

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

BUDGET HEARING

June 25, 2018

6:00 p.m.

Held at the
Tompkins Boardman Administration Center
412 Webster Street, Traverse City, MI 49686

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

MEMORANDUM

Christine Thomas-Hill
Associate Superintendent
Finance and Operations

Julie Gorter
Executive Assistant

TO: Paul Soma, Superintendent
FROM: Christine Thomas-Hill, Associate Superintendent
DATE: June 25, 2018
RE: **AMENDMENT II to 2017/2018 GENERAL FUND BUDGET and
AMENDMENT II to 2017/2018 SPECIAL REVENUE FUND BUDGET:**

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

Attached please find the proposed final amendments to the 2017/2018 General Fund Budget and Special Revenue Fund Budget.

The General Fund final amendment reflects overall positive adjustments of \$644,000 from the first budget amendment. The increased revenue is mainly due to a discretionary distribution from TBAISD of \$624,000. These adjustments are noteworthy given the size of the general fund budget. Individual explanations of these changes are included with the detailed budgets found immediately following this memo.

The general fund budgeted excess stands at approximately \$430,000. Actual district revenues and expenditures historically show a budget variance, and it is anticipated that the district will have approximately \$1.5 million in variances in the current year. Taking this variance into account, it is my expectation that our general fund surplus will be approximately \$2 million once the books are closed, leaving the district with a fund balance of approximately \$7 million.

The \$7 million fund balance represents approximately 7% of our budgeted expenditures. Our fund balance is projected to remain below the Board of Education's established target of 10% but will slowly increase over the next two fiscal years as the district will maintain a structurally balanced budget and direct all one-time revenues directly to the fund balance.

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 2017/2018 Special Revenue Fund Budget. This amendment aligns our budgets with our most current information and expectations. The Community Services fund shows a negative bottom line adjustment that recognizes an adjustment to revenue generated from program offerings and participation over the first budget amendment. The Food Services fund shows a minor negative line adjustment. The revenues and expenses have been increased to reflect participation levels and higher labor costs related to meal participation.

An appropriate motion to adopt these amendments would be:

Moved by _____, Supported by _____, to adopt the resolution to approve the second amendment to the 2017/2018 General Fund Budget and the second amendment to the 2017/2018 Special Revenue Fund Budget, dated June 25, 2018.

TRAVERSE CITY AREA PUBLIC SCHOOLS BOARD OF EDUCATION

RESOLUTION FOR ADOPTION June 25, 2018

FOR ACTION:

TOPIC:

- Amendment II to 2017/2018 General Fund Budget
- Amendment II to 2017/2018 School Service Fund Budget:
 - Food Services
 - Community Services

RECOMMENDATION:

It is recommended that the Board of Education adopt the resolution to approve the budget amendments as shown in the attached schedules. The budget amendment summaries are being presented at this time of year to reflect those changes that will impact the District's financial operations for the year. The intent is to reflect, as accurately as possible, the District's current estimated financial position as the end of the fiscal year approaches.

BUDGET INFORMATION: These are revisions to the Preliminary 2017/2018 Budgets.

SOURCE PERSON: Christine Thomas-Hill, Associate Superintendent of Finance & Operations

ATTACHMENTS:

- 2017/2018 General Fund Budget Final Amendment
- 2017/2018 School Service Fund Budget Final Amendment:
 - Food Services
 - Community Services

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

Revenue	2017-2018 Original	2017-2018 Amend 1*	2017-2018 Amend 2*	Variance*
Local Restricted and Unrestricted	34,985,725	36,096,160	35,909,073	(187,087)
State Unrestricted	44,948,929	44,568,586	44,952,301	383,715
State Restricted	8,574,906	11,595,186	11,609,421	14,235
Federal Restricted	1,820,986	2,346,335	2,353,542	7,207
Incoming Transfers/Other	2,144,023	5,056,526	5,705,300	648,774
Total Revenues	92,474,569	99,662,793	100,529,637	866,844

Expenditures				
Instruction				
Basic Instruction	47,471,506	50,203,200	50,353,680	150,480
Added Needs	9,587,347	10,409,092	10,218,065	(191,027)
Total Instruction	57,058,853	60,612,292	60,571,745	(40,547)
Support				
Pupil	3,549,868	3,797,971	3,859,923	61,952
Instructional Staff	4,468,243	5,155,348	5,185,018	29,670
General Administration	607,679	723,372	756,448	33,076
School Administration	6,775,546	6,949,984	6,955,930	5,946
Business Services	1,835,198	1,989,527	1,991,717	2,190
Operations and Maintenance	9,092,915	9,361,286	9,515,222	153,936
Pupil Transportation	5,333,444	5,510,784	5,477,449	(33,335)
Central Services	2,962,019	3,133,605	3,086,265	(47,340)
Student Support Services	1,999,655	2,173,085	2,176,638	3,553
Total Support Services	36,624,567	38,794,962	39,004,610	209,648
Community Services	80,743	127,262	176,757	49,495
Other Uses - Outgoing Transfers & Other	331,321	342,698	346,958	4,260
Total Expenditures	94,095,484	99,877,214	100,100,070	222,856
Excess Revenue/(Expenditures)	(1,620,915)	(214,421)	429,567	643,988
Fund Balance - July 1	5,153,273	5,153,273	5,153,273	0
Fund Balance - June 30	3,532,358	4,938,852	5,582,840	643,988
Less Non-Spendable and Assigned	1,539,700	1,540,409	1,679,958	139,549
Unassigned Fund Balance	1,992,658	3,398,443	3,902,882	504,439

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	489,700	490,409	629,958	139,549
Assigned for Department Carryover	0	0	0	0
Assigned for Building Staff Carryover	0	0	0	0
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	1,539,700	1,540,409	1,679,958	139,549

* Please see 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	2017-2018 Original	2017-2018 Amend 1*	2017-2018 Amend 2*	Variance	Note
Local Unrestricted	34,985,725	35,987,133	35,750,046	(237,087)	1
State Unrestricted	44,948,929	44,568,586	44,952,301	383,715	2
State Restricted	6,073,387	7,199,919	7,206,037	6,118	
Federal Restricted	20,000	20,000	20,000	0	
Incoming Transfers/Other	2,021,023	4,889,253	5,533,027	643,774	3
Total Revenues	88,049,064	92,664,891	93,461,411	796,520	

Expenditures					
Instruction					
Basic Instruction	46,594,700	49,185,437	49,352,217	166,780	4
Added Needs	7,265,576	7,221,364	7,063,395	(157,969)	4
Total Instruction	53,860,276	56,406,801	56,415,612	8,811	
Support					
Pupil	3,201,616	2,650,832	2,649,655	(1,177)	
Instructional Staff	3,856,051	3,996,040	4,025,736	29,696	
General Administration	607,679	723,372	756,448	33,076	
School Administration	6,775,546	6,949,984	6,955,930	5,946	
Business Services	1,835,198	1,989,527	1,991,717	2,190	
Operations and Maintenance	9,092,915	9,354,777	9,508,713	153,936	5
Pupil Transportation	5,291,837	5,412,631	5,379,296	(33,335)	
Central Services	2,961,803	3,094,055	3,046,715	(47,340)	
Student Support Services	1,919,655	2,077,758	2,076,311	(1,447)	
Total Support Services	35,542,300	36,248,976	36,390,521	141,545	
Community Services	8,994	0	0	0	
Other Uses - Outgoing Transfers & Other	258,409	223,535	225,711	2,176	
Total Expenditures	89,669,979	92,879,312	93,031,844	152,532	
Excess Revenue/(Expenditures)	(1,620,915)	(214,421)	429,567	643,988	
Fund Balance - July 1	5,153,273	5,153,273	5,153,273	0	
Fund Balance - June 30	3,532,358	4,938,852	5,582,840	643,988	
Less Non-Spendable and Assigned	1,539,700	1,540,409	1,679,958	139,549	
Unassigned Fund Balance	1,992,658	3,398,443	3,902,882	504,439	

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	489,700	490,409	629,958	139,549	
Assigned for Department Carryover	0		0	0	
Assigned for Building Staff Carryover	0	0	0	0	
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	1,539,700	1,540,409	1,679,958	139,549	

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

- (1) Variance is the result of adjusting local and state funding related to the foundation allowance.
- (2) Variance is the result of adjusting state and local funding related to the foundation allowance and categoricals. There was also a small increase in the student count over the first amendment.
- (3) Variance is the result of accounting for a distribution from Traverse Bay Area Intermediate School District.
- (4) Variance is the result of aligning staffing and related payroll costs.
- (5) Variance is the result of increasing the budget to cover expenses for snow plowing and utilities.

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

Revenue	2017-2018 Original	2017-2018 Amend 1*	2017-2018 Amend 2*	Variance	Note
Local Restricted	0	109,027	159,027	50,000	6
State Unrestricted				0	
State Restricted				0	
Federal Restricted				0	
Incoming Transfers/Other	123,000	167,273	172,273	5,000	6
Total Revenues	123,000	276,300	331,300	55,000	

Expenditures					
Instruction					
Basic Instruction	0	51,991	51,991	0	
Added Needs	116,088	142,713	142,713	0	
Total Instruction	116,088	194,704	194,704	0	
Support					
Pupil	0	9,470	9,470	0	
Instructional Staff	1,775	20,059	20,059	0	
General Administration	0	0	0	0	
School Administration	0	0	0	0	
Business Services	0	0	0	0	
Operations and Maintenance	0	847	847	0	
Pupil Transportation	0	637	637	0	
Central Services	0	0	0	0	
Student Support Services	0	15,327	20,327	5,000	6
Total Support Services	1,775	46,340	51,340	5,000	
Community Services	500	22,285	70,784	48,499	6
Other Uses - Outgoing Transfers & Other	4,637	12,971	14,472	1,501	6
Total Expenditures	123,000	276,300	331,300	55,000	
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	

(6) These variances are the result of additional local grants awarded subsequent to our first budget amendment adoption. See attached schedule for detail of all local restricted grants currently operated by TCAPS.

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

Revenue	2017-2018 Original	2017-2018 Amend 1*	2017-2018 Amend 2*	Variance	Note
Local Restricted				0	
State Unrestricted				0	
State Restricted	2,501,519	4,395,267	4,403,384	8,117	7
Federal Restricted				0	
Incoming Transfers/Other				0	
Total Revenues	2,501,519	4,395,267	4,403,384	8,117	

Expenditures					
Instruction					
Basic Instruction	876,806	935,253	918,953	(16,300)	7
Added Needs	1,305,627	2,199,736	2,203,103	3,367	7
Total Instruction	2,182,433	3,134,989	3,122,056	(12,933)	
Support					
Pupil	218,053	995,520	995,520	0	
Instructional Staff	11,033	72,013	92,863	20,850	7
General Administration	0	0	0	0	
School Administration	0	0	0	0	
Business Services	0	0	0	0	
Operations and Maintenance	0	5,662	5,662	0	
Pupil Transportation	0	41,400	41,400	0	
Central Services	0	39,334	39,334	0	
Student Support Services	80,000	80,000	80,000	0	
Total Support Services	309,086	1,233,929	1,254,779	20,850	
Community Services	0	1,903	2,103	200	7
Other Uses - Outgoing Transfers & Other	10,000	24,446	24,446	0	
Total Expenditures	2,501,519	4,395,267	4,403,384	8,117	
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) These variances are the result of fully implementing state restricted programs once final numbers became known. These grants include the At-Risk grant and the At-Risk carryover, Great Start Readiness Program, and others. Please see attached schedule for detail of all state programs currently operated by TCAPS.

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

Revenue	2017-2018 Original	2017-2018 Amend 1*	2017-2018 Amend 2*	Variance	Note
Local Restricted				0	
State Unrestricted				0	
State Restricted				0	
Federal Restricted	1,800,986	2,326,335	2,333,542	7,207	8
Incoming Transfers/Other				0	
Total Revenues	1,800,986	2,326,335	2,333,542	7,207	

Expenditures					
Instruction					
Basic Instruction	0	30,519	30,519	0	
Added Needs	900,056	845,279	808,854	(36,425)	8
Total Instruction	900,056	875,798	839,373	(36,425)	
Support					
Pupil	130,199	142,149	205,278	63,129	8
Instructional Staff	599,384	1,067,236	1,046,360	(20,876)	8
General Administration	0	0	0	0	
School Administration	0	0	0	0	
Business Services	0	0	0	0	
Operations and Maintenance	0	0	0	0	
Pupil Transportation	41,607	56,116	56,116	0	
Central Services	216	216	216	0	
Student Support Services	0	0	0	0	
Total Support Services	771,406	1,265,717	1,307,970	42,253	
Community Services	71,249	103,074	103,870	796	8
Other Uses - Outgoing Transfers & Other	58,275	81,746	82,329	583	8
Total Expenditures	1,800,986	2,326,335	2,333,542	7,207	
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) These variances are the result of fully implementing federal restricted programs once final numbers became known. See the attached schedule for detail of all federal programs currently operated by TCAPS.

Federal Grants Summary for Fiscal Year 2017-2018

Restricted Federal Funds (14)	Allocation
Title I, Part A Basic	\$ 1,278,556
Title I Carryover	\$ 159,529
Title X McKinney Vento (Homeless Assistance)	\$ 56,641
Title X McKinney Vento (Homeless Assistance) Carryover	\$ 16,461
Title III LEP	\$ 42,657
Title III LEP Carryover	\$ 25,191
Title II Part A	\$ 326,603
Title II Part A Carryover	\$ 195,945
Title IV	\$ 18,722
Title IX Indian Education	\$ 52,872
IDEA Pre-School Incentives	\$ 79,266
State Match Grant - PE Nut (Oct-Jun)	\$ 75,000
State Match Grant - PE Nut (Jul-Sep)	\$ 6,099

Total: \$ 2,333,542

State Grants Summary for Fiscal Year 2017-2018

Restricted State Funds (13)	Allocation
At Risk	\$ 2,661,318
At Risk Carryover	\$ 476,140
Bilingual (Section 41)	\$ 12,995
Great Start Readiness Program	\$ 892,160
Great Start Readiness Program Carryover	\$ 103,666
Vocational Education	\$ 23,367
First Robotics	\$ 9,750
Dual Enrollment Incentive	\$ 18,540
Computer Adaptive Tests (104d)	\$ 39,334
Early Literacy Targeted	\$ 135,660
Early Literacy Targeted, Carryover	\$ 24,792
School Drinking Water Reimbursement Program	\$ 5,662

Total: \$ 4,403,384

Local Grants Summary for Fiscal Year 2017-2018

Restricted Local Funds (12)	Allocation
GTB Indian Education	\$ 98,000
GTB Indian Education Carryover	\$ 19,246
GTB Indian Language	\$ 32,994
GTB Special Ed Swimming Carryover	\$ 637
Learning Points #1 Carryover	\$ 12,853
GTB Homeless	\$ 9,330
Youth Corps	\$ 11
GTB Ssci-MI-Tech	\$ 5,000
GTB Gender Equity Carryover	\$ 4,871
GTB Tribal Flags - West Middle School Carryover	\$ 580
GTB Enrichment - Old Mission Carryover	\$ 1,101
BCBS-BHC Community (CK & TH)	\$ 1,433
GTB Assembly Carryover	\$ 300
GTB ActivBoard Carryover	\$ 214
Way to Grow - Matching	\$ 13,640
TC Light & Power	\$ 7,056
United Way Pe-Nut	\$ 3,809
GTRFC Teen Parent Program	\$ 50,000
GTB Literacy	\$ 12,909
CLC Summer Work/Study Program	\$ 15,316
Munson Movement Lab	\$ 42,000

Total: \$ 331,300

Community Service Grants Summary for Fiscal Year 2017-2018

Restricted Federal Community Service Funds (2F)	Allocation
21st Century CLC	\$ 135,000

Total: \$ 135,000

Restricted Local Community Service Funds (2X)	Allocation
GTB Leap	\$ 20,000

Total: \$ 20,000

Food Service Grants Summary for Fiscal Year 2017-2018

Restricted State Funds (25)	Allocation
10 cents a Meal Support of Local Produce in School Meals	\$ 24,500

Total: \$ 24,500

Traverse City Public Schools
School Service Fund - Food Services Program
For the Fiscal Year Ending June 30

Revenue	2017-2018 Original	2017-2018 Amend 1	2017-2018 Amend 2	Variance	Note
Local	2,285,167	2,217,871	2,147,371	(70,500)	1
State	303,031	321,033	301,087	(19,946)	
Federal	2,018,652	2,159,921	2,261,542	101,621	1
Incoming Transfers and Other	10,000	10,000	10,000	0	
Total Revenues	4,616,850	4,708,825	4,720,000	11,175	

Expenditures					
Salaries and Wages	1,399,211	1,345,169	1,319,169	(26,000)	2
Employee Benefits	771,982	740,949	754,694	13,745	
Purchased Services	143,517	145,675	146,875	1,200	
Supplies and Other	2,252,140	2,207,032	2,264,262	57,230	3
Capital Outlay	50,000	230,000	215,000	(15,000)	
Operating Transfer	0	220,000	220,000	0	
Total Expenditures	4,616,850	4,888,825	4,920,000	31,175	

Revenues Over/(Under) Expenditures	0	(180,000)	(200,000)	(20,000)	
Beginning Fund Balance July 1	756,369	756,369	756,369	0	
Ending Fund Balance June 30	756,369	576,369	556,369	(20,000)	

Variance Explanations

- (1) Variance in local and federal revenue is the result of adjusting for the type of reimbursable meal.
- (2) Variance in labor is the result of adjusting for meal participation.
- (3) Variance in food is the result of overestimating the reduction during the first amendment.

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

Revenue	2017-2018 Original	2017-2018 Amend 1	2017-2018 Amend 2	Variance	Notes
Local	3,484,400	3,437,307	3,320,497	(116,810)	
Federal Restricted	135,000	135,000	135,000	0	
Intermediate School District	0	0	0	0	
Incoming Transfers/Other (Sponsorship Revenue)	229,321	230,740	249,500	18,760	
Total Revenues	3,848,721	3,803,047	3,704,997	(98,050)	

Expenditures					
Salaries and Wages	1,779,818	1,789,971	1,700,281	(89,690)	
Employee Benefits	1,345,598	1,287,892	1,271,913	(15,979)	
Purchased Services	241,540	250,320	263,738	13,418	
Supplies and Other	338,057	354,092	368,953	14,861	
Capital Outlay	29,937	20,350	18,932	(1,418)	
Transfer to General Fund and Other	239,907	239,337	239,111	(226)	
Total Expenditures	3,974,857	3,941,962	3,862,928	(79,034)	
Revenue Over/(Under) Expenditures	(126,136)	(138,915)	(157,931)	(19,016)	
Beginning Fund Balance July 1	361,021	361,021	361,021	0	
Ending Fund Balance June 30	234,885	222,106	203,090	(19,016)	

NOTE: This schedule combines Childcare, LEAP, and Community Service Federal Restricted Funds.

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

Revenue	2017-2018 Original	2017-2018 Amend 1	2017-2018 Amend 2	Variance	Notes
Local	3,113,400	3,068,665	2,962,997	(105,668)	1
Federal				0	
Intermediate School District				0	
Incoming Transfers/Other (Sponsorship Revenue)	36,821	38,240	37,000	(1,240)	
Total Revenues	3,150,221	3,106,905	2,999,997	(106,908)	
Expenditures					
Salaries and Wages	1,539,169	1,553,628	1,475,689	(77,939)	2
Employee Benefits	1,182,103	1,130,755	1,129,195	(1,560)	2
Purchased Services	81,769	83,691	75,419	(8,272)	
Supplies and Other	234,097	239,097	242,545	3,448	
Capital Outlay	4,329	4,329	760	(3,569)	
Transfer to General Fund and Other	234,890	234,320	234,320	0	
Total Expenditures	3,276,357	3,245,820	3,157,928	(87,892)	
Revenue Over/(Under) Expenditures	(126,136)	(138,915)	(157,931)	(19,016)	
Beginning Fund Balance July 1	313,839	313,839	313,839	0	
Ending Fund Balance June 30	187,703	174,924	155,908	(19,016)	

Variance Explanations

- (1) Variance is the result of adjusting revenue generated from the Childcare program offerings and participation.
(2) Variance is the result of full implementing Childcare program offerings.

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

Revenue	2017-2018 Original	2017-2018 Amend 1	2017-2018 Amend 2	Variance	Notes
Local	371,000	368,642	357,500	(11,142)	
Federal				0	
Intermediate School District				0	
Incoming Transfers/Other (Sponsorship Revenue)	192,500	192,500	212,500	20,000	1
Total Revenues	563,500	561,142	570,000	8,858	

Expenditures					
Salaries and Wages	182,234	177,928	175,952	(1,976)	
Employee Benefits	123,986	117,628	115,592	(2,036)	
Purchased Services	138,009	144,867	150,283	5,416	
Supplies and Other	94,089	105,124	112,578	7,454	
Capital Outlay	25,182	15,595	15,595	0	
Transfer to General Fund and Other	0	0	0	0	
Total Expenditures	563,500	561,142	570,000	8,858	
Revenue Over/(Under) Expenditures	0	0	0	0	
Beginning Fund Balance July 1	47,182	47,182	47,182	0	
Ending Fund Balance June 30	47,182	47,182	47,182	0	

Variance Explanations

(1) Variance is the result of accounting for a GTB grant award.

Traverse City Area Public Schools School Service Fund - Community Services - Restricted Federal Funds For the Fiscal Years Ending June 30
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Revenue	2017-2018 Original	2017-2018 Amend 1	2017-2018 Amend 2	Variance	Notes
Local				0	
Federal	135,000	135,000	135,000	0	
Intermediate School District				0	
Incoming Transfers/Other (Sponsorship Revenue)				0	
Total Revenues	135,000	135,000	135,000	0	

Expenditures					
Salaries and Wages	58,415	58,415	48,640	(9,775)	
Employee Benefits	39,509	39,509	27,126	(12,383)	
Purchased Services	21,762	21,762	38,036	16,274	
Supplies and Other	9,871	9,871	13,830	3,959	
Capital Outlay	426	426	2,577	2,151	
Transfer to General Fund and Other	5,017	5,017	4,791	(226)	
Total Expenditures	135,000	135,000	135,000	0	
Revenue Over/(Under) Expenditures	0	0	0	0	
Beginning Fund Balance July 1	0	0	0	0	
Ending Fund Balance June 30	0	0	0	0	

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

**RESOLUTION FOR ADOPTION
June 25, 2018**

FINAL AMENDMENT
2017/2018 GENERAL FUND BUDGET
2017/2018 SPECIAL REVENUE FUND BUDGET
(Food Services and Community Services)

This Final 2017/2018 Budget Amendment shall take effect on June 25, 2018.

AYES:

NAYS:

Resolution adopted.

Doris E. Ellery, 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 25, 2018, 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.

Doris E. Ellery, Secretary
Board of Education
Traverse City Area Public Schools

Christine Thomas-Hill
Associate Superintendent
Finance and Operations

Julie Gorter
Executive Assistant

MEMORANDUM

TO: Board of Education
Paul Soma, Superintendent

FROM: Christine Thomas-Hill, Associate Superintendent of Finance and Operations

DATE: June 25, 2018

RE: BUDGET HEARING
2017/2018 Final Budget Amendments
2018/2019 Proposed Preliminary Budgets

As the 2018 fiscal year comes to a close, it is time to conclude our current fiscal year and formally adopt our 2019 preliminary 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 the expectations and assumptions we used to develop our fiscal year 2019 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 2018 will end and gives an initial look at what is in store for fiscal year 2019. As required by law, we are adopting our 2019 budget prior to the beginning of the fiscal year.

The District has some clarity over the status of the State's education budget, although the budget still has not been signed by the Governor (as of June 19th). Some variables, most notably state aid revenue and the state-determined retirement rate, can be reasonably estimated at this time. Other variables used in our preliminary budgets, such as the number of pupils, interest revenue, natural gas and diesel fuel costs, and state, federal and local grants require estimates.

How we deal with the 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 direction of the state legislature.

For 2019, the State is expected to provide a per pupil foundation increase of \$120 per student; with the 2x formula (districts at the minimum foundation allowance level receive an allocation equal to twice the amount received by districts at or above the base foundation) this equates to \$240 per pupil foundation increase for TCAPS.

The total foundation amount we receive 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. However, TCAPS has been creative in expanding opportunities within the shared time revenue funding sources and is able to offer additional classes to non-traditional students in the Northern Michigan Partnership, which provides opportunities to the homeschool population in the region. Overall our estimation of student count for 2019 shows a decrease. Due to a school closing our actual student count for 2019 is slightly unknown, therefore the budget will reflect a conservative decrease of 28 student FTE (full-time equivalency), which we expect to stabilize before our first budget amendment. Therefore, the 2019 budget assumes 9,868 students vs. 9,896 reported in 2018. The combination of a \$240 increase in state per pupil allocations, coupled with a projected decrease in 28 students, results in a projected increase of approximately \$2,154,652.

The State appears to be maintaining categorical line items in the 2019 budget. We will continue to monitor the list of categorical funding and determine if TCAPS could possibly benefit. As such, any new categorical funding from the added line items will be included in an amendment once the amounts are determined.

Our state-determined per pupil amounts (noted above) make up approximately 80% of our total revenue budget and approximately 85% of our “unrestricted” revenues and, hence, make up the most important source of revenues for the district by a far margin.

Contrary to the last six years, interest revenues are expected to increase slightly in the 2019 fiscal year. TCAPS will budget \$150,000 for interest revenue in 2019, which represents a slight increase from the 2018 budget.

Revenue for fiscal year 2019 in the form of incoming transfers from TBAISD (Traverse Bay Area Intermediate School District) is budgeted to be approximately \$1.6 million for a variety of items including tax collections, curriculum services, Act 18 Special Education funding, and Medicaid.

Although our original 2018 budget did not include any discretionary distribution from (TBAISD), we did receive a discretionary distribution of approximately \$624,000 in June 2018 and were able to incorporate the revenue in the final budget amendment presented to the Board in June 2018. However, we are unsure of any upcoming distributions in 2019; therefore, the original 2019 budget will not include expected discretionary revenue from TBAISD.

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 makes up approximately 3.8%, and Restricted Federal Funding (e.g., Title grants for school improvement, education for homeless children and youth, etc.), which makes up approximately 1.9% 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 \$705,000 and \$485,000 respectively in the 2019 year as compared to 2018. The decreases are attributable to carryover funds in the 2018 year that are not currently part of the 2019 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 2018 will wind up as “carry-over” grants in 2019. We will report more fully on grant funding at our first budget amendment.

TCAPS is appreciative of local grants received throughout the year, however, these grants make up less than 0.1% of General Fund revenues.

Early childhood programs (preschool, extended day and summer camp) that operate in the School Service fund typically transfer \$100,000 to the General Fund. Given the challenges related to numerous changes in licensing regulations and changes to improve our program offerings, it is unknown if the transfer will be available for 2019 so it will not be incorporated into the original budget.

General Fund – Expenditures

The District has made over \$16 million in budget cuts in the past ten years, which have been necessitated by the inequitable and declining funding levels we have received from the State over that time, coupled with large increases in pension and health care costs.

Due to funding increases, our creative expansion of shared time services, and the multi-year plan to redirect resources to instructional priorities, the District will not be recommending adjustments for 2019. However, we are committed to continuous improvement and always look for ways to improve efficiencies throughout the district. It is our focus to fund our instructional priorities, thus we have again committed additional resources for curriculum improvements and upgrades.

All of the employee group contracts are settled through June 2020 and the parameters are known. This provides the District with a level of certainty regarding these costs. The impacts of the contract settlements includes a 1.5% salary increase as well as progression on the step schedules. The District has budgeted a 2% increase on health care increases up to the cap for all groups except the Traverse City Education Association (TCEA) since the actual employer cost is known.

General Fund – Fund Balance

The 2019 budget shows that we are starting the year with a budgeted shortfall of approximately \$1,264,297. As is the case every year, our budget experience is that our final position will end

up with a positive budget variance of approximately 1% of total budgeted expenditures and revenues (approximately \$1.5 million). Taking this variance into account in the upcoming year, it is expected that we will finish the year adding approximately \$235,703 to fund balance.

It is important to note that, in spite of the well documented challenges posed by the funding climate for schools over the last decade, the District remains focused on the students and parents we serve. This is a point of pride for our school system. TCAPS is a comprehensive, high performing, low cost, low tax school system and we are proud to offer programs and initiatives to meet our constituents' needs. Examples include:

- Expansion and alignment of Science, Technology, Engineering, and Math (STEM)
- Updated Math curriculum and professional development
- Updated English Language Arts curriculum and professional development
- Updated Science curriculum
- Updated Social Studies curriculum
- Updated STEM curriculum
- Northern Michigan Partnership (homeschool initiative)
- World Language 6-12
- Expansion of Learning, Enrichment, and Athletic Programs K-8 (LEAP)
- One to one Technology expansion
- Updated Health and Nutrition Policy
- Community Eligibility Provision (CEP) food program for Blair and Traverse Heights
- Expansion of First Robotics and Lego League
- Expansion of shared time partnerships/offering
- Expanded Dual Enrollment opportunities
- Early College collaborative with NMC
- International Program partnership expansion
- Increased building security initiatives and improvements

The District continues to monitor all programs to ensure our resources are funding our instructional priorities. Although we have presented a structurally balanced budget and intend to do so over the next two fiscal years, our fund balance is projected to remain below the Board of Education's established target of 10%. It is our goal to slowly increase the fund balance over the next two fiscal years by maintaining a structurally balanced budget and directing one-time revenues directly to the fund balance. State funding remains precarious. Within this environment we must continue our work to bring the District back to its target fund balance percentage.

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 revenue sources other than the General Fund to sustain their operations.

In the case of the Food Services program, cost increases for food, supplies, labor contracts and the employee retirement rate, combined with the required paid lunch equity formula from the State, have resulted in a recommendation to increase elementary lunch prices by \$0.05 for the

2019 school year. This increase in price will keep the Food and Nutrition Services Department in a fiscally stable position, resulting in a balanced budget for 2019. The department does currently have a responsible fund balance. 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 Fund have contributed funds back to the General Fund to help offset certain administrative costs. These programs have been operating in the black while providing opportunities for children who would otherwise not have such opportunities. While it is important to note that the early childhood programs are collectively operating in the black, it is perhaps more important to note the impact these programs are having on children.

LEAP was created 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 other enrichment opportunities. The vision for this program remains 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. For the 2018 fiscal year as well as the 2019 fiscal year, the budget includes a contribution of \$192,500 to LEAP as a subsidy through a fund transfer.

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.

The funds generated from our bond sales are important 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 budget or revenue, which would place an additional \$3 million burden per year on the General Fund budget.

It should be noted that our current capital program, as supported by our 2007 bond authorization, will only be able to support upcoming critical capital needs, bus replacements and technology upgrades over the next two years. In order to fund major projects in the future, the District will need to pass a new bond authorization. Property values have stabilized and are increasing slightly in our region, making it possible to propose a no millage increase ballot question in August 2018 in order to infuse the needed dollars into the capital plan. This is an important and visible area of work for our district.

In relation to our current 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.).

Conclusion

TCAPS continues to manage its limited resources well, incorporating work on strategic financial planning to direct funds to instructional priorities. 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 comprehensive educational program while at the same time operating within its means. The 2019 fiscal year is structurally balanced and is projected to end with an increase to fund balance. Opportunities to advocate for resources, increase our potential for innovative revenue sources, and our commitment to continuous improvement for increased efficiencies may additionally positively impact this original budget projection throughout the year.

TRAVERSE CITY AREA PUBLIC SCHOOLS

2018-2019 Budget Hearing

June 25, 2018

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 reviewed in conjunction with our Audit Report to help frame an understanding of our financial situation

Fiscal Year (FY) 2017/2018

(Amendment II)

Beginning Fund Equity	\$5,153,273
Budgeted Revenues	\$100,529,637
Budgeted Expenditures	\$100,100,070
	<hr/>
	\$429,567
Projected Variance	\$1,500,000
Ending 2018 Fund Equity (approximate)	\$7,082,840
Ending Fund Equity	7%

FY 2018/2019 Budget Assumptions

Per Pupil Revenue:

2018	TOTAL		\$7,631
2019	<i>Base Foundation</i>	<i>\$120</i>	
	<i>2X Amount</i>	<i><u>+ \$120</u></i>	\$240
2019	TOTAL*		\$7,871

* Estimated; state budget was not yet approved at time of production

FY 2018/2019 Budget Assumptions continued

Student Count:

2018	9,896
2019 (estimated)	<u>9,868</u>
(Decrease)	(28)

Net increase in Per Pupil Revenue: \$2,154,652

Other:

- ➔ \$1.6 million TBAISD revenues budgeted
- ➔ Section 147c: \$6,500,000
- ➔ Retirement Cost: \$6,500,000

FY 2018/2019 Budget Assumptions continued

Expenses:

- ➔ 1.5% salary increase
- ➔ Step increase
- ➔ Retirement rate of 38.39%
- ➔ Health insurance estimate at 2.00% *
- ➔ Other structural adjustments

* Traverse City Education Association rates budgeted at \$0 increase

FY 2018/2019 Fund Balance Projection

Beginning Fund Equity (estimate)	\$7,082,840
Budgeted Revenue	\$97,113,491
Budgeted Expenditures	\$98,377,788
Budgeted Shortfall	<hr/> (\$1,264,297)
Projected Variance	<hr/> \$1,500,000
Projected Excess/(Shortfall)	<hr/> \$235,703
Ending 2019 Fund Equity (estimate)	\$7,318,543
Ending Fund Equity	7.4%

Variables to Impact FY 2018/2019 Bottom-line and Budget

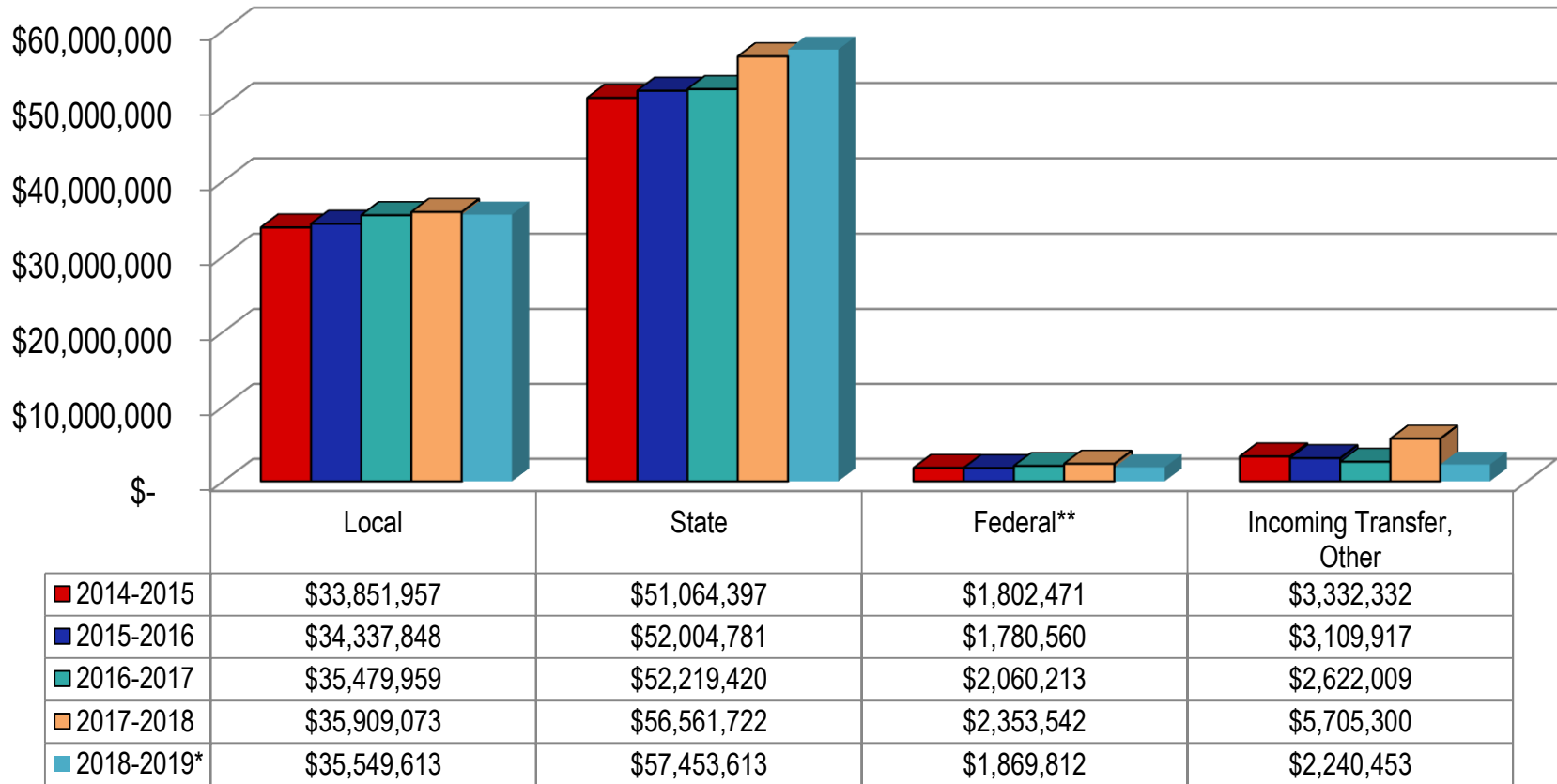
- ➔ Student count
- ➔ Health insurance census
- ➔ TBAISD discretionary
- ➔ Teacher costs (turnover)

Where Does Funding Come From?



- ➔ Local
- ➔ State
- ➔ Federal

Budget Comparison ~ Revenue Source



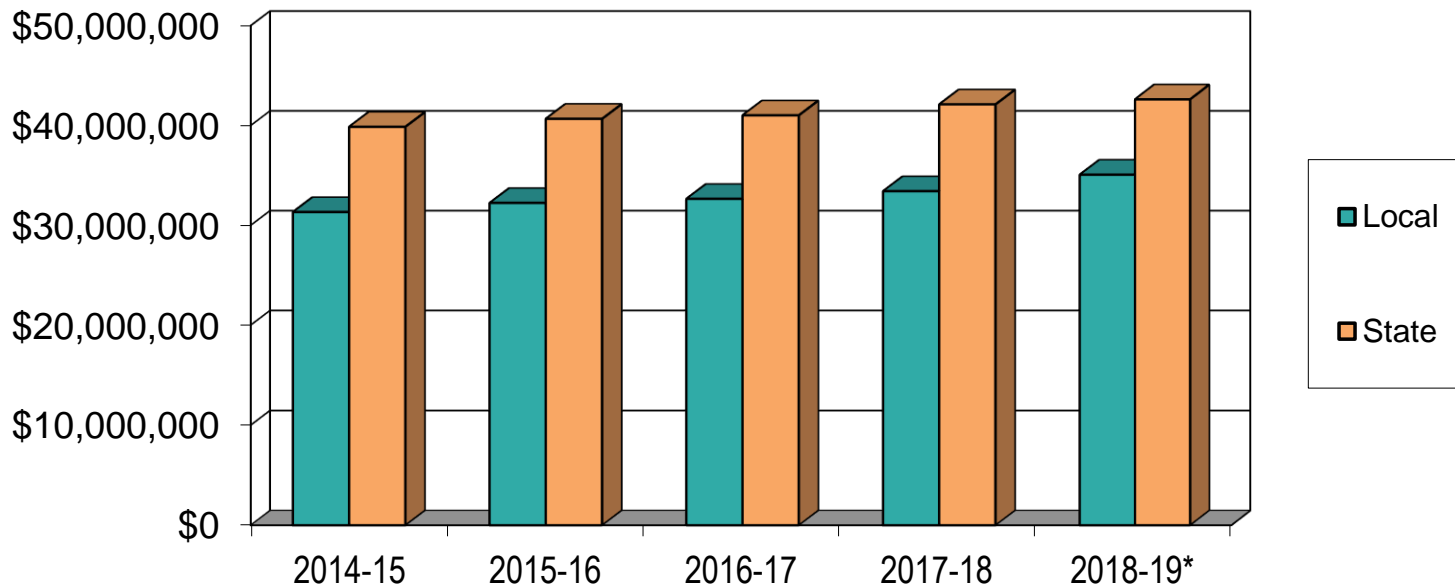
* Projections

** Many federal programs have fiscal year-ends that are other than June 30.

Funds not spent by June 30, 2018 will be "carried over" to fiscal 2019 in accordance with federal program guidelines.

Revenue Budget ~ Funding Assumptions

	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019*</u>
Full-time Equivalent Students	9,987	9,862	9,805	9,896	9,868
Foundation Allowance	\$7,126	\$7,391	\$7,511	\$7,631	\$7,871
Revenue from Foundation	\$71,167,362	\$72,890,042	\$73,645,355	\$75,516,376	\$77,671,028



* Projections

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.”

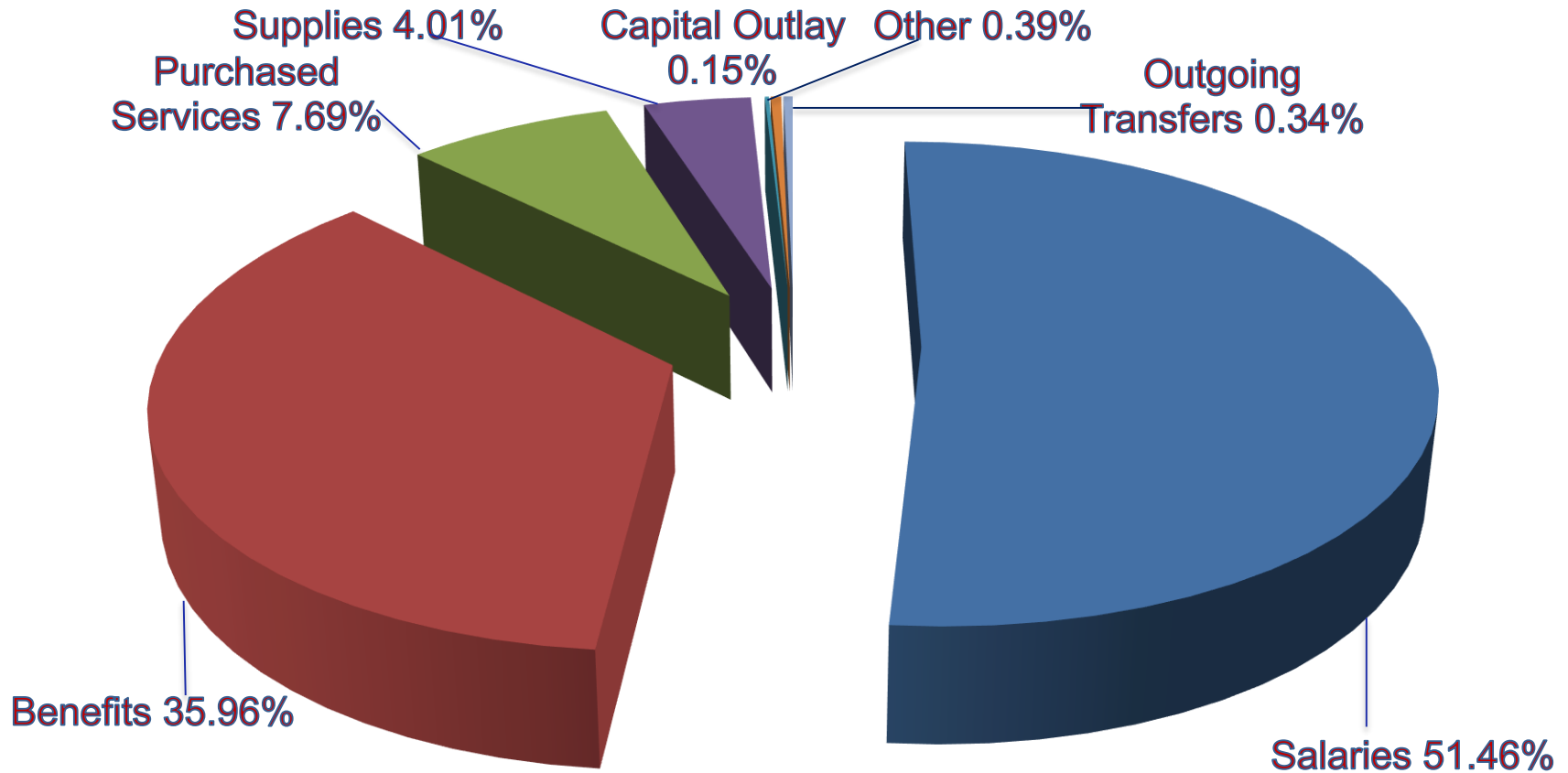
¹ “Non-homestead” is currently referred to as “Non-Principal Residence Exemption”

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

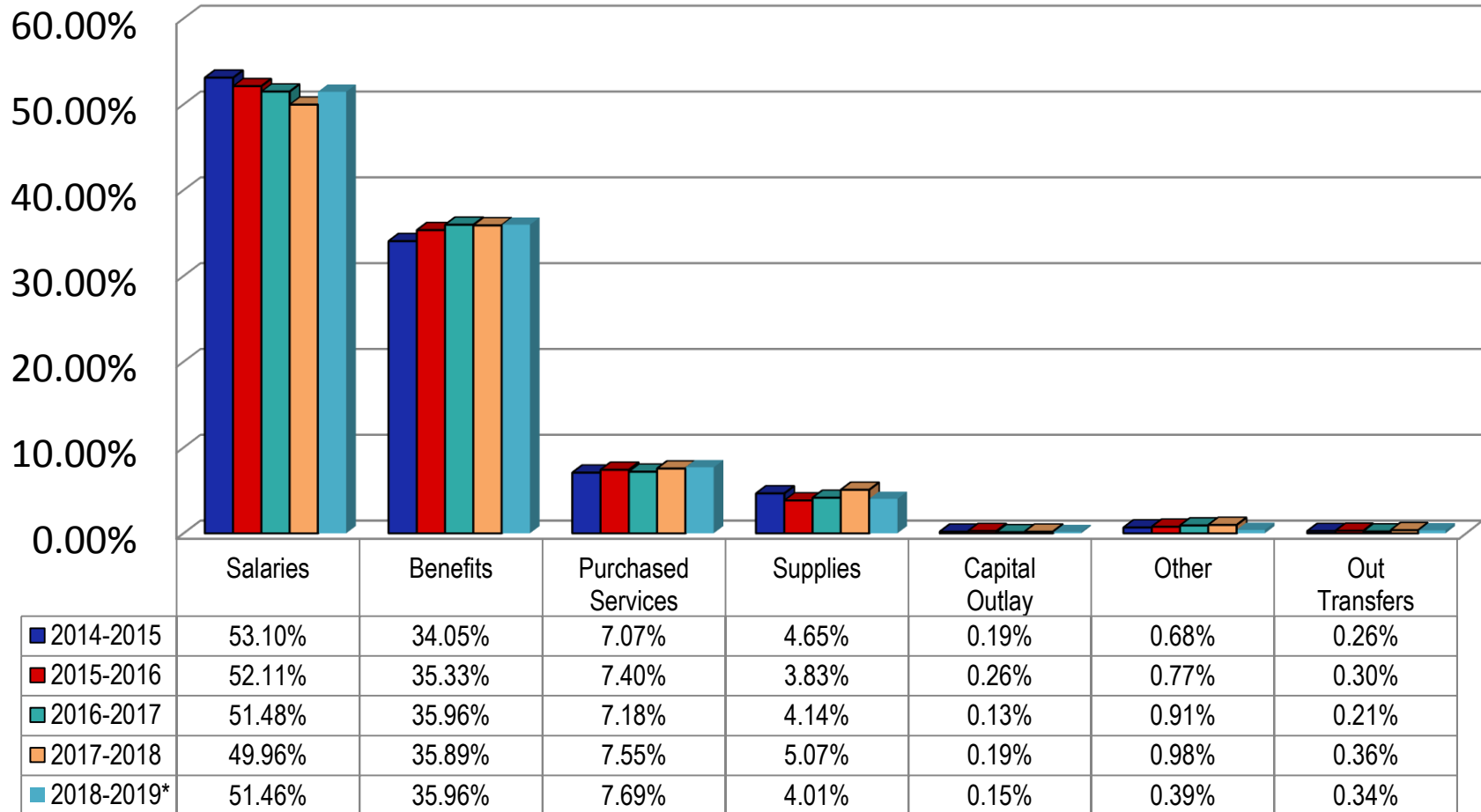


Where does the money go?

2018/2019 Budget General Fund Monies

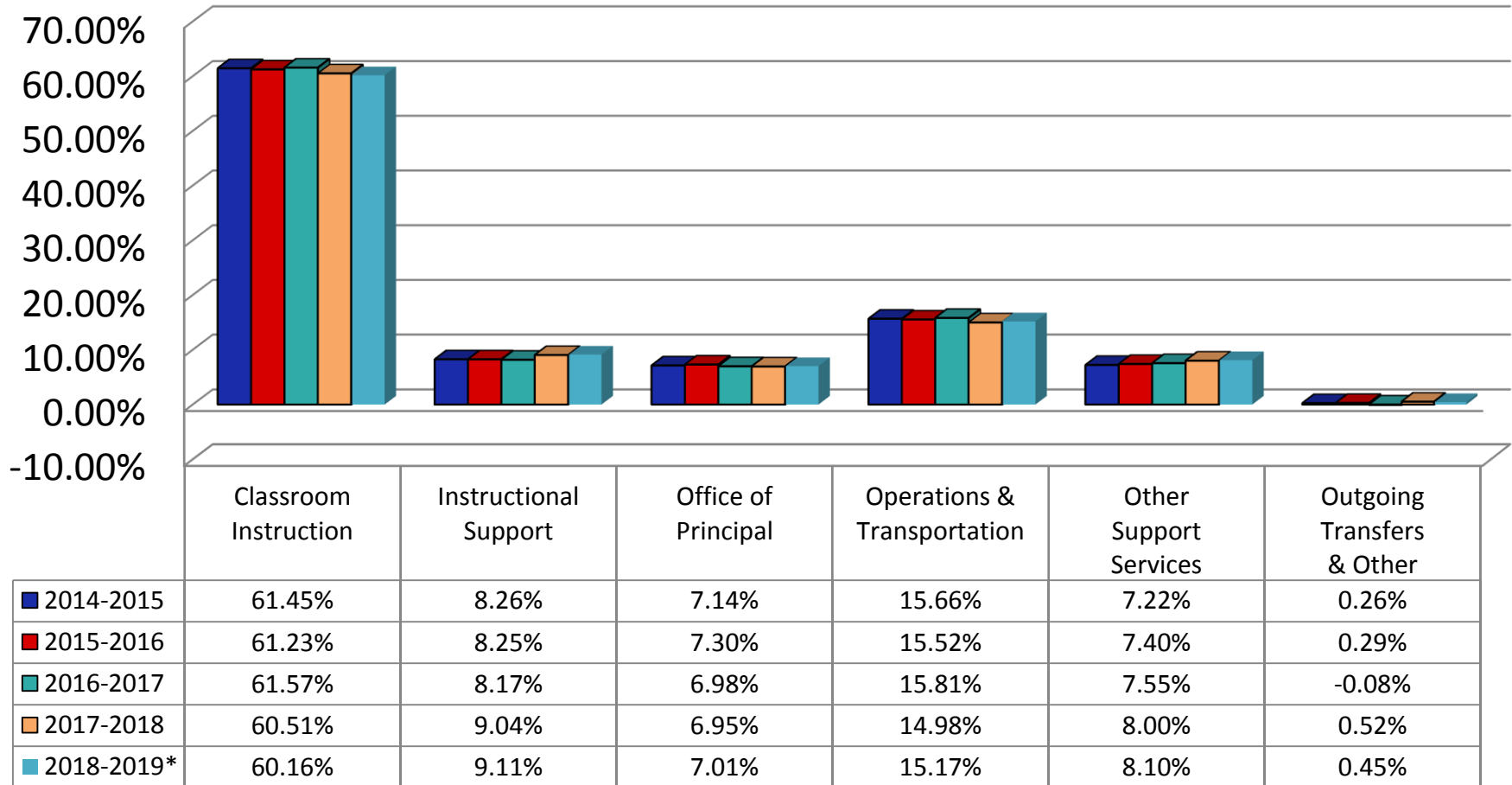


Budget Comparison By Object



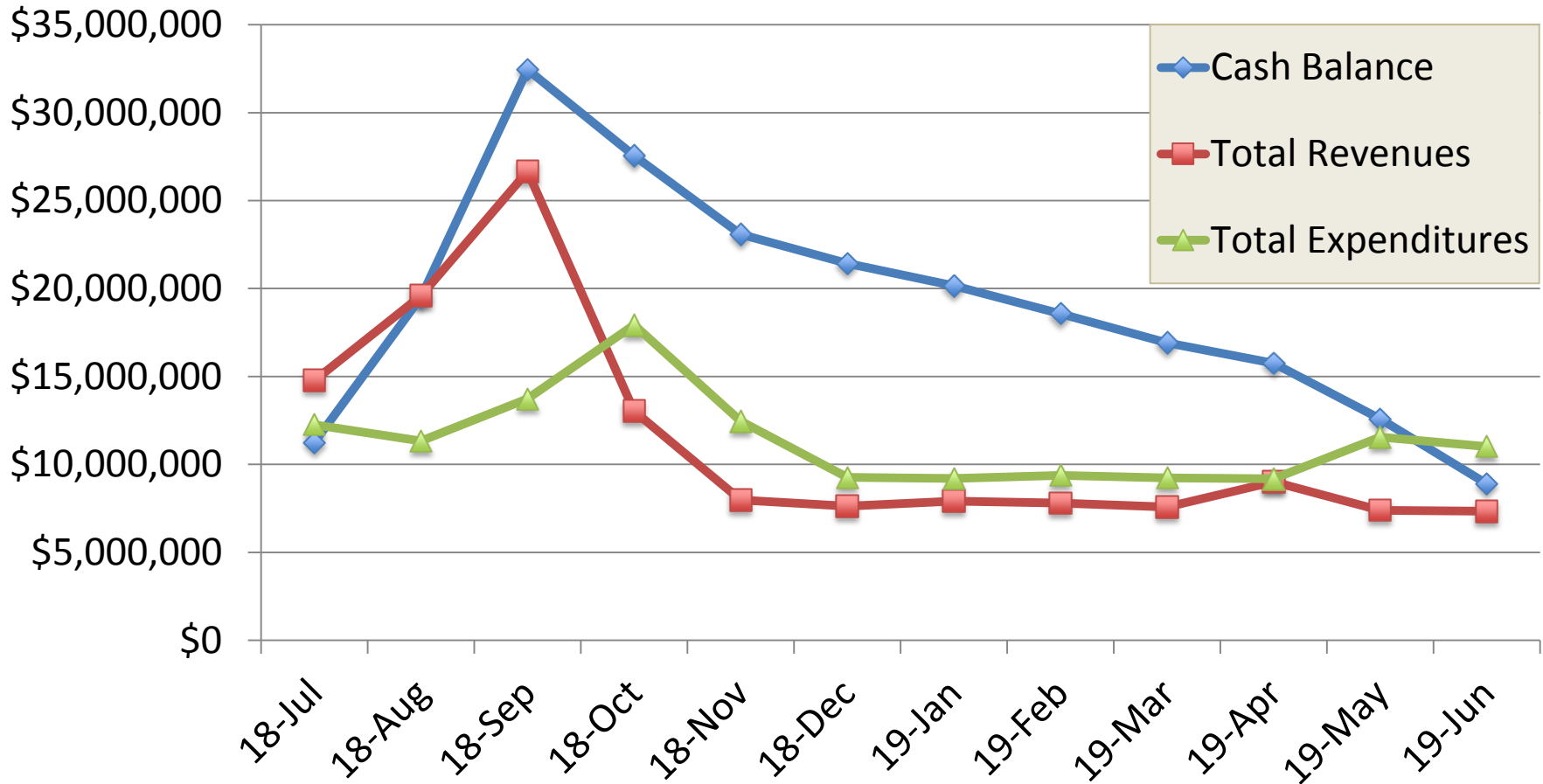
* Projections

Budget Comparison By Function

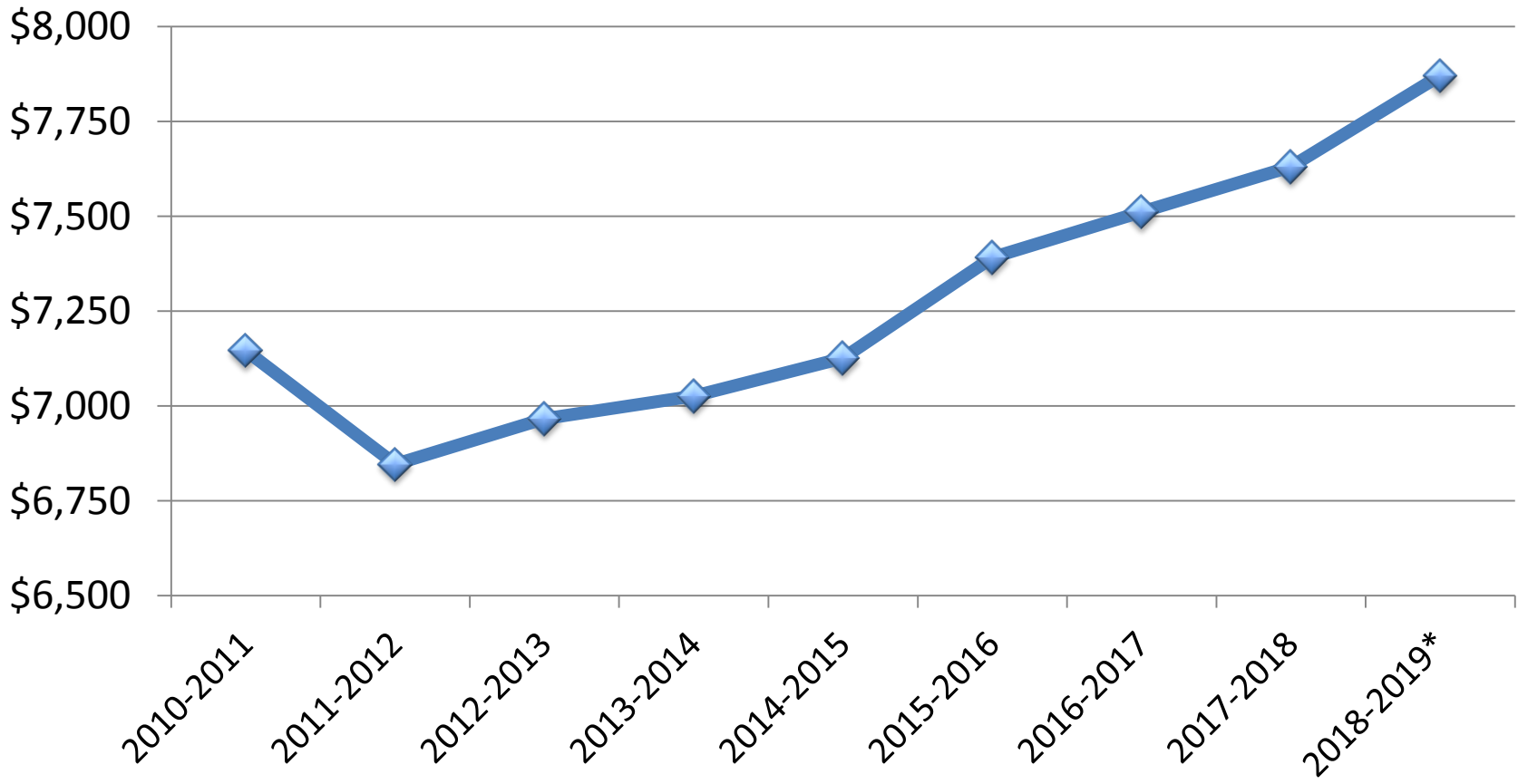


* Projections

Cash Flow Projections ~ Fiscal 2019

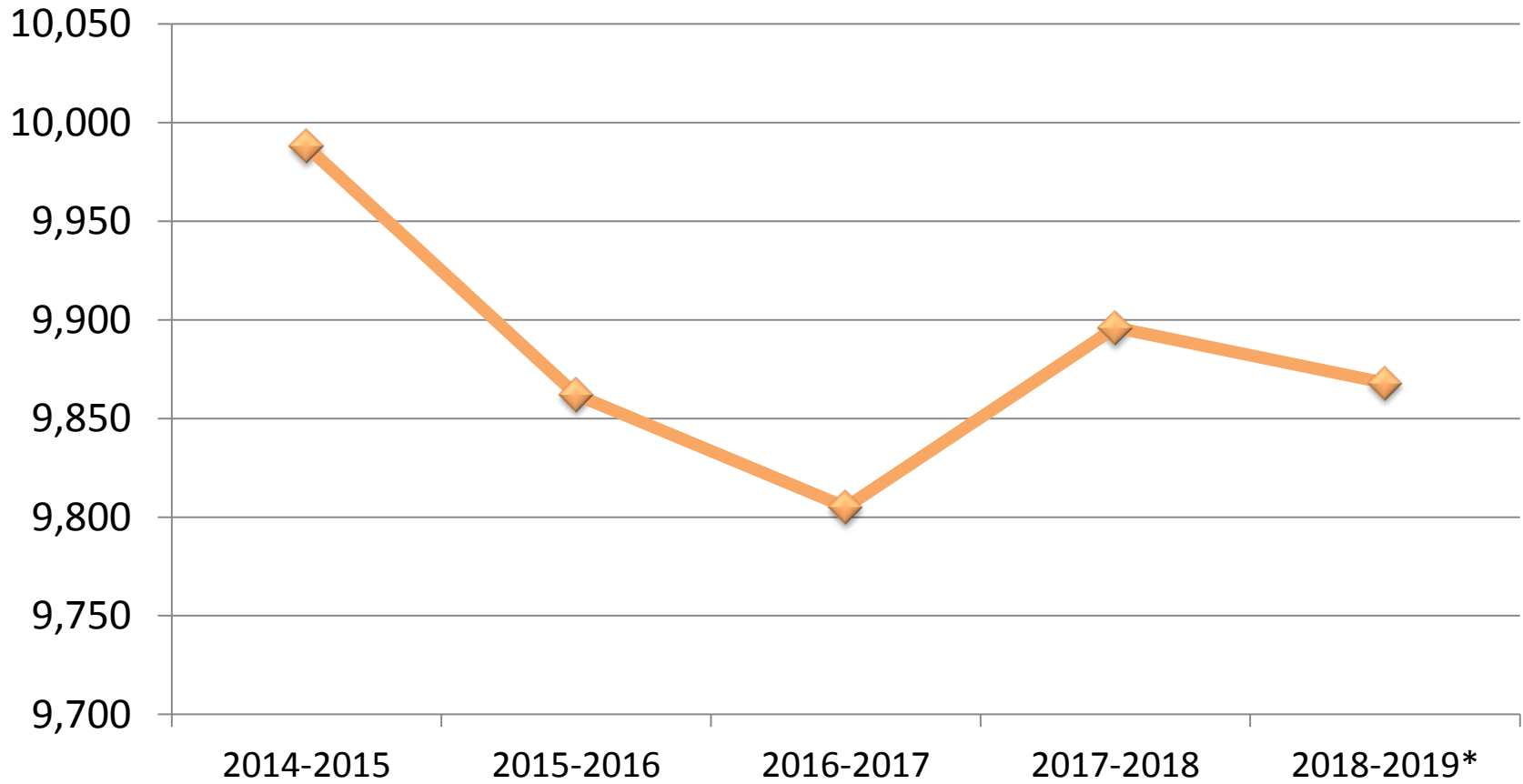


History of Foundation Amounts (Per-pupil)



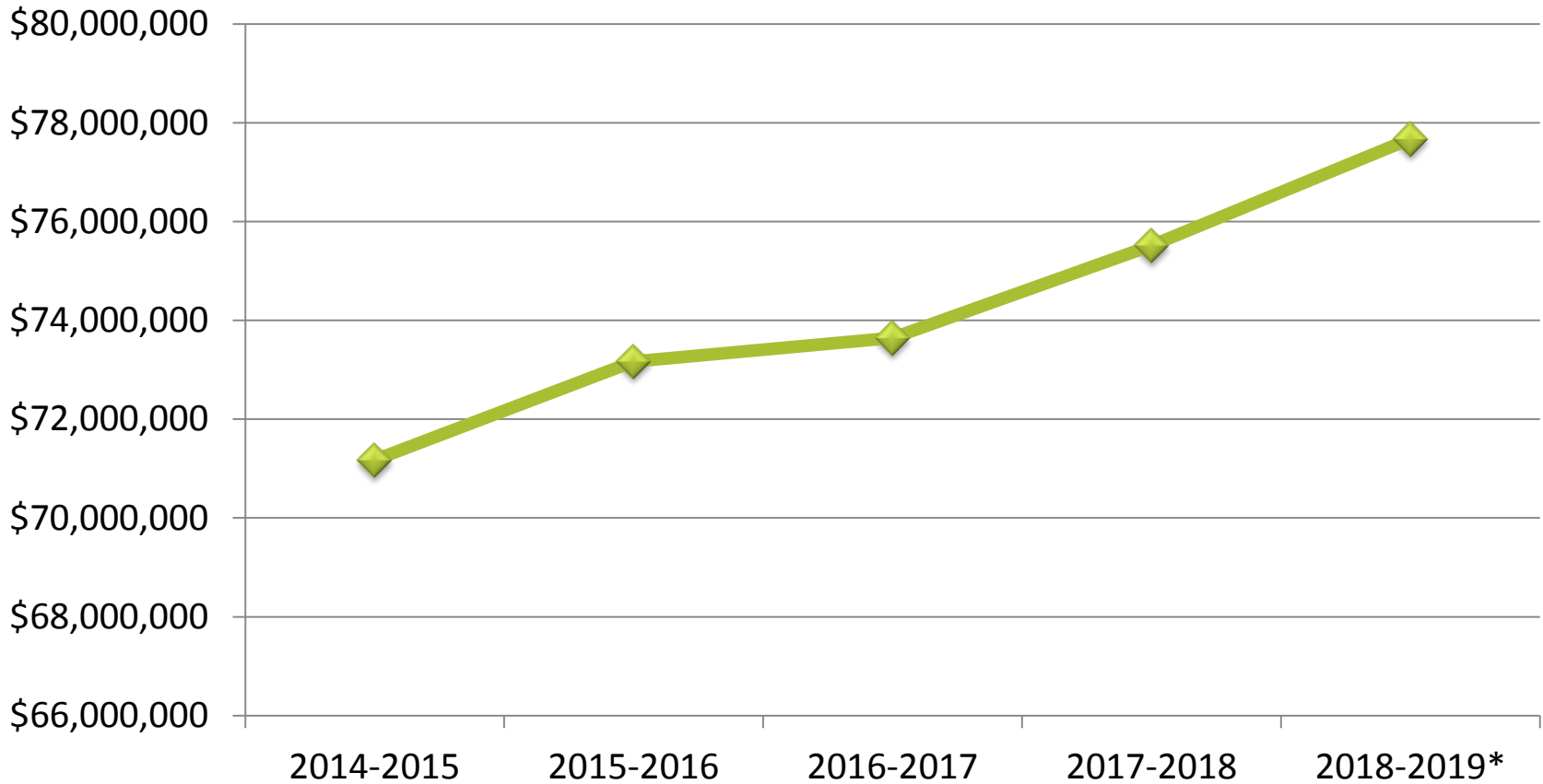
* Projections

History of Student Count (Total FTE)



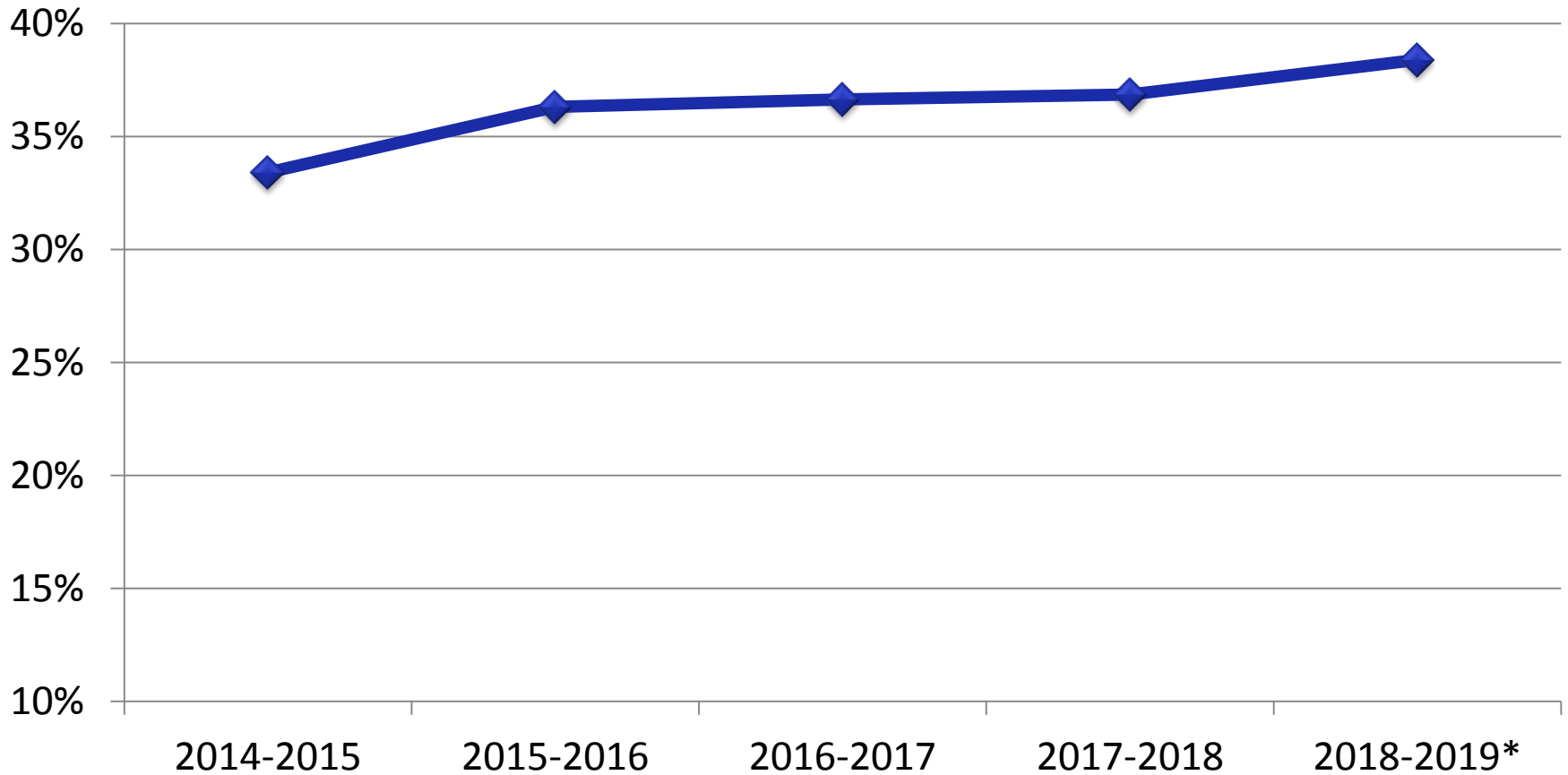
* Projections

History of Total Foundation Revenue



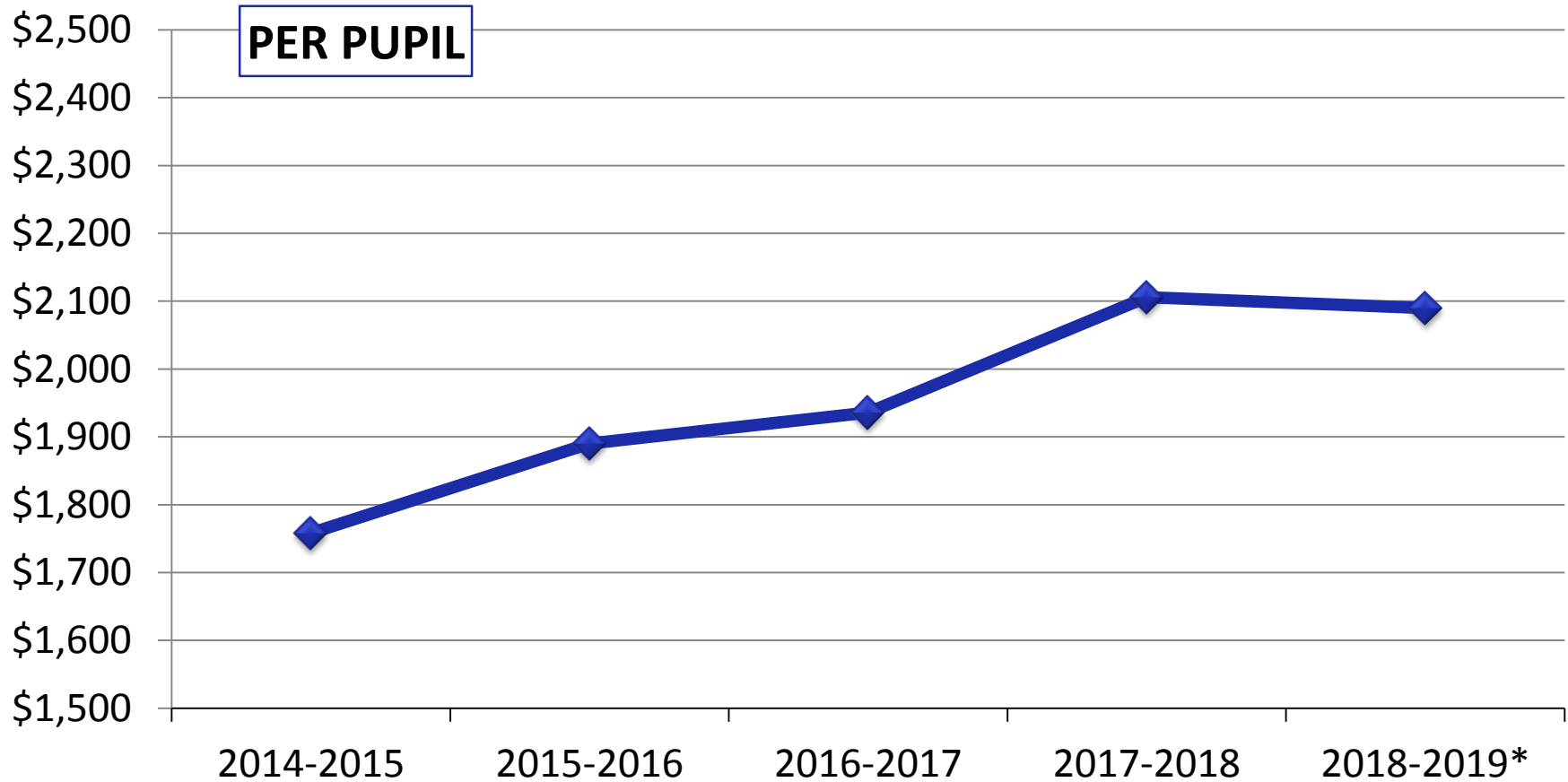
* Projections

History of Retirement Rates



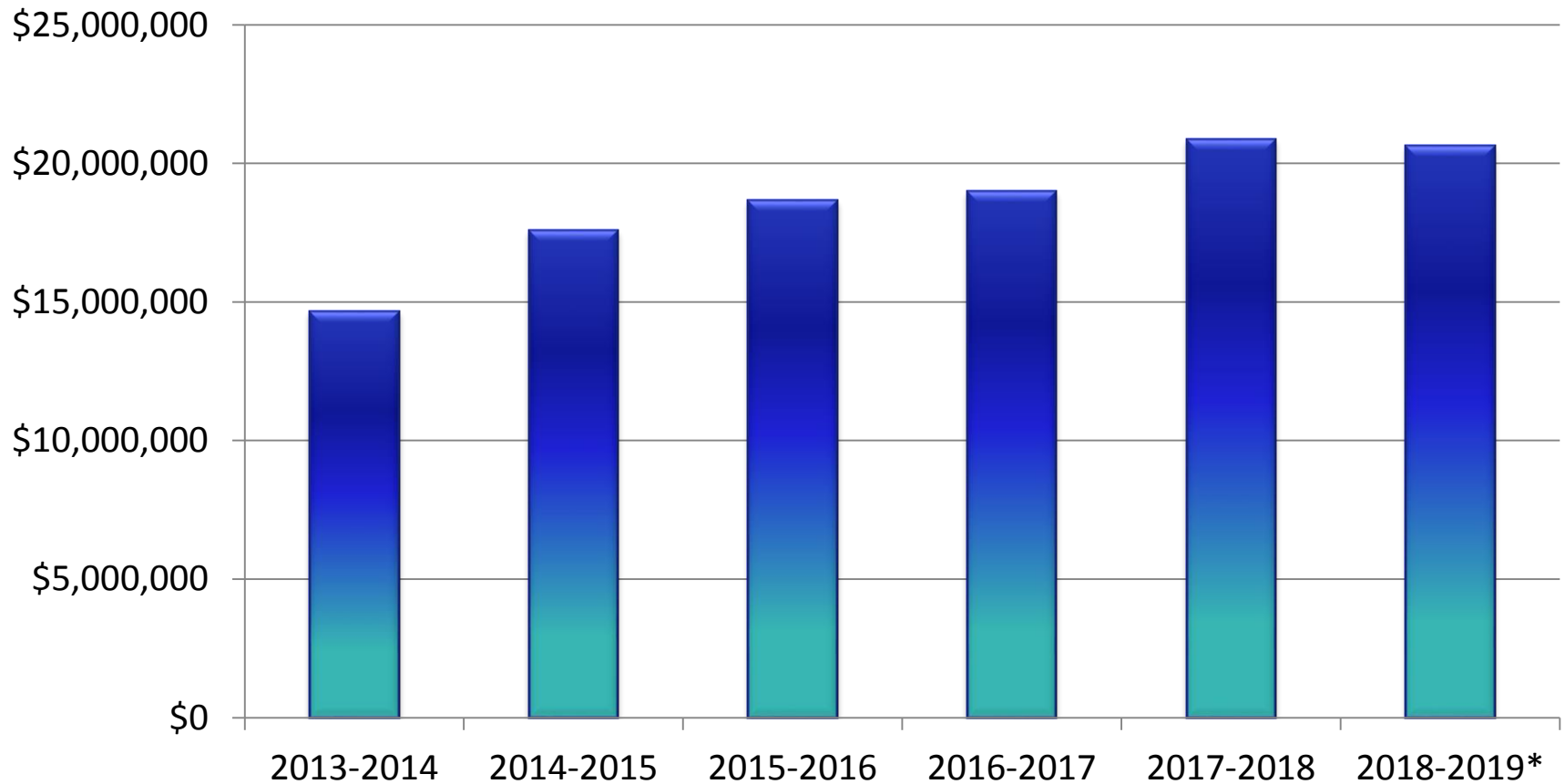
* Projections

History of TCAPS' Retirement Costs



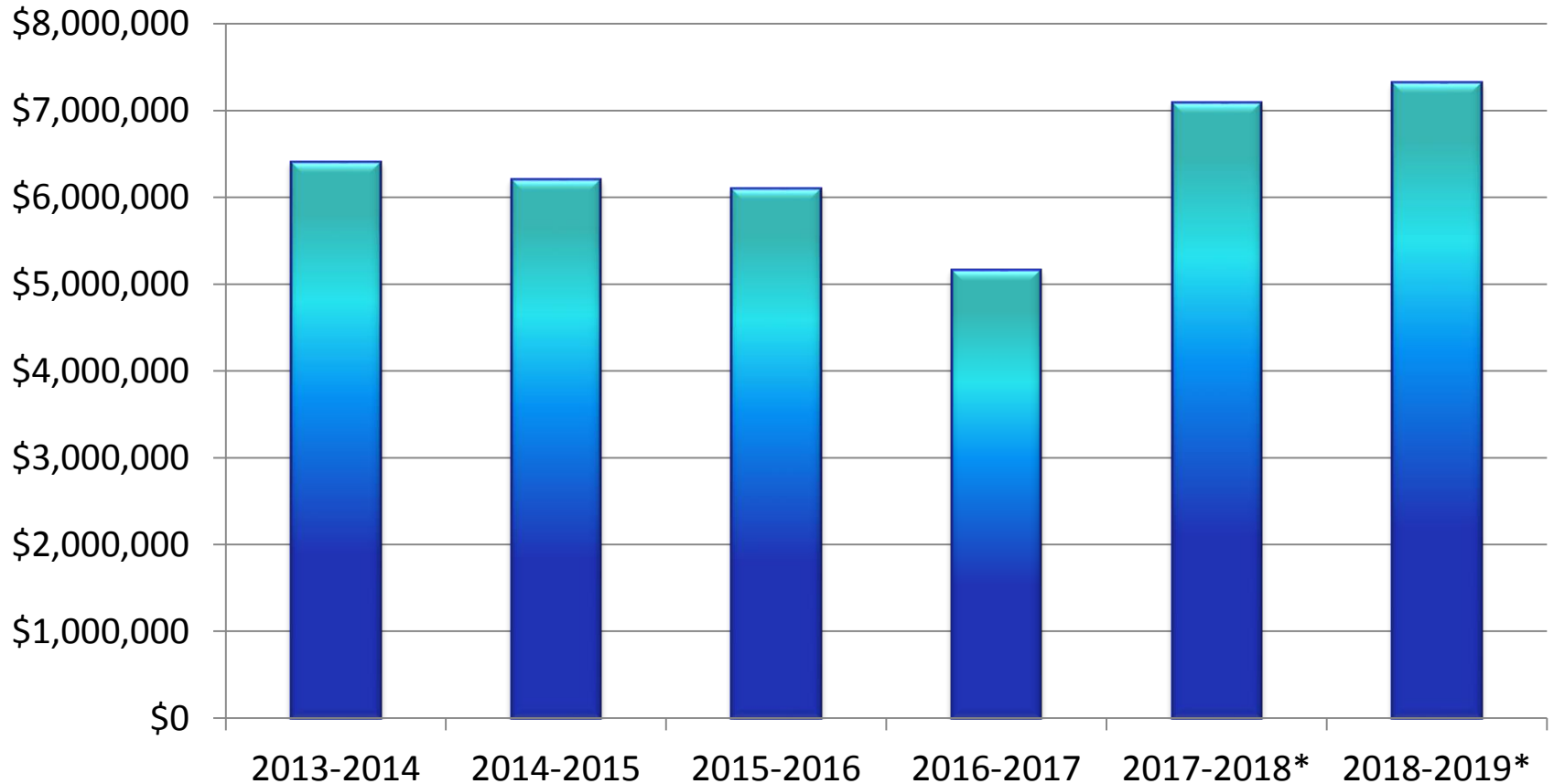
* Projections

History of TCAPS' Retirement Costs



* Projections

History of Fund Balance



* Estimated amounts, not budgeted amounts.

Other Funds

➔ Special Revenue Fund: Food Services

- Estimating a drawdown of fund balance of approximately \$200,000 of which \$180,000 is Eastern Elementary kitchen equipment.
- Expecting FY19 to be structurally balanced
 - \$0.05 increase to elementary lunch
 - Cost controls
 - Labor
 - Inventory
 - Menu planning
- Commitment to quality meals/service

Other Funds continued

➔ **Special Revenue Fund: Community Services**

✓ **Childcare Programs**

- Fee-for-service program; offsets some General Fund costs (registration fees, overhead, facility use, profit margin)
- Continuing to implement program efficiencies

➔ **Special Revenue Fund: Community Services**

✓ **Learning, Enrichment & Athletic Program (LEAP)**

- Fee for participation
- Provides opportunity & programming for nearly 4,000 students each year (K-12)

Other Funds continued

➔ Capital Projects

- Revised long-term capital plan
- 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 3.1 mills on all property

A Special Acknowledgement

A note of thanks to the staff in the Business Office for their commitment to continuous improvement throughout the entire year.

In particular, I would like to extend my thanks for the added effort put forth to prepare the budget and the Comprehensive Annual Financial Report (CAFR). The 2017 CAFR received the Certificate of Excellence in Financial Reporting for the thirteenth consecutive year!

I would like to formally recognize the following individuals for their dedication, professionalism and expertise.

Wes Souden

Sandy Low

Julie Gorter

Beckie Cairns
Carrie Sattler

Cindy Farah
Shawn Stowe

Brenda Hampton
Ashley Wills

Keri McCumber
Julie Nesky

Sincerely,
Christine Thomas-Hill
Associate Superintendent
Finance and Operations

MEMORANDUM

Christine Thomas-Hill
Associate Superintendent
Finance and Operations

Julie Gorter
Executive Assistant

TO: Paul Soma, Superintendent
FROM: Christine Thomas-Hill, Associate Superintendent
DATE: June 25, 2018
RE: 2018/2019 ORIGINAL BUDGETS

Attached please find the 2018/2019 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 a resolution to approve the original 2018/2019 General Fund Budget and the original 2018/2019 Special Revenue Fund Budget, dated July 1, 2018.

TRAVERSE CITY AREA PUBLIC SCHOOLS BOARD OF EDUCATION

RESOLUTION FOR ADOPTION June 25, 2018

FOR ACTION:

TOPIC: 2018/2019 Preliminary Budgets for Traverse City Area Public Schools (Appropriations Act)

RECOMMENDATION:

It is recommended that the Board of Education adopt the resolution appropriating funds for the 2018/2019 fiscal year (Preliminary Budgets). 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 the District has 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)	4,954,110,951
Homestead Taxable Value	3,006,248,644
Non-Principal Residence Exemption Taxable Value	1,947,862,307*
Operating Millage Levy (Non-principal residence exemption only)	18 mills
Operating Local Property Tax Revenue (Non-principal residence exemption only)	35,061,522
Estimated State Aid (foundation allowance) Formula:	
Foundation Allowance per Pupil	7,871
Local Tax Support per Pupil (Est. Pupils: 9,868)	3,553
State Aid per Pupil (Est. Pupils: 9,868)	4,318

* 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; estimates are merely being provided to receive authorization to begin the 2018/2019 school year.

SOURCE PERSON: Christine Thomas-Hill, Associate Superintendent of Finance and Operations

ATTACHMENTS:

- Resolution to Adopt 2018/2019 Preliminary Budgets
- 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 2018/2019 PRELIMINARY BUDGETS

RESOLVED, that this resolution shall be the general appropriations of the Traverse City Area Public Schools for the 2018/2019 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 2018/2019 are as follows:

Revenue

Local Sources	\$ 35,549,613
State Sources	57,453,613
Federal Sources	1,869,812
Incoming Transfers and Other Transactions	2,240,453

Total Revenue	\$ 97,113,491
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Fund Balance (07/01/18 estimate)	5,582,840
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Total Available to

Appropriate ~ General Fund	\$ 102,696,331
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**TRAVERSE CITY AREA PUBLIC SCHOOLS
BOARD OF EDUCATION**

**RESOLUTION TO ADOPT
2018/2019 PRELIMINARY BUDGETS**

BE IT FURTHER RESOLVED, that \$98,377,788 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	\$ 49,400,946
Added Needs	<u>9,781,448</u>
 Total Instruction	 \$ 59,182,394

Support Services:

Pupil Services	\$ 3,751,254
Instructional Staff	5,215,830
General Administration	697,090
School Administration	6,898,991
Business Services	1,993,762
Operations & Maintenance	9,329,636
Pupil Transportation Services	5,591,784
Central Services	3,361,938
Other Support Services	<u>1,917,311</u>

Total Support Services \$ 38,757,596

Community Services \$ 98,486

Outgoing Transfers and Other Transactions \$ 339,312

Total Appropriated ~ General Fund \$ 98,377,788

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

**RESOLUTION TO ADOPT
2018/2019 PRELIMINARY BUDGETS**

BE IT FURTHER RESOLVED, the total projected revenues and expenditures for the *Special Revenue Fund - Food Services* of the Traverse City Area Public Schools for the fiscal year 2018/2019 are as follows:

Revenue

Local Sources *	\$ 2,183,871
State Sources	301,087
Federal Sources	2,282,542
Incoming Transfers/Others	10,000
Total Revenue	\$ 4,777,500

Expenditures

Salaries	\$ 1,320,295
Benefits	751,470
Purchased Services	145,758
Supplies & Other Expenses	2,269,977
Capital Outlay	30,000
Operating Transfer	<u>260,000</u>
Total Expenditures	\$ 4,777,500

Excess of Revenues Over/(Under) Expenditures	\$ 0
Beginning Fund Balance (07/01/18 estimate)	\$ 556,369
Ending Fund Balance (06/30/19 estimate)	\$ 556,369

* The Local Revenue reflects a \$0.05 increase to elementary lunch.

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

**RESOLUTION TO ADOPT
2018/2019 PRELIMINARY BUDGETS**

BE IT FURTHER RESOLVED, the total projected revenues and expenditures for the *Special Revenue Fund - Community Services* of the Traverse City Area Public Schools for the fiscal year 2018/2019 are as follows:

Revenue

Local Sources	\$ 3,343,372
Federal Sources	135,000
Intermediate Sources	0
Operating Transfers In	<u>229,500</u>
Total Revenue	\$ 3,707,872

Expenditures

Salaries	\$ 1,685,496
Benefits	1,305,885
Purchased Services	249,178
Supplies and Other Expenses	317,313
Capital Outlay	10,663
Transfers to General Fund and Other	<u>139,337</u>
Total Expenditures	\$ 3,707,872

Excess of Revenues Over/(Under) Expenditures (\$ 0)

Beginning Fund Balance (07/01/18 estimate) \$ 203,090

Ending Fund Balance (06/30/19 estimate) \$ 203,090

TRAVERSE CITY AREA PUBLIC SCHOOLS BOARD OF EDUCATION

RESOLUTION TO ADOPT 2018/2019 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 Appropriations Resolution is to take effect on July 1, 2018.

AYES:

NAYS:

Resolution adopted.

Doris E. Ellery, 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 25, 2018, 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.

Doris E. Ellery, Secretary
Board of Education
Traverse City Area Public Schools

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

ITEMIZED PRELIMINARY BUDGET
2018/2019

Presented June 25, 2018

The itemized portion of the 2018/2019 budgets is provided for informational purposes only and is broken down into more detail than the formal budget adopted by the Board of Education (presented in Tab 5). This section also includes the three-year budget reporting, as required by the State of Michigan.

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- Page 6.12 – Community Services ~ Federal Programs

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

Revenue	2015-2016 Actual	2016-2017 Actual	2017-2018 Amended	2018-2019 Original
Local Unrestricted	34,337,848	35,479,959	35,909,073	35,549,613
State Unrestricted	42,289,114	42,543,207	44,952,301	47,301,080
State Restricted	9,715,667	9,676,213	11,609,421	10,152,533
Federal Restricted	1,780,560	2,060,213	2,353,542	1,869,812
Incoming Transfers/Other	3,109,917	2,622,009	5,705,300	2,240,453
Total Revenues	91,233,106	92,381,601	100,529,637	97,113,491

Expenditures				
Instruction				
Basic Instruction	47,505,690	48,283,164	50,353,680	49,400,946
Added Needs	8,720,601	9,179,693	10,218,065	9,781,448
Total Instruction	56,226,291	57,462,857	60,571,745	59,182,394
Support				
Pupil	3,134,705	3,455,660	3,859,923	3,751,254
Instructional Staff	4,440,545	4,173,283	5,185,018	5,215,830
General Administration	563,647	582,946	756,448	697,090
School Administration	6,705,847	6,515,286	6,955,930	6,898,991
Business Services	1,453,181	1,456,066	1,991,717	1,993,762
Operations and Maintenance	9,120,694	9,183,569	9,515,222	9,329,636
Pupil Transportation	5,132,582	5,567,794	5,477,449	5,591,784
Central Services	2,783,460	2,880,693	3,086,265	3,361,938
Other Support Services	1,998,099	2,123,148	2,176,638	1,917,311
Total Support Services	35,332,760	35,938,445	39,004,610	38,757,596
Community Services	104,121	95,433	176,757	98,486
Other Uses - Outgoing Transfers & Other	166,269	(172,219)	346,958	339,312
Total Expenditures	91,829,441	93,324,516	100,100,070	98,377,788
Excess Revenue/(Expenditures)	(596,335)	(942,915)	429,567	(1,264,297)
Fund Balance - July 1	6,692,523	6,096,188	5,153,273	5,582,840
Fund Balance - June 30	6,096,188	5,153,273	5,582,840	4,318,543
Less Non-Spendable and Assigned	4,712,776	5,011,283	1,679,958	1,679,958
Unassigned Fund Balance	1,383,412	141,990	3,902,882	2,638,585

Fund Equity Non-Spendable and Assigned				
Non-Spendable for Inventories	75,601	70,227	50,000	50,000
Non-Spendable for Prepaid	654,660	1,139,190	100,000	100,000
Assigned for Building Carryover	690,503	656,345	629,958	629,958
Assigned for Department Carryover	0	200,305	0	0
Assigned for Building Staff Carryover	0	0	0	0
Assigned for Severance Pay	1,188,002	1,324,301	900,000	900,000
Assigned for subsequent year expenditures	2,104,010	1,620,915	0	0
Total Fund Equity Non-Spendable and Assigned	4,712,776	5,011,283	1,679,958	1,679,958

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, 2018**

Calculation of Projected FTE Students			2019	2018
February Student Count (actual 2018)	9,801	10%	980	978
October Student Count (estimate 2018)	9,875	90%	8,888	8,918
Total Fiscal year FTE			9,868	9,896

Total Foundation Allowance Calculation		2019	2018
Total Fiscal year FTE		9,868	9,896
Foundation Amount per Student		7,871	7,631
Total Foundation Allowance		77,671,028	75,516,376

State and Local Portion of Foundation	Current Year	Prior Year
non-Principal Residence Exemption	1,947,862,307	1,856,062,774
18 mills		
Local Portion of Foundation	35,061,522	33,409,130
State Portion of Foundation	42,609,506	42,107,246

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

Revenue	2017-2018 Amended	2018-2019 Original
Local Unrestricted	35,750,046	35,501,226
State Unrestricted	44,952,301	47,301,080
State Restricted	7,206,037	6,453,262
Federal Restricted	20,000	20,000
Incoming Transfers/Other	5,533,027	2,150,453
Total Revenues	93,461,411	91,426,021

Expenditures		
Instruction		
Basic Instruction	49,352,217	48,504,899
Added Needs	7,063,395	7,273,747
Total Instruction	56,415,612	55,778,646
Support		
Pupil	2,649,655	2,909,477
Instructional Staff	4,025,736	4,110,956
General Administration	756,448	697,090
School Administration	6,955,930	6,898,991
Business Services	1,991,717	1,993,762
Operations and Maintenance	9,508,713	9,329,636
Pupil Transportation	5,379,296	5,523,385
Central Services	3,046,715	3,361,738
Student Support Services	2,076,311	1,837,311
Total Support Services	36,390,521	36,662,346
Community Services	0	0
Other Uses - Outgoing Transfers & Other	225,711	249,326
Total Expenditures	93,031,844	92,690,318
Excess Revenue/(Expenditures)	429,567	(1,264,297)
Fund Balance - July 1	5,153,273	5,582,840
Fund Balance - June 30	5,582,840	4,318,543
Less Non-Spendable and Assigned	1,679,958	1,679,958
Unassigned Fund Balance	3,902,882	2,638,585

Fund Equity Non-Spendable and Assigned		
Non-Spendable for Inventories	50,000	50,000
Non-Spendable for Prepaids	100,000	100,000
Assigned for Building Carryover	629,958	629,958
Assigned for Department Carryover	0	0
Assigned for Building Staff Carryover	0	0
Assigned for Severance Pay	900,000	900,000
Total Fund Equity Non-Spendable and Assigned	1,679,958	1,679,958

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

Revenue	2017-2018 Amended	2018-2019 Original
Local Unrestricted	159,027	48,387
State Unrestricted		
State Restricted		
Federal Restricted		
Incoming Transfers/Other	172,273	90,000
Total Revenues	331,300	138,387

Expenditures		
Instruction		
Basic Instruction	51,991	40,090
Added Needs	142,713	84,250
Total Instruction	194,704	124,340
Support		
Pupil	9,470	0
Instructional Staff	20,059	8,747
General Administration	0	0
School Administration	0	0
Business Services	0	0
Operations and Maintenance	847	0
Pupil Transportation	637	0
Central Services	0	0
Student Support Services	20,327	0
Total Support Services	51,340	8,747
Community Services	70,784	1,955
Other Uses - Outgoing Transfers & Other	14,472	3,345
Total Expenditures	331,300	138,387
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	2017-2018 Amended	2018-2019 Original
Local Unrestricted		
State Unrestricted		
State Restricted	4,403,384	3,699,271
Federal Restricted		
Incoming Transfers/Other		
Total Revenues	4,403,384	3,699,271

Expenditures		
Instruction		
Basic Instruction	918,953	855,957
Added Needs	2,203,103	1,321,821
Total Instruction	3,122,056	2,177,778
Support		
Pupil	995,520	741,147
Instructional Staff	92,863	651,947
General Administration	0	0
School Administration	0	0
Business Services	0	0
Operations and Maintenance	5,662	0
Pupil Transportation	41,400	38,399
Central Services	39,334	0
Student Support Services	80,000	80,000
Total Support Services	1,254,779	1,511,493
Community Services	2,103	0
Other Uses - Outgoing Transfers & Other	24,446	10,000
Total Expenditures	4,403,384	3,699,271
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	2017-2018 Amended	2018-2019 Original
Local Unrestricted		
State Unrestricted		
State Restricted		
Federal Restricted	2,333,542	1,849,812
Incoming Transfers/Other		
Total Revenues	2,333,542	1,849,812

Expenditures		
Instruction		
Basic Instruction	30,519	0
Added Needs	808,854	1,101,630
Total Instruction	839,373	1,101,630
Support		
Pupil	205,278	100,630
Instructional Staff	1,046,360	444,180
General Administration	0	0
School Administration	0	0
Business Services	0	0
Operations and Maintenance	0	0
Pupil Transportation	56,116	30,000
Central Services	216	200
Student Support Services	0	0
Total Support Services	1,307,970	575,010
Community Services	103,870	96,531
Other Uses - Outgoing Transfers & Other	82,329	76,641
Total Expenditures	2,333,542	1,849,812
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
School Service Fund - Food Services Program
For the Fiscal Years Ending June 30

Revenue	2015-2016 Actual	2016-2017 Actual	2017-2018 Amended	2018-2019 Original
Local	2,348,156	2,336,497	2,147,371	2,183,871
State	280,006	345,657	301,087	301,087
Federal	2,321,635	2,263,202	2,261,542	2,282,542
Incoming Transfers and Other	13,502	10,009	10,000	10,000
Total Revenues	4,963,299	4,955,365	4,720,000	4,777,500

Expenditures				
Salaries and Wages	1,446,981	1,431,627	1,319,169	1,320,295
Employee Benefits	821,571	815,865	754,694	751,470
Purchased Services	162,109	145,584	146,875	145,758
Supplies and Other	2,502,952	2,405,771	2,264,262	2,269,977
Capital Outlay	48,366	71,877	215,000	30,000
Operating Transfer	0	0	220,000	260,000
Total Expenditures	4,981,979	4,870,724	4,920,000	4,777,500

Revenues Over/(Under) Expenditures	(18,680)	84,641	(200,000)	0
Beginning Fund Balance July 1	690,408	671,728	756,369	556,369
Ending Fund Balance June 30	671,728	756,369	556,369	556,369

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 \$0.05 increase to elementary lunch.

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

Revenue	2015-2016 Actual	2016-2017 Actual	2017-2018 Amended	2018-2019 Original
Local	2,960,156	3,111,957	3,320,497	3,343,372
Federal	133,263	130,457	135,000	135,000
Intermediate School District	0	0	0	0
Incoming Transfers/Other	202,324	119,812	249,500	229,500
Total Revenues	3,295,743	3,362,226	3,704,997	3,707,872

Expenditures				
Salaries and Wages	1,526,807	1,665,588	1,700,281	1,685,496
Employee Benefits	1,092,827	1,245,641	1,271,913	1,305,885
Purchased Services	240,790	221,377	263,738	249,178
Supplies and Other	318,080	319,609	368,953	317,313
Capital Outlay	24,930	26,955	18,932	10,663
Transfer to General Fund and Other	135,595	140,178	239,111	139,337
Total Expenditures	3,339,029	3,619,348	3,862,928	3,707,872
Revenue Over/(Under) Expenditures	(43,286)	(257,122)	(157,931)	0
Beginning Fund Balance July 1	661,429	618,143	361,021	203,090
Ending Fund Balance June 30	618,143	361,021	203,090	203,090

NOTE: The TCAPS School Service Fund - Community Services is made up of three components: Childcare Programs, LEAP (Learning Enrichment and Athletic Program) and Restricted Federal Funds. A separate breakout of 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 School Service Fund - Community Services - Childcare Programs For the Fiscal Years Ending June 30
--

Revenue	2017-2018 Amended	2018-2019 Original
Local	2,962,997	2,973,527
Federal		
Intermediate School District		
Incoming Transfers/Other	37,000	37,000
Total Revenues	2,999,997	3,010,527

Expenditures		
Salaries and Wages	1,475,689	1,441,750
Employee Benefits	1,129,195	1,154,052
Purchased Services	75,419	73,795
Supplies and Other	242,545	205,850
Capital Outlay	760	760
Transfer to General Fund and Other	234,320	134,320
Total Expenditures	3,157,928	3,010,527
Revenue Over/(Under) Expenditures	(157,931)	0
Beginning Fund Balance July 1	313,839	155,908
Ending Fund Balance June 30	155,908	155,908

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

Revenue	2017-2018 Amended	2018-2019 Original
Local	357,500	369,845
Federal		
Intermediate School District		
Incoming Transfers/Other	212,500	192,500
Total Revenues	570,000	562,345
Expenditures		
Salaries and Wages	175,952	178,517
Employee Benefits	115,592	114,455
Purchased Services	150,283	158,304
Supplies and Other	112,578	101,592
Capital Outlay	15,595	9,477
Transfer to General Fund and Other	0	
Total Expenditures	570,000	562,345
Revenue Over/(Under) Expenditures	0	0
Beginning Fund Balance July 1	47,182	47,182
Ending Fund Balance June 30	47,182	47,182

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

Revenue	2017-2018 Amended	2018-2019 Original
Local		
Federal	135,000	135,000
Intermediate School District		
Incoming Transfers/Other		
Total Revenues	135,000	135,000

Expenditures		
Salaries and Wages	48,640	65,229
Employee Benefits	27,126	37,378
Purchased Services	38,036	17,079
Supplies and Other	13,830	9,871
Capital Outlay	2,577	426
Transfer to General Fund and Other	4,791	5,017
Total Expenditures	135,000	135,000
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
June 24, 2014		1,850,000	11,650,000	13,500,000
May 26, 2016		6,736,013	20,656,428	27,392,441
May 23, 2018			12,397,111	12,397,111
Sub-Total	18,000,000	41,996,013	92,503,539	152,499,552
<u>Projected Bond Sales</u>				
May 2020	0	3,987	12,496,461	12,500,448
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	

	Series I Series I was completed as of 06-30-2005		Series II Series II was completed as of 9-30-2007		Series III Series III Bonds - was completed as of 3-18-2010		Summary
Bond Sale	10,000,000		4,000,000		4,000,000		18,000,000
Earnings on Investments	244,840		173,108		287,766		705,714
	10,244,840		4,173,108		4,287,766		18,705,714
Expenditures							
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					708,008
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.					815,793
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.					1,511,904
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.					2,678,280
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.					346,439
Transportation - Buses	1,478,652	Money used to purchase buses so district can work toward a 10 year bus replacement schedule	1,577,980	Money used to purchase buses so district can work toward a 10 year bus replacement schedule	1,499,333	Money used to purchase buses so district can work toward a 10 year bus replacement schedule	4,555,965
Technology	1,625,743	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	1,918,069	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	1,922,858	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	5,466,670
Furniture, Fixtures and Equipment	816,857	Started the replacement of old and worn out equipment at the school sites	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.	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	Replacement of district floors and carpet					92,416
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	38,823	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	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	7,867	Bank Fees and newspaper bid ads. Small misc. projects			0	Money from investment earning to be added to one of the above projects	7,867
	10,244,840		4,173,108		4,287,766		18,705,714

All project actual expenditures and budgeted expenditures as of June 30, 2005

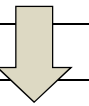
All project actual expenditures and budgeted expenditures as of June 30, 2008

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
Series VI	1,850,000	6/24/2014
Series VII	6,736,013	5/26/2016
Total	41,996,013	

	Series I Series I was completed as of 11-1-2007		Series II Series II was completed as of 3-18-2010		Series III Series III was completed as of 03-23-2012		Series IV Series IV was completed as of 06-02-2014	
Bond Sale	11,000,000		5,970,512		11,500,000		2,150,000	
Earnings on Investments	511,376		317,802		171,737		3,543	
	11,511,376		6,288,314		11,671,737		2,153,543	
Expenditures								
Elementary Facilities	0		0	Unallocated funds	0	Unallocated funds	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							48,096	Blair, Silver lake, Westwoods: parking lot and driveway improvements
PA system replacement								
Central Grade - Classrooms	258,335	Renovation of six classrooms, this completes the first three year of the Central Grade room renovation project			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	108,399	Renovation of several classrooms this completes year 6 & 7 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	11,484	Limited renovation of classroom 109 for the Montessori programs use. (Old nurses area)						
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	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	4,055,489	Complete reconstruction of the Old Mission school.						



**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
Series VI	1,850,000	6/24/2014
Series VII	6,736,013	5/26/2016
Total	41,996,013	

	Series I Series I was completed as of 11-1-2007		Series II Series II was completed as of 3-18-2010		Series III Series III was completed as of 03-23-2012		Series IV Series IV was completed as of 06-02-2014	
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	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	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			53,746	Collaboration with The City of Traverse City to make improvements to Griffin Street and the Montessori driveway				
Elementary Schools	20,402	A&E work on all Elementary schools for development of district standards	28,159	A&E work on all Elementary schools for development of district standards	8,415	Design work Interlochen, Montessori, and Eastern		
Transportation - Buses	980,920	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.	691,987	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.			1,037,008	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	3,038,668	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades) Years three through five of the authorization	1,259,695	Technology projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	588,533	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.	246,000	Replace Maintenance Equipment required to maintain Buildings & Grounds.	70,435	Replace Maintenance Equipment required to maintain Buildings & Grounds.	33,578	Replace Maintenance Equipment required to maintain Buildings & Grounds.	98,434	Replace Maintenance equipment required to maintain Buildings & Grounds.
Music Equipment	282,935	Music equipment replacements.	125,279	Music equipment replacements.	100,010	Music equipment replacements.	194,373	Music equipment replacements.
Athletic Department	308,961	Complete resurface of the EMS and WMS track. Resurface 8 tennis courts at EMS			328,404	Create a soccer official game field inside the track at West Senior High. In addition, bleachers, lighting and supportive infrastructure.	48,566	CSH - small gym, interior renovation
Eastern Elementary reconstruction								
Annual audit cost							625	Annual audit cost
Bond Sale Costs	59,580	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	46,331	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	36,424	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	0	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	0	Arbitrage calculation and reserve for arbitrage liability	0	Arbitrage calculation and reserve for arbitrage liability	0	Arbitrage calculation and reserve for arbitrage liability
Other Expense	0	Money from investment earning to be added to one of the above projects	0	Money from investment earning to be added to one of the above projects	0	Money from investment earning to be added to one of the above projects	0	Money from investment earning to be added to one of the above projects
	11,511,376		6,288,314		11,671,737		2,153,543	

All project actual expenditures and budgeted expenditures as of June 30, 2008

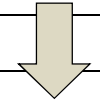
All project actual expenditures and budgeted expenditures as of June 30, 2010

All project actual expenditures and budgeted expenditures as of June 30, 2012

All project actual expenditures and budgeted expenditures as of June 30, 2014

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

	Series V Series V was completed as of 06-24-2016		Series VI Series VI was completed as of 06-25-18		Series VII Series VII for Fiscal Years 2017, 2018		Summary
Bond Sale	2,800,000		1,850,000		6,777,286		42,047,798
Earnings on Investments	4,063		8,533		0		1,017,054
	2,804,063		1,858,533		6,777,286		43,064,852
Expenditures							
Elementary Facilities	0	Unallocated funds	0	Unallocated funds	0	Unallocated funds	0
Furniture, Fixtures and Equipment							96,535
Misc. Site Work - Elementary							6,170
Elementary Driveway and Parking lot improvements							48,096
PA system replacement	28,477	PA system replacement for Blair Elementary, Eastern Elementary, and Westwoods Elementary.					28,477
Central Grade - Classrooms	183,728	Renovation of several classrooms, this completes year 8, 9 & 10 of the Central Grade room renovation project. Lighting upgrades.	124,672	Renovation of several classrooms, lighting upgrades, PA system upgrade and site improvements.			847,198
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	26,817	Willow Hill - Roof Drains					47,121
Old Mission School							4,055,489



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

	Series V Series V was completed as of 06-24-2016		Series VI Series VI was completed as of 06-25-18		Series VII Series VI for Fiscal Years 2017, 2018		Summary
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			653,450	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.			3,363,365
Technology	2,089,283	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	918,458	Technology Projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)			9,207,541
Technology							29,509
Maint & Operations Equip.	101,777	Replace Maintenance Equipment required to maintain Buildings & Grounds.	49,135	Replace Maintenance equipment required to maintain buildings & grounds.			599,359
Music Equipment	173,669	Music equipment replacements.	2,731	Music equipment replacements.			878,997
Athletic Department	199,062	Physical Education Facilities: WSH gym sound project, CSH track resurface, WSH soccer field drainage, WSH indoor batting cage.	108,767	Physical Education facilities - scoreboards, WSH softball field site improvement, CSH volleyball stanchions and other projects			993,760
Eastern Elementary reconstruction					6,708,755	Eastern Elementary reconstruction	6,708,755
Annual audit cost	1,250	Annual Audit Cost	1,320	Annual audit cost	0	Annual audit cost	3,195
Bond Sale Costs	0	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	0	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	68,531	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	210,866
Arbitrage Expense	0	Arbitrage calculation and reserve for arbitrage liability	0	Arbitrage calculation and reserve for arbitrage liability	0	Arbitrage calculation and reserve for arbitrage liability	84,648
Other Expense	0	Money from investment earning to be added to one of the above projects	0	Money from investment earning to be added to one of the above projects	0	Money from investment earning to be added to one of the above projects	0
	2,804,063		1,858,533		6,777,286		43,064,852

All project actual expenditures and budgeted expenditures as of June 30, 2016

All project actual expenditures and budgeted expenditures as of June 25, 2018

All project actual expenditures and budgeted expenditures as of June 25, 2018

**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	11,650,000	6/24/2014
Series V	20,656,428	5/26/2016
Servies VI	12,397,111	5/23/2018
Total	92,503,539	

	Series I Series I was completed as of 03-23-2012		Series II Series II was completed as of 06-02-2014		Series III Series III was completed as of 06-24-2016	
Bond Sale	18,500,000		21,100,000		8,200,000	
Earnings on Investments	269,488		38,202		7,027	
	18,769,488		21,138,202		8,207,027	
Expenditures						
Secondary and Elementary Facilities	0	Unallocated funds	0	Unallocated funds	0	Unallocated funds
District Wide Campus Security	1,068,442	System design, planning and installation	1,775,686	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		
			400,524	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			529,533	Site work at Bertha Vos for the Montessori and IB program		
			460,000	District copier purchase		
Phase III Security System			513,712	Security System -remaining elementary sites		
			9,359	Central High School - find way sign package		
			3,334	Cherry Knoll - window energy efficiencies	11,380	Cherry Knoll - window energy efficiencies
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			8,053,358	Complete reconstruction of the Long Lake Elementary. This includes all furniture, fixtures and equipment. Also contains project contingency budget amount		
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	6,079	Narrow band radio equipment		
			54,828	Two way radio system		
			55,903	Equipment - furniture and fixtures		
			41,473	HVAC - mechanical equipment Central High School and Traverse City High School	10,841	HVAC - mechanical equipment Central High School
			137,007	Central High School: replace 3 main heat pumps supporting the auditorium and replace 1 heat pump supporting the network communications room		
			327,750	Glenn Loomis Montessori - Complete roof replacement		
			325,929	Video Security - Interlochen, Eastern, Montessori		
			370,638	West Senior High: Complete mechanical controls replacement to all new building automation system, which is Johnson Control metasys.		
			96,132	Design work for Interlochen Elementary School		
			40,137	Playground equipment - Interlochen Elementary School		

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

	Series IV Series IV was completed as of 06-25-2018		Series V Series V for Fiscal Years 2017, 2018		Summary
Bond Sale	11,650,000		20,782,995		80,232,995
Earnings on Investments	28,090		274,145		616,952
	11,678,090		21,057,140		80,849,947
Expenditures					
Secondary and Elementary Facilities	0	Unallocated funds	0	Unallocated funds	0
District Wide Campus Security					2,844,128
					417,421
					242,814
					151,204
					79,646
					400,524
					397,934
					166,990
International School at Bertha Vos	71,152	Classroom renovation and site work Bertha Vos			600,685
	290,365	District copier purchase	82,391	District copier purchase	832,756
Phase III Security System					513,712
					9,359
					14,714
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					8,053,358
Furniture, Fixtures and Equipment					18,172
					54,828
					55,903
					52,314
					137,007
					327,750
					325,929
					370,638
					96,132
			162,540	Elementary playground equipment upgrades	202,677

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

	Series IV Series IV was completed as of 06-25-2018		Series V Series V for Fiscal Years 2017, 2018		Summary
			90,155	Bus Hoist - transportation garage	134,644
					42,890
					370,396
	197,933	Electrical upgrades: lighting fixtures and electrical panels			197,933
					788,910
					413,387
					0
					1,542,923
					4,415
					361,837
					376,934
					68,821
	61,620	PA system replacement - Traverse Heights, Courtade Elementary, Willow Hill Elementary, Silver Lake Elementary and East Middle School.			69,120
					34,291
					11,170
	14,010	Door upgrades - Eastern, Central Grade, East Middle School, Central High Schools, West High School			168,918
					9,498
					64,571
					43,224
					20,562
	190,747	Central High School - utility tunnel infrastructure upgrade			190,747
	406,939	West High School - floor replacement classroom, hallways and corridors			406,939
	207,747	Thirlby Field - bleacher seating replacement/site upgrades/scoreboard	192,253	Thirlby Field - site upgrades.	400,000
	21,127	Traverse City High School - PE field improvements			21,127
	31,441	Blair Elementary - fire alarm			31,441
	230,280	Cherry Knoll Elementary - Parking lot and site improvements			230,280
	124,998	Maintenance building - flooring, office equipment and furnishing			124,998
	101,804	Blair Elementary - floor replacement classroom			101,804
	2,711,472	Central High School - renovation and infrastructure upgrades to existing auditorium space and roof section.			2,711,472
	126,798	Secondary instructional classroom furniture and commons area furnishings	430,000	Instructional classroom furniture and commons area furnishings	556,798
	467,114	Safety and Security - The Boot System			467,114
	42,440	Cherry Knoll Elementary - classroom renovation and lockers			42,440
	1,819,015	Silver Lake Elementary - classroom addition and heat pump replacement			1,819,015
	18,917	West High School - site improvements			18,917
			9,291,245	Eastern Elementary reconstruction, construction manager, equipment, abatement and demolition.	9,291,245
			97,130	Central High School - library renovation	97,130
			2,174,317	East Middle School - mechanical control system, roof replacement, locker room, interior renovation and tennis court upgrade.	2,174,317

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

	Series IV Series IV was completed as of 06-25-2018		Series V Series V for Fiscal Years 2017, 2018		Summary
			79,635	West Middle School - Master clock and paging system upgrade.	79,635
			354,571	Central Grade Elementary - abatement, interior room renovation and exterior building improvements.	354,571
			67,194	Transportation - paving bus lot approaches, replace overhead garage doors, and replace building flooring.	67,194
			32,959	Willow Hill Elementary school - Site improvements and classroom flooring upgrade	32,959
			251,700	Door hardware, security hardware and radio equipment	251,700
			369,592	Heat pump replacement project - Central High school and West High School phase II.	369,592
			18,970	Fire suppression and E911 system upgrades	18,970
			151,392	Video recording server and capital IT upgrades	151,392
			22,637	Central Grade Elementary - food service freezer	22,637
			21,035	Flooring upgrades - Central High School and Montessori	21,035
West Senior High - Building Addition					2,976,493
West Senior High - Interior Room			70,000	West Senior High - east athletic entrance renovation	738,411
Traverse City High School - Building Addition					1,001,036
Data Center					2,824,640
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	1,352,356	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.	2,000,087	Money used to purchase buses so district can work toward a 10 year bus replacement schedule.	5,359,542
Video Recording and tracking equipment					298,697
Technology	2,354,805	Technology projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	3,800,000	Technology projects (fiber, cabling, electronics, PC replacement, projectors, servers, communications, and infrastructure upgrades)	13,196,226
Collator					89,450
Operational Equipment	228,849	Replace maintenance Equipment required to maintain buildings and grounds.	321,594	Replace maintenance Equipment required to maintain buildings and grounds.	1,450,723
Physical Education Facilities					764,729
					45,182
	88,872	West High School - bleacher and press box			88,872
	207,043	Physical Education Facilities - West High School Athletic field drainage, Coast Guard soccer field sound equipment, West Middle School tennis courts, soccer field fencing West High and Coast Guard fields, softball field fencing	400,000	Physical Education Facilities - see project list for planned projects	818,727
Thirlby Field					200,000
Visual and Performing Arts	235,575	Visual and Performing Arts: see project list for planned projects	363,752	Visual and Performing Arts: see project list for planned projects	1,430,503
Annual Audit Cost	1,250	Annual audit cost	2,500	Annual audit cost	5,625
Bond Sale Costs	73,421	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	209,491	Cost of actual bond sale such as Bond counsel, Financial advisor, bond rating agencies, bond book printing	493,328
Arbitrage Expense	0	Arbitrage Expense	0	Arbitrage Expense	0
Other Expense	0	Money from investment earning to be added to one of the above projects	0	Money from investment earning to be added to one of the above projects	0
	11,678,090		21,057,140		80,849,947

All project actual expenditures and budgeted expenditures as of June 25, 2018

All project actual expenditures and budgeted expenditures as of June 25, 2018

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-August 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-August 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-August 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-August 2008	2007	\$628,350	\$662,200	\$668,411	Completed	Sep-08	Completed
6	Central High School - Interior Room Renovations in preparation for changing graduation requirements, middle school conversion and transition requirements	Nov 2007-August 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-August 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 2008-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

COLOR CODE KEY:	
	Completed
	Project planning/research
	Project approved, competitive bidding
	Project approved, construction underway

**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
17	Collator	2009	2007	\$125,000	\$125,000	\$89,450	Completed	Apr-09	Completed
18	Fuel Island Reconstruction	2009	2007	\$400,000	\$400,000	\$420,770	Completed	Sep-09	Completed
19	Unallocated Funds 2004 Voter Authorization	NA	2004	\$0	NA	NA	Completed	NA	Completed
20	Unallocated Funds 2007 Voter Authorization	NA	2007	\$0	NA	NA	Completed	NA	Completed
21	Central High School Bleacher Replacement, Press Box, and entry site modifications.	June-August 2009	2007	\$200,000	\$200,000	Master Contract Agreement offset between WSH & CHS	Completed	Sep-09	Completed
22	Create a soccer official game field at West Senior High. In addition, bleachers, supportive infrastructure, and field lighting.	June-August 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	\$136,014	Completed	Sep-11	Completed
24	Long Lake Elementary Reconstruction	2010/2011	2007	\$9,500,000	\$9,200,000	8,916,958	Completed	Sep-11	Completed
25									
26	Montessori Glenn Loomis Reconstruction	TBD	TBD	TBD	TBD	TBD	On Hold	TBD	Board Direction on Bond Program
27									
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	\$1,800,000	\$1,800,000	\$1,775,687	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	\$350,000	\$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	\$19,185	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	\$782,161	Completed	Dec-13	Completed
38	Complete (large and small) Gymnasium Lighting Retrofit at EMS	2010	2007	\$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	TBD	2007	\$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

COLOR CODE KEY:
Completed
Project planning/research
Project approved; competitive bidding
Project approved; construction underway

**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
41	Energy Efficient Lighting Upgrades at Central High School, West Middle School and Traverse City High School.	2011	2007	\$200,000	\$167,069	\$166,991	Completed	Nov-11	Completed
42	Technology Office Relocation to Sabin Complex	2011	2007	\$150,000	\$150,000	\$86,394	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
46	Willow Hill Flooring: Replace all existing asbestos tile hallway flooring in old existing building.	2012	2007	\$186,000	\$186,000	\$79,646	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	Completed
49	VPAA Project: WSH Mezzanine for Scene Shop	2012	2007	\$80,000	\$85,000	\$53,945	Completed	Sep-12	Completed
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	\$529,893	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		Completed	Aug-12	Completed
56	Bertha Vos Food Service Equipment	2012	2007		\$65,000		Completed	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	\$513,713	Completed	Sep-12	Completed
61	Blair, Silver Lake, Westwoods: Crack Fill and Seal Coal Driveways and parking lots	2013	2007	\$60,000	\$55,000	\$48,097	Completed	Sep-13	Completed
62	CHS: replace three main heat pumps supporting auditorium and replace 1 heat pump supporting network communications room	2014	2007	\$200,000	\$180,000	\$137,007	Completed	Oct-13	Completed
63	Energy Efficiency Projects, Phase II and III: CO, WW, SL, BL, CE, OP, WH and Administration	2013-14	2007	\$720,000	\$720,000	\$370,396	Completed	2013-2014	Completed
64	Silver Lake Flooring: Replacement of all classroom flooring	2013	2007	\$150,000	\$100,000	\$42,890	Completed	Oct-13	Completed
65	WSH Mechanical Controls Replacement to Metasys Automation. Current system is unsupported.	2013	2007	\$400,000	\$400,000	\$373,958	Completed	Nov-13	Completed
66	WMS Mechanical Controls Replacement to Metasys Automation. Current system is unsupported.	2014	2007	\$435,000	\$435,000	\$413,387	Completed	Nov-14	Completed
67	Phase IV Video Security Installation for Interlochen, Glenn Loomis and Eastern Elementary Schools.	2013	2007	\$450,000	\$380,000	\$325,929	Completed	Oct-13	Completed

COLOR CODE KEY:	
	Completed
	Project planning/research
	Project approved, competitive bidding
	Project approved, construction underway

**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
68	Montessori @ Glenn Loomis: Complete replacement of old existing roof. Existing roof is failing.	2013	2007	\$450,000	\$425,000	\$327,750	Completed	Oct-13	Completed
69	West Senior High School Track Resurfacing	2013	2007	\$200,000	\$170,000	\$138,574	Completed	Sep-13	Completed
70	West Senior High School Tennis Court Resurfacing	2013	2007	\$160,000	\$90,000	\$62,612	Completed	Sep-13	Completed
71	Central High School Motorized Scrim	2013	2007	\$80,000	\$72,000	\$61,106	Completed	Sep-13	Completed
72	West Senior High School Heat Pump Replacement (36 Heat Pumps to be replaced throughout the school)	2013	2007	\$700,000	\$550,000	\$400,524	Completed	Oct-13	Completed
73	VPAA Project West Middle School Kiln: Burner Upgrades	2013	2007	\$15,000	\$15,000	\$10,407	Completed	Dec-13	Completed
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	\$54,829	Completed	Oct-13	Completed
76	Blair Elementary addition - preschool classrooms	2013/2014	2007	\$2,215,000	\$1,800,000	\$1,542,923	Completed	Sep-14	Completed
77	Central Grade School 2014 Classroom Renovation	2014	2004	\$300,000	\$265,000	\$152,608	Completed	Sep-14	Completed
78	VPAA: CHS & WMS Locker storage for musical instruments	2014	2007	\$170,000	\$170,000	\$146,643	Completed	Sep-14	Completed
79	Athletics: New scoreboards for Field Facilities	2014	2007	\$220,000	\$310,000	\$294,191	Completed	Sep-14	Completed
80	Interlochen Gym Floor Replacement	2014	2007	\$75,000	\$75,000	\$69,046	Completed	Jan-15	Completed
81	Eastern Roof Replacement	2014	2007	\$450,000	\$450,000	\$361,837	Completed	Sep-14	Completed
82	Interlochen Roof Replacement	2014	2007	\$450,000	\$450,000	\$376,934	Completed	Sep-14	Completed
83	West Senior High School flooring replacement in classrooms, corridors, main and counseling offices	2014	2007	\$650,000	\$450,000	\$406,940	Completed	Sep-14	Completed
84	Thirby Field Bleacher Replacement Project	2015	2007	\$400,000	\$156,000	\$201,184	Completed	Aug-15	Completed
85	Eastern Elementary: PA System Replacement	2014	2007	\$15,000	\$15,000	\$11,110	Completed	Mar-15	Completed
86	Interlochen Elementary: PA System Replacement	2014	2007	\$15,000	\$15,000	\$7,500	Completed	Mar-15	Completed
87	Central Grade Elementary: PA System Replacement	2017	2004	\$35,000	\$28,400	TBD	Completed	Aug-17	Completed
88	Montessori @ Glenn Loomis: PA System Replacement	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
89	Purchase of 45 new Security Cameras to replace obsolete Pelco Cameras	2014	2007	\$35,000	\$35,000	\$34,291	Completed	Oct-14	Completed
90	Willow Hill Roof Drains	2014	2007	\$30,000	\$30,000	\$26,817	Completed	Sep-14	Completed
91	Safety and Security - The Boot System	2014	2007	\$485,000	\$485,000	\$467,114	Completed	Oct-14	Completed
92	VPAA Central High School Production Studio	2014	2007	\$70,000	\$85,000	\$82,202	Completed	Oct-14	Completed
93	VPAA West Senior High Auditorium light board	2014	2007	\$12,000	\$11,500	\$11,273	Completed	Aug-14	Completed
94	Central High School track resurfacing	2015	2007	\$181,200	\$160,000	\$158,390	Completed	Jul-15	Completed
95	West Senior High track bleachers and press box	2015	2007	\$350,000	\$154,200	\$153,873	Completed	Jun-15	Completed

COLOR CODE KEY:
Completed
Project planning/research
Project approved: competitive bidding
Project approved: construction underway

**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
96	Central High School renovation and infrastructure upgrades to existing auditorium space	2015	2007	\$2,700,000	\$2,750,000	\$2,711,472	Completed	Dec-15	Completed
97	Blair Elementary classroom and corridor flooring replacement	2015	2007	\$180,000	\$110,000	\$101,804	Completed	Aug-15	Completed
98	Fingerprint equipment	2015	2007	\$11,500	\$11,500	\$11,170	Completed	Jul-15	Completed
99	Eastern Elementary, Central Grade, East Middle School, Central High School and West Senior High exterior door replacement	2015	2007	\$170,000	\$170,000	\$168,918	Completed	Sep-15	Completed
100	Central High School reconstruction of utility tunnel sections and removal of abandoned utilities	2015	2007	\$450,000	\$250,000	\$190,747	Completed	Sep-15	Completed
101	Westwoods Elementary PA system replacement	2015	2007	\$15,000	\$15,000	\$7,395	Completed	Jul-15	Completed
102	Silver Lake Elementary PA system replacement	2015	2007	\$10,000	\$10,000	\$8,550	Completed	Sep-16	Completed
103	Central High School weight room HVAC	2015	2007	\$12,000	\$12,000	\$10,841	Completed	Aug-15	Completed
104	Cherry Knoll Elementary window weathering	2015	2007	\$11,380	\$11,380	\$11,380	Completed	Aug-15	Completed
105	Central Grade Elementary LED lighting and ceiling upgrades	2015	2004	\$35,000	\$35,000	\$31,120	Completed	Sep-15	Completed
106	Blair Elementary PA system replacement	2016	2004	\$15,000	\$15,000	\$9,972	Completed	May-16	Completed
107	Traverse Heights PA system replacement	2016	2007	\$15,000	\$15,000	\$11,995	Completed	Jun-16	Completed
108	Courtade Elementary PA system replacement	2016	2007	\$10,000	\$10,000	\$9,075	Completed	Sep-16	Completed
109	East Middle School PA system replacement	2017	2007	\$20,000	\$22,500	\$22,500	Completed	Apr-18	Completed
110	Willow Hill Elementary PA system replacement	2016	2007	\$10,000	\$10,000	\$9,500	Completed	Sep-16	Completed
111	Central Grade Elementary - Classroom renovations	2016	2004	\$96,000	\$96,000	\$60,082	Completed	Jan-17	Completed
112	Eastern Elementary site paving	2015	2007	\$75,000	\$75,000	\$64,571	Completed	Sep-15	Completed
113	Secondary sites storage containers	2016	2007	\$50,000	\$50,000	\$43,224	Completed	Nov-15	Completed
114	East Middle School dish washer	2016	2007	\$21,000	\$21,000	\$20,562	Completed	Sep-15	Completed
115	West High School Gym sound equipment	2015	2004	\$12,000	\$12,000	\$11,487	Completed	Jan-15	Completed
116	West High School indoor batting cage	2016	2004	\$10,000	\$10,000	\$10,000	Completed	Apr-16	Completed
117	Blair Elementary fire alarm	2016	2007	\$35,000	\$35,000	\$31,441	Completed	Sep-16	Completed
118	Cherry Knoll Elementary Parking and access improvements	2016	2007	\$225,000	\$230,000	\$228,275	Completed	Sep-16	Completed
119	Cherry Knoll Elementary classroom renovation	2016	2007	\$50,000	\$50,000	\$42,440	Completed	Sep-16	Completed
120	Silver Lake Elementary - Mechanical controls system	2017	2007	\$129,500	\$129,500	\$129,500	Completed	Dec-17	Completed
121	Maintenance building office renovation Physical Education Facility - Field and site improvements EMS,WMS, CSH & WSH	2016	2007	\$125,000	\$125,000	\$124,998	Completed	Sep-17	Completed
122		2017	2007	\$100,000	\$100,000	\$91,949	Completed	Jun-18	Completed
123	Energy and electrical upgrades LED lighting West High School, East Middle School, Traverse Heights and Transportation	2016	2007	\$350,000	\$249,604	\$60,760	Completed	Sep-16	Completed
124	Secondary classroom and common area furniture and fixtures	2014	2007	\$800,000	\$126,798	\$126,798	Completed	Sep-16	Completed
125	Secondary classroom and common area furniture and fixtures	2017	2007	\$800,000	\$430,000	TBD	Project Planning	TBD	Bidding

COLOR CODE KEY:	
Completed	
Project planning/research	
Project approved, competitive bidding	
Project approved, construction underway	

**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
126	East Middle School mechanical controls system and condensers and coils	2016	2007	\$600,000	\$600,000	\$588,557	Completed	Sep-16	Completed
127	East Middle School roof replacement	2016	2007	\$975,000	\$975,000	\$680,907	Completed	Sep-16	Completed
128	East Middle School locker room and interior renovation	2016	2007	\$800,000	\$800,000	\$824,852	Completed	Sep-16	Completed
129	West Middle School - Master clock and Paging System	2017	2007	\$250,000	\$80,000	\$79,635	Completed	Sep-17	Completed
130	Transportation - flooring replacement	2016	2007	\$20,000	\$20,000	\$9,230	Completed	Sep-16	Completed
131	Traverse City High School - PE field	2017	2007	\$25,000	\$21,127	\$21,127	Completed	Aug-17	Completed
132	West High School Site Improvements	2016	2007	\$30,000	\$30,000	\$18,917	Completed	Sep-16	Completed
133	Bertha Vos Elementary - Classroom Renovation	2016	2007	\$80,000	\$80,000	\$72,525	Completed	Mar-17	Completed
134	West Middle School - Tennis Courts	2016	2007	\$85,000	\$85,000	\$88,542	Completed	Dec-16	Completed
135	West Senior High - Athletic Field site improvement	2016	2007	\$80,000	\$80,000	\$56,463	Completed	Jan-17	Completed
136	Physical Education Facility - Site improvements and equipment purchase	2016	2007	\$75,000	\$75,000	\$61,861	Completed	May-17	Completed
137	Physical Education Facility - WMS Site improvements and CSH equipment purchase	2016	2004	\$30,000	\$30,000	\$26,260	Completed	Nov-16	Completed
138	Silver Lake Elementary - Classroom Additions and land purchase	2017	2007	\$1,800,000	\$1,800,000	\$1,685,500	Completed	Dec-17	Completed
139	Central Grade - Building renovations	2017	2004/2007	\$300,000	\$300,000	\$258,099	Completed	Sep-17	Completed
140	Central Grade - Abatement project	2017	2007	\$200,000	\$200,000	\$192,744	Completed	Sep-17	Completed
141	Eastern Elementary - Reconstruction, Construction Manager, equipment, Abatement and Demolition	2017	2004/2007	\$16,000,000	\$16,000,000	TBD	Construction	Aug-18	Construction
142	Thirby Field - Site upgrades	2017	2007	\$192,253	\$192,253	TBD	Construction	Aug-18	Contract award
143	Door Hardware, Security Hardware and Radio Equipment	2016/2017	2007	\$251,700	\$251,700	TBD	Next Phase	Sep-17	Planning
144	Video Recorder Server	2017	2007	\$230,000	\$230,000	\$151,392	Completed	Oct-17	Completed
145	District Copier replacement	2017	2007	\$550,000	\$550,000	\$372,756	Completed	Sep-17	Completed
146	Willow Hill Elementary - Site and classroom flooring upgrade	2017	2007	\$50,000	\$50,000	\$32,959	Completed	Sep-17	Completed
147	Transportation - Overhead garage doors and site approach paving	2017	2007	\$9,000	\$90,000	\$62,832	Completed	Aug-16	Completed
148	Transportation - Bus Hoist	2017	2007	\$90,000	\$90,000	\$90,155	Close out	Aug-17	Completed
149	Central Grade freezer	2016	2007	\$25,000	\$25,000	\$22,637	Completed	Sep-16	Completed
150	CSH - Portable Backstop System	2017	2007	\$50,000	\$50,000	\$48,717	Contract award	Sep-17	Completed
151	East Middle School - Cafeteria sound and Lighting	2017	2007	\$80,000	\$80,000	TBD	Planning	Nov-17	Bidding
152	West High School - Auditorium Improvements	2017	2007	\$71,500	\$71,500	TBD	Planning	Nov-17	Bidding
153	West High School - stage pit cover and extension	2017	2007	\$80,000	\$75,000	\$70,992	Completed	Sep-17	Completed
154	Central High School - Library renovation	2018	2007	\$100,000	\$100,000	TBD	Contract award	Sep-18	Contract award
155	West High School - East Athletic entrance renovation	2018	2007	\$70,000	\$70,000	TBD	Contract award	Sep-18	Contract award
156	East Middle School - Tennis court	2018	2007	\$80,000	\$80,000	TBD	Contract award	Aug-18	Contract award
157	West High School - Athletic parking lot and site improvement	2018	2007	\$140,000	\$140,000	TBD	Contract award	Aug-18	Contract award

COLOR CODE KEY:	
	Completed
	Project planning/research
	Project approved, competitive bidding
	Project approved, construction underway

MEMORANDUM

Christine Thomas-Hill
Associate Superintendent
Finance and Operations

Julie Gorter
Executive Assistant

TO: Paul Soma, Superintendent
FROM: Christine Thomas-Hill, Associate Superintendent
DATE: June 22, 2018
RE: CERTIFICATION OF 2018/2019 TAXES

The Board of Education is being asked to adopt a resolution certifying the tax levy for the 2018/2019 school year, to take effect on July 1, 2018. This certification is necessary for the July 1, 2018 preparation of the summer tax collection bills.

An appropriate motion to adopt this resolution would be:

Moved by _____, Supported by _____, to adopt the resolution certifying the tax levy for the 2018/2019 school year, dated July 1, 2018.

TRAVERSE CITY AREA PUBLIC SCHOOLS BOARD OF EDUCATION

RESOLUTION FOR ADOPTION June 25, 2018

FOR ACTION:

TOPIC: Certification of Taxes for the 2018/2019 School Year

RECOMMENDATION:

It is recommended that the Board of Education adopt the resolution certifying the tax levy for the 2018/2019 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, 2018. After applying the appropriate Headlee Rollback calculation to the authorized non-principal residence exemption millage rate, the District is still able to levy the full 18 mills required to receive the foundation amount.

FINANCIAL IMPACT: Projected proceeds from the above levies are as follows:

18.0 Mills Operating Non-principal Residence Exemption	\$35,061,522
3.1 Mills Debt Service	\$15,357,744

SOURCE PERSON: Christine Thomas-Hill, Associate Superintendent of Finance & Operations

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

**RESOLUTION FOR ADOPTION
June 25, 2018**

CERTIFICATION OF TAXES

This Resolution certifying taxes for the 2018/2019 school year shall take effect on July 1, 2018.

AYES:

NAYS:

Resolution adopted.

Doris E. Ellery, 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 25, 2018, 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.

Doris E. Ellery, Secretary
Board of Education
Traverse City Area Public Schools

2017 Tax Rate Request (This form must be completed and submitted on or before September 30, 2017)

Carefully read the instructions on page 2.

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	2017 Taxable Value of ALL Properties in the Unit as of 5-22-17 4,698,602,179
Local Government Unit Requesting Millage Levy Traverse City Area Public Schools	For LOCAL School Districts: 2017 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties. 1,856,062,774

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 2017 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5) ** 2016 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2017 Current Year "Headlee" Millage Reduction Fraction	(7) 2017 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 Vote	OP NH	11/04/14	19.0961	19.0961	0.9868	18.8440	N/A	18.8440	18.0000		12/2025
Extra Vote	Debt-All	06/12/95	N/A	N/A	N/A	N/A	N/A		3.1000		N/A
		06/14/04									
		11/06/07									

Prepared by **Sandra Low** Telephone Number **231.933.1797** Title of Preparer **Director of Finance** Date **06/26/2017**

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).

Signature: *Doris E. Ellery* Print Name: **Doris E. Ellery** Date: **06/26/2017**

Signature: *Erik J. Falconer* Print Name: **Erik J. Falconer** Date: **06/26/2017**

* 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 3 of 2017 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	0.00
For Commercial Personal	6.00
For all Other	18.00

2017 Tax Rate Request (This form must be completed and submitted on or before September 30, 2017)

Carefully read the instructions on page 2.

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

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County(ies) Where the Local Government Unit Levies Taxes Benzie, Grand Traverse & Leelanau	2017 Taxable Value of ALL Properties in the Unit as of 5-22-17 4,698,602,179
Local Government Unit Requesting Millage Levy Traverse City Area Public Schools	For LOCAL School Districts: 2017 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties. 1,856,062,774

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 2017 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5)** 2016 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2017 Current Year "Headlee" Millage Reduction Fraction	(7) 2017 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 Vote	OP NH	11/04/14	19.0961	19.0961	0.9868	18.8440	N/A	18.8440	18.000	18.000	12/2025
Extra Vote	Debt-All	06/12/95	N/A	N/A	N/A	N/A	N/A	N/A	3.1000	3.1000	N/A
		06/14/04									
		11/06/07									

Prepared by **Sandra Low** Telephone Number **231.933.1797** Title of Preparer **Director of Finance** Date **06/26/2017**

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 <i>Doris E. Ellery</i>	Print Name Doris E. Ellery	Date 06/26/2017
<input checked="" type="checkbox"/> Secretary	Signature <i>Erik J. Falconer</i>	Print Name Erik J. Falconer	Date 06/26/2017
<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 3 of 2017 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	0.00
For Commercial Personal	6.00
For all Other	18.00

ISSUER COMMENT

8 March 2017

RATING

General Obligation (or GO Related)¹

Aa3 No Outlook

Contacts

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VP-Sr Credit Officer
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Traverse City Area Public Schools, MI

Annual Comment on Traverse City Area Public Schools

Issuer Profile

Traverse City Area Public Schools is located primarily in Grand Traverse County in the northwestern region of Michigan's lower peninsula, approximately 50 miles southwest of Petoskey. Grand Traverse County has a population of 90,782 and a population density of 196 people per square mile. The county's per capita personal income is \$42,633 (2nd quartile) and the November 2016 unemployment rate was 3.6% (2nd quartile).² The largest industry sectors that drive the local economy are health services, retail trade, and accommodation/food services.

Credit Overview

The credit position for Traverse City Area Public Schools is high quality, and its Aa3 rating is equivalent to the median rating of Aa3 for US school districts. The key credit factors include a healthy economic profile with a substantial tax base, and an inflated pension liability with a manageable debt burden. It also takes into account a satisfactory financial position.

Economy and Tax Base: The economy and tax base of the district are very strong and are a modest credit strength when compared with the assigned rating of Aa3. The total full value (\$10.6 billion) is well above the US median and grew from 2013 to 2016. Furthermore, Traverse City Area Public Schools' full value per capita (\$129,526) is much stronger than the US median. Lastly, the median family income is 102.1% of the US level.

Debt and Pensions: The debt liability of the district is small and it is in line with its Aa3 rating. The net direct debt to full value (0.8%) is below the US median. In contrast, the district has a somewhat elevated pension liability which is unfavorable in comparison to the assigned rating of Aa3. Traverse City Area Public Schools' Moody's-adjusted net pension liability to operating revenues (2.9x) unfavorably is materially above the US median. However, this indicator favorably decreased slightly from 2013 to 2016.

Finances: The financial position of the district is satisfactory and is comparable to its Aa3 rating. That said, the net cash balance as a percent of revenues (6.9%) is well below the US median and fell modestly between 2013 and 2016. Similarly, the available fund balance as a percent of operating revenues (6.5%) is much weaker than other Moody's-rated school districts nationwide.

Management and Governance: The ability to generate balanced financial operations indicates good financial management. In this situation, Traverse City Area Public Schools' operations were approximately break-even while the tax base generally increased.

Michigan school districts have an institutional framework score ³ of "Baa," or weak. The primary revenue source is the state per-pupil foundation allowance, which is moderately predictable. The allowance, adopted annually in the state budget, is funded through local property taxes generated by 18 mills, with the state contributing the balance. A small number of districts have additional hold-harmless millage grandfathered in prior to school funding reforms in 1994. Districts have low ability to raise revenues as they cannot seek voter approval for millage increases above their existing levy caps and nearly all districts levy at their caps. Expenditure reduction ability is moderate. Many districts have already significantly reduced personnel and negotiated contract concessions. Low expenditure predictability reflects a declining school-aged population and competition from charter schools.

Sector Trends - Michigan School Districts

Michigan school districts are likely to remain significantly pressured due to overall enrollment declines, stagnant state funding, and limited revenue raising ability. Additionally, charter school competition has increased in recent years, particularly in the Detroit metropolitan area. Combined, these factors have contributed to a significant narrowing of financial reserves for a large number of districts, a trend that is continuing. Pension contributions increasingly compete with operations. Favorably, tax base valuations are rebounding after falling significantly in recent years.

Exhibit 1

Key Indicators^{4 5}

Traverse City Area Public Schools, MI

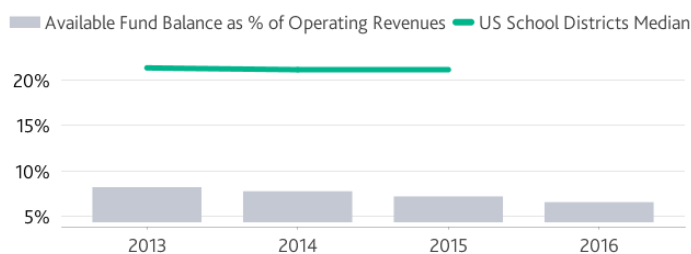
	2013	2014	2015	2016	US Median	Credit Trend
Economy / Tax Base						
Total Full Value	\$9,816M	\$10,001M	\$10,248M	\$10,630M	\$1,872M	Improved
Full Value Per Capita	\$121,503	\$123,013	\$124,864	\$129,526	\$80,896	Improved
Median Family Income (% of US Median)	99.8%	102.5%	102.1%	102.1%	103.1%	Stable
Finances						
Available Fund Balance as % of Operating Revenues	8.2%	7.8%	7.2%	6.5%	21.1%	Stable
Net Cash Balance as % of Operating Revenues	11.5%	11.1%	9.5%	6.9%	25.1%	Stable
Debt / Pensions						
Net Direct Debt / Full Value	0.76%	0.78%	0.65%	0.77%	1.5%	Stable
Net Direct Debt / Operating Revenues	0.78x	0.79x	0.65x	0.78x	0.75x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	2.8%	3.0%	3.0%	2.8%	3.1%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	2.91x	3.06x	2.97x	2.88x	1.58x	Stable

Source: Moody's

Exhibit 2

Available fund balance as a percent of operating revenues decreased from 2013 to 2016

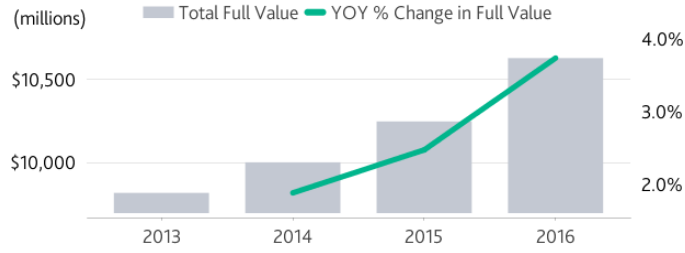
Available Fund Balance as a Percent of Operating Revenues



Source: Issuer financial statements; Moody's

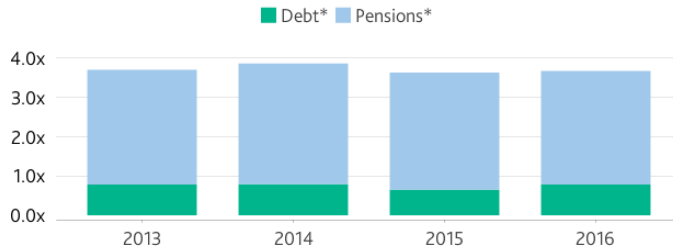
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Exhibit 3
Full value of the property tax base grew between 2013 and 2016
 Total Full Value



Source: Issuer financial statements; Government data sources; Offering statements; Moody's

Exhibit 4
Moody's-adjusted net pension liability to operating revenues decreased from 2013 to 2016
 Net Direct Debt and Adjusted Net Pension Liability / Operating Revenues



*Debt is represented as Net Direct Debt / Operating Revenues. Net Direct Debt is defined as gross debt minus self supporting debt. Pensions are represented as ANPL / Operating Revenues. ANPL is defined as the average of Moody's-adjusted Net Pension Liability in each of the past three years.
 Source: Issuer financial statements; Government data sources; Offering statements; Moody's

Endnotes

- 1 The rating referenced in this report is the government's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally a security backed by the full faith and credit pledge and total taxing power of the local government. See [Local Government GO Pledges Vary Across States](#), for more details. GO-related ratings include issuer ratings, which are GO-equivalent ratings for governments that do not issue GO debt. GO-related ratings also include ratings on other securities that are notched or otherwise related to what the government's GO rating would be, such as annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantee or enhancement programs or bond insurance.
- 2 The per capita personal income data and unemployment data for all counties in the US census are allocated to quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile. The first quartile consists of the top 25% of observations in the dataset, the second quartile consists of the next 25%, and so on. The median per capita personal income for US counties is \$46,049 for 2014. The median unemployment rate for US counties is 3.6% for November 2016.
- 3 The institutional framework score measures a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(January 2014\)](#) for more details.
- 4 For definitions of the metrics in the Key Indicators Table, [US Local Government General Obligation Methodology and Scorecard User Guide \(July 2014\)](#). The population figure used in the Full Value Per Capita ratio is the most recently available, most often sourced from either the US Census or the American Community Survey. Similarly, the Median Family Income data reported as of 2012 and later is always the most recently available data and is sourced from the American Community Survey. The Median Family Income data prior to 2012 is sourced from the 2010 US Census. The Full Value figure used in the Net Direct Debt and Moody's-adjusted Net Pension Liability (3-year average ANPL) ratios is matched to the same year as audited financial data, or if not available, lags by one or two years. Certain state-specific rules also apply to Full Value. For example, in California and Washington, assessed value is the best available proxy for Full Value. Certain state specific rules also apply to individual data points and ratios. Moody's makes adjustments to New Jersey local governments' reported financial statements to make it more comparable to GAAP. Additionally, Moody's ANPLs reflect analyst adjustments, if any, for pension contribution support from non-operating funds and self-supporting enterprises. Many local government pension liabilities are associated with its participation in the statewide multiple-employer cost-sharing plans. Metrics represented as N/A indicate the data were not available at the time of publication.
- 5 The medians come from our most recently published local government medians report, [Medians – Growing Tax Bases and Stable Fund Balances Support Sector's Stability \(March 2016\)](#). The medians conform to our US Local Government General Obligation Debt rating methodology published in January 2014. As such, the medians presented here are based on the key metrics outlined in the methodology and the associated scorecard. The appendix of this report provides additional metrics broken out by sector, rating category, and population. We use data from a variety of sources to calculate the medians, many of which have differing reporting schedules. Whenever possible, we calculated these medians using available data for fiscal year 2014. However, there are some exceptions. Population data is based on the 2010 Census and Median Family Income is derived from the 2012 American Community Survey. Medians for some rating levels are based on relatively small sample sizes. These medians, therefore, may be subject to potentially substantial year-over-year variation. Our ratings reflect our forward looking opinion derived from forecasts of financial performance and qualitative factors, as opposed to strictly historical quantitative data used for the medians. Our expectation of future performance combined with the relative importance of certain metrics on individual local government ratings account for the range of values that can be found within each rating category. Median data for prior years published in this report may not match last year's publication due to data refinement and changes in the sample sets used, as well as rating changes, initial ratings, and rating withdrawals.

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REPORT NUMBER 1061478

RatingsDirect®

Summary:

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Summary:

Traverse City Area Public Schools, Michigan; General Obligation

Credit Profile

US\$12.400 mil 2018 sch bldg and site bnds (GO unlted tax) ser 2018 due 05/01/2028

<i>Long Term Rating</i>	AA-/Negative	New
Traverse City Area Pub Schs GO		
<i>Long Term Rating</i>	AA-/Negative	Outlook Revised

Traverse City Area Pub Schs GO

<i>Unenhanced Rating</i>	AA-(SPUR)/Negative	Outlook Revised
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Many issues are enhanced by bond insurance.

Rationale

S&P Global Ratings revised the outlook on its 'AA-' long-term rating and underlying rating (SPUR) on Traverse City Area Public Schools, Mich.'s general obligation (GO) debt to negative from stable.

The outlook revision reflects our opinion of negative operating results that have diminished reserves compared with results during recent fiscal years. We could lower the rating if the district cannot demonstrate a return to consistently balanced results during the next two fiscal years while rebuilding reserves.

At the same time, S&P Global Ratings assigned its 'AA-' long-term rating and negative outlook to the district's series 2018 unlimited-tax GO school-building-and-site bonds and affirmed its 'AA-' long-term rating and SPUR on the district's existing GO debt.

The district's unlimited-tax full-faith-and-credit-GO pledge secures the series 2018 bonds. The bonds are payable from ad valorem taxes, which the district could levy without limitation as to rate or amount.

Management expects to use series 2018 bond proceeds to fund various capital improvements.

The rating reflects our opinion of the district's:

- Participation in the diverse Grand Traverse County area economy,
- Extremely strong market value per capita and good income, and
- Low debt with rapid amortization.

We believe these strengths are somewhat offset by, what we consider, the district's:

- Multiple years of general fund deficits causing general fund reserves to decrease--Management, however, expects positive operations, coupled with plans to rebuild reserves; and

- Declining enrollment, which is tied to state aid revenue--Management, however, is projecting stable or increased enrollment during the next few years.

Economy

Traverse City Area Public Schools serves an estimated population of 84,774, encompassing approximately 300 square miles in northwestern Michigan's Lower Peninsula in Grand Traverse County. The area, which experiences year-round tourism, is the region's economic center.

Median household and per capita effective buying incomes are, in our opinion, good at 97% and 101%, respectively, of national levels. At \$138,393 per capita, fiscal 2018 market value, totaling \$11.7 billion, is, in our opinion, extremely strong. The district is experiencing significant commercial and residential development. Management notes several condominium and apartment complexes are under construction, coupled with new hotels and retail development.

Taxable value (TV) has grown by 5.1% since fiscal 2016 to \$4.7 billion in fiscal 2018. Management notes there is a property-tax appeal by a leading taxpayer pending. However, we do not expect this to have a material effect on finances. The 10 leading taxpayers make up an estimated 3% of TV, which is very diverse. According to the U.S. Bureau of Labor Statistics, preliminary average unemployment for Grand Traverse County was 3.8% in 2017.

Finances

Available fund balance of \$3.9 million was good, in our view, at 4.2% of general fund expenditures at fiscal year-end June 30, 2017. However, it is a significant decline from \$7.5 million, or 9% of general fund expenditures, at fiscal year-end 2012. Management intends to grow fund balance to 8.4% of general fund expenditures by fiscal 2020 and 10% thereafter; it plans to do this through conservative budgeting with state revenue and enrollment, inflationary increases with state revenue, and predictable increases in teachers' salaries and health care.

Previously, declining state aid and rising pension and health-care costs challenged finances, which manifested in multiple years of general fund deficits with the exception of fiscal 2015. To combat this pressure, management made strategic expenditure cuts that include reductions in staffing, transportation, overhead, and asset sales.

Due to how reserves have declined considerably after several fiscal years of deficits, reducing overall flexibility, if fiscal years 2018 and 2019 results do not demonstrate an ability to maintain balanced operations and if reserves do not grow as expected, we could lower the rating.

State aid funding, determined by enrollment, is the primary operating revenue source for most Michigan school districts, including Traverse City Area Public Schools. Therefore, increases or decreases in enrollment can lead to increases or decreases, respectively, in revenue. The district operates 12 elementary schools, three high schools, and two middle schools.

Between 2014 and 2018, enrollment declined slightly by 1.7%. However, student enrollment has increased by 0.9% to 9,894 for 2018 from 9,805 in 2017. According to management, it is projecting enrollment will remain stable or possibly increase during the next few years, coinciding with an increase in area birthrates. Moreover, the district participates in the school-of-choice program, which, in 2017, yielded a net gain of 178 pupils. In fiscal 2017, state aid accounted for approximately 59% of general fund revenue while property taxes generated 35%.

In fiscal 2017, the district reported a \$943,000 general fund deficit, a positive variance from the final budgeted \$2.17 million deficit. Better-than-projected results are the product of conservative budgeting and asset sales.

Beginning in early 2017, the district strategically collaborated with Northern Michigan Homeschool Partnership to provide noncore instruction to homeschool students in the region. The venture uses former Interlochen Community School, which closed in late 2016 due to low enrollment, as the venue. Services to these students will likely result in a positive effect on the budget because full-time equivalency will increase, providing additional revenue. Finally, there are currently no employee labor contracts under negotiation. Management notes it negotiated a three-year teacher's union contract prior to expiration, maintaining predictability of teacher-salary increases and cost containment of health insurance during the next few years.

For fiscal 2018, the district budgeted for a general fund deficit of \$214,000. However, with less than three months left in fiscal 2018, management notes it is on track for a \$1.3 million surplus; however, after removing one-time revenue and expenditures, the district would likely result in breakeven operations. Notably, the district incurred increased grant proceeds and student enrollment, as well as revenue from one-time property sales. Furthermore, the district received a \$2 million refund from the state, which had previously withheld employee health-care costs dating back to 2010. Management fully distributed these refunds back to employees.

For fiscal 2019, officials plan a formal budget for adoption by fiscal year-end 2018. Officials are projecting conservative budgeting will result in a surplus and fund balance growth. Management notes if the electorate does not authorize new bonds in August 2018, the general fund could experience pressure.

Management

We consider the district's management practices standard under our Financial Management Assessment methodology, indicating the finance department maintains adequate policies in some, but not all, key areas.

The district is conservative in its revenue and expenditure assumptions, using at least five years of historical data for revenue and expenditures and compounding projections for birth rates, student enrollment, and state aid. Management provides the school board with monthly reports on budget-to-actual results. The district's bond plan identifies projects and costs over 10 years. It simultaneously maintains a long-term master capital plan. Management shares both plans with the board. Management also maintains a long-term financial plan, budgeting for the current year plus four fiscal years, which it shares with the board.

The district's investment policy mirrors state guidelines, and management presents investment holdings and earnings to the board in the monthly cash-flow report. The district's formally adopted fund-balance policy strives to maintain 10% of general fund expenditures. While the district is currently below 10% of expenditures, it has a plan to grow fund balance. The district does not have a formal debt-management policy.

Debt

Overall net debt is 1.4% of market value, or \$1,991 per capita, which we consider low. Amortization is rapid, with 100% of direct debt scheduled to be retired within 10 years. Debt service carrying charges were 12.2% of total-governmental-fund expenditures, excluding capital outlay, in fiscal 2017, which we consider moderate.

The district has approximately \$12.5 million remaining of its voter-approved 2007 authorization for capital projects,

which it expects to issue in 2020. Management expects to seek authorization in August 2018 for approximately \$107 million for additional capital projects.

In early 2018, the district privately placed approximately \$4.5 million in 2018 refunding bonds to refund its series 2008 refunding bonds. The district's full-faith-and-credit unlimited-tax-GO pledge secures the privately placed debt, which bears a coupon of 2.29% with a final maturity of May 1, 2020. We understand there are no conditions that would result in payment acceleration. Therefore, we do not consider these bonds a material contingent-liquidity risk. The district does not currently have any other private-placement, direct-purchase, or variable-rate debt or swap agreements.

Pension and other-postemployment-benefit liabilities

The district contributes to the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing, multiemployer, defined-benefit pension plan. In addition, Michigan administers other postemployment benefits (OPEB) for the district.

In fiscal 2017, the district paid its full required contribution of \$14 million, or 11.5% of total governmental expenditures, to its pension obligations. In addition, the district paid \$4.8 million, or 3.9% of total governmental expenditures, to OPEB in fiscal 2017. The combined pension and OPEB carrying charge totaled 15.4% of total-governmental-fund expenditures in fiscal 2017.

State statute establishes, and could amend, MPERS' benefit provisions. For our calculations, we consider the district's statutorily determined contribution its required pension contribution. According to Governmental Accounting Standards Board Statement No. 68 standards--which the district implemented for financial statements ended June 30, 2015--employers with benefits administered through cost-sharing, multiemployer pension plans such as MPERS must report their proportionate share of the net pension liability.

MPERS' net pension liability at Sept. 30, 2016, the last actuarial valuation, was \$24.9 billion; the plan's funded ratio--the fiduciary net position as a proportion of total pension liability--was 63%. The district's proportion of the net MPERS' liability at Sept. 30, 2016, was \$147.186 million. The district's proportionate share of the net pension liability reflects statutorily required contributions related to all reporting units' statutorily required contributions for the measurement period.

The district does not expect postretirement carrying charges to increase substantially during the next two years to three years, and the state held required contribution rates flat for fiscal 2016. However, we note consistently low pension-funded ratios could likely lead to an eventual increase in contributions and potential budget stress.

Outlook

The negative outlook reflects S&P Global Ratings' expectation that while the district has taken steps to stabilize general fund operations, multiple years of operating deficits have reduced reserves to relatively nominal levels compared to the budget's size. Due to the district's capital plans and the majority of funding being contingent on voter approval in August 2018, reserves could be strained further, causing additional stress on general fund operations.

If the district cannot sustain balanced operations during the next two fiscal years and if it does not show progress in

increasing reserves, we could lower the rating. Alternatively, if the district were to return to sustainable balanced operations and if management were to grow fund balance in accordance with targets expressed in its long-term financial plan, we would likely revise the outlook to stable.

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