Instruction	1,629,596	2,253,475	2,307,389	53,914	
Support					
Pupil	286,705	296,940	296,894	(46)	8
Instructional Staff	46,396	50,405	50,405	0	
General Administration				0	
School Administration				0	
Business Services				0	
Operations and Maintenance				0	
Pupil Transportation	100	80,519	80,519	0	
Central Services				0	
Student Support Services				0	
Total Support Services	333,201	427,864	427,818	(46)	
Community Services	101,420	117,500	122,365	4,865	8
Other Uses - Outgoing Transfers & Other	0	0	25,000	25,000	8
Total Expenditures	2,064,217	2,798,839	2,882,572	83,733	
Excess Revenue/(Expenditures)	0	0	0	0	
Fund Balance - July 1	0	0	0	0	
Fund Balance - June 30	0	0	0	0	
Less Non-Spendable and Assigned	0	0	0	0	
Unassigned Fund Balance	0	0	0	0	

(8) Variances are the result of fully implementing state restricted programs subsequent to the adoption of the first budget amendment. Please see the attached schedule for detail of all state restricted grants currently operated by TCAPS.

**Traverse City Area Public Schools
General Fund Budget - Restricted Federal Funds
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1	2012-2013 Amend 2	Variance	Note
Local Restricted				0	
State Unrestricted				0	
State Restricted				0	
Federal Stabilization				0	
Federal Jobs				0	
Federal Restricted	1,901,790	2,761,014	2,789,599	28,585	9
Incoming Transfers/Other				0	
Total Revenues	1,901,790	2,761,014	2,789,599	28,585	

Expenditures					
Instruction					
Basic Instruction	0	5,319	3,497	(1,822)	9
Added Needs	1,185,239	1,255,563	1,352,320	96,757	9
Total Instruction	1,185,239	1,260,882	1,355,817	94,935	
Support					
Pupil	108,171	95,364	75,050	(20,314)	9
Instructional Staff	432,046	1,046,375	960,653	(85,722)	9
General Administration				0	
School Administration				0	
Business Services				0	
Operations and Maintenance				0	
Pupil Transportation	11,253	16,657	21,657	5,000	9
Central Services	1,000	2,000	2,550	550	9
Student Support Services		3,000	3,000	0	
Total Support Services	552,470	1,163,396	1,062,910	(100,486)	
Community Services	96,588	117,477	146,975	29,498	9
Other Uses - Outgoing Transfers & Other	67,493	219,259	223,897	4,638	9
Total Expenditures	1,901,790	2,761,014	2,789,599	28,585	
Excess Revenue/(Expenditures)	0	0	0	0	
Fund Balance - July 1	0	0	0	0	
Fund Balance - June 30	0	0	0	0	
Less Non-Spendable and Assigned	0	0	0	0	
Unassigned Fund Balance	0	0	0	0	

(9) Variances are the result of fully implementing federal restricted programs subsequent to the adoption of the first budget amendment. Please see the attached schedule for detail of all federal restricted grants currently operated by TCAPS.

Federal Grants Summary for Fiscal Year 2012 - 2013	
Restricted Federal Funds (14)	Allocation
IDEA Pre-School Incentives	\$ 81,536.00
National Science Foundation (High School Enterprise)	\$ 3,497.00
Smaller Learning Communities Consortium	\$ 304,407.00
State Match Grant - PE Nut (Oct-Jun)	\$ 74,440.00
State Match Grant - PE Nut (Jul- Sep)	\$ 2,439.00
Title I	\$ 1,310,501.00
Title I Carryover	\$ 123,537.00
Title II Part A	\$ 419,106.00
Title II Part A Carryover	\$ 235,342.00
Title III LEP	\$ 21,113.00
Title III LEP Carryover	\$ 31,663.00
Title IX Indian Education	\$ 67,021.00
Title X McKinney Vento (Homeless Assistance)	\$ 75,322.00
Title X McKinney Vento (Homeless Assistance) Carryover	\$ 27,413.00
Safe Routes to Schools	\$ 7,000.00
Title I Part C - Migrant	\$ 5,262.00

Total: \$ 2,789,599.00

Federal Grants Summary for Fiscal Year 2012-2013	
Restricted Federal Funds (25)	Allocation
Fresh Fruit & Vegetable - BL	\$ 20,328.00
Fresh Fruit & Vegetable - TH	\$ 19,272.00

Total: \$ 39,600.00

State Grants Summary for Fiscal Year 2012-2013	
Restricted State Funds (13)	Allocation
At Risk	\$ 1,628,868.00
At Risk Carryover	\$ 596,409.00
Golden Apple Carryover	\$ 1,568.00
Great Start Preschool - 32J Money	\$ 21,365.00
Great Start Readiness Program - Leelanau (Carryover)	\$ 13,592.00
Great Start Readiness Program	\$ 489,600.00
Great Start Readiness Program Carryover	\$ 75,234.00
Vocational Education	\$ 55,689.00
Vocational Education Carryover	\$ 247.00

Total: \$ 2,882,572.00

Community Service Grants Summary for Fiscal Year 2012-2013	
Restricted Community Service Funds (2F)	Allocation
21st Century CLC	\$ 123,296.00

Total: \$ 123,296.00

Local Grants Summary for Fiscal Year 2012-2013	
Restricted Local Funds (2X)	Allocation
LEAP (Learning, Enrichment and Athletic Program)	\$ 20,000.00

Total: \$ 20,000.00

Local Grants Summary for Fiscal Year 2012-2013	
Restricted Local Funds (12)	Allocation
Alcoa Foundation-Cherry Knoll Carryover	\$ 1,896.00
Blue Cross Blue Shield - Building Healthy Communities - TH	\$ 15,661.00
GTB ActivBoard Carryover	\$ 214.00
GTB Assembly Carryover	\$ 300.00
GTB Bullying Prevention Program	\$ 10,000.00
GTB Enrichment - Old Mission Carryover	\$ 1,101.00
GTB Gender Equity Carryover	\$ 4,871.00
GTB Homeless	\$ 5,000.00
GTB Homeless Carryover	\$ 15,882.00
GTB Indian Education	\$ 100,000.00
GTB Indian Education Carryover	\$ 38,430.00
GTB Printing Equipment	\$ 10,750.00
GTB Sci-Ma-Tech Carryover	\$ 3,318.00
GTB Special Ed Swimming Carryover	\$ 11,689.00
GTB Tribal Flags - West Middle School Carryover	\$ 750.00
Learning Points #1 Carryover	\$ 18,249.00
Way to Grow - Matching	\$ 13,640.00
Front Street Writers	\$ 80,880.00
United Way - Homeless	\$ 6,219.00
Youth Corps	\$ 10,000.00

Total: \$ 348,850.00

**Traverse City Public Schools
Special Revenue Fund - Food Services Program
For the Fiscal Year Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1	Variance	Note
Local	2,501,079	2,353,173	(147,906)	1
State	140,623	139,308	(1,315)	
Federal	2,567,555	2,461,687	(105,868)	1
Incoming Transfers	0	25,000	25,000	2
Total Revenues	5,209,257	4,979,168	(230,089)	

Expenditures				
Salaries and Wages	1,456,475	1,433,078	(23,397)	
Employee Benefits	557,093	585,664	28,571	3
Purchased Services	310,095	255,443	(54,652)	4
Supplies and Other	2,865,594	2,839,983	(25,611)	
Capital Outlay	20,000	10,000	(10,000)	
Operating Transfer	0	0	0	
Total Expenditures	5,209,257	5,124,168	(85,089)	

Revenues Over/(Under) Expenditures	0	(145,000)	(145,000)	
Beginning Fund Balance July 1	929,065	929,065	0	
Ending Fund Balance June 30	929,065	784,065	(145,000)	

- (1) Variance is primarily the result of a decrease in meal participation caused by meal changes made to comply with the federal Healthy, Hunger-free Kids Act of 2010.
- (2) Variance is primarily the result of contributions from the At-Risk grant designed to enhance breakfast participation.
- (3) Variance is primarily the result of census changes for health insurance.
- (4) Variance is primarily the result of the difference between Interim Director and permanent Director cost. The original budget assumed a permanent Director however the Interim Director served the entire year.

**Traverse City Area Public Schools
Special Revenue Fund - Community Services
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1	Variance	Notes
Local	2,387,800	2,392,000	4,200	
Federal Restricted	110,966	123,296	12,330	
Intermediate School District	0	0	0	
Incoming Transfers/Other (Sponsorship Revenue)	232,238	296,571	64,333	
Total Revenues	2,731,004	2,811,867	80,863	

Expenditures				
Salaries and Wages	1,445,198	1,535,776	90,578	
Employee Benefits	889,583	907,740	18,157	
Purchased Services	154,802	189,802	35,000	
Supplies and Other	146,671	163,071	16,400	
Capital Outlay	23,372	9,660	(13,712)	
Transfer to General Fund and Other	105,698	4,764	(100,934)	
Total Expenditures	2,765,324	2,810,813	45,489	
Revenue Over/(Under) Expenditures	(34,320)	1,054	35,374	
Beginning Fund Balance July 1	329,576	329,576	0	
Ending Fund Balance June 30	295,256	330,630	35,374	

Note: The TCAPS Special Revenue Fund - Community Services is made up of three components: Childcare programs, LEAP and Restricted Federal Funds. A separate breakout for each of these components that includes variance explanations is included on the pages that follow.

**Traverse City Area Public Schools
Community Services - Childcare Programs
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1	Variance	Notes
Local	2,135,000	2,170,000	35,000	1
Federal			0	
Intermediate School District			0	
Incoming Transfers/Other (Sponsorship Revenue)	47,238	91,571	44,333	2
Total Revenues	2,182,238	2,261,571	79,333	

Expenditures				
Salaries and Wages	1,204,997	1,297,262	92,265	3
Employee Benefits	773,809	786,779	12,970	3
Purchased Services	56,262	66,632	10,370	3
Supplies and Other	118,310	147,844	29,534	3
Capital Outlay	0	0	0	
Transfer to General Fund and Other	101,430	0	(101,430)	2
Total Expenditures	2,254,808	2,298,517	43,709	
Revenue Over/(Under) Expenditures	(72,570)	(36,946)	35,624	
Beginning Fund Balance July 1	288,589	288,589	0	
Ending Fund Balance June 30	216,019	251,643	35,624	

- (1) Variance is the result of increased revenue generated from Childcare program offerings and participation.
- (2) Variance is the result of netting incoming and outgoing transfers with the General Fund.
- (3) Variance is the result of expanding Childcare program offerings to meet the demands of parents.

Traverse City Area Public Schools
Community Services - Learning, Enrichment and Athletic Program
For the Fiscal Years Ending June 30

Revenue	2012-2013 Original	2012-2013 Amend 1	Variance	Notes
Local	252,800	222,000	(30,800)	1
Federal			0	
Intermediate School District			0	
Incoming Transfers/Other (Sponsorship Revenue)	185,000	205,000	20,000	2
Total Revenues	437,800	427,000	(10,800)	

Expenditures				
Salaries and Wages	194,503	183,876	(10,627)	
Employee Benefits	88,121	92,769	4,648	
Purchased Services	73,283	96,028	22,745	
Supplies and Other	21,471	6,667	(14,804)	
Capital Outlay	22,172	9,660	(12,512)	
Transfer to General Fund and Other	0	0	0	
Total Expenditures	399,550	389,000	(10,550)	
Revenue Over/(Under) Expenditures	38,250	38,000	(250)	
Beginning Fund Balance July 1	40,987	40,987	0	
Ending Fund Balance June 30	79,237	78,987	(250)	

- (1) Variance is the result of realizing lower revenue from LEAP offerings than originally anticipated.
- (2) Variance is the result of a grant from the Grand Traverse Band of Ottawa and Chippewa Indians for LEAP scholarships.

**Traverse City Area Public Schools
Community Services - Restricted Federal Funds
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Original	2012-2013 Amend 1	Variance	Notes
Local			0	
Federal	110,966	123,296	12,330	1
Intermediate School District			0	
Incoming Transfers/Other (Sponsorship Revenue)			0	
Total Revenues	110,966	123,296	12,330	
Expenditures				
Salaries and Wages	45,698	54,638	8,940	1
Employee Benefits	27,653	28,192	539	1
Purchased Services	25,257	27,142	1,885	1
Supplies and Other	6,890	8,560	1,670	1
Capital Outlay	1,200	0	(1,200)	1
Transfer to General Fund and Other	4,268	4,764	496	1
Total Expenditures	110,966	123,296	12,330	
Revenue Over/(Under) Expenditures	0	0	0	
Beginning Fund Balance July 1	0	0	0	
Ending Fund Balance June 30	0	0	0	

(1) Variances are the result of additional federal grants awarded subsequent to adoption of the original budget.

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

RESOLUTION FOR FINAL AMENDMENT:

2012/2013 GENERAL FUND BUDGET

*2012/2013 SPECIAL REVENUE FUND BUDGET
(Food Services and Community Services)*

This Final Amendment shall take effect on this date: June 24, 2013

AYES:

NAYS:

Resolution adopted.

Megan M. Crandall, Secretary
Board of Education
Traverse City Area Public Schools

The undersigned duly qualified and acting Secretary of the Board of Education of Traverse City Area Public Schools, Traverse City, Michigan, hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board of Education, Traverse City, Michigan at its study session meeting held on June 24, 2013, the original of which is part of the Board's minutes, and further certifies that notice of the meetings was given to the public under the Open Meetings Act, 1976 PA267, as amended.

Megan M. Crandall, Secretary
Board of Education
Traverse City Area Public Schools

MEMORANDUM

TO: Steve Cousins, Superintendent
FROM: Paul Soma, CPA
Chief Financial Officer/Chief Operating Officer
DATE: June 24, 2013
RE: BUDGET HEARING
2012/2013 Final Budget Amendments
2013/2014 Proposed Preliminary Budgets

Paul A. Soma
Chief Financial Officer
Chief Operating Officer

Michele Greenan
Executive Assistant

As our 2013 fiscal year draws to an end, it is time to wrap up our current fiscal year and formally adopt our 2014 initial budget. This memo, which has become part of our annual budget adoption process, is included to essentially serve two purposes. First, it provides a recap of highlights from the year just ended. Second, it provides the basis for our expectations and assumptions that are used to develop our fiscal year 2014 budget. As assumptions change or further information is made clear throughout the year, the District will, as it has done in the past, make the necessary budget amendments.

Overview

The budgets presented in this booklet represent our best estimate of how fiscal year 2013 will end and give an initial look at what is in store for fiscal year 2014. As required by law, we are adopting our 2014 budget prior to the beginning of the fiscal year.

As a result of the legislature wrapping up the state budget in a timely fashion, the District has some clarity over the status of the State's education budget. Some variables, which had been estimated assumptions in the recent past (most notably state aid revenue and the state-determined retirement rate), can be reasonably estimated at this time. Other variables, however, such as the number of pupils, interest revenue, natural gas and diesel fuel costs, and state, federal and local grants, require estimates.

While the retirement rate being charged to TCAPS is known at this time, the methodology the State is using to determine the rate and the implications of the State's implementation of a retirement subsidy appear to have unintended consequences. As we will discuss later in this memo, the "capping" of the retirement rate has turned out to be a misnomer at best. The reality is that the unfunded pension costs have to be paid by someone. There is no free lunch. The source of this funding is clearly the State Aid Act and therefore the reality is the rate is being "capped" by the same revenues that would have otherwise been used to provide funding increases. In other words the cap is being paid for by schools and is therefore not creating "new" revenues for school operations.

How we deal with this issue and the other major assumptions being incorporated into this budget is spelled out in the remainder of this memo. It is important to remember that in many cases these are fluid assumptions that can and will change throughout the year. As in the past, we will bring a budget amendment forward during the year when there is greater clarity around these uncertain variables.

General Fund – Revenues

Public schools in Michigan are primarily state-funded institutions. As a result, funding for schools is subject to current economic conditions as well as the whims of the state legislature. As we have seen in the past two years, funding originally intended for K-12 education has been returned to tax payers in the form of corporate tax relief or redirected to other sources such as community colleges. Prior to that, the decade of the “great recession” guaranteed that funding for schools could not keep pace with inflation.

In spite of this, TCAPS did have a minor increase in net “per pupil” revenues in fiscal 2013 and we expect to have a similar increase in 2014. As has become somewhat of a tradition with the current legislature, most increases to student funding are being distributed as “one-time” categorical line items instead of the more traditional model of increases to the unrestricted per pupil foundation allowances. This type of distribution of revenues makes long term planning difficult in terms of adding any structural expenditure to the budget. That said, it is important to note that TCAPS will receive a \$60 (0.86%) per pupil increase in 2014 that will raise the foundation level to \$7,026. The funding sources that make up a total of a \$75 increase in the 2014 budget include:

- | | |
|---|---------------|
| • Elimination of 2013 “financial best practice” incentive | \$52 decrease |
| • Elimination of 2013 “pension contribution” | \$98 decrease |
| • Elimination of 2013 “student performance incentive” | \$40 decrease |
| • 2014 foundation allowance | \$60 increase |
| • One-time 2014 “financial best practice” | \$52 increase |
| • One-time 2014 “pension contribution” | \$63 increase |
| • One-time 2014 “student performance incentive” | \$40 increase |
| • One-time 2014 “equity payment” | \$50 increase |

Taken all together, the above represents a net increase of \$75 per student for the upcoming fiscal year. As noted, some of these revenues are specifically considered “one time” by the legislature so their status for future years is uncertain. Additionally, the state’s calculation of the student performance incentive has been unclear at best and is based on performance metrics that date back as much as 5 years. We have included an estimate for the same amount we received in 2013 (\$40 per pupil). It is possible we will not receive this amount once final allocations are calculated. We will monitor this closely and present an appropriate adjustment if the final allocations (which will most likely be available in the fall) indicate a different amount.

The total foundation amount we receive (in this case inclusive of the one time per pupil amounts noted above) is a function of both the state-determined per pupil amount and the

number of pupils we educate. Like many districts in Michigan, our overall student population has declined over the last 10 years. In the last 3 years however, our enrollment has stabilized and we expect that we will essentially have the same number of students in 2014 as we had in 2013. Specifically, our budget in 2014 reflects an increase of 2 students over our 2013 actual student population (10,043 vs. 10,041). The combination of a \$75 increase in the foundation per pupil and an increase of 2 students results in a budgeted revenue increase of approximately \$767,537 in unrestricted school aid for 2014. While not a large amount in relative terms, it is certainly better than a decrease.

Our state-determined per-pupil amounts (noted above) make up approximately 82.5% of our total revenue budget and approximately 87.5% of our “unrestricted” revenues and, hence, make up the most important source of revenues for the district by a far margin.

It is important to note that the state funding system continues to discriminate against students based on the school district a student attends. While marginal progress was made in this area for 2014, there is still a long way to go and it will be important to continue to advocate against this discrimination. Our local state senator, Howard Walker has helped to raise awareness of this issue and has been instrumental in pushing legislation that begins to close the gap in funding levels. Unfortunately, the political nature of dividing scarce resources for schools puts Senator Walker in a tough spot when it comes to advocating for equity. We will continue to work with Senator Walker to push further initiatives to close the gap in student funding. We will need help from others throughout the state in order to continue to make progress in this area. It has been and continues to be an uphill battle.

New to the 2014 budget is the State’s implementation of their attempt to “cap” the retirement rates for schools. As mentioned in the introduction to this letter, the actual implementation of the cap is nothing more than a designation of state aid monies specifically for the retirement system. The State is doing this in the form of a categorical allocation from Section 147c of the State Aid Act – hence the new “Section 147c categorical.” The actual methodology for accounting for this money was distributed by the state in June of this year. Originally it was assumed that the State would make payment directly to the retirement system in order to subsidize retirement rates. Instead, the State is going to make 11 equal payments to TCAPS (and every other district in the state) as part of the normal state aid process. The retirement system is then going to bill our district the exact amount of the Section 147c payment on a monthly basis. Because we are billed for the exact amount received, these funds do not have an impact on the District’s bottom line. The total allocation, however, grosses up the district’s revenues (and expenses) by \$2.4 million (2.78%).

Another item of note in the 2014 budget is the loss of the transportation “hold harmless” allocation from the State of Michigan. Since the Durant settlement of the late 1990’s, the State had paid TCAPS \$181,000 for providing special education transportation. Because essentially all of this is provided by the ISD, the State has eliminated this funding. We do still pay for this service, but because we pay the net costs after the State reimbursement to the ISD, we are unable to claim our share of costs and hence we have lost this categorical. To the extent we provide certain special education transportation services directly, the

State will reinstitute this funding up to the cap of \$181,000 (at the rate of approximately 70% of TCAPS' costs).

As has been the case for the last five years, interest revenues are not expected to be substantial in the 2014 fiscal year. As recently as 2007, interest revenues were \$1.2 million for the year. Due to extremely low interest rates in the current interest environment, TCAPS will budget only \$50,000 for interest revenue in 2014, which represents no change from the 2013 amount.

Revenue in the form of incoming transfers from the ISD is budgeted to be the same in fiscal 2014 as it was in 2013. The District currently budgets approximately \$2.3 million in transfers from the ISD for a variety of items including tax collections, curriculum services, Act 18 Special Education funding, and Medicaid.

Other revenue sources provide valuable and necessary resources for our district. Categorical state funding (e.g., At Risk, Vocational Education added cost, Great Start Readiness Program, etc.), which make up approximately 3.13%, and Restricted Federal Funding (e.g., Title grants for school improvement, education for homeless children and youth, etc.), which make up approximately 2.11% of total general fund revenues, are sources we rely on to fund vital programs throughout the district. These funding sources are projected to be down approximately \$209,000 and \$1 million respectively in the 2014 year as compared to 2013. The state decrease is attributable to carryover funds in the 2013 year that are not currently part of the 2014 budget. The federal decrease is attributable to the smaller learning communities grant ending, coupled with decreases in the regular Title I and Title II grants, as well as 2013 carryover funds that are not currently part of the 2014 budget.

Keep in mind that many of these programs have fiscal year-ends other than June 30, which makes reporting on them at this time somewhat confusing. Some of the funds noted as fiscal 2013 will wind up as "carry-over" grants in 2014. We will report more fully on federal funding at our first budget amendment.

TCAPS is appreciative of local grants received throughout the year. These grants make up less than 0.2% of general fund revenues.

General Fund – Expenditures

The District has a well-documented history of living within its means. This has not been easy. We have made over \$11.4 million in budget cuts in the past five years, which have been necessitated by the inequitable and declining funding levels we have received from the State, coupled with large increases in pension and health care costs.

In spite of the reductions made in the recent past, the lack of funding increases and the dramatic increases in pension costs have combined to keep the District in a position of carrying a structural shortfall. The District will continue to try to tackle this shortfall by incorporating administrative and support level budget reductions totaling over \$600,000

into the 2014 budget. The impact of these budget reductions will certainly be felt, but they were implemented with the idea of keeping the cuts as far away from the classroom as possible. The specific areas being reduced are as follows:

Instruction	(\$14,533)
Building Support	(\$247,654)
District Administrative & Support Costs	(\$325,765)
Operations & Maintenance	
Transportation	
Central Services	
Superintendent and Board of Education	
<i>Total Reduction:</i>	<i>(\$587,952)</i>

While these budget reductions were not easy, it should be pointed out that many of them were made possible by the District's strong commitment to fiscally responsible budget management and our commitment to watching every last dollar. Reductions to transportation routing and various insurances (workers compensation and property and casualty) were accomplished via a strategic review of systems and an aggressive use of competitive bidding strategies. While these savings might not seem material in the big picture, they are indicative that TCAPS takes the expenditure of every dollar seriously and will continuously look to reduce expenditures at every opportunity in order to direct as many resources to the classroom as possible.

As for other assumptions in the budget, we are entering the 2014 year with open contracts for the TCEA (TC Education Association), TC CAPSA (TC Clerical, Assistants, Paraprofessionals, Secretaries Association), and TCAA (TC Administrators Association) bargaining groups. Our budget reflects an expectation of 0% pay increases while acknowledging the cost of a full step increase. Health insurance is budgeted at currently known rates and it is expected that our overall health insurance costs will stay relatively flat in the 2014 fiscal year. MESSA (the insurance provider for TCEA) rates will decrease slightly in the upcoming year. We are actively working with insurance providers to minimize health care costs while still providing a level of health care that meets the needs of our employees. Any adjustments to employee compensation and benefit levels that result from settled contracts will be incorporated into the budget amendment that will be presented to the Board in the fall.

Other adjustments to the expenditure budget that are different than the 2013 budget are as follows:

Election costs	\$30,000
Student information system	\$160,000
Montessori at Courtade	\$80,000
World Language	\$125,000
Utility (water and sewer) adjustment	\$20,000
Technology support	\$100,000
Retirement Increase	\$250,000

Of the costs noted above, the \$30,000 for election costs and the \$160,000 for the student information system are one-time costs.

Of the remaining increases, the Montessori and the world language costs continue the Board's commitment to offering options for families to choose programs that benefit individual student needs. These programs were started in 2013 on a limited basis and are being implemented gradually. The world language program is being expanded to 1st grade in 2014 and will be expected to expand to second grade in 2015. Montessori programming at Courtade will expand based on student demand.

The utility increase is the result of inflationary increases seen in our rates over the years. The budget has absorbed these costs for many years without an increase. We have reached a point now, however, where our budget simply cannot cover the noted cost increases. The technology increase is the result of having to support the large expansion of technology devices and systems throughout the district.

Finally, the retirement cost increase of \$250,000 is proof that the rates, in spite of a \$2.4 million subsidy, have not really been capped. This \$250,000 represents the net increase in retirement costs. As was stated earlier in this memo, the State's implementation of the retirement reform initiatives has represented an increase in retirement costs of \$2.4 million which is being offset by a categorical funding line item (Section 147c funding). In addition to the \$2.4 million however, the retirement rate (net of Section 147c funding) is going up by approximately 0.5% in 2014. The net increase expected for fiscal 2015 is going to be even greater. The bottom line with all of this is that it has created a very challenging accounting problem while increasing our gross costs by approximately \$2.65 million and our net costs by \$250,000.

General Fund – Fund Balance

As a result of the inability of the State to provide equitable funding for TCAPS, and in order to deal with the recent large increases in retirement and other costs, we will have had to dip into our fund equity in each of the last six years (inclusive of 2013). This spend down of the fund equity has been an important financial strategy meant to minimize the impact of budget cuts on students. As we have progressed over these years, in addition to fund equity, we have relied on "one-time" monies in the form of federal stimulus and education jobs bill monies to help mitigate the timing of cuts. One-time monies do not solve structural shortfalls. Eventually, our district will have to solve the structural challenges we face and balance the budget based on current revenue levels.

Our 2014 budget shows that we are starting the year with a budgeted shortfall of approximately \$2.5 million. That said, we expect a variance of approximately \$1.5 million if nothing changes and there is another approximately \$200,000 in one-time carryover money in the budget. This means that we are projecting an actual shortfall of approximately \$800,000 in the 2014 fiscal year. There are a number of variables that can have a negative effect on these assumptions and, therefore, it will be important for the District to continue to monitor variables that can impact this picture. As certain

assumptions that are built into the budget become clearer (e.g., student count, contract settlements, actual per pupil revenues, etc.), we will bring forward an amendment to adjust numbers to actual.

Of the \$800,000 shortfall mentioned above, approximately \$500,000 is considered structural. It has not been easy to get to this position and the cuts necessary to do this have been and will continue to be felt. Even though this structural imbalance may seem small in relation to the District's overall budget, the problem is that the fund balance itself has been spent down under the Board's established target of 10%. After the 2014 fiscal year, it is expected that the District's fund balance will be at or below 6% of expenditures. This is not a comfortable position and will have to be corrected in the very near term. Obviously, the correction to this problem is either to reduce expenditures further, or find additional sources of revenues.

There does appear to be some hope for the future relative to the potential for increased funding from the state of Michigan. The state has balanced its budget and has increased its rainy day fund to over \$700 million. Additionally, there is over \$500 million being held in escrow pending the outcome of a lawsuit over the retirement reform legislation. Combined, therefore, the state has over \$1.2 billion which could potentially be put to use in increasing funding for schools.

No matter how the District returns to a structurally balanced position, through new revenues, cuts, or a combination of both, it must do so in the near future. It will be an objective of the District, and specifically of the Finance Department, to lead the District through a process to return TCAPS to a structurally balanced position. Additionally, we will develop a plan that will return the fund balance to the Board's established target of 10%.

The importance of maintaining a healthy fund equity of at least 10% is self-evident. Financial analysts, the Michigan School Business Officials (MSBO), independent auditors, bond counsel and numerous others all recommend having at least a 10% minimum fund balance for a healthy organization. Failure to maintain adequate reserves creates a downward spiral toward fiscal insolvency in which the District must begin to live "paycheck to paycheck." Cash flow becomes a challenge and the District would be forced into "borrowing" money just to make payroll. Borrowing for operations leads to "interest costs" instead of "interest income" which means less money is available for classroom instruction. Inadequate reserves lead to lower bond ratings, which translate directly to higher costs for taxpayers on district bonds. Deficit spending without reserves can lead to state intervention in the District's operations. Spending down fund equity below 10% is simply bad business practice and changes the District's focus from serving the needs of children to instead trying to survive. A healthy fund balance and a healthy district go hand in hand. Without one, the other suffers.

Special Revenue Fund

The Special Revenue Fund consists of the Food Services and the Community Services programs. It is the intention of the District that these funds are self-supporting in that they

rely on fee-based revenues or revenues sources rather than the general fund to sustain their operations.

In the case of the Food Services programs, cost increases for food supplies, increases in the employee retirement rate, and changes to federal school lunch legislation (Healthy, Hunger-free Kids Act of 2010) have combined to cause a price increase recommendation for the 2014 school year. The 2014 prices for breakfast and lunch will each be adjusted by \$0.10. This increase in prices is necessary to keep the Food and Nutrition Services Department in a fiscally stable position. While the department does currently have a responsible fund balance, it did finish the 2013 year with a revenue shortfall. Addressing the budget and keeping the department structurally balanced will be an overriding priority of the new Food and Nutrition Services Director. The new director is expected to start sometime in July and will bring with him a level of expertise and experience that will benefit our program in the near term and the future. It should be noted that the food service program does not rely on any subsidies from the General Fund and pays all overhead costs from its operating revenues, inclusive of reimbursing the General Fund for utility costs.

The Community Services programs include fee-for-service Childcare Programs and the District's Learning, Enrichment, and Athletic Program (LEAP).

The Childcare Programs within the Community Services programs were separated from the General Fund in fiscal 2002 and have contributed funds back to the General Fund to help offset certain administrative costs. As part of the District's strategic plan, a goal has been established to provide affordable or no cost preschool options to every family in the school system. This goal, as well as the economic climate we live in, has created financial challenges for the childcare operation. As a result of prudent management and careful planning, however, this goal appears to be within reach.

One area that has been a problem for the childcare program in the past is the follow-up on overdue or uncollected accounts. Program administrators have instituted new procedures that have reduced outstanding and delinquent accounts by approximately 90% (from over \$100,000 to less than \$10,000). The efforts to address these delinquent account challenges have enhanced the sustainability and ultimately the expandability of these programs.

LEAP was created at the start of the 2012 school year in part to provide fee-based athletic opportunities for middle school students after the district-funded middle school athletic program was eliminated as part of the 2012 budget cuts. LEAP offerings were further expanded to include elementary fee-based athletics and to include offerings as diverse as drama and Latin. The vision for this program is that it will ultimately operate similar to a community education program that provides self-supporting supplemental educational and recreational programming based on demands of student and adult populations of our district.

While it is the goal of LEAP to be self-supportive in the long term, the Board and Administration recognized that start-up and transition costs would need to be absorbed in

the early years of the program. In the current fiscal year (2013), the Board contributed \$185,000 to LEAP as a subsidy through a fund transfer. Sponsorship revenues and increases to fee structures are expected to fully fund LEAP in future years. As a result of progress being made along these lines, the Board's subsidy for LEAP is being reduced by \$15,000 in the 2014 fiscal year.

Other Funds

Other funds of note include our Debt Retirement Fund and our Capital Projects Fund. These funds are not required to have formally adopted budgets.

Our Debt Retirement Fund is funded directly by local taxpayers. As promised to taxpayers, we have structured our debt and have been prudent with our refinancing so that we can maintain our millage rate at 3.1 mills, even as we issue new debt to pay for capital projects. Information regarding the calculation of that rate and board certification is included in Tab 8 of this booklet. In November of 2007 we asked taxpayers to allow us to maintain the millage rate at 3.1 mills. The voters supported this request by a large margin, ultimately allowing TCAPS \$105 million for bond projects scheduled through 2017.

This bond authorization is an important source of funds for the continuation of long-term infrastructure improvements and other capital acquisitions such as technology and buses. These resources serve many essential needs of our district. Without them we would be required to finance buses and technology from our operational proceeds, which would place an additional \$3 million burden per year on the general fund budget.

It should be noted that our ability to sustain our bond program and keep the millage rate at 3.1 mills was contingent upon the taxable value of property in our district increasing. Property values around the state have decreased dramatically. While the estimates we used to project our millage rates were conservative, they did call for minor increases. These recent decreases in property values required that the District re-evaluate its bond sale strategy and adjust the long-term capital planning program to reflect a lower level of funding. This re-evaluation of the long-term capital plan was a major District initiative in 2012 and resulted in a November 2012 bond proposal that was rejected by the voters. The Board has conducted extensive reviews as to why that proposal failed and will be offering a new proposal in November 2013. This new proposal will be scaled back from the November 2012 proposal in terms of the timing of projects and the scope of certain projects. The results of the upcoming election will have a material impact on the District's long-term capital strategy.

On the bright side, we have received information that the 2013 property values will increase by 2.5%. This is the first such increase in four years. Continued increases of this magnitude will relieve pressure on the millage rate and will have a positive impact on the District's long-term capital plan.

In relation to our Capital Projects Fund, we have included a section in this Budget Hearing booklet (Tab 7) that shows expenditures to-date and projects currently underway or

completed that are from our 2001, 2004, and 2007 bond authorizations. We will continue to provide this type of reporting to our board and the public in order to keep all interested parties aware of how bond funds are being used. As one can see from these schedules, the bond funds are being used as the District indicated in its campaigns. The continued implementation of these well-established capital plans is serving TCAPS well. All projects undertaken within our bond program have been completed on time and within budget.

The capital project funds are subject to many restrictions by the State and are given special attention by our auditors during our annual audit. These funds, by law, cannot be used for the general operation of the school district (supplies, salaries, benefits, etc.). Even so, these funds have been crucial in helping us maintain an adequate bus fleet, update technology district-wide, purchase instructional and operational equipment and complete certain specific long-term improvements to various buildings. These accomplishments are all important aspects of our long-range capital and infrastructure planning.

Conclusion

TCAPS continues to manage its limited resources well. In spite of the very challenging funding climate in which the State provides us with the lowest level of per pupil funding possible, TCAPS has managed to maintain a varied and comprehensive educational program while at the same time operating within its means. We have strategically used fund balance reserves to offset dramatic cuts over the course of many years. Absent new revenues however, the District should be prepared that major budget reductions are possible in the near future.

While the near future continues to look challenging, there are signs on the horizon that things could take a positive turn over the course of the next few fiscal years. The State appears to have balanced its budget and is in fact currently adding to its rainy day fund. Additionally, over half a billion dollars are being held in escrow until certain lawsuits are settled relative to the retirement reform discussed above.

Hopefully, this implies that there is hope for some financial relief in the longer term picture. Until that day ultimately arrives, however, TCAPS will need to continue to be prudent in the management of its limited resources.



TRAVERSE CITY AREA PUBLIC SCHOOLS

2013-2014 Budget Hearing

June 24, 2013



Making Sense of Budget Information

- ★ **Review of packet**
- ★ **Budget is an ongoing process**
- ★ **Budget should not be “new information”**
 - It is simply a “formal” snapshot of where we are now
 - It should be used in conjunction with our Audit Report to help frame an understanding of our financial situation
- ★ **Status of Pension Reform**



2013 Close-out

Beginning Fund Equity	\$8,206,985
Budgeted Revenues	\$84,826,875
Budgeted Expenditures	<u>(\$87,837,461)</u>
	(\$3,010,586)
Projected Variance	\$1,500,000
Ending 2013 Fund Equity (approximate)	\$6,700,000



Variables to Impact 2013

★ ISD revenue

★ Variance estimated

★ Accounting for MPSERS

- Gross up Revenues: \$934,507
- Gross up Expenditures: \$934,507



Fiscal Year 2013/14 Budget Assumptions

Per Pupil Revenue:

2013	TOTAL		\$7,156
2014	Elimination of one-time revenues	(\$190)	
	Base foundation increase (2x)	\$60	
	Financial best practices (one-time)	\$52	
	Pupil performance incentive (one-time)	\$40	
	Retirement allocation (one-time)	\$63	
	Equity payment (one-time)	\$50	
2014	TOTAL		\$7,231
2014	INCREASE		\$75



Fiscal Year 2013/14 Budget Assumptions continued

Student Count:

2013	10,041
2014	<u>10,043</u>
Increase	2

Net increase in Per Pupil Revenue: \$767,537

Other:

- \$2.3 million TBAISD revenues budgeted (same as current year)
- \$100,000 Technology (one-time from State)
- \$100,000 Technology (one-time carryover)



Fiscal Year 2013/14 Budget Assumptions continued

Expenses:

- 0% salary increase
- Step increase
- Retirement rate of 25.00% (approximately 0.5% increase)
- Health insurance actual
- Other structural adjustments



Other Adjustments in 2013/14 Budget

STRUCTURAL COSTS	
Loss of State Special Ed transportation \$\$	(\$181,000)
Utilities	(\$20,000)
Retirement Cost	(\$250,000)
Montessori @ Courtade (teacher)	(\$80,000)
World Language	(\$125,000)
Technology	(\$100,000)
ONE-TIME COSTS	
Election	(\$30,000)
Technology (student information system)	(\$160,000)



Other Adjustments in 2013/14 Budget continued

STRUCTURAL REDUCTIONS	
Instruction	(\$14,533)
Building Support	(\$247,654)
District Administrative & Support Costs	(\$325,765)
(including: Operations & Maintenance, Transportation, Central Services, Superintendent and Board of Education)	
Total Reduction	(\$587,952)



2014 Fund Balance Projection

Beginning Fund Equity	\$6,700,000
Budgeted Revenue	\$85,491,493
Budgeted Expenditures	(\$88,002,392)
Budgeted Shortfall	(\$2,510,899)
Building Carryover & Projected Variance	\$1,700,000
Projected Shortfall	(\$810,899)
Ending 2014 Fund Equity (approximate)	\$5,900,000



Variables to Impact 2014 Bottom-line and Budget

- ★ # of Students (+ or -)
- ★ Methodology for counting students (+ or -)
- ★ Actual retirement costs (-)
- ★ Health census (+ or -)
- ★ Assumption for Best Practice and Student Performance Incentives (-)
- ★ Contract settlement (-)
- ★ ISD revenues (+)
- ★ Replacement teacher costs (+ or -)
- ★ Accounting for MPERS reform (Neutral)
 - Gross up Revenues: \$2.4 million
 - Gross up Expenditures: \$2.4 million

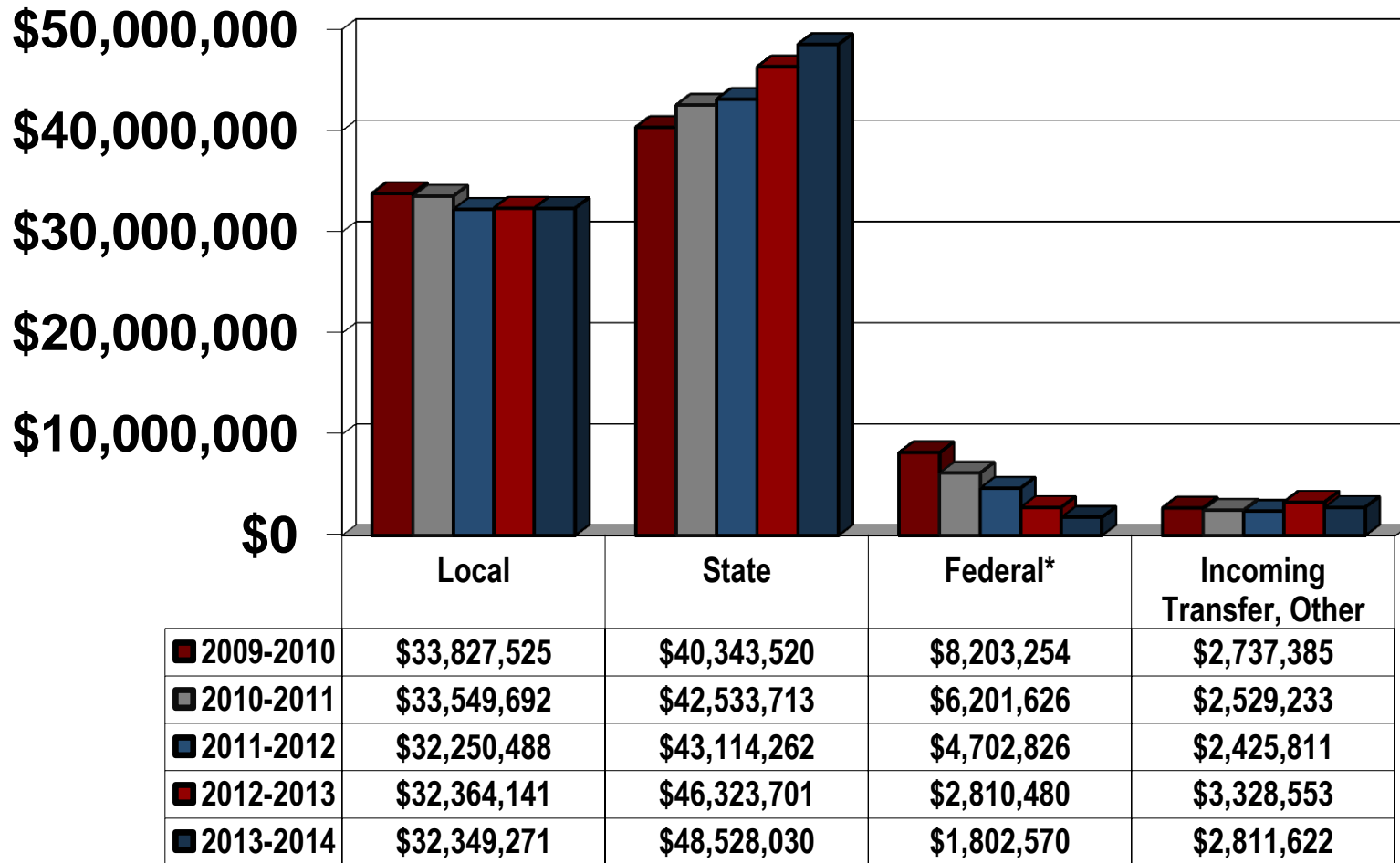


Where Does Funding Come From?



- ★ Local
- ★ State
- ★ Federal

Budget Comparison ~ Revenue Source

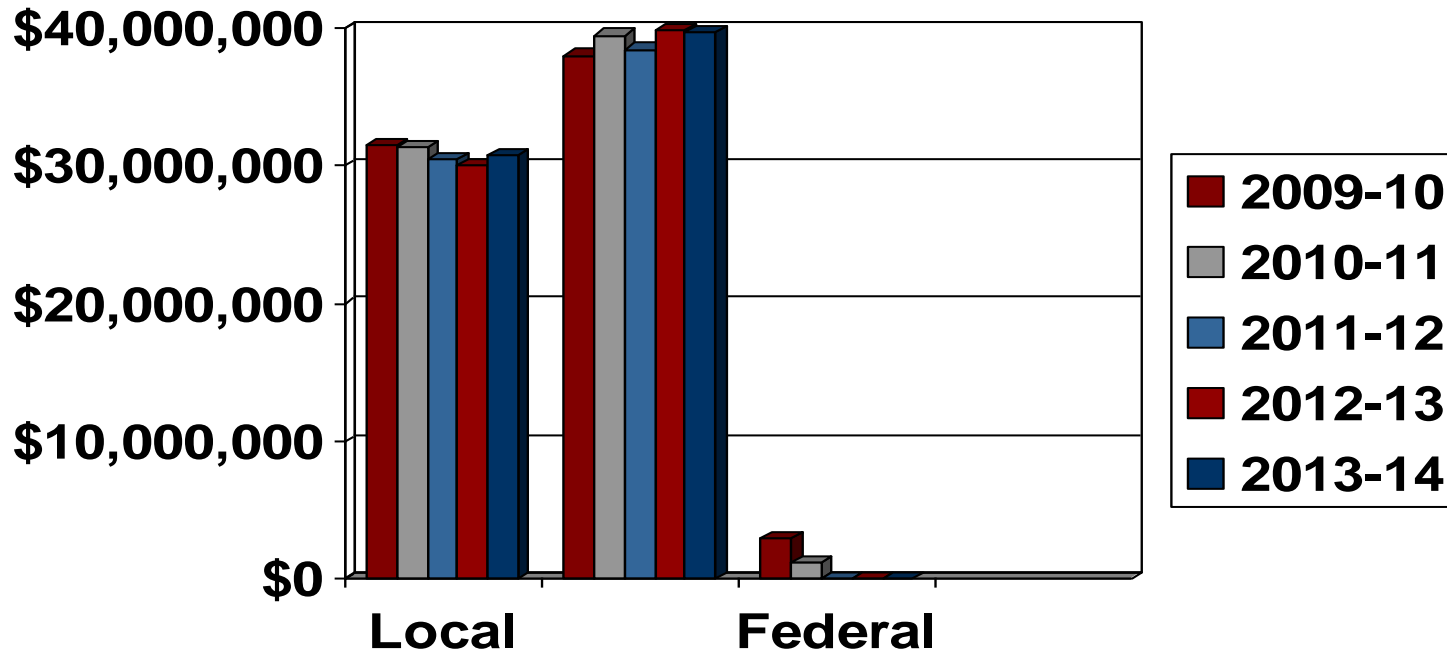


- Many federal programs have fiscal year-ends that are other than June 30. Funds not spent by June 30, 2013 will be "carried over" to fiscal 2014 in accordance with federal program guidelines.



Revenue Budget ~ Per Pupil Funding Assumptions

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Full-time Equivalent Students	10,132	10,073	10,073	10,041	10,043
Foundation Allowance	\$7,151	\$7,146	\$6,846	\$6,966	\$7,026
Revenue from Foundation	\$72,453,932	\$71,981,658	\$68,959,758	\$69,945,606	\$70,562,118



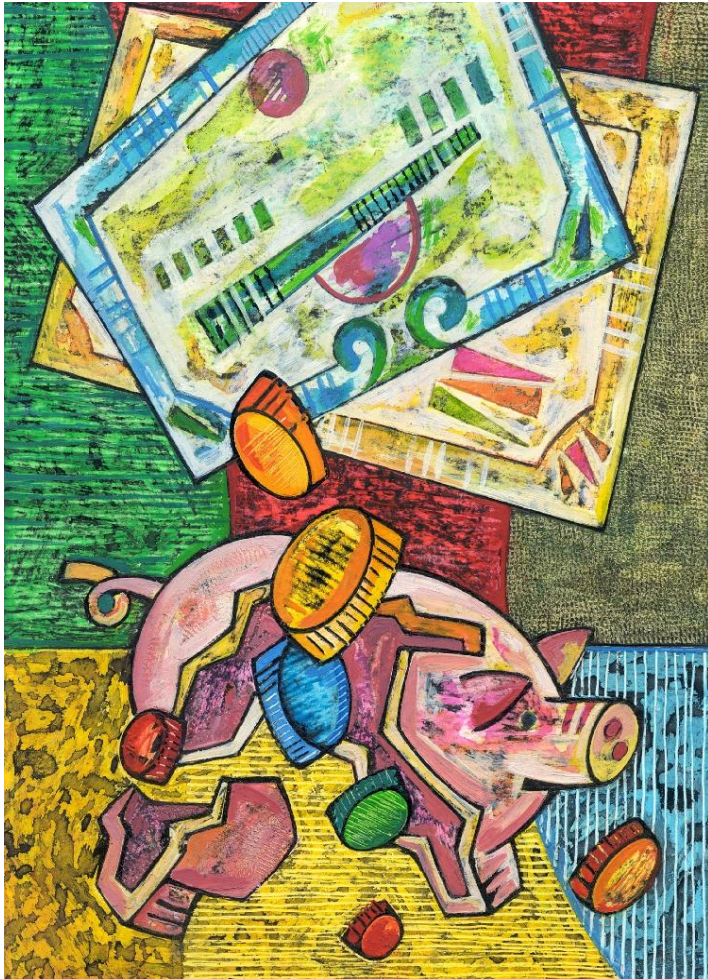


Additional Funding Source

“All of the non-homestead¹ revenues that districts raise locally are completely offset by corresponding reductions in state aid within the state funding formula. As a result, property taxes to support schools are effectively STATE rather than local sources.”

¹ “Non-homestead” is currently referred to as “Non-Principal Residence Exemption”

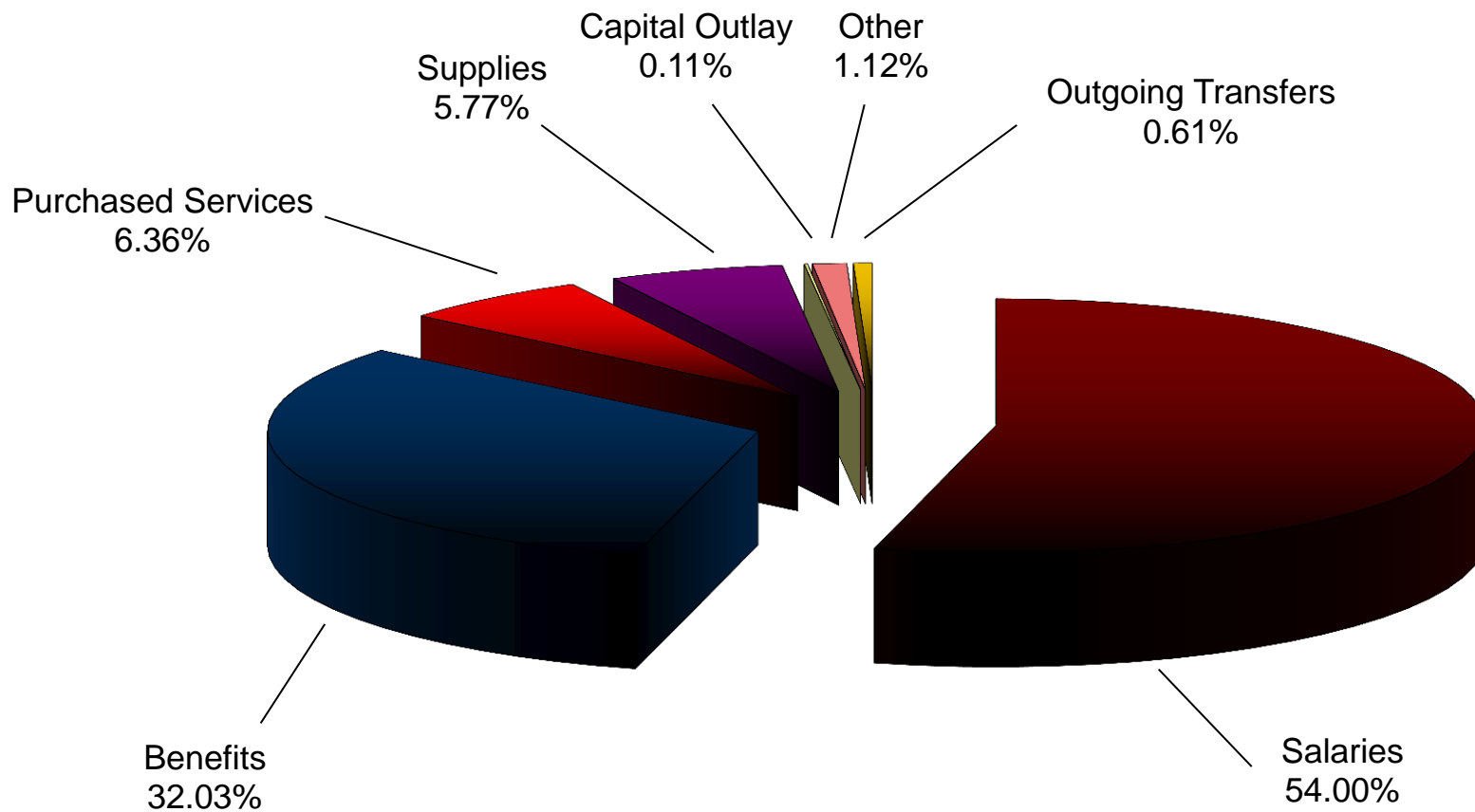
(Reference: *Michigan School Finance Under Proposal A – State Control, Local Consequences*; David Plank)



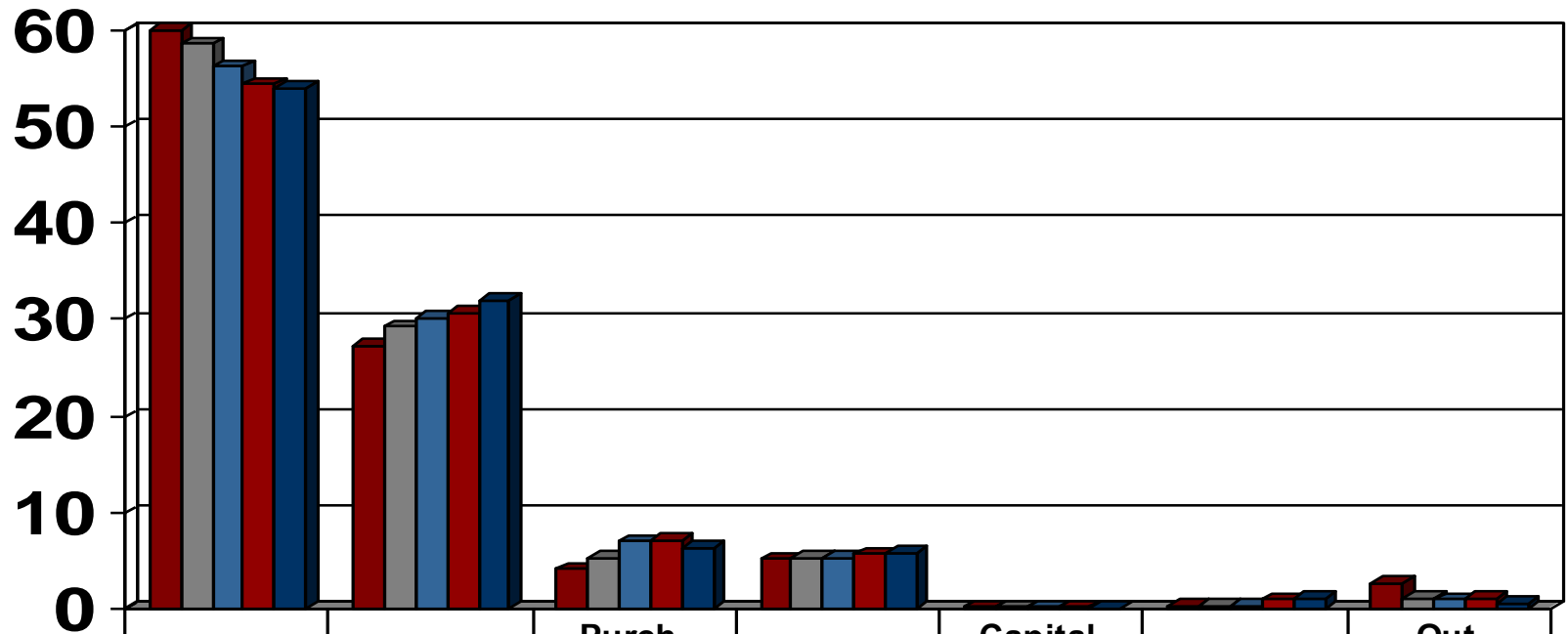
**Where does
the money
go?**



2013-2014 Budget General Fund Monies



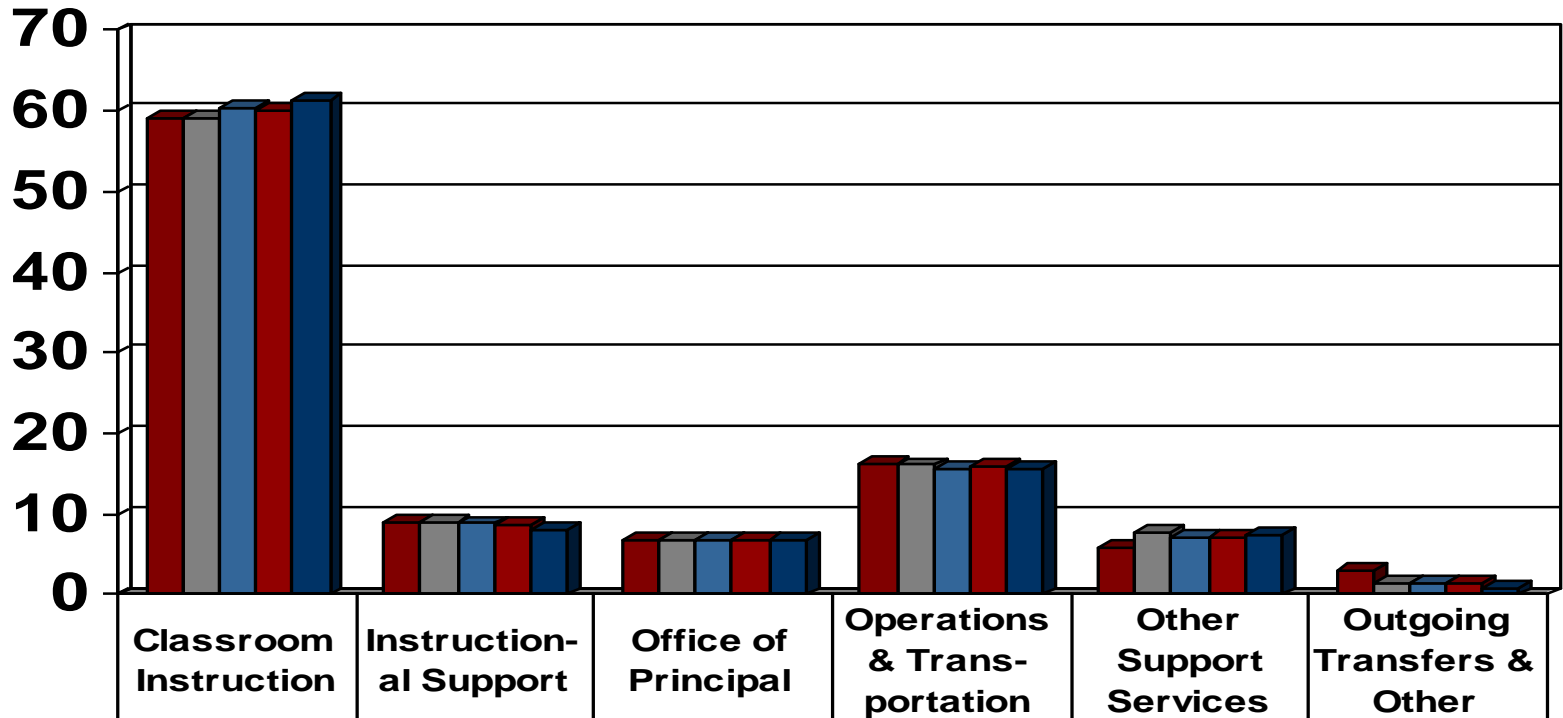
Budget Comparison By Object (Percentage)



	Salaries	Benefits	Purch. Services	Supplies	Capital Outlay	Other	Out Transfers
■ 2009-2010	60.41	27.32	4.09	5.13	0.17	0.26	2.62
■ 2010-2011	58.55	29.16	5.36	5.34	0.19	0.34	1.06
■ 2011-2012	56.14	30.18	6.95	5.25	0.19	0.32	0.97
■ 2012-2013	54.27	30.68	7.17	5.65	0.22	0.95	1.06
■ 2013-2014	54.00	32.03	6.36	5.77	0.11	1.12	0.61

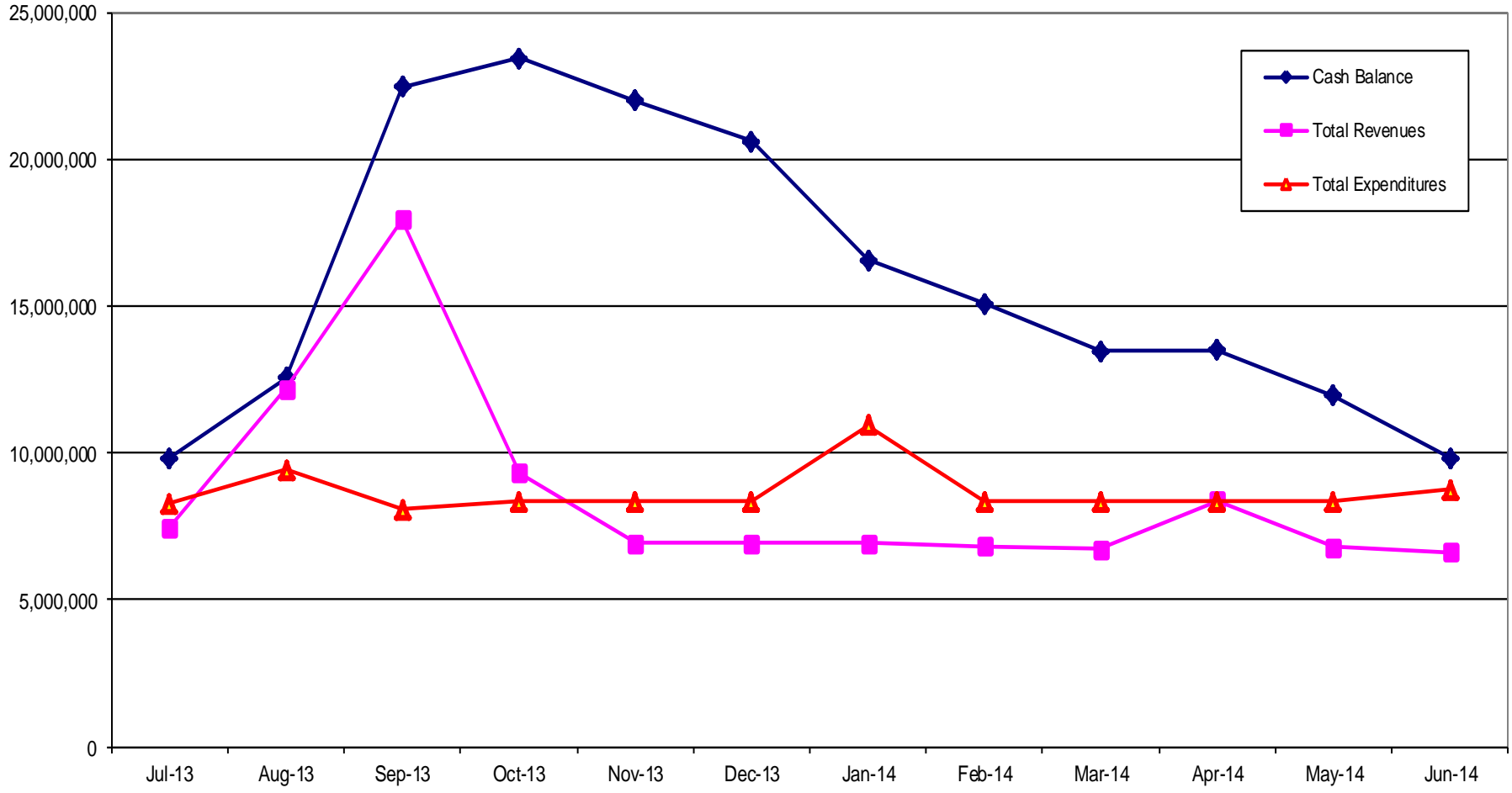


Budget Comparison By Function (Percentage)



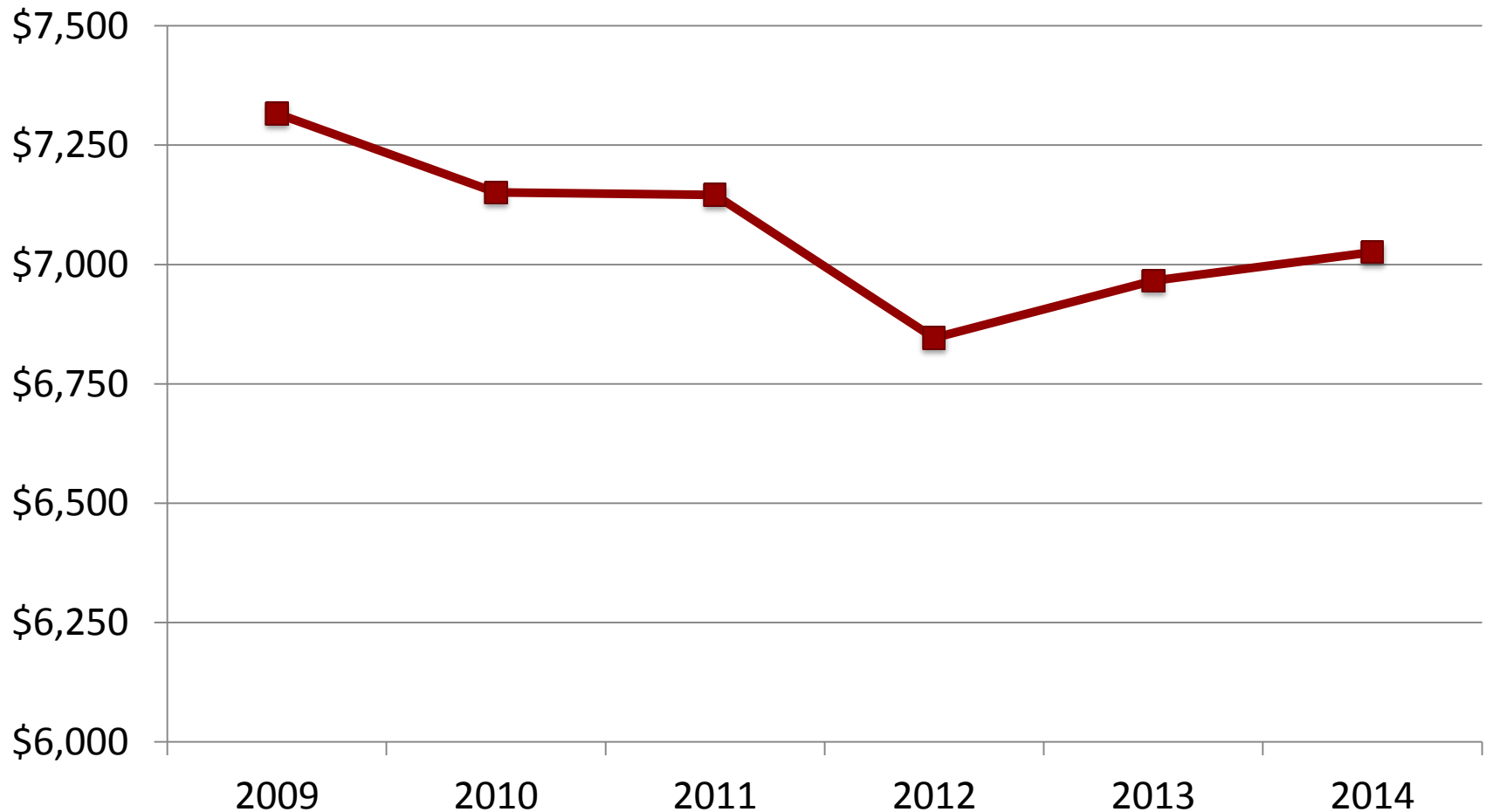
	Classroom Instruction	Instructional Support	Office of Principal	Operations & Transportation	Other Support Services	Outgoing Transfers & Other
2009-2010	59.21	9.11	6.79	16.16	5.72	3.02
2010-2011	59.08	8.91	6.84	16.10	7.66	1.40
2011-2012	60.40	8.86	6.85	15.56	7.02	1.31
2012-2013	59.96	8.75	6.83	15.90	7.16	1.40
2013-2014	61.40	7.96	6.83	15.62	7.45	0.74

Cash Flow Projections ~ Fiscal 2014



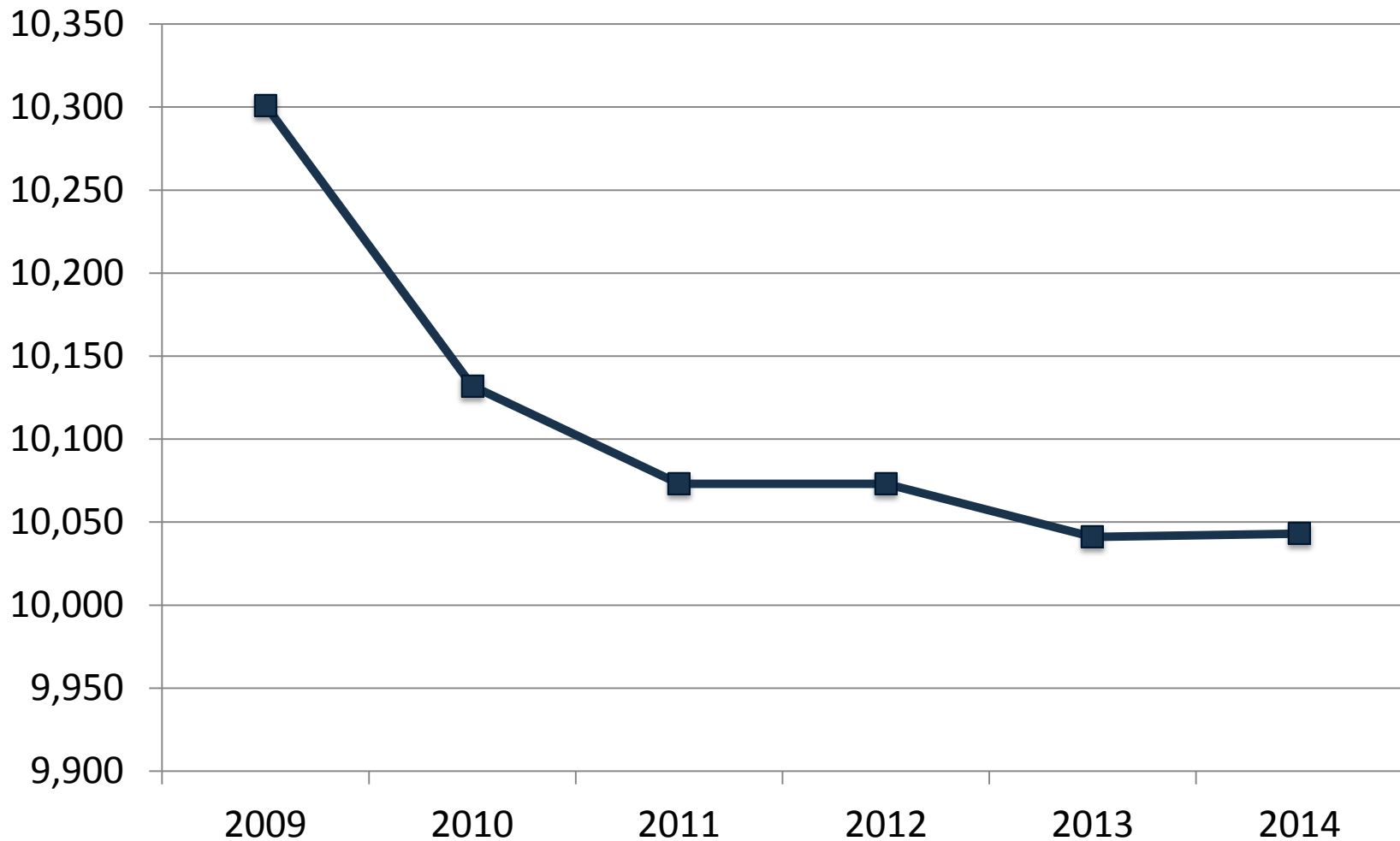


History of Foundation Amounts (Per-pupil)



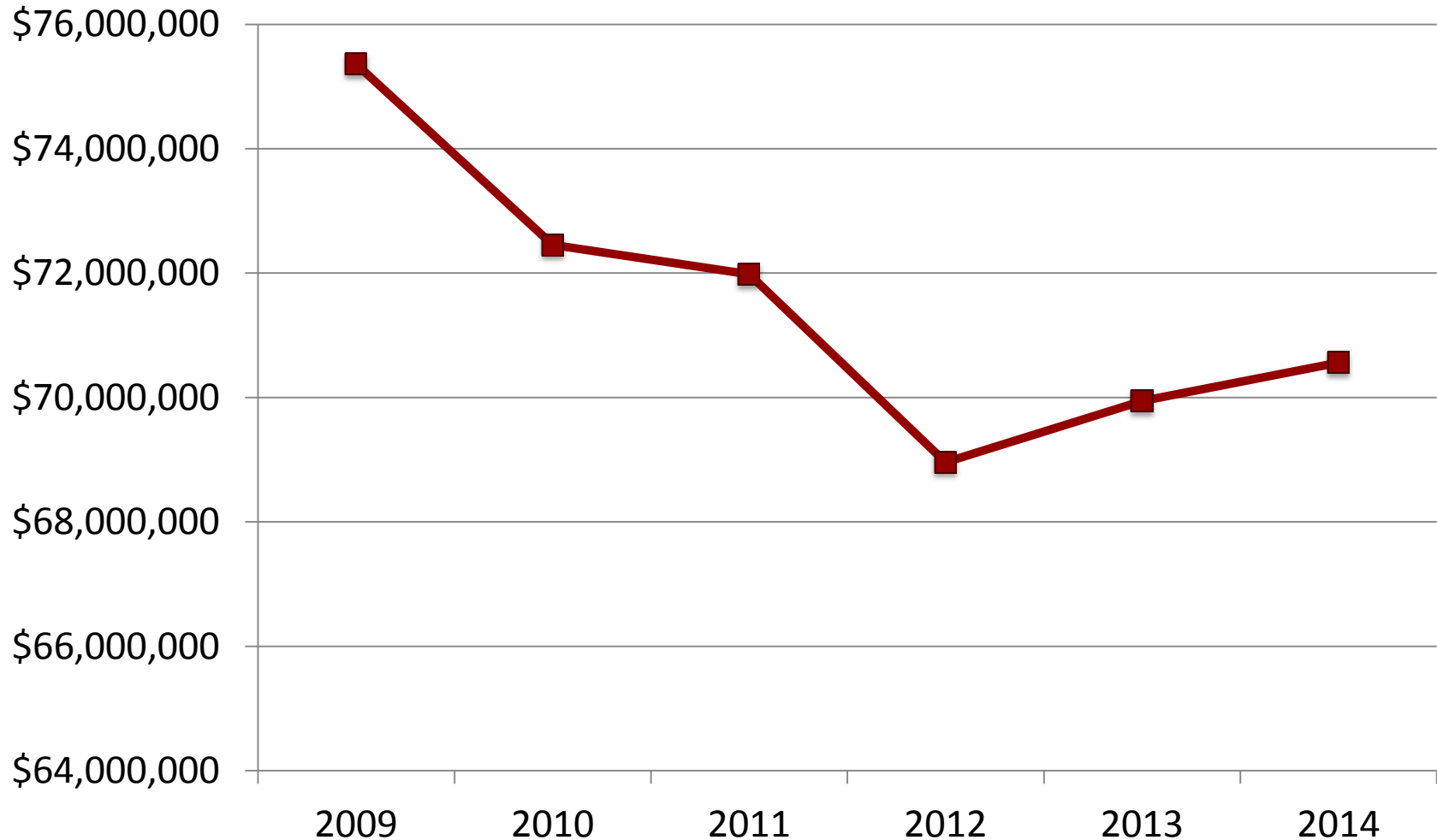


History of Student Count (Total FTE)



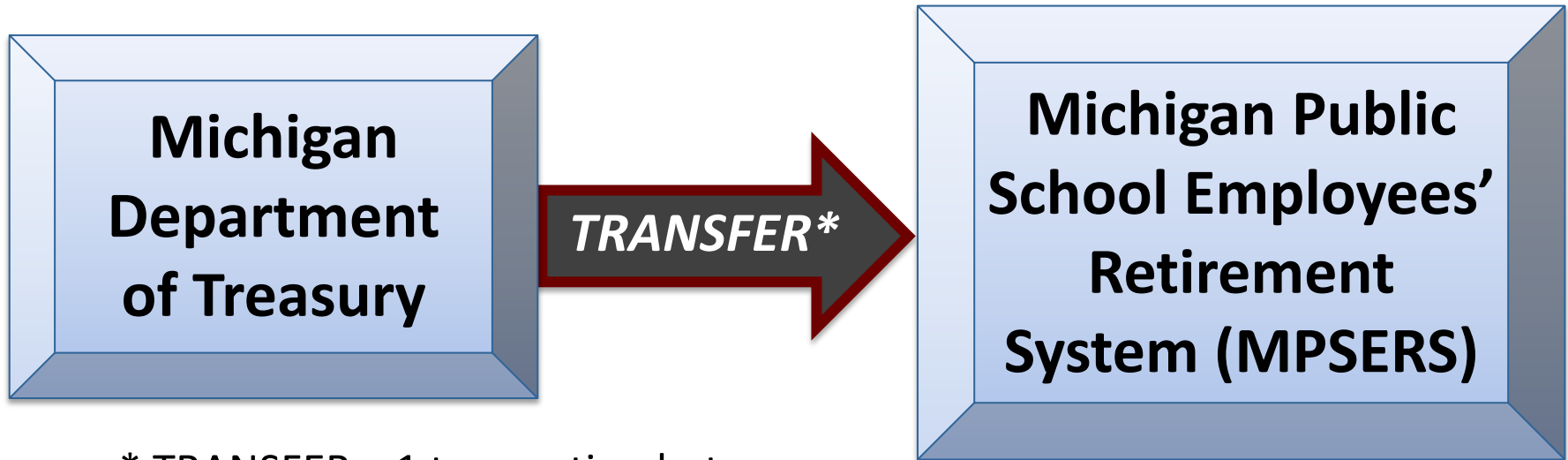


History of Total Foundation Revenue

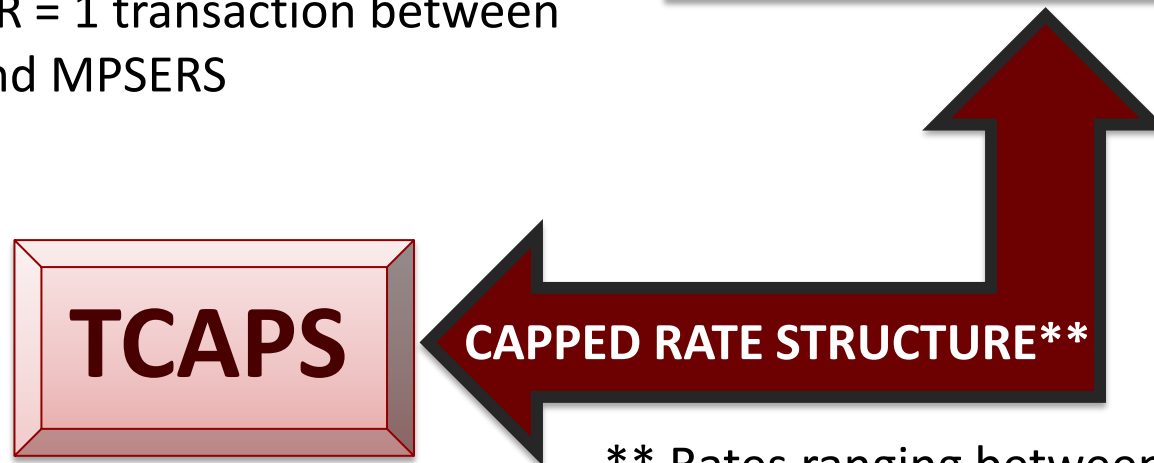




Retirement Reform - *THEORY*



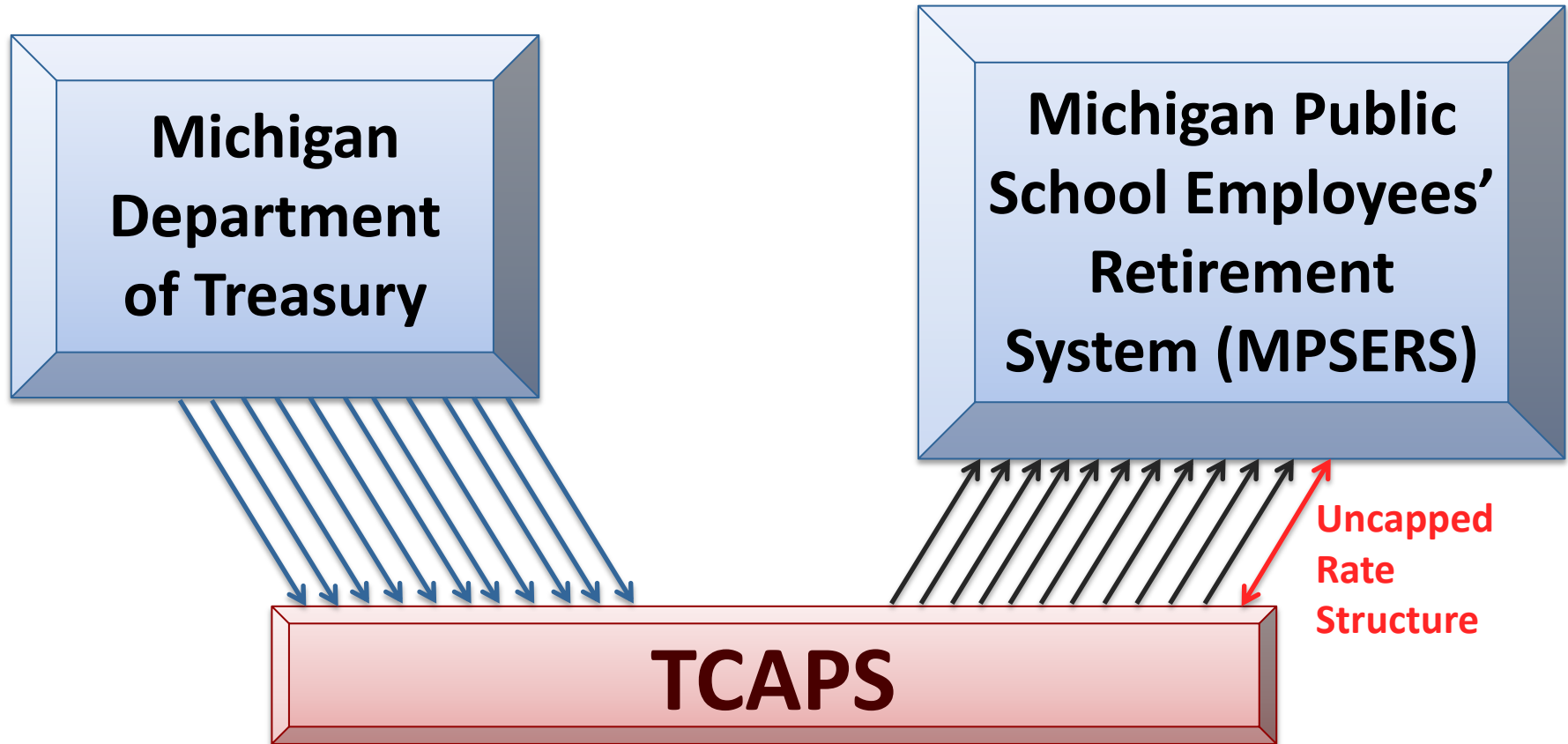
* TRANSFER = 1 transaction between Treasury and MPSERS



** Rates ranging between 24.79% and 26.96% paid monthly, based on payroll



Retirement Reform - **REALITY**



**Uncapped
Rate
Structure**

TCAPS

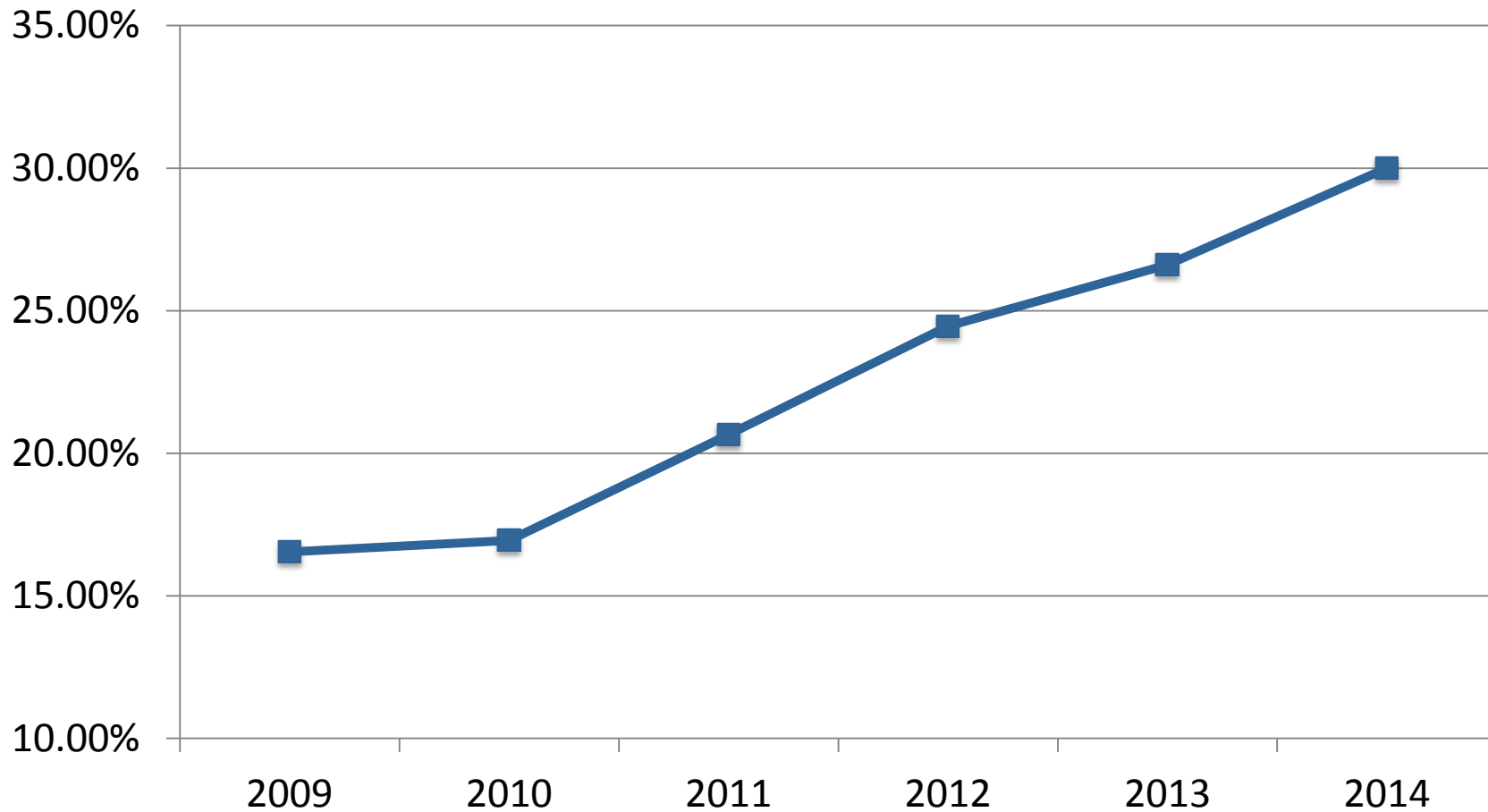
TRANSFERS: 11 transactions between Treasury and TCAPS
11 transactions between TCAPS and MPSERS

*Over 15,000 new transactions
across the State*

UNCAPPED RETIREMENT RATES: Rates ranging from 29.35% to 31.52% paid monthly,
based on payroll costs



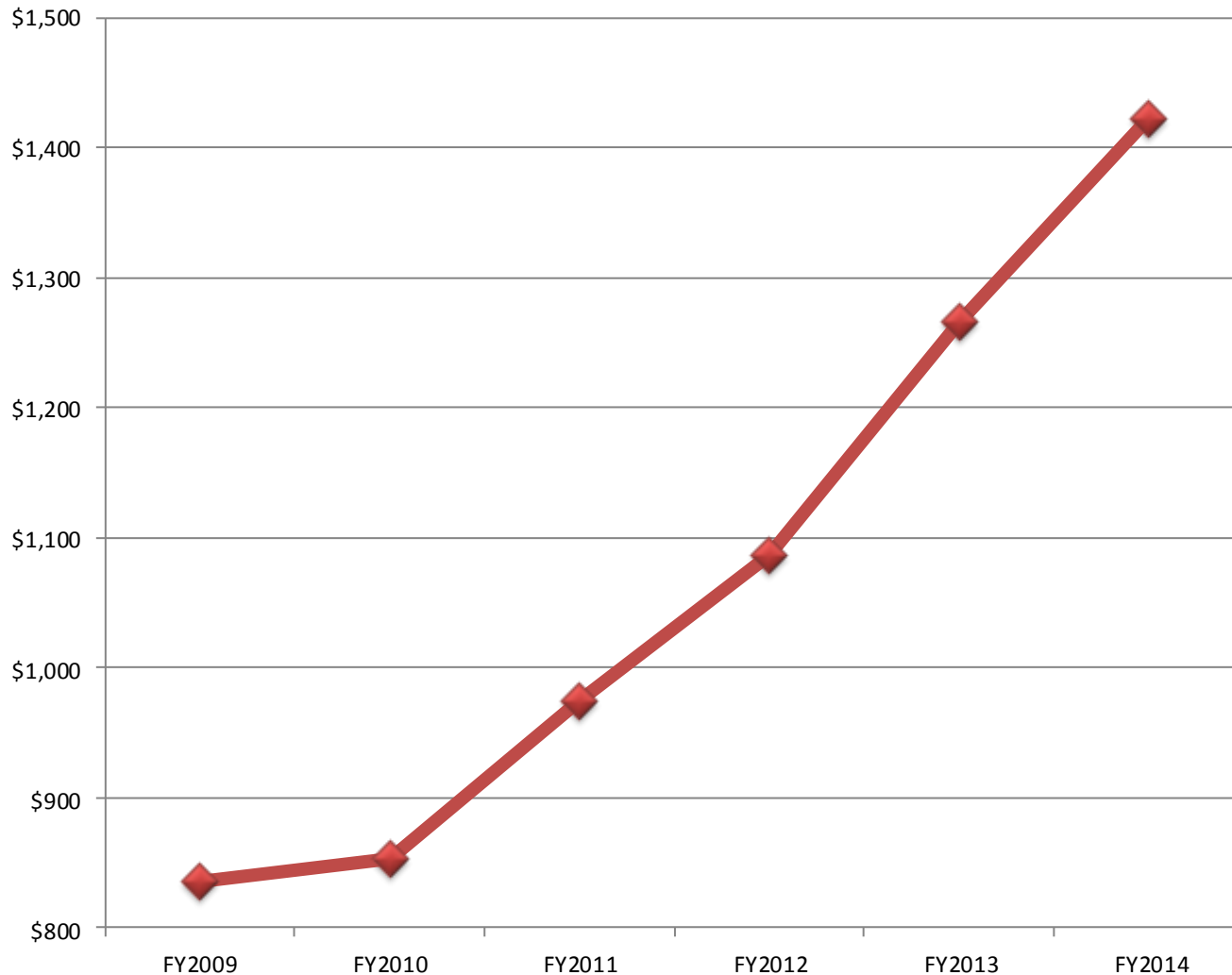
History of Retirement Rates





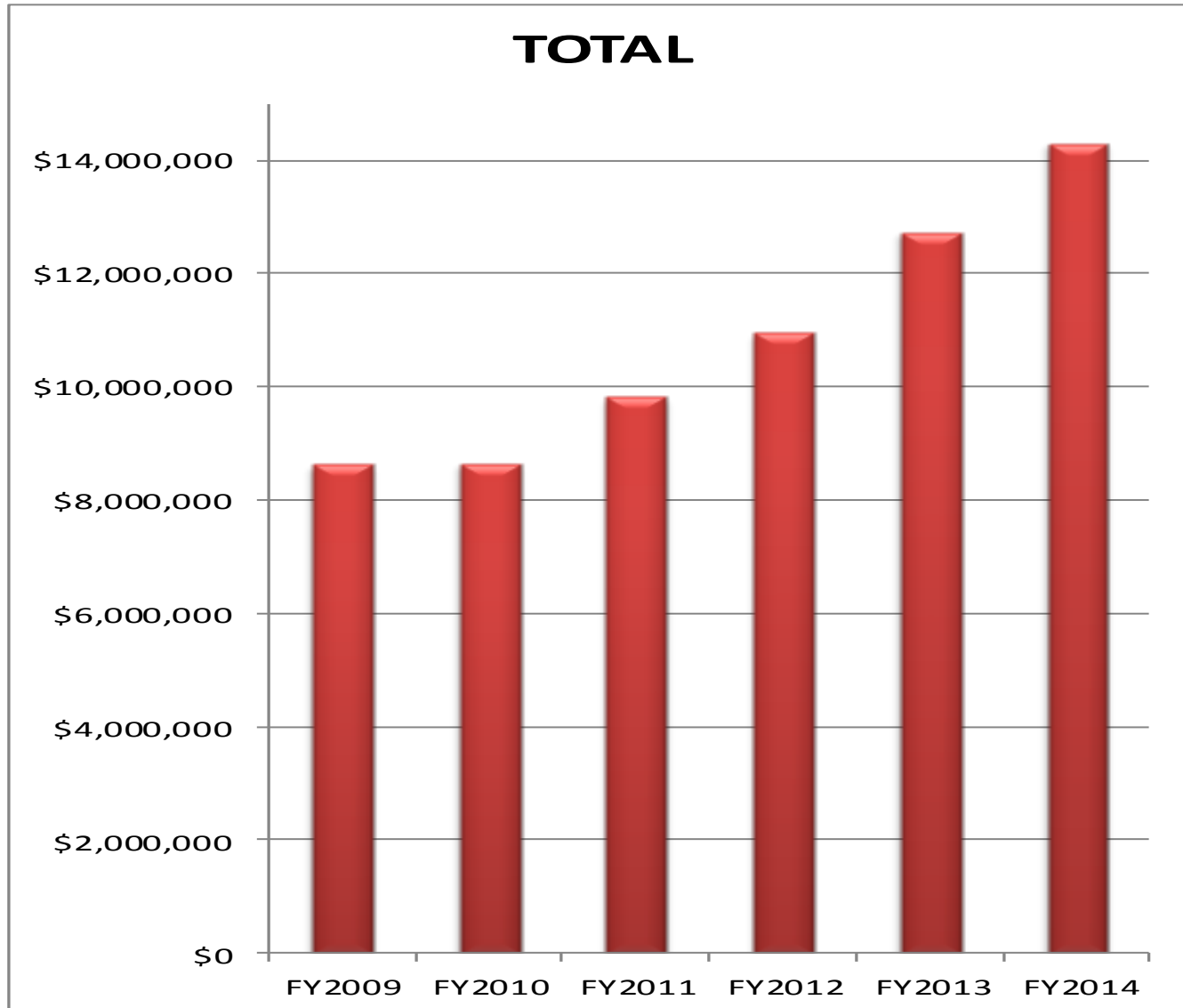
History of TCAPS' Retirement Costs

PER PUPIL





History of TCAPS' Retirement Costs





Retirement Reform – *Bottom Line*

- Did not cap rates
- Created a rate stabilization payment categorical funding source
 - In lieu of unrestricted revenue
 - Does not cover entire increase in rates
(0.5% increase in 2014 and 1.0% increase in 2015)
- Created increased burden on finance and accounting offices
- Is discriminatory in its allocation as it rewards high cost districts with extra money
- Didn't change the reality that the vast majority of new revenues go to offset retirement cost



Short-term Multi-year Forecast 2015 Fiscal Year – Initial Look

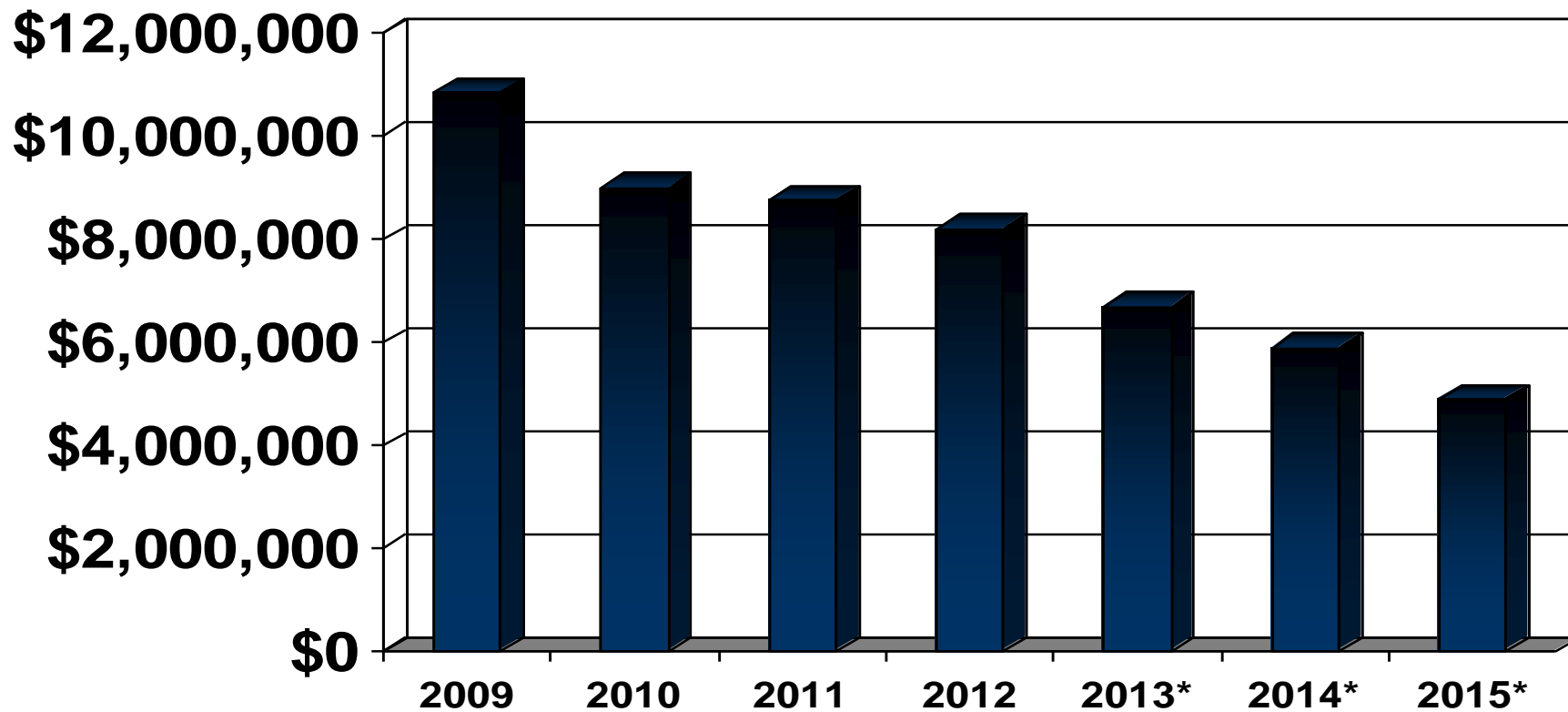
2014 Ending Equity	\$5,900,000
Structural shortfall	(\$500,000)
Increased retirement rate	(\$500,000)
World Language (2 nd grade)	(\$125,000)
2015 Shortfall	(\$1,125,000)

Outstanding issues:

- Inflation
- Contract settlements
- State revenues
- ISD/Other revenues
- Impact of fund balance assignment



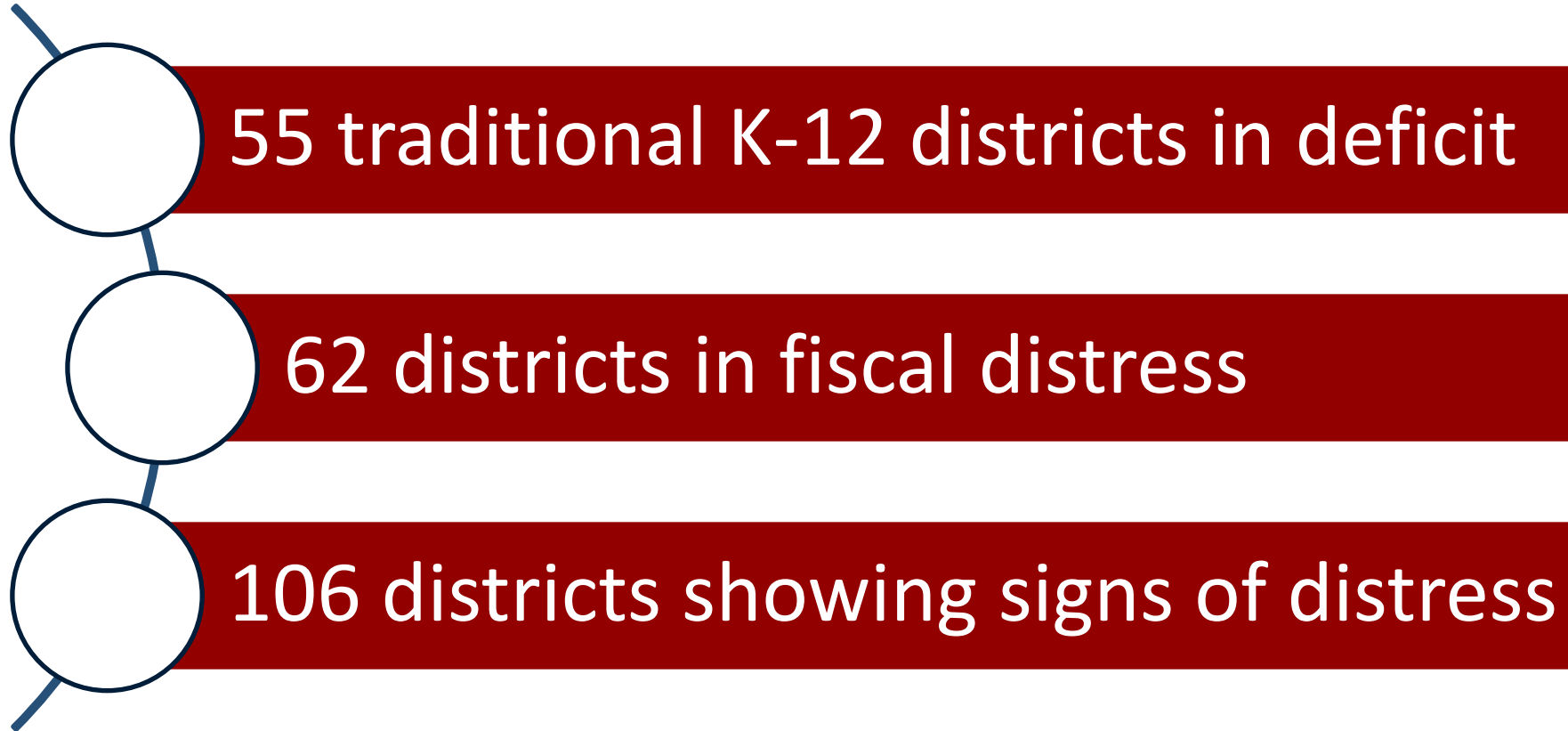
Fund Balance



* estimated amounts, not budgeted amounts.



Statewide Fiscal Challenges



Source: State Department of Education and Munetrix: Fiscal Stress Meter for Public Schools



Other Funds

★ Special Revenue Fund: Food Services

- Ending year with shortfall
 - Participation down
 - 10 lost days
 - One-time accounting change for federal commodities
 - Inflationary pressures
- Facing pressure on the cost side
 - Food price inflation
 - Retirement rate
 - Healthy, Hunger-free Kids Act mandates continue
- Breakfast and lunch prices slated for \$0.10 increases in 2014
- Ongoing universal breakfast and CEO (Community Eligibility Option) programs
- Continue to focus on expansion of Farm to School programs
- New Food & Nutrition Services Director



Other Funds continued

★ **Special Revenue Fund: Community Services**

★ **Childcare Programs**

- Fee-for-service program – offsets some GF costs (registration fees, overhead, profit margin)
- Goal is universal preschool
- Recent financial challenges
- Implemented program efficiencies
 - Reduced outstanding balances by 90%
 - Re-structured program manager time to utilize funding to provide paid professional development
 - Implementing proven system with Extended Day and Montessori programs to increase collections



Other Funds continued

★ **Special Revenue Fund: Community Services**

★ **LEAP Program**

- Fee for participation
- Established to provide athletic options for middle school students
- Expanded to include elementary athletics and other options
- Working towards self-sustainability by increasing sponsorship programs and grant opportunities



Other Funds continued

★ **Capital Projects**

- Revised long-term capital plan
- Proposal going forward in November 2013
- All projects completed on time and within budget
- Refer to detail in Tab 7 of Budget Hearing booklet

★ **Debt Service**

- Accounts for tax collection and debt payments associated with district bonds
- Maintaining a 3.1 mills on all property



A Special Thank You

A note of thanks to the entire staff of the Business Office for all of the extra effort contributed throughout the entire year and, in particular, the added effort put forth to prepare the budget.

I would like to formally recognize the following individuals who comprise the best school district business office in the State of Michigan.

Wes Souden

Sandy Low

Michele Greenan

Natallia Bumazhkova
Beckie Cairns

Audrey Jacquain
Ken O'Brien

Carrie Sattler
Diane Sievert

Sincerely,

Paul A. Soma

Chief Financial Officer
Chief Operating Officer

MEMORANDUM



TO: Steve Cousins, Superintendent
FROM: Paul Soma, CPA
Chief Financial Officer/Chief Operating Officer
DATE: June 21, 2013
RE: **2013/2014 ORIGINAL BUDGETS**

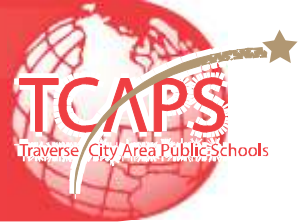
Paul A. Soma, CPA
Chief Financial Officer
Chief Operating Officer

Michele Greenan
Executive Assistant

Attached please find the 2013/2014 original budget resolution and itemized preliminary budget detail, presented in accordance with the Uniform Budgeting and Accounting Act. The budgets presented represent our preliminary estimates of revenues and expenditures for the General Fund and our Special Revenue Fund (Food Services and Community Services programs). Major revenue assumptions are detailed on the budget resolution (page 5.3) and budget detail (page 6.2). Budget amendments will be brought before the Board for approval as more information becomes available.

An appropriate motion would be:

Moved by _____, and Supported by _____, to adopt the original 2013/2014 General Fund Budget and the original 2013/2014 Special Revenue Fund Budget, dated July 1, 2013.



**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

**RESOLUTION FOR ADOPTION
June 24, 2013**

FOR ACTION:

TOPIC:

2013/2014 Preliminary Budgets for Traverse City Area Public Schools (Appropriations Act)

RECOMMENDATION:

That the Board of Education adopt the attached Resolution.

The Uniform Budgeting and Accounting Act requires that the appropriations for the General Operations and Special Service Funds of the School District be approved by the Board of Education. The tentative budgets for these funds are attached. These budgets are only preliminary, to permit the beginning revenue disposition and expenditure appropriations until such time that we have the necessary information to provide the final budget to the public and to the Board of Education.

Major revenue data is based upon the following:

Estimated Taxable Value (ad valorem)	4,230,649,648
Homestead Taxable Value	2,518,975,070
Non-Principal Residence Exemption Taxable Value	1,711,674,578*
Operating Millage Levy (Non-principal residence exemption only)	18 mills
Operating Local Property Tax Revenue (Non-principal residence exemption only)	30,810,142
Estimated State Aid (foundation allowance) Formula:	
Foundation Allowance per Pupil	7,026
Local Tax Support per Pupil (Est. Pupils: 10,043)	3,081
State Aid per Pupil (Est. Pupils: 10,043)	3,945

* Will be adjusted downward for Brownfield Development when numbers are available.

Emphasis is made that the data provided herein in no way indicates final revenue or expenditure levels. We are merely providing estimates to receive authorization to begin the 2013/2014 school year.

SOURCE PERSON:

Paul A. Soma, CPA, Chief Financial Officer and Chief Operating Officer

ATTACHMENTS:

- Proposed official resolution
- Three (3) year budget reporting required by the State of Michigan (refer to Tab 6)

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

**RESOLUTION TO ADOPT
2013/2014 PRELIMINARY BUDGETS**

RESOLVED, that this resolution shall be the general appropriations of the Traverse City Area Public Schools for the 2013/2014 fiscal year. A resolution to make appropriations, and to provide for the expenditure of the appropriations, and to provide for the disposition of all income received by the Traverse City Area Public Schools.

BE IT FURTHER RESOLVED, that 18 mills of ad valorem property taxes will be levied for the purposes of General Operations. The levy will be against the taxable value of non-principal residence exemption and non-qualified agricultural property, and

WHEREAS, the total revenues and un-appropriated fund balance estimated to be available for appropriations in the General Operating Fund of the Traverse City Area Public Schools for the fiscal year 2013/2014 is as follows:

Revenue

Local Sources	\$ 32,349,271
State Sources	48,528,030
Federal Sources	1,802,570
Federal Stabilization	0
Incoming Transfers and Other Transactions	<u>2,811,622</u>

Total Revenue **\$ 85,491,493**

Fund Balance (07/01/13 estimate) 5,196,399

Total Available to

Appropriate ~ General Fund **\$ 90,687,892**

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

**RESOLUTION TO ADOPT
2013/2014 PRELIMINARY BUDGETS**

BE IT FURTHER RESOLVED, that \$88,002,392 of the total available to appropriate in the General Fund is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures

Instruction:

Basic Programs	\$ 44,575,005
Added Needs	<u>9,461,751</u>
Total Instruction	\$ 54,036,756

Support Services:

Pupil Services	\$ 2,908,783
Instructional Staff	4,098,019
General Administration	606,750
School Administration	6,009,813
Business	1,619,883
Operations & Maintenance	8,666,053
Pupil Transportation Services	5,077,075
Central Services	2,688,909
Student	<u>1,643,372</u>

Total Support Services \$ 33,318,657

Community Services \$ 139,790

Outgoing Transfers and Other Transactions \$ 507,189

Total Appropriated ~ General Fund \$ 88,002,392

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

**RESOLUTION TO ADOPT
2013/2014 PRELIMINARY BUDGETS**

BE IT FURTHER RESOLVED, that the total projected revenues and expenditures for the Special Revenue Fund - Food Services of the Traverse City Area Public Schools for the fiscal year 2013/2014 is as follows:

Revenue

Local Sources *	\$ 2,410,064
State Sources	139,308
Federal Sources	2,437,110
Incoming Transfers/Others	<u>25,000</u>
Total Revenue	\$ 5,011,482

Expenditures

Salaries	\$ 1,425,819
Benefits	562,814
Purchased Services	255,443
Supplies & Other Expenses	2,757,406
Capital Outlay	10,000
Operating Transfer	<u>0</u>
Total Expenditures	\$ 5,011,482

Excess of Revenue Over Expenditures **\$ 0**

Beginning Fund Balance (07/01/13 estimate) **\$ 784,065**

Ending Fund Balance (06/30/14 estimate) **\$ 784,065**

* Reflects a \$0.10 increase in breakfast and lunch prices.

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

**RESOLUTION TO ADOPT
2013/2014 PRELIMINARY BUDGETS**

BE IT FURTHER RESOLVED, that the total projected revenues and expenditures for the Special Revenue Fund - Community Services of the Traverse City Area Public Schools for the fiscal year 2013/2014 is as follows:

Revenue

Local Sources	\$ 2,380,000
Federal Sources	123,296
Intermediate Sources	0
Operating Transfers In	<u>260,189</u>
Total Revenue	\$ 2,763,485

Expenditures

Salaries	\$ 1,533,170
Benefits	900,919
Purchased Services	193,097
Supplies and Other Expenses	161,277
Capital Outlay	9,660
Transfers to General Fund and Other	<u>4,765</u>
Total Expenditures	\$ 2,802,888

Excess of Revenues (Under) Expenditures (\$ 39,403)

Beginning Fund Balance (07/01/13 estimate) \$ 330,630

Ending Fund Balance (06/30/14 estimate) \$ 291,227

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

**RESOLUTION TO ADOPT
2013/2014 PRELIMINARY BUDGETS**

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the School District shall expend any funds or obligate the expenditures of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statements adopted by the Board. Changes in the amount appropriated by the Board shall require approval of the Board of Education.

BE IT FURTHER RESOLVED, that the Superintendent is hereby charged with general supervision of the execution of the budget adopted by the Board of Education and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement adopted by the Board of Education.

This Appropriation Resolution is to take effect on July 1, 2013.

AYES:

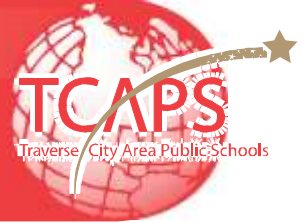
NAYS:

Resolution adopted.

Megan M. Crandall, Secretary
Board of Education
Traverse City Area Public Schools

The undersigned duly qualified and acting Secretary of the Board of Education of Traverse City Area Public Schools, Traverse City, Michigan, hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board of Education, Traverse City, Michigan at its study session meeting held on June 24, 2013, the original of which is part of the Board's minutes, and further certifies that notice of the meetings was given to the public under the Open Meetings Act, 1976 PA267, as amended.

Megan M. Crandall, Secretary
Board of Education
Traverse City Area Public Schools



TRAVERSE CITY AREA PUBLIC SCHOOLS
412 Webster Street
Traverse City, MI 49686

ITEMIZED PRELIMINARY BUDGET

2013/2014

Presented June 24, 2013

The itemized portion of the 2013/2014 budgets are for informational purposes only and are broken down into more detail than the formal budget adopted by the Board of Education.

★ Table of Contents

- Page 6.2 – General Fund Budget ~ 4 years
- Page 6.3 – Foundation Allowance Analysis
- Page 6.4 – Unrestricted Revenues
- Page 6.5 – Restricted Local
- Page 6.6 – Student Activities
- Page 6.7 – Restricted State Funds
- Page 6.8 – Federal Funds
- Page 6.9 – Special Revenue Fund ~ Food Services
- Page 6.10 – Special Revenue Fund ~ Community Services
- Page 6.11 – Community Services ~ Childcare
- Page 6.12 – Community Services ~ LEAP
- Page 6.13 – Community Services ~ Federal Programs

**Traverse City Area Public Schools
General Fund Budget
For the Fiscal Years Ending June 30**

Revenue	2010-2011 Actual	2011-2012 Actual	2012-2013 Amended	2013-2014 Original
Local Unrestricted	33,549,692	32,250,488	32,364,141	32,349,271
State Unrestricted	40,816,380	41,505,060	42,506,622	43,274,840
State Restricted	1,717,333	1,609,202	3,817,079	5,253,190
Federal Stabilization	1,176,706	0	0	0
Federal Ed Jobs	1,129,620	1,300,289	0	0
Federal IDEA Unrestricted	600,937	0	0	0
Federal Restricted	3,294,363	3,402,537	2,810,480	1,802,570
Incoming Transfers/Other	2,529,233	2,425,811	3,328,553	2,811,622
Total Revenues	84,814,264	82,493,387	84,826,875	85,491,493

Expenditures				
Instruction				
Basic Instruction	41,490,200	41,509,673	42,693,136	44,575,005
Added Needs	8,759,887	8,652,599	9,976,910	9,461,751
Total Instruction	50,250,087	50,162,272	52,670,046	54,036,756
Support				
Pupil	3,473,507	3,143,329	3,192,789	2,908,783
Instructional Staff	4,106,524	4,212,884	4,493,100	4,098,019
General Administration	568,593	553,883	582,285	606,750
School Administration	5,815,684	5,686,309	5,997,296	6,009,813
Business Services	1,419,495	1,328,383	1,474,268	1,619,883
Operations and Maintenance	8,107,268	8,308,615	8,800,809	8,666,053
Pupil Transportation	5,585,258	4,614,436	5,169,272	5,077,075
Central Services	2,590,326	2,489,180	2,588,976	2,688,909
Other Support Services	1,940,156	1,461,160	1,641,353	1,643,372
Total Support Services	33,606,811	31,798,179	33,940,148	33,318,657
Community Services	279,652	283,677	325,653	139,790
Other Uses - Outgoing Transfers & Other	914,625	802,875	901,614	507,189
Total Expenditures	85,051,175	83,047,003	87,837,461	88,002,392
Excess Revenue/(Expenditures)	(236,911)	(553,616)	(3,010,586)	(2,510,899)
Fund Balance - July 1	8,997,512	8,760,601	8,206,985	5,196,399
Fund Balance - June 30	8,760,601	8,206,985	5,196,399	2,685,500
Less Non-Spendable and Assigned	6,195,333	6,053,003	1,968,954	1,676,816
Unassigned Fund Balance	2,565,268	2,153,982	3,227,445	1,008,684

Fund Equity Non-Spendable and Assigned				
Non-Spendable for Inventories	134,544	52,332	50,000	50,000
Non-Spendable for Prepaids	591,746	631,822	100,000	100,000
Assigned for Unrestricted "At Risk" Activities	611,811	0	0	0
Assigned for Curriculum Development	0	0	0	0
Assigned for Building Carryover	595,198	862,345	626,816	626,816
Assigned for Department Carryover	90,066	428,456	0	0
Assigned for Building Staff Carryover	431,919	292,138	292,138	0
Assigned for Computer Notes and Leases	0	0	0	0
Assigned for Severance Pay	1,254,975	1,271,672	900,000	900,000
Assigned for Budget Stabilization	0	0	0	0
Assigned for contract settlements	0	0	0	0
Assigned for subsequent year expenditures	2,485,074	2,514,238	0	0
Total Fund Equity Non-Spendable and Assigned	6,195,333	6,053,003	1,968,954	1,676,816

NOTE: The numbers listed here represent estimates to establish the beginning funding levels. Subsequent budgets will more accurately reflect the direction of the General Fund.

**Traverse City Area Public Schools
Foundation Allowance Analysis
June 30, 2013**

Calculation of Projected FTE Students			2014	2013
February Student Count (actual)	9,980	10%	998	996
September Student Count (estimate)	10,050	90%	9,045	9,045
Total Fiscal year FTE (see note)			10,043	10,041

Total Foundation Allowance Calculation		2014	2013
Total Fiscal year FTE		10,043	10,041
Foundation Amount per Student		\$7,026	\$6,966
Total Foundation Allowance		\$70,562,118	\$69,945,606

State and Local Portion of Foundation		Current Year	Prior Year
non-Principal Residence Exemption		1,711,674,578	1,671,659,762
18 mills		0.0180	0.0180
Local Portion of Foundation		30,810,142	30,089,876
State Portion of Foundation		39,751,976	39,855,730

**Traverse City Area Public Schools
General Fund Budget - Unrestricted Revenues
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Amended	2013-2014 Original
Local Unrestricted	32,042,901	32,103,696
State Unrestricted	42,506,622	43,274,840
State Restricted	934,507	2,579,403
Federal Stabilization	0	0
Federal EdJobs	0	0
Federal Restricted	20,881	0
Incoming Transfers/Other	3,126,248	2,711,622
Total Revenues	78,631,159	80,669,561

Expenditures		
Instruction		
Basic Instruction	42,210,248	44,062,405
Added Needs	6,633,351	6,637,466
Total Instruction	48,843,599	50,699,871
Support		
Pupil	2,809,752	2,469,948
Instructional Staff	3,462,793	3,520,925
General Administration	582,285	606,750
School Administration	5,997,296	6,009,813
Business Services	1,463,518	1,619,883
Operations and Maintenance	8,727,022	8,612,266
Pupil Transportation	5,062,096	5,064,258
Central Services	2,586,426	2,687,109
Student Support Services	1,459,565	1,474,584
Total Support Services	32,150,753	32,065,536
Community Services	0	0
Other Uses - Outgoing Transfers & Other	647,393	415,053
Total Expenditures	81,641,745	83,180,460
Excess Revenue/(Expenditures)	(3,010,586)	(2,510,899)
Fund Balance - July 1	8,206,985	5,196,399
Fund Balance - June 30	5,196,399	2,685,500
Less Non-Spendable and Assigned	1,968,954	1,676,816
Unassigned Fund Balance	3,227,445	1,008,684

Fund Equity Non-Spendable and Assigned		
Non-Spendable for Inventories	50,000	50,000
Non-Spendable for Prepays	100,000	100,000
Assigned for Unrestricted "At Risk" Activities	0	0
Assigned for Curriculum Development	0	0
Assigned for Building Carryover	626,816	626,816
Assigned for Department Carryover	0	0
Assigned for Building Staff Carryover	292,138	0
Assigned for Computer Notes and Leases	0	0
Assigned for Severance Pay	900,000	900,000
Assigned for Building Supplies	0	0
Assigned for Budget Stabilization	0	0
Total Fund Equity Non-Spendable and Assigned	1,968,954	1,676,816

**Traverse City Area Public Schools
General Fund Budget - Restricted Local
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Amended	2013-2014 Original
Local Unrestricted	146,545	70,880
State Unrestricted		
State Restricted		
Federal Stabilization		
Federal Jobs		
Federal Restricted		
Incoming Transfers/Other	202,305	100,000
Total Revenues	348,850	170,880

Expenditures		
Instruction		
Basic Instruction	30,921	23,000
Added Needs	132,320	96,136
Total Instruction	163,241	119,136
Support		
Pupil	11,093	0
Instructional Staff	19,249	0
General Administration		
School Administration		
Business Services	10,750	0
Operations and Maintenance	67,880	47,880
Pupil Transportation	5,000	0
Central Services		
Student Support Services	10,000	0
Total Support Services	123,972	47,880
Community Services	56,313	0
Other Uses - Outgoing Transfers & Other	5,324	3,864
Total Expenditures	348,850	170,880
Excess Revenue/(Expenditures)	0	0
Fund Balance - July 1	0	0
Fund Balance - June 30	0	0
Less Non-Spendable and Assigned	0	0
Unassigned Fund Balance	0	0

**Traverse City Area Public Schools
General Fund Budget - Student Activities
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Amended	2013-2014 Original
Local Unrestricted	174,695	174,695
State Unrestricted		
State Restricted		
Federal Stabilization		
Federal EdJobs		
Federal Restricted		
Incoming Transfers/Other		
Total Revenues	174,695	174,695

Expenditures		
Instruction		
Basic Instruction		
Added Needs		
Total Instruction	0	0
Support		
Pupil		
Instructional Staff		
General Administration		
School Administration		
Business Services		
Operations and Maintenance	5,907	5,907
Pupil Transportation		
Central Services		
Student Support Services	168,788	168,788
Total Support Services	174,695	174,695
Community Services		
Other Uses - Outgoing Transfers & Other		
Total Expenditures	174,695	174,695
Excess Revenue/(Expenditures)	0	0
Fund Balance - July 1	0	0
Fund Balance - June 30	0	0
Less Non-Spendable and Assigned	0	0
Unassigned Fund Balance	0	0

**Traverse City Area Public Schools
General Fund Budget - Restricted State Funds
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Amended	2013-2014 Original
Local Unrestricted		
State Unrestricted		
State Restricted	2,882,572	2,673,787
Federal Stabilization		
Federal EdJobs		
Federal Restricted		
Incoming Transfers/Other		
Total Revenues	2,882,572	2,673,787

Expenditures		
Instruction		
Basic Instruction	448,470	489,600
Added Needs	1,858,919	1,677,037
Total Instruction	2,307,389	2,166,637
Support		
Pupil	296,894	382,150
Instructional Staff	50,405	0
General Administration		
School Administration		
Business Services		
Operations and Maintenance		
Pupil Transportation	80,519	0
Central Services		
Student Support Services		
Total Support Services	427,818	382,150
Community Services	122,365	100,000
Other Uses - Outgoing Transfers & Other	25,000	25,000
Total Expenditures	2,882,572	2,673,787
Excess Revenue/(Expenditures)	0	0
Fund Balance - July 1	0	0
Fund Balance - June 30	0	0
Less Reserves and Designations	0	0
Unreserved Fund Balance	0	0

**Traverse City Area Public Schools
General Fund Budget - Federal Funds
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Amended	2013-2014 Original
Local Unrestricted		
State Unrestricted		
State Restricted		
Federal Stabilization		
Federal EdJobs		
Federal Restricted	2,789,599	1,802,570
Incoming Transfers/Other		
Total Revenues	2,789,599	1,802,570

Expenditures		
Instruction		
Basic Instruction	3,497	0
Added Needs	1,352,320	1,051,112
Total Instruction	1,355,817	1,051,112
Support		
Pupil	75,050	56,685
Instructional Staff	960,653	577,094
General Administration		
School Administration		
Business Services		
Operations and Maintenance		
Pupil Transportation	21,657	12,817
Central Services	2,550	1,800
Student Support Services	3,000	
Total Support Services	1,062,910	648,396
Community Services	146,975	39,790
Other Uses - Outgoing Transfers & Other	223,897	63,272
Total Expenditures	2,789,599	1,802,570
Excess Revenue/(Expenditures)	0	0
Fund Balance - July 1	0	0
Fund Balance - June 30	0	0
Less Non-Spendable and Assigned	0	0
Unassigned Fund Balance	0	0

Traverse City Public Schools
Special Revenue Fund - Food Services Program
For the Fiscal Years Ending June 30

Revenue	2010-11 Actual	2011-12 Actual	2012-2013 Amended	2013-2014 Original
Local	2,536,315	2,480,275	2,353,173	2,410,064
State	133,357	141,391	139,308	139,308
Federal	2,319,580	2,590,619	2,461,687	2,437,110
Incoming Transfers	0	0	25,000	25,000
Total Revenues	4,989,252	5,212,285	4,979,168	5,011,482

Expenditures				
Salaries and Wages	1,428,436	1,456,375	1,433,078	1,425,819
Employee Benefits	539,263	576,737	585,664	562,814
Purchased Services	179,638	238,273	255,443	255,443
Supplies and Other	2,807,032	2,884,999	2,839,983	2,757,406
Capital Outlay	54,951	23,961	10,000	10,000
Operating Transfer	715	0	0	0
Total Expenditures	5,010,035	5,180,345	5,124,168	5,011,482

Revenues Over/(Under) Expenditures	(20,783)	31,940	(145,000)	0
Beginning Fund Balance July 1	917,908	897,125	929,065	784,065
Ending Fund Balance June 30	897,125	929,065	784,065	784,065

NOTE: The numbers listed here represent estimates to establish the beginning funding levels. A subsequent final budget will more accurately reflect the direction of the programs listed. The Local Revenue reflects a \$.10 increase to breakfast and lunch prices.

**Traverse City Area Public Schools
Special Revenue Fund - Community Services
For the Fiscal Years Ending June 30**

Revenue	2010-2011 Actual	2011-2012 Actual	2012-2013 Amended	2013-2014 Original
Local	1,808,821	2,302,779	2,392,000	2,380,000
Federal	270,679	123,295	123,296	123,296
Intermediate School District	0	0	0	0
Incoming Transfers/Other	46,737	254,218	296,571	260,189
Total Revenues	2,126,237	2,680,292	2,811,867	2,763,485

Expenditures				
Salaries and Wages	1,199,117	1,350,763	1,535,776	1,533,170
Employee Benefits	620,712	754,195	907,740	900,919
Purchased Services	73,006	153,940	189,802	193,097
Supplies and Other	98,795	126,267	163,071	161,277
Capital Outlay	0	24,333	9,660	9,660
Transfer to General Fund and Other	234,465	189,973	4,764	4,765
Total Expenditures	2,226,095	2,599,471	2,810,813	2,802,888
Revenue Over/(Under) Expenditures	(99,858)	80,821	1,054	(39,403)
Beginning Fund Balance July 1	348,613	248,755	329,576	330,630
Ending Fund Balance June 30	248,755	329,576	330,630	291,227

NOTE: The TCAPS Special Revenue Fund - Community Services is made up of three components: Childcare programs, LEAP and Restricted Federal Funds. A separate breakout for each of these components is included on the pages that follow. The numbers listed here represent estimates to establish the beginning funding levels. A subsequent final budget will more accurately reflect the direction of the programs listed.

**Traverse City Area Public Schools
Community Services - Childcare Programs
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Amended	2013-2014 Original
Local	2,170,000	2,158,000
Federal		
Intermediate School District		
Incoming Transfers/Other	91,571	90,189
Total Revenues	2,261,571	2,248,189

Expenditures		
Salaries and Wages	1,297,262	1,297,708
Employee Benefits	786,779	778,902
Purchased Services	66,632	65,932
Supplies and Other	147,844	145,050
Capital Outlay	0	0
Transfer to General Fund and Other	0	0
Total Expenditures	2,298,517	2,287,592
Revenue Over/(Under) Expenditures	(36,946)	(39,403)
Beginning Fund Balance July 1	288,589	251,643
Ending Fund Balance June 30	251,643	212,240

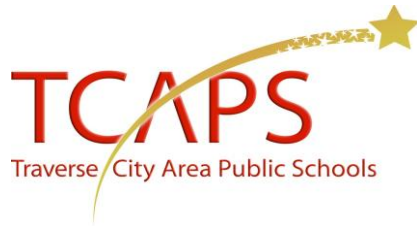
Traverse City Area Public Schools
Community Services - Learning, Enrichment, and Athletic Program
For the Fiscal Years Ending June 30

Revenue	2012-2013 Amended	2013-2014 Original
Local	222,000	222,000
Federal		
Intermediate School District		
Incoming Transfers/Other	205,000	170,000
Total Revenues	427,000	392,000

Expenditures		
Salaries and Wages	183,876	180,824
Employee Benefits	92,769	94,022
Purchased Services	96,028	100,827
Supplies and Other	6,667	6,667
Capital Outlay	9,660	9,660
Transfer to General Fund and Other	0	0
Total Expenditures	389,000	392,000
Revenue Over/(Under) Expenditures	38,000	0
Beginning Fund Balance July 1	40,987	78,987
Ending Fund Balance June 30	78,987	78,987

**Traverse City Area Public Schools
Community Services - Restricted Federal Funds
For the Fiscal Years Ending June 30**

Revenue	2012-2013 Amended	2013-2014 Original
Local		
Federal	123,296	123,296
Intermediate School District		
Incoming Transfers/Other		
Total Revenues	123,296	123,296
Expenditures		
Salaries and Wages	54,638	54,638
Employee Benefits	28,192	27,995
Purchased Services	27,142	26,338
Supplies and Other	8,560	9,560
Capital Outlay	0	0
Transfer to General Fund and Other	4,764	4,765
Total Expenditures	123,296	123,296
Revenue Over/(Under) Expenditures	0	0
Beginning Fund Balance July 1	0	0
Ending Fund Balance June 30	0	0



Capital Projects - Summary

	2001 Voter Approval 18 Million Authorization	2004 Voter Approval 42 Million Authorization	2007 Voter Approval 105 Million Authorization	<i>Total</i> <i>Voter Approval</i> <i>165 Million Authorization</i>
<u>Bonds Sold</u>				
August 29, 2001	10,000,000			10,000,000
June 9, 2004	4,000,000			4,000,000
May 11, 2005		11,000,000		11,000,000
April 10, 2007	4,000,000	5,960,000		9,960,000
May 1, 2008		11,500,000	18,500,000	30,000,000
June 8, 2010		2,150,000	21,100,000	23,250,000
June 28, 2012		2,800,000	8,200,000	11,000,000
Sub-Total	18,000,000	33,410,000	47,800,000	99,210,000
<u>Projected Bond Sales</u>				
May 2014		8,590,000	4,910,000	13,500,000
May 2016			16,000,000	16,000,000
May 2018			18,000,000	18,000,000
May 2020			18,290,000	18,290,000
Sub Total	0	8,590,000	57,200,000	65,790,000
Total	18,000,000	42,000,000	105,000,000	165,000,000

**Capital Projects
2001 Voter Approval
18 Million Authorization**

	Bonds Sold	Delivery Date
Series I	10,000,000	8/29/2001
Series II	4,000,000	6/9/2004
Series III	4,000,000	4/10/2007
Total	18,000,000	

Revenue	Series I Series I was completed as of 06-30-2005	
Bond Sale	10,000,000	
Earnings on Investments	244,840	
	10,244,840	
Expenditures	Series I	
Central Grade-Montessori	708,008	Interior classroom renovations that included all facility upgrades in support of the overall Montessori Program. Classroom renovations included new bathroom facilities, lighting upgrades, casework and cabinetry, flooring, ceiling and wall finishes upgrades. Renovations also brought all codes up to compliance for those areas including classroom sizes, bathroom and toilet facilities, ADA and Barrier Free access upgrades
Westwoods	815,793	New addition to existing facility which included the addition of 4 classrooms, toilet facilities, storage space, connector corridor, lockers and all interiors necessary to provide standard classroom set-ups. Addition was approximately 6000 square feet.
West Junior High	1,511,904	The work included elevator addition for ADA access, barrier free lifting device, corridor and connector upgrade, full and extensive Mechanical, Electrical and Lighting Upgrades. Also, included upgrades to Cafeteria, fire protection systems, locker room and shower facility changes and upgrades along with team room upgrades for sports support facilities. Also included were renovations to Choir Room, Orchestra Room, Band Room and other support facilities.
Central Senior High	2,678,280	The work included an elevator addition to the gym facility for ADA access, locker room changes and upgrades for both Physical Education and Athletic Rooms, and full Mechanical, Electrical and Lighting upgrades for Gym Building, F-Wing, Music Building (H Building) including Band, Orchestra and Choir. Also, included infrastructure work to support upgraded Mechanical and Electrical distribution. In addition, sectional roofing replacements occurred along with some flooring upgrades in common spaces to support unified flooring systems.
Traverse City Senior High	346,439	Scope of work included complete exterior window replacements along with new exterior building EIFS and dryvit system. Complete renovation to connecting corridor over creek between two buildings. Also, included renovations to Cafeteria space along with the addition of an entrance vestibule. Site renovation included the development and expansion of the parking lot, curbs, islands and the repaving of portion of the East parking lot.
Transportation - Buses	1,478,652	Money used to purchase buses so district can work toward a 10 year bus replacement schedule
Technology	1,625,743	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)
Furniture, Fixtures and Equipment	816,857	Started the replacement of old and worn out equipment at the school sites
District Flooring	92,416	Replacement of district floors and carpet
Bond Sale Costs	162,881	Bond Discount 100K, plus cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing
Arbitrage Expense		
Other Expense	7,867	Bank Fees and newspaper bid ads. Small misc projects
	10,244,840	

All project actual expenditures and budgeted expenditures as of June 30, 2010

**Capital Projects
2001 Voter Approval
18 Million Authorization**

Revenue	Series II Series II was completed as of 9-30-2007	
Bond Sale	4,000,000	
Earnings on Investments	173,108	
	4,173,108	
Expenditures	Series II	
Central Grade-Montessori		
Westwoods		
West Junior High		
Central Senior High		
Traverse City Senior High		
Transportation - Buses	1,577,980	Money used to purchase buses so district can work toward a 10 year bus replacement schedule
Technology	1,918,069	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)
Furniture, Fixtures and Equipment	638,236	Furniture & Equipment monies to be utilized in the furnishing of Old Mission school and Traverse Heights School. Also, some district equipment needs such as a new postage meter.
District Flooring		
Bond Sale Costs	38,823	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing
Arbitrage Expense		
Other Expense		
	4,173,108	

All project actual expenditures and budgeted expenditures as of June 30, 2010

**Capital Projects
2001 Voter Approval
18 Million Authorization**

Revenue	Series III Series III Bonds - was completed as of 3-18-2010		Summary All Series
Bond Sale	4,000,000		18,000,000
Earnings on Investments	287,766		705,714
	4,287,766		18,705,714
Expenditures	Series III		Summary All Series
Central Grade-Montessori			708,008
Westwoods			815,793
West Junior High			1,511,904
Central Senior High			2,678,280
Traverse City Senior High			346,439
Transportation - Buses	1,499,333	Money used to purchase buses so district can work toward a 10 year bus replacement schedule	4,555,965
Technology	1,922,858	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	5,466,670
Furniture, Fixtures and Equipment	841,954	Furniture & Equipment monies to be utilized in the furnishing of the Cherry Knoll reconstruction, additions at Courtade and Willow Hill, and secondary school projects. Also, some district equipment.	2,297,047
District Flooring			92,416
Bond Sale Costs	23,621	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	225,325
Arbitrage Expense		Arbitrage calculation and reserve for arbitrage liability	0
Other Expense	0	Money from investment earning to be added to one of the above projects	7,867
	4,287,766		18,705,714

All project actual expenditures and budgeted expenditures as of June 30, 2010

**Capital Projects
2004 Voter Approval
42 Million Authorization**

	Bonds Sold	Delivery Date
Series I	11,000,000	5/11/2005
Series II	5,960,000	4/10/2007
Series III	11,500,000	5/1/2008
Series IV	2,150,000	6/8/2010
Series V	2,800,000	6/28/2012
Total	33,410,000	

Revenue	Series I Series I was completed as of 11-1-2007	
Bond Sale	11,000,000	
Earnings on Investments	511,376	
	11,511,376	
Expenditures	Series I	
Elementary Facilities	0	
Furniture, Fixtures and Equipment		
Misc. Site Work - Elementary		
Elementary Driveway and Parking lot improvements		
Central Grade - Classrooms	258,335	Renovation of six classrooms, this completes the first three year of the Central Grade room renovation project
Central Grade Roofing Project		
Central Grade - Lars Auditorium		
Montessori Classroom	11,484	Limited renovation of classroom 109 for the Montessori programs use. (Old nurses area)
Courtade Addition		
Willow Hill Addition		
Willow Hill Site Improvement		
Old Mission School	4,055,489	Complete reconstruction of the Old Mission school.
Traverse Heights School	3,889,718	Complete reconstruction of the Traverse Heights school. Part of this project will be paid for from the next bond sale
Cherry Knoll School		
Long Lake Elementary Reconstruction		
Glenn Loomis - Montessori		
Elementary Schools	20,402	A&E work on all Elementary schools for development of district standards
Transportation - Buses	980,920	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.
Technology	1,312,904	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades) First two years of the authorization
Technology		
Maint & Operations Equip.	246,000	Replace Maintenance Equipment required to maintain Buildings & Grounds.
Music Equipment	282,935	Music equipment replacements.
Athletic Department	308,961	Complete resurface of the EMS and WMS track. Resurface 8 tennis courts at EMS
Bond Sale Costs	59,580	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing
Arbitrage Expense	84,648	Arbitrage calculation and reserve for arbitrage liability
Other Expense	0	Money from investment earning to be added to one of the above projects
	11,511,376	

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
2004 Voter Approval
42 Million Authorization**

Revenue	Series II Series II was completed as of 3-18-2010	
Bond Sale	5,970,512	
Earnings on Investments	317,802	
	6,288,314	
Expenditures	Series II	
Elementary Facilities	0	Unallocated funds
Furniture, Fixtures and Equipment		
Misc. Site Work - Elementary		
Elementary Driveway and Parking lot improvements		
Central Grade - Classrooms		
Central Grade Roofing Project		
Central Grade - Lars Auditorium		
Montessori Classroom		
Courtade Addition	1,646,571	Money available for the planning, A&E and construction work for the addition to Courtade Elementary (8 rooms). 80K FF&E will be funded in the 2007 capital projects 2001 voter approval
Willow Hill Addition	80,726	Gym Floor Replacement
Willow Hill Site Improvement		
Old Mission School		
Traverse Heights School	174,660	Complete reconstruction of the Traverse Heights school.
Cherry Knoll School	331,752	Start Architectural, engineering and planning for the reconstruction of Cherry Knoll Elementary
Long Lake Elementary Reconstruction		
Glenn Loomis - Montessori	53,746	Collaboration with The City of Traverse City to make improvements to Griffin Street and the Montessori driveway
Elementary Schools	28,159	A&E work on all Elementary schools for development of district standards
Transportation - Buses	691,987	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.
Technology	3,038,668	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades) Years three through five of the authorization
Technology		
Maint & Operations Equip.	70,435	Replace Maintenance Equipment required to maintain Buildings & Grounds.
Music Equipment	125,279	Music equipment replacements.
Athletic Department		
Bond Sale Costs	46,331	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing
Arbitrage Expense		Arbitrage calculation and reserve for arbitrage liability
Other Expense	0	Money from investment earning to be added to one of the above projects
	6,288,314	

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
2004 Voter Approval
42 Million Authorization**

Revenue	Series III Series III was completed as of 03-23-2012	
Bond Sale	11,500,000	
Earnings on Investments	171,737	
	11,671,737	
Expenditures	Series III	
Elementary Facilities	0	Unallocated funds
Furniture, Fixtures and Equipment	96,535	Furniture, Fixtures and Equipment for the Data Center, Elementary Schools, West Middle School and West Senior High
Misc. Site Work - Elementary	6,170	Bus Radius work Silver Lake and Westwoods
Elementary Driveway and Parking lot improvements		
Central Grade - Classrooms	172,064	Renovation of several classrooms, relocation of teacher's lounge, and literacy library media storage area relocation, this completes year 4 & 5 of the Central Grade room renovation project
Central Grade Roofing Project	177,360	Re-roofing project for Central Grade
Central Grade - Lars Auditorium	24,970	Asbestos removal and level and re-cement the floor
Montessori Classroom		
Courtade Addition		
Willow Hill Addition	2,053,650	Money available for the planning, A&E and construction work for the addition to Willow Hill Elementary (5 rooms). 60K FF& E will be funded in the 2007 capital projects 2001 voter approval
Willow Hill Site Improvement	20,304	Drainage improvement
Old Mission School		
Traverse Heights School		
Cherry Knoll School	6,490,559	Complete reconstruction of the Cherry Knoll school. This includes the projects contingency funds. Unused contingency funds will be reallocated upon project completion. 400K FF&E will be funded in the 2007 capital projects 2001 voter approval
Long Lake Elementary Reconstruction	863,599	Start the A&E work on the Long Lake Elementary Reconstruction
Glenn Loomis - Montessori		
Elementary Schools	8,415	Design work Interlochen, Montessori, and Eastern
Transportation - Buses		
Technology	1,259,695	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)
Technology		
Maint & Operations Equip.	33,578	Replace Maintenance Equipment required to maintain Buildings & Grounds.
Music Equipment	100,010	Music equipment replacements.
Athletic Department	328,404	Create a soccer official game field inside the track at West Senior High. In addition, bleachers, lighting and supportive infrastructure.
Bond Sale Costs	36,424	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing
Arbitrage Expense		Arbitrage calculation and reserve for arbitrage liability
Other Expense	0	Money from investment earning to be added to one of the above projects
	11,671,737	

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
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Revenue	Series IV Series IV for Fiscal Years 2011, 2012	
Bond Sale	2,150,000	
Earnings on Investments	3,539	
	2,153,539	
Expenditures	Series IV	
Elementary Facilities	12,603	Unallocated funds
Furniture, Fixtures and Equipment		
Misc. Site Work - Elementary		
Elementary Driveway and Parking lot improvements	60,000	Blair, Silver lake, Westwoods: Crack fill, seal coat driveways and stripe parking lots
Central Grade - Classrooms	108,399	Renovation of several classrooms, relocation of teacher's lounge, and literacy library media storage area relocation, this completes year 6 & 7 of the Central Grade room renovation project
Central Grade Roofing Project		
Central Grade - Lars Auditorium		
Montessori Classroom		
Courtade Addition		
Willow Hill Addition		
Willow Hill Site Improvement		
Old Mission School		
Traverse Heights School		
Cherry Knoll School		
Long Lake Elementary Reconstruction		
Glenn Loomis - Montessori		
Elementary Schools		
Transportation - Buses	1,037,008	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.
Technology	564,647	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)
Technology	29,509	Technology for the International School at Bertha Vos
Maint & Operations Equip.	98,434	Replace Maintenance Equipment required to maintain Buildings & Grounds.
Music Equipment	194,373	Music equipment replacements.
Athletic Department	48,566	CSH - Small gym, interior renovation
Bond Sale Costs	0	
Arbitrage Expense	0	
Other Expense	0	Money from investment earning to be added to one of the above projects
	2,153,539	

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
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Revenue	Series V Series V for Fiscal Years 2013, 2014		Summary All Series
Bond Sale	2,800,000		33,420,512
Earnings on Investments	3,864		1,008,318
	2,803,864		34,428,830
Expenditures	Series V		Summary All Series
Elementary Facilities	28,294	Unallocated funds	40,897
Furniture, Fixtures and Equipment			96,535
Misc. Site Work - Elementary			6,170
Elementary Driveway and Parking lot improvements			60,000
Central Grade - Classrooms	300,000	Renovation of several classrooms	838,798
Central Grade Roofing Project			177,360
Central Grade - Lars Auditorium			24,970
Montessori Classroom			11,484
Courtade Addition			1,646,571
Willow Hill Addition			2,134,376
Willow Hill Site Improvement			20,304
Old Mission School			4,055,489
Traverse Heights School			4,064,378
Cherry Knoll School			6,822,311
Long Lake Elementary Reconstruction			863,599
Glenn Loomis - Montessori			53,746
Elementary Schools			56,976
Transportation - Buses			2,709,915
Technology	1,985,844	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	8,161,758
Technology			29,509
Maint & Operations Equip.	101,566	Replace Maintenance Equipment required to maintain Buildings & Grounds.	550,013
Music Equipment	182,862	Music equipment replacements.	885,459
Athletic Department	201,434	Physical Education Facilities	887,365
Bond Sale Costs			142,335
Arbitrage Expense			84,648
Other Expense	3,864	Money from investment earning to be added to one of the above projects	3,864
	2,803,864		34,428,830

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
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	Bonds Sold	Delivery Date
Series I	18,500,000	5/1/2008
Series II	21,100,000	6/8/2010
Series III	8,200,000	6/28/2012
Series IV		
Series V		
Total	47,800,000	

Revenue	Series I	
	Series I was completed as of 03-23-2012	
Bond Sale	18,500,000	
Earnings on Investments	269,488	
	18,769,488	
Expenditures	Series I	
Secondary and Elementary Facilities	0	Unallocated funds
District Wide Campus Security	1,068,442	System design, planning and installation
International School at Bertha Vos		
Phase III Security System		
Central Senior High - Building Addition	3,303,232	Project for Physical Education and Athletic programs. Scope includes addition for physical education, including weight room, aerobics, wrestling room, locker room, connecting corridor. Architectural engineering and design, Facility construction and furnishings.
Central Senior High - Interior room	691,710	Renovate two Science Lab spaces. Creation of classrooms and support spaces in current or existing weight room area
Central Senior High - Parking Lot	863,817	Complete resurfacing project includes asphalt, curbs, gutter, sidewalk and approaches. Phase II Bus Driveway
Central Senior High - Storage Building	146,826	Construction of track storage and football storage buildings and ticket box for Main Entrance
Long lake Elementary		
Furniture, Fixtures and Equipment	12,093	Cash counting equipment and check scanners for the secondary schools. Sound equipment for use at events and TV98 productions

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
2007 Voter Approval
105 Million Authorization**

	Bonds Sold	Delivery Date
Series I	18,500,000	5/1/2008
Series II	21,100,000	6/8/2010
Series III	8,200,000	6/28/2012
Series IV		
Series V		
Total	47,800,000	

Expenditures continued	Series I	
West Senior High - Building Addition	2,976,493	Athletic addition encompassing auxiliary gym space, locker space, storage and office components (East Master Plan addition)
West Senior High - Interior Room	668,411	Renovations in preparation for changing Graduation requirements, middle school conversion and transition requirements
Traverse City High School - Building Addition	1,001,036	Project to support Science Labs, activity spaces and Art programs
Data Center	2,824,228	Create a data Center in the Gym area at Sabin
Technology Office Relocation and Training Classrooms - Data Center	61,976	Technology Office Relocation and Training Classrooms - Data Center
Office Renovations - Boardman Building	13,806	Office Renovations - Boardman Building
East Middle School - Entry and Office	226,222	Configuration changes to provide greater monitoring and line of site, wall removal and weight room work.
East Middle School	34,969	Gymnasium Lighting Retrofit
West Middle School - Site Work	2,133,509	Complete site work re-evaluation, redesign and improved site changes
Bus Garage - Fuel Island	420,770	Upgrades to fuel tanks filling pumps for buses
Transportation - Buses	0	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.
Video Recording and tracking equipment	242,398	Video Recording and tracking equipment for busses
Technology	992,441	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)
Collator	89,450	
Operational Equipment	299,543	Replace Maintenance Equipment required to maintain Buildings and Grounds.
Physical Education Facilities	209,559	Central High School Bleacher Replacement including track reconfiguration and entry site modifications.
Thirlby Field	200,000	Installation Water and Sewer, Other site work
Visual and Performing Arts	229,149	Wireless sound system for WSH and CSH auditoriums first project, Music equipment, Art, and Photography Equipment
Bond Sale Costs	59,408	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing
Arbitrage Expense		Arbitrage calculation and reserve for arbitrage liability
Other Expense	0	Money from investment earning to be added to one of the above projects
	18,769,488	

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
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Revenue		Series II Series II for Fiscal Years 2011, 2012	
Bond Sale	21,100,000		
Earnings on Investments	38,013		
	21,138,013		
Expenditures		Series II	
Secondary and Elementary Facilities	292,338	Unallocated funds	
District Wide Campus Security	1,816,558	Phase II, system design, planning and installation	
	417,421	Re-roofing project for Willow Hill and Traverse City High School	
	242,814	East Middle School interior upgrades : flooring and walls	
	151,204	East Middle School driveway and parking lot improvements	
	79,646	Willow Hill Flooring: Replace all existing asbestos tile hallway flooring in old existing building	
	550,000	Heat Pump and Mechanical Equipment Replacement - West Senior High	
	397,934	Mechanical controls replacement to all new building automation system at Central Senior High	
	166,990	Design energy efficient lighting upgrades at Central Senior High, West Middle School, Traverse City High School	
International School at Bertha Vos	900,000	Site work at Bertha Vos for the Montessori and IB program	
	460,000	District copier purchase	
Phase III Security System	520,000	Security System -Remaining Elementary sites	
	10,000	Central High School - Find way sign package	
Central Senior High - Building Addition			
Central Senior High - Interior room			
Central Senior High - Parking Lot			
Central Senior High - Storage Building			
Long lake Elementary	8,064,654	Complete reconstruction of the Long Lake Elementary. This includes all furniture, fixtures and equipment. Also contains project contingency budget amount	
Furniture, Fixtures and Equipment	6,079	Narrow Band Radio Equipment	
	55,000	Two Way Radio System	
	180,000	Central High School: Replace 3 main heat pumps supporting the auditorium and replace 1 heat pump supporting the network communications room	
	425,000	Glenn Loomis Montessori - Complete roof replacement	
	380,000	Video Security - Interlochen, Eastern, Montessori	
	400,000	West Senior High: Complete mechanical controls replacement to all new building automation system, which is Johnson Control metasys.	
	100,000	Design work for Interlochen Elementary School	
	50,000	Playground equipment - Interlochen Elementary School	

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
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Expenditures continued	Series II	
	27,110	Bus Hoist - Transportation Garage
	100,000	Silver Lake - Replacement of all classroom flooring
	800,000	Voice over Internet Protocol - Phone System
West Senior High - Building Addition		
West Senior High - Interior Room		
Traverse City High School - Building Addition		
Data Center	75,772	Create a data Center in the Gym area at Sabin
Technology Office Relocation and Training Classrooms - Data Center	24,418	Technology Office Relocation and Training Classrooms - Data Center
Office Renovations - Boardman Building		
East Middle School - Entry and Office		
East Middle School		
West Middle School - Site Work		
Bus Garage - Fuel Island		
Transportation - Buses		
Video Recording and tracking equipment	57,602	Video Recording and tracking equipment for busses
Technology	3,296,887	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)
Collator		
Operational Equipment	300,163	Replace Maintenance Equipment required to maintain Buildings and Grounds.
Physical Education Facilities	353,984	East and West Middle schools bleacher system and press box. West Senior High gym lighting retrofit, Central Senior High Small gym lighting retrofit
	45,182	West Senior High Gym lighting retrofit
Thirlby Field		
Visual and Performing Arts	301,354	Visual and Performing Arts installation of new dust collection systems and upgraded ventilation systems. See project list for other planned projects
Bond Sale Costs	89,903	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing
Arbitrage Expense	0	
Other Expense	0	Money from investment earning to be added to one of the above projects
	21,138,013	

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
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Revenue	Series III Series III for Fiscal Years 2013, 2014		Summary All Series
Bond Sale	8,200,000		47,800,000
Earnings on Investments	5,357		312,858
	8,205,357		48,112,858
Expenditures	Series III		Summary All Series
Secondary and Elementary Facilities	2,002,515	Unallocated funds	2,294,853
District Wide Campus Security			2,885,000
			417,421
			242,814
			151,204
			79,646
			550,000
			397,934
			166,990
International School at Bertha Vos			900,000
			460,000
Phase III Security System			520,000
			10,000
Central Senior High - Building Addition			3,303,232
Central Senior High - Interior room			691,710
Central Senior High - Parking Lot			863,817
Central Senior High - Storage Building			146,826
Long lake Elementary			8,064,654
Furniture, Fixtures and Equipment			18,172
			55,000
			180,000
			425,000
			380,000
			400,000
			100,000
			50,000

All project actual expenditures and budgeted expenditures as of June 13, 2013

**Capital Projects
2007 Voter Approval
105 Million Authorization**

Expenditures continued	Series III		Summary All Series
			27,110
			100,000
	720,000	Energy: Gym lighting retrofit: EMS, BL, SL, CO, WW, WH, OP, CE, Boardman	720,000
			800,000
	400,000	West Middle School: Complete mechanical controls replacement to all new building automation system, which is Johnson Control metasys.	400,000
	40,000	Elementary school educational architectural standards design.	40,000
West Senior High - Building Addition			2,976,493
West Senior High - Interior Room			668,411
Traverse City High School - Building Addition			1,001,036
Data Center			2,900,000
Technology Office Relocation and Training Classrooms - Data Center			86,394
Office Renovations - Boardman Building			13,806
East Middle School - Entry and Office			226,222
East Middle School			34,969
West Middle School - Site Work			2,133,509
Bus Garage - Fuel Island			420,770
Transportation - Buses	2,012,992	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.	2,012,992
Video Recording and tracking equipment			300,000
Technology	1,950,624	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	6,239,952
Collator			89,450
Operational Equipment	300,294	Replace Maintenance Equipment required to maintain Buildings and Grounds.	900,000
Physical Education Facilities	260,000	West High School - Track and tennis court resurfacing	823,543
			45,182
	152,870	Physical Education Facilities	152,870
Thirlby Field			200,000
Visual and Performing Arts	300,000	Visual and Performing Arts installation of new dust collection systems and upgraded ventilation systems. See project list for other planned projects	830,503
Bond Sale Costs	60,705	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	210,016
Arbitrage Expense			0
Other Expense	5,357	Money from investment earning to be added to one of the above projects	5,357
	8,205,357		48,112,858

All project actual expenditures and budgeted expenditures as of June 13, 2013

Bond Programming & Facility Planning Forecasted Project Planning

Sequence Number	Bond Project Description & Status	Projected Construction Year	Funding Source	Allocation Amount	Preliminary Estimate	Actual Amount	Current State	Estimated Occupancy	Next Action Required
1	Courtade Building Construction / Addition in preparation of Bertha Vos students attending Courtade	Nov 2007-Aug 2008	2004	\$2,220,000	\$2,100,000	\$1,742,316	Completed	Sep-08	Completed
2	Willow Hill Building Construction / Addition in preparation of Norris students attending Willow Hill	Dec 2007-Aug 2008	2004	\$2,440,000	\$2,330,000	\$2,199,700	Completed	Sep-08	Completed
3	Cherry Knoll complete building Reconstruction Project - Architectural Design, Engineering and Construction Planning	Oct 2007-April 2008	2004		NA		Completed	NA	Completed
4	Cherry Knoll complete building Reconstruction Project - Demolition, Construction and Furnishings of Building	June 2008-Aug 2009	2004	\$8,700,000	\$8,300,000	\$7,218,019	Completed	Aug-09	Completed
5	West Senior High - Interior Room Renovations in preparation for Changing Graduation Requirements, middle school conversion and transition requirements	Nov 2007-Aug 2008	2007	\$628,350	\$662,200	\$668,411	Completed	Sep-08	Completed
6	Renovations in preparation for changing graduation requirements, middle school conversion and transition requirements (Renovate 2 Science Lab spaces)	Nov 2007-Aug 2008	2007	\$699,500	\$650,000	\$691,710	Completed	Sep-08	Completed
7	Traverse City High School Building Addition Project to support Science Lab Requirements, activity spaces and Art Programs - Design and Engineering completed on Science Portion Only	Oct 2007-Sept 2008	2007	\$2,000,000	\$1,075,000	\$1,003,192	Completed	Sep-08	Completed
8	Central High School - Parking Lot complete resurfacing project including asphalt, curbs, gutter, sidewalk and approaches	Dec 2007-Aug 2008	2007	\$1,100,000	\$1,000,000	\$863,817	Completed	Sep-08	Completed
9	Central High School - Building Addition Project for Physical Education and Athletic Programs. Building addition project facilitates/supports graduation requirement changes, grade configurations and change in athletic seasons. Scope includes addition for physical education including weight room, aerobics, wrestling room, locker room, connecting corridor. Architectural / engineering and design development.	Jan-Sept 2008	2007				Completed	Aug-09	Completed
10	Central High School - Building Addition Project for Physical Education and Athletic Programs. Building addition project facilitates/supports graduation requirement changes, grade configurations and change in athletic seasons. Scope includes addition for physical education including weight room, aerobics, wrestling room, locker room, connecting corridor. Construction of Facility and Furnishings	2009	2007	\$3,544,600	\$3,544,600	\$3,339,540	Completed	Sep-09	Completed
11	West Senior High - Athletic Addition encompassing auxiliary gym space, locker space, storage and office components (East Master Plan addition)	2008/2009	2007	\$3,500,000	\$3,500,000	\$3,125,995	Completed	Sep-09	Completed
12	Perimeter Security System, Phase I, for all secondary school locations	2009	2007	\$1,090,000	\$990,000	\$984,370	Completed	Oct-09	Completed
13	East Middle School - Main Entry / Office Configuration Changes to provide greater monitoring and line of sight	2009	2007	\$400,000	\$250,000	\$226,222	Completed	Sep-09	Completed
14	West Middle School - Complete Site Work Re-evaluation, Redesign and improved site changes	2009	2007	\$2,000,000	\$2,000,000	\$2,027,789	Completed	Sep-09	Completed
15	Central Grade - Remodel four classrooms.	Jan-Sept 2009	2004	\$200,000	\$200,000	\$172,063	Completed	Sep-09	Completed
16	Video recording and tracking equipment	2009	2007	\$300,000	\$300,000	\$257,461	Completed	NA	Completed
17	Collator	2009	2007	\$125,000	\$125,000	\$89,450	Completed	NA	Project Completed
18	Fuel Island Reconstruction	2009	2007	\$400,000	\$400,000	\$420,770	Completed	Sep-09	Completed
19	Unallocated Funds 2004 Voter Authorization	July 2005	2004	\$5,134	NA	\$40,897	Project Planning	NA	Projects Evaluation

Sequence Number	Bond Project Description & Status	Projected Construction Year	Funding Source	Allocation Amount	Preliminary Estimate	Actual Amount	Current State	Estimated Occupancy	Next Action Required
20	Unallocated Funds 2007 Voter Authorization	2009	2007	\$1,156,763	NA	\$2,294,853	Project Planning	NA	Projects Evaluation
21	Central High School Bleacher Replacement, Press Box, and entry site modifications.	June-Aug 2009	2007	\$200,000	\$200,000	Master Contract Agreement offset between WSH & CHS \$209,559	Completed	Sep-09	Completed
22	Create a soccer official game field at West Senior High. In addition, bleachers, supportive infrastructure, and field lighting.	June-Aug 2009	2004	\$350,000	\$350,000	\$309,283	Completed	Sep-09	Completed
23	Visual and Performing Arts Installation of New Dust Collection Systems and upgraded Ventilation Systems	2011	2007	\$150,000	\$150,000	\$128,612	Completed	Sep-11	Completed
24	Long Lake Elementary Reconstruction	2010/2011	2007	\$9,500,000	\$9,200,000	\$8,928,252	Completed	Sep-11	Completed
25	Interlochen Elementary School	TBD	2007	\$10,000,000	TBD	TBD	On Hold	TBD	Board Direction on Bond Program
26	Montessori Glenn Loomis Reconstruction	TBD	2007	TBD	TBD	TBD	On Hold	TBD	Board Direction on Bond Program
27	Eastern Elementary Reconstruction	TBD	2007	TBD	TBD	TBD	On Hold	TBD	Board Direction on Bond Program
28	Data Center Project - Conversion of the existing Sabin Elementary School gymnasium into the TCAPS Data/Communications Center.	2010/2011	2007	\$3,200,000	\$3,200,000	\$2,959,233	Completed	Aug-11	Completed
29	Griffin Street - Improve the traffic issues at Montessori (Glenn Loomis Elementary School).	2009	2007	\$60,000	\$55,000	\$53,745	Completed	Sep-09	Completed
30	Access Control & Video Surveillance Security System - Phase II	2011	2007	\$1,815,857	TBD	\$1,863,358	Completed	Nov-11	Completed
31	Phase III Wireless Point to Point System Redundancy for Wireless Tower Redundancy. Along with Bandwidth upgrades to Ceragon Radio communications from Phase I & II.	2011	2007	\$337,886	TBD	\$346,621	Completed	Sep-11	Completed
32	Interior Gym Renovation to (old) Small Gym-CHS	2011	2007	\$53,000	\$53,000	\$48,566	Completed	Jul-11	Completed
33	Construction of Track/Football Buildings/Entrance/Ticket Booth-CHS	2011	2007	\$158,000	\$158,000	\$146,827	Completed	Jul-11	Completed
34	Construction and Installation of 500 Seat Bleacher System, Press Box and Concessions at EMS & WMS	2010/2011	2007	\$354,300	\$354,300	\$353,984	Completed	Jul-11	Completed
35	Complete Gymnasium Lighting Retrofit at WSH	2010	2007	\$48,200	\$48,200	\$45,182	Completed	Sep-10	Completed
36	Installation of J-drain Site Drainage System at WSH Soccer Field	2010	2007	\$22,500	\$22,500	\$19,122	Completed	Aug-10	Completed
37	Conversion of Existing Analog Phone System to Complete Voice Over Internet Protocol	2013	2007	\$1,800,000	\$1,000,000	TBD	Installation and Deployment	Dec-13	Systems Cut-over
38	Complete (large and small) Gymnasium Lighting Retrofit at EMS	2010	Capital Project Fund	\$39,000	\$39,000	\$34,969	Completed	Sep-10	Completed
39	Preliminary "Elementary Standards Programming" for New School Design along with Preliminary Schematic Concept Design for next Elementary School Reconstruction	2012/2013	2004/2007 Bond	\$40,000	TBD	TBD	On Hold Pending Bond Program Direction	TBD	Educational Design
40	Central Grade School 2011 Classroom Renovation	2011	2007	\$200,000	\$116,567	\$108,399	Completed	Sep-11	Completed
41	Energy Efficient Lighting Upgrades at Central High School, West Middle School and Traverse City High School.	2011	2007	\$200,000	\$167,069	166991	Completed	Nov-11	Completed
42	Technology Office Relocation to Sabin Complex	2011	2007	\$150,000	\$150,000	TBD	Completed	Oct-12	Completed
43	Re-Roofing Project for Central Grade, Willow Hill and Traverse City High School	2011	2007	\$700,000	\$600,000	\$594,782	Completed	Sep-11	Completed
44	East Middle School Interior Finishes: Upgrade flooring and paint	2011	2007	\$275,000	\$245,414	\$242,815	Completed	Sep-11	Completed
45	East Middle School driveway and parking lot improvements	2011	2007	\$185,000	\$151,205	\$151,205	Completed	Oct-11	Completed

Sequence Number	Bond Project Description & Status	Projected Construction Year	Funding Source	Allocation Amount	Preliminary Estimate	Actual Amount	Current State	Estimated Occupancy	Next Action Required
46	Willow Hill Flooring: Replace all existing asbestos tile hallway flooring in old existing building.	2012	2007	\$186,000	\$186,000	TBD	Completed	Sep-12	Completed
48	Complete mechanical controls replacement to all new building automation system, which is Johnson Controls Metasys at Central High School	2012	2007	\$460,000	\$460,000	\$397,426	Completed	Oct-12	Final Training
49	VPAA Project: WSH Mezzanine for Scene Shop	2012	2007	\$80,000	\$85,000	\$53,945	Completed	Sep-12	Project Close-out
50	Office Renovation at Administration Building	2011	2007	\$20,000	\$15,000	\$13,806	Completed	Dec-11	Completed
51	Purchase of Copiers for District. Eliminate leased copiers 2012	2012	2007	\$460,000	\$460,000	\$460,000	Completed	Feb-12	Completed
52	Bertha Vos New Flooring	2012	2007	All Bertha Vos projects are being funded from the \$900,000 Bond allocation	\$95,000	\$520,395	Completed	Sep-12	Completed
53	Bertha Vos Wall Finishes/Painting	2012	2007		\$45,000		Completed	Sep-12	Completed
54	Bertha Vos General Trades Work	2012	2007		\$35,000		Completed	Sep-12	Completed
55	Bertha Vos Site Repaving	2012	2007		\$55,000		Paving Completed	Aug-12	Completed
56	Bertha Vos Food Service Equipment	2012	2007		\$65,000		Equipment installed	Aug-12	Completed
57	Bertha Vos Phones	2012	2007		\$38,000		Completed	Aug-12	Completed
58	Bertha Vos Wireless Point to Point Communications Tower	2012	2007		\$150,000		Completed	Aug-12	Completed
59	Bertha Vos Playground	2012	2007		\$45,000		Completed	Aug-12	Completed
60	Phase III Access Control Security System Project for Eastern, Montessori, Bertha Vos and Interlochen	2012	2007	\$500,000	\$500,000	\$513,712	Completed	Sep-12	Completed
61	Blair Silver Lake, Westwoods: Crack fill and seal coat driveways and parking lots	2013	2007	\$60,000	\$55,000	TBD	Project Mobilization	Sep-13	Construction
62	CHS: replace three main heat pumps supporting auditorium and replace 1 heat pump supporting network communications room	2014	2007	\$200,000	\$180,000	TBD	Under Construction	Oct-13	Equipment Install
63	Energy Efficiency Projects, Phase II and III: CO, WW, SL, BL, CE, OP, WH and Administration	2013/2014	2007	\$720,000	TBD	TBD	Phase II Substantial Completion	2013/2014	Phase III Project to be completed in summer 2014
64	Silver Lake Flooring: Replacement of all classroom flooring	2013	2007	\$150,000	\$100,000	TBD	Start On-site Work 6.17.13	Oct-13	Flooring Installs
65	WSH Mechanical Controls Replacement to Metasys Automation. Current system is unsupported.	2013	2007	\$400,000	\$400,000	TBD	Under Construction	Nov-13	Install Electronic Systems
66	WMS Mechanical Controls Replacement to Metasys Automation. Current system is unsupported.	2014	2007	\$400,000	TBD	TBD	Budget Planning	Nov-14	System Review & Evaluation
67	Phase IV Video Security Installation for Interlochen, Glenn Loomis and Eastern Elementary Schools.	2013	2007	\$450,000	\$380,000	TBD	Start On-site Work 6.17.13	Oct-13	Cabling and Camera Installs
68	Glenn Loomis: Complete replacement of old existing roof. Existing roof is failing.	2013	2007	\$450,000	\$425,000	TBD	Start On-site Work 6.12.13	Oct-13	Demolition of Old Existing Roof
69	West Senior High School Track Resurfacing	2013	2007	\$200,000	\$170,000	TBD	Under Construction	Sep-13	Punch list Completion
70	West Senior High School Tennis Court Resurfacing	2013	2007	\$160,000	\$90,000	TBD	Under Construction	Sep-13	Project Completion
71	Central High School Motorized Scrim	2013	2007	\$80,000	\$72,000	TBD	Shop Drawing Submittals	Sep-13	Equipment Install
72	West Senior High School Heat Pump Replacement (36 Heat Pumps to be replaced throughout the school)	2013	2007	\$700,000	\$550,000	TBD	Shop Drawing Submittals	Oct-13	Demolition and Removal of Old Existing Heat Pumps
73	VPAA Project West Middle School Kiln: Burner Upgrades	2013	2007	\$15,000	\$15,000	TBD	Parts Ordered	Oct-13	Equipment Install
74	VPAA West Senior High Motorized Scrim	2013	2007	\$80,000	\$80,000	\$66,212	Completed	Apr-13	Completed
75	Radio Purchase	2013	2007	\$55,000	\$55,000	TBD	Developing Specifications		Formal Public Bid / July 2013

MEMORANDUM



TO: Steve Cousins, Superintendent
FROM: Paul Soma, CPA
Chief Financial Officer/ Chief Operating Officer
DATE: June 21, 2013
RE: CERTIFICATION OF 2013/2014 TAXES

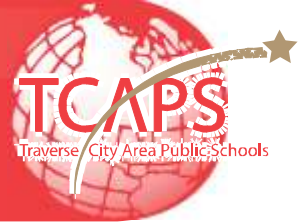
Paul A. Soma, CPA
Chief Financial Officer
Chief Operating Officer

Michele Greenan
Executive Assistant

Please refer to the attached resolution for certification of the tax levy for the 2013/2014 school year to take effect on July 1, 2013.

An appropriate motion to adopt this resolution would be:

Moved by _____, Supported by _____, to adopt the resolution for certification of the 2013/2014 tax rates, dated July 1, 2013.



TRAVERSE CITY AREA PUBLIC SCHOOLS BOARD OF EDUCATION

RESOLUTION FOR ADOPTION June 24, 2013

FOR ACTION:

TOPIC:

Certification of Taxes for the 2013/2014 School Year

RECOMMENDATION:

That the Board of Education adopt a resolution certifying the tax levy for the 2013/2014 school year at the following rates:

Operating Millage Rate (Non-principal Residence Exemption)	18.000
Debt Millage Rate (Homestead, Non-principal Residence Exemption, and IFT/CFT)	3.100

It is necessary to certify taxes so that the summer tax collection bills can be prepared by July 1, 2013. After applying the appropriate Headlee Rollback calculation to our authorized non-principal residence exemption millage rate, our District is still able to levy the full 18 mills required to receive our foundation amount.

FINANCIAL IMPACT:

Projected proceeds from the above levies are as follows:

18.0 Mills Operating Non-principal Residence Exemption	\$30,810,142
3.1 Mills Debt Service	\$13,115,014

SOURCE PERSON:

Paul A. Soma, CPA, Chief Financial Officer & Chief Operating Officer

**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

**RESOLUTION FOR
CERTIFICATION OF TAXES**

This Resolution shall take effect on July 1, 2013

AYES:

NAYS:

Resolution adopted.

Megan M. Crandall, Secretary
Board of Education
Traverse City Area Public Schools

The undersigned duly qualified and acting Secretary of the Board of Education of Traverse City Area Public Schools, Traverse City, Michigan, hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board of Education, Traverse City, Michigan at its study session meeting held on June 24, 2013, the original of which is part of the Board's minutes, and further certifies that notice of the meetings was given to the public under the Open Meetings Act, 1976 PA267, as amended.

Megan M. Crandall, Secretary
Board of Education
Traverse City Area Public Schools

2013 Tax Rate Request (This form must be completed and submitted on or before September 30, 2013)

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

This form is issued under authority of MCL Sections 211.24e, 211.34 and 211.34d. Filing is mandatory. Penalty applies.



County(ies) Where the Local Government Unit Levies Taxes Benzie, Grand Traverse & Leelanau	2013 Taxable Value of ALL Properties in the Unit as of 5-28-13 4,230,649,648
Local Government Unit Requesting Millage Levy Traverse City Area Public Schools	For LOCAL School Districts: 2013 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties. 1,711,674,578

This form must be completed for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2013 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5) ** 2012 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2013 Current Year "Headlee" Millage Reduction Fraction	(7) 2013 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction	(9) Maximum Allowable Millage Levy *	(10) Millage Requested to be Levied July 1	(11) Millage Requested to be Levied Dec. 1	(12) Expiration Date of Millage Authorized
Extra Vot	Oper NH	06/10/96	18.0000	16.2229	1.0000	16.2229	1.0000	16.2229	16.2229		12/2015
Extra Vot	Oper NH	06/14/99	1.0000	0.9194	1.0000	0.9194	1.0000	0.9194	0.9194		12/2015
Extra Vot	Oper NH	06/09/03	1.0000	0.9647	1.0000	0.9647	1.0000	0.9647	0.8577		12/2015
Extra Vot	Oper NH	11/07/06	1.0000	0.9891	1.0000	0.9891	1.0000	0.9891	0.0000		12/2015
Extra Vot	Debt-All	06/12/95	N/A	N/A	1.0000	N/A	1.0000		3.1000		N/A
		06/11/01									
		06/14/04									
		11/06/07									

Prepared by **Paul A. Soma** Telephone Number **231.933.1734** Title of Preparer **CFO/COO** Date **06/24/2013**

CERTIFICATION: As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.1211(3).

<input type="checkbox"/> Clerk	Signature 	Print Name Megan M. Crandall	Date 06/24/2013
<input checked="" type="checkbox"/> Secretary	Signature 	Print Name Kelly M. Hall	Date 06/24/2013
<input type="checkbox"/> Chairperson			
<input checked="" type="checkbox"/> President			

* Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.

** **IMPORTANT:** See instructions on page 2 regarding where to find the millage rate used in column (5).

Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 2 of 2013 for instructions on completing this section.	
Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)	Rate
For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal	0.0
For Commercial Personal	6.0
For all Other	18.0

2013 Tax Rate Request (This form must be completed and submitted on or before September 30, 2013)

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

Carefully read the instructions on page 2.

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County(ies) Where the Local Government Unit Levies Taxes Benzie, Grand Traverse & Leelanau	2013 Taxable Value of ALL Properties in the Unit as of 5-28-13 4,230,649,648
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Extra Vot	Oper NH	06/10/96	18.0000	16.2229	1.0000	16.2229	1.0000	16.2229	16.2229	16.2229	12/2015
Extra Vot	Oper NH	06/14/99	1.0000	0.9194	1.0000	0.9194	1.0000	0.9194	0.9194	0.9194	12/2015
Extra Vot	Oper NH	06/09/03	1.0000	0.9647	1.0000	0.9647	1.0000	0.9647	0.9647	0.8577	12/2015
Extra Vot	Oper NH	11/07/06	1.0000	0.9891	1.0000	0.9891	1.0000	0.9891	0.0000	0.0000	12/2015
Extra Vot	Debt-All	06/12/95	N/A	N/A	1.0000	N/A	1.0000	3.1000	3.1000	3.1000	N/A
		06/11/01									
		06/14/04									
		11/06/07									

Prepared by Paul A. Soma	Telephone Number 231.933.1734	Title of Preparer CFO/COO	Date 06/24/2013
------------------------------------	---	-------------------------------------	---------------------------

CERTIFICATION: As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.1211(3).

<input type="checkbox"/> Clerk	Signature 	Print Name Megan M. Crandall	Date 06/24/2013
<input checked="" type="checkbox"/> Secretary	Signature 	Print Name Kelly M. Hall	Date 06/24/2013
<input type="checkbox"/> Chairperson			
<input checked="" type="checkbox"/> President			

* Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.

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Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)	Rate
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For Commercial Personal	6.0
For all Other	18.0

** IMPORTANT: See instructions on page 2 regarding where to find the millage rate used in column (5).

Summary:

Traverse City Area Public Schools,
Michigan; General Obligation

Primary Credit Analyst:

Helen Samuelson, Chicago (1) 312-233-7011; helen_samuelson@standardandpoors.com

Secondary Contact:

Michael Furla, Chicago (1) 312-233-7002; michael_furla@standardandpoors.com

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Rationale

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Summary:

Traverse City Area Public Schools, Michigan; General Obligation

Credit Profile

US\$11.0 mil 2012 sch bldg & site bnds (GO unltid tax) due 05/01/2022

<i>Long Term Rating</i>	AA/Stable	New
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Traverse City Area Pub Schs GO

<i>Long Term Rating</i>	AA/Stable	Affirmed
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Traverse City Area Pub Schs 2005 sch bldg & site bnds (GO - unltid tax)

<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
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Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to Traverse City Area Public Schools, Mich.'s series 2012 unlimited-tax general obligation (GO) school building and site bonds. At the same time, Standard & Poor's affirmed its 'AA' long-term and underlying rating (SPUR) on the district's existing GO debt. The outlook on all ratings is stable.

The rating reflects our view of the district's:

- Participation in the diverse Grand Traverse County area economic base;
- Good income and very strong market value per capita levels;
- Budget adjustments that have helped it return to balanced operations while maintaining a strong level of total general fund reserves; and
- Low-to-moderate debt levels, coupled with rapid debt amortization.

These strengths are partially offset by the district's lack of revenue raising flexibility and its reliance on state aid to fund its operations, which has been subject to cuts during the past several fiscal years as the state attempts to balance its own budget.

Officials plan to use \$11 million of the district's 2004 and 2007 bond authorizations to fund bus replacements and some capital infrastructure. The district plans to issue additional debt under these authorizations for improvements to existing school facilities. The district's full faith and credit pledge secures the bonds, and there is nearly \$66 million of remaining bond authorization. The district indicates it plans to issue additional debt under the authorizations every two years.

Traverse City Area Public Schools is in the northwestern portion of Michigan's lower peninsula. The 280-square-mile district serves a growing population, currently estimated at 80,580, in Traverse City, Mich., and portions of 13 townships in Grand Traverse, Leelanau, and Benzie counties. Traverse City serves as the retail, service, and trade center for a multicounty area, and consequently there is a long list of employers in a diverse array of industries. The largest employers include Munson Medical Center (2,500 employed), Traverse Bay Entertainment

Gaming (1,500), and the district itself, at 1,284 employed. The area is known as a popular tourist destination, and has a thriving agricultural industry known for tart cherry production and vineyards. Grand Traverse County's monthly unemployment rate tends to be lowest in the summer months, when tourism is at its peak. Overall, however, the county's 2011 average unemployment rate was 9.6%, below the state's 10.3%.

In our view, the district's 2011 median household and per capita effective buying income levels were a good 105% and 100%, respectively, of the national average. The majority of the district's property tax base is residential (78%), followed by commercial properties accounting for 13% of the tax base. The district's taxable valuation peaked at \$4.3 billion in tax year 2009 before declining since then, a trend seen throughout the state, but not as acutely in the district. We note, however, that although property tax revenue falls as a result of the decline, state aid revenues backfill property tax revenue declines to make the district's general fund whole. Officials observe various local businesses expanding and expect that taxable values should remain relatively stable going forward. The district's 2011 taxable value is \$4.16 billion following a 2% year-over-year decline. The estimated market value is \$10.0 billion or an extremely strong \$124,503 per capita. The tax base is very diverse in our view, since the 10 leading taxpayers account for just 3.1% of taxable value.

The district's student enrollment, which heavily influences state-aid receipts, has gradually declined during the past 10 years. The school district's 2011/2012 student enrollment is currently 10,073, after peaking at 10,971 in 2002/2003, but officials expect enrollment to stabilize at roughly 10,000 students. The district is a net gainer in open enrollment, which positively impacts state-aid receipts, and officials expect to gain more students in the future as a result of establishing new programs, such as an international baccalaureate program.

During the past several years, the district has undertaken several cost-saving initiatives and steps to restructure its operations to maintain a good financial position despite the challenges of a shrinking enrollment and declining state aid. For the current fiscal year ending June 30, 2012, the district's budget calls for a \$2.3 million general fund deficit. However, officials made cost cuts and now expect to end with a close to breakeven result, and a general fund balance that should hover at about \$8 million. The district has not yet adopted a 2013 general fund budget, but officials expect they may be able to adopt a structurally balanced budget, particularly if per pupil state aid increases. The district has taken additional steps to manage its expense structure, and officials make conservative assumptions about enrollments. Officials expect that if per-pupil revenues do not increase, the budget could have a \$1 million gap, but if the per pupil revenues were to increase by \$100, the district's budget could show a \$1 million general fund surplus. Officials also tell us that with the budget adjustments they have made (and still have the flexibility to impose), their projections indicate the district should be able to maintain consistent reserve levels for fiscal 2013 and going forward. Looking back, the fiscal 2011 budget initially called for a \$2.3 million general fund deficit, but cost containment and other budget actions narrowed the gap and the district reported a \$230,000 deficit on an \$85 million budget. The district's total fund balance stood at \$8.8 million or 10.4% of expenditures, which we consider strong; however, only \$2.6 million is unassigned (in our view, an adequate 3% of expenditures). The district has assigned \$5.5 million of its total fund balance for items such as subsequent-year expenditures (\$2.5 million), severance pay (\$1.3 million), and other items.

Standard & Poor's considers the district's management practices "good" under its Financial Management Assessment (FMA) methodology, indicating financial practices exist in most areas but that governance officials might not formalize or regularly monitor all of them. The district has formalized a master facilities plan that also operates as a capital improvement plan. Other long-term planning includes maintenance and replacement schedules and three-year financial planning that projects the district's general fund sources and uses.

Overall net debt, including overlapping debt, remains a moderate \$2,621 per capita, and a low 2.1% of taxable market value. Carrying charges are moderate in our view at approximately 13.6% of the district's total governmental expenditures, and debt amortizes rapidly -- nearly 97% of the district's \$85 million outstanding is due to retire within 10 years. The district participates in the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing, multiple-employer, defined-benefit pension plan. The district is required to pay the full actuarial funding contribution amount to the pension plan and additional amounts to cover retiree healthcare benefits (other post-employment benefits or OPEB). The district does not offer any additional OPEB benefits over and above what the MPERS plan provides. The district's \$10.3 million payment to the plan in fiscal 2011 was equivalent to 8.5% of total governmental expenditures, which we consider moderate.

Outlook

The stable outlook reflects our expectation that management's conservative budgeting practices will allow for balanced operations and consistent reserve levels going forward. Given management's demonstrated ability to impose budget adjustments amid a stagnant revenue climate, and a total reserve level that is currently, in our view, strong, we do not anticipate changing the rating within the two-year parameter of the outlook. The district's participation in Grand Traverse County's regional economy and stabilizing enrollment trends provide additional rating stability. The rating could be pressured if a prolonged period of revenue reductions causes reserve levels to drop.

Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

Ratings Detail (As Of June 6, 2012)

Traverse City Area Pub Schs GO

Unenhanced Rating

AA(SPUR)/Stable

Affirmed

Traverse City Area Pub Schs GO (CIFG)

Unenhanced Rating

AA(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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