

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

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2024 consist of the following:

State aid - Michigan Department of Education	\$ 12,675,469
Federal	1,293,279
Intermediate school district and other	<u>631,636</u>
	<u><u>\$ 14,600,384</u></u>

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs. No allowance for doubtful accounts is considered necessary.

NOTE 5 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2024:

	Accumulated Compensated Absences	Accumulated Termination Benefits	Notes from Direct Borrowings and Direct Placements	General Obligation Bonds	Total
Balance, July 1, 2023	\$ 272,000	\$ 1,163,655	\$ 397,914	\$ 104,509,657	\$ 106,343,226
Additions	306,500	275,325	66,451	-	648,276
Deletions	<u>272,000</u>	<u>178,642</u>	<u>179,087</u>	<u>19,287,949</u>	<u>19,917,678</u>
Balance, June 30, 2024	306,500	1,260,338	285,278	85,221,708	87,073,824
Due within one year	<u>306,500</u>	<u>123,673</u>	<u>168,654</u>	<u>18,715,000</u>	<u>19,313,827</u>
Due in more than one year	<u><u>\$ -</u></u>	<u><u>\$ 1,136,665</u></u>	<u><u>\$ 116,624</u></u>	<u><u>\$ 66,506,708</u></u>	<u><u>\$ 67,759,997</u></u>

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

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

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$285,278 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2024 are comprised of the following issues:

	Amount Outstanding	Original Borrowing
<u>General Obligation Bonds</u>		
2016 School building and site bonds due in annual installments of \$3,500,000 to \$3,550,000 through May 1, 2026, with interest at 2.00%.	\$ 7,050,000	\$ 26,880,000
2018 School building and site bonds due in annual installments of \$1,000,000 to \$1,025,000 through May 1, 2028, with interest at 5.00%.	4,050,000	11,275,000
2019 School building and site bonds due in annual installments of \$3,000,000 to \$3,375,000 through May 1, 2029, with interest at 5.00%.	16,025,000	30,235,000
2021 School building and site bonds due in annual installments of \$3,500,000 to \$3,835,000 through May 1, 2031, with interest at 3.00%.	25,885,000	38,760,000
2023 School building and site bonds due in annual installments of \$1,775,000 to \$7,715,000 through May 1, 2033, with interest at 5.00%.	24,115,000	29,415,000
Plus issuance premium, net of amortization	8,096,708	
Total general obligation bonds	85,221,708	
<u>Direct Borrowing and Direct Placement</u>		
SBITA - The District has entered into various SBITA agreements. Due in annual installments between \$2,835 and \$77,280 with an imputed interest rate of 2.5%.	285,278	
Other accrued benefits		
Obligation under contract for compensated absences	306,500	
Obligation under contract for termination benefits	1,260,338	
Total general long term obligations	\$ 87,073,824	

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

As of June 30, 2024, \$2,152,458 is available in the debt service funds to service the general obligation debt.

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

NOTE 5 - LONG-TERM OBLIGATIONS (concluded)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2024, including interest payments of \$11,404,725 are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowing and Direct Placement		Compensated Absences	Termination Benefits	Amounts Payable
	Principal	Interest	Principal	Interest			
2025	\$ 18,715,000	\$ 3,127,050	\$ 168,654	\$ 12,968	\$ -	\$ -	\$ 22,023,672
2026	13,025,000	2,366,300	103,379	10,732	-	-	15,505,411
2027	9,750,000	1,893,550	6,704	881	-	-	11,651,135
2028	10,000,000	1,479,550	6,541	1,044	-	-	11,487,135
2029	9,175,000	1,053,550	-	-	-	-	10,228,550
2030 - 2033	16,460,000	1,459,100	-	-	-	-	17,919,100
	77,125,000	11,379,100	285,278	25,625	-	-	88,815,003
Issuance premium	8,096,708	-	-	-	-	-	8,096,708
Compensated absences	-	-	-	-	306,500	-	306,500
Termination benefits	-	-	-	-	-	1,260,338	1,260,338
	<u>\$ 85,221,708</u>	<u>\$ 11,379,100</u>	<u>\$ 285,278</u>	<u>\$ 25,625</u>	<u>\$ 306,500</u>	<u>\$ 1,260,338</u>	<u>\$ 98,478,549</u>

Interest expenditures (all funds) for the year ended June 30, 2024 were \$3,719,991.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2024 are as follows:

Payable Fund		Receivable Fund	
General	\$ 375,184	General	\$ 79,852
2023 Capital Projects	79,852	Other nonmajor governmental	576,128
Other nonmajor governmental	200,944		
	<u>\$ 655,980</u>		<u>\$ 655,980</u>

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
 JUNE 30, 2024**

2016 School Building and Site Bonds

<u>Calendar Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
2024	2.00%	\$ -	\$ -	\$ 70,500	\$ 70,500
2025	2.00%	3,500,000	70,500	35,500	3,606,000
2026	2.00%	3,550,000	35,500	-	3,585,500
Total 2016 bonded debt		<u>\$ 7,050,000</u>	<u>\$ 106,000</u>	<u>\$ 106,000</u>	<u>\$ 7,262,000</u>

The above bonds dated May 26, 2016, were issued for the purpose of (i) erecting, furnishing and equipping an addition or additions and/or remodeling, refurbishing, equipping and re-equipping existing school facilities; acquiring, installing, equipping, and re-equipping school facilities for educational technology improvements; purchasing buses and developing and improving sites, including playgrounds and outdoor physical education and athletic facilities; and (ii) erecting, furnishing and equipping an addition or additions and/or remodeling, refurbishing, equipping and re-equipping existing school facilities; erecting, furnishing and equipping elementary facilities; acquiring land; developing and equipping improvements to playgrounds, outdoor physical education and athletic facilities; acquiring, installing, equipping and re-equipping school facilities for educational technology improvements; purchasing buses and developing and improving sites. The amount of the original bond issue was \$26,880,000.

**TRAVERSE CITY AREA PUBLIC SCHOOLS
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
 JUNE 30, 2024
 (continued)**

2018 School Building and Site Bonds

<u>Calendar Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
2024	5.00%	\$ -	\$ -	\$ 101,250	\$ 101,250
2025	5.00%	1,000,000	101,250	76,250	1,177,500
2026	5.00%	1,000,000	76,250	51,250	1,127,500
2027	5.00%	1,025,000	51,250	25,625	1,101,875
2028	5.00%	1,025,000	25,625	-	1,050,625
Total 2018 bonded debt		<u>\$ 4,050,000</u>	<u>\$ 254,375</u>	<u>\$ 254,375</u>	<u>\$ 4,558,750</u>

The above bonds dated May 23, 2018, were issued for the purpose of erecting, furnishing and equipping an addition or additions to and/or remodeling, refurnishing, equipping and re-equipping existing school facilities; erecting, furnishing and equipping elementary facilities; acquiring land; developing and equipping improvements to playgrounds, outdoor physical education and athletic facilities; acquiring, installing, equipping and re-equipping school facilities for educational technology improvements; purchasing buses and developing and improving sites. The amount of the original bond issue was \$11,275,000.

**TRAVERSE CITY AREA PUBLIC SCHOOLS
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
 JUNE 30, 2024
 (continued)**

2019 School Building and Site Bonds

<u>Calendar Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
2024	5.00%	\$ -	\$ -	\$ 400,625	\$ 400,625
2025	5.00%	3,000,000	400,625	325,625	3,726,250
2026	5.00%	3,100,000	325,625	248,125	3,673,750
2027	5.00%	3,200,000	248,125	168,125	3,616,250
2028	5.00%	3,350,000	168,125	84,375	3,602,500
2029	5.00%	<u>3,375,000</u>	<u>84,375</u>	<u>-</u>	<u>3,459,375</u>
Total 2019 bonded debt		<u>\$ 16,025,000</u>	<u>\$ 1,226,875</u>	<u>\$ 1,226,875</u>	<u>\$ 18,478,750</u>

The above bonds dated May 16, 2019, were issued for the purpose of erecting, furnishing and equipping additions to and/or remodeling, furnishing and refurbishing, and equipping and re-equipping existing school facilities; erecting, furnishing and equipping new school facilities; constructing, equipping, developing and improving playgrounds and outdoor physical education, athletic and storage facilities; acquiring, installing, and equipping and re-equipping school facilities for educational technology; purchasing buses; and acquiring, developing and improving play fields, athletic fields and sites. The amount of the original bond issue was \$30,235,000.

**TRAVERSE CITY AREA PUBLIC SCHOOLS
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
 JUNE 30, 2024
 (continued)**

2021 School Building and Site Bonds

Calendar Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2024	3.00%	\$ -	\$ -	\$ 388,275	\$ 388,275
2025	3.00%	3,500,000	388,275	335,775	4,224,050
2026	3.00%	3,600,000	335,775	281,775	4,217,550
2027	3.00%	3,675,000	281,775	226,650	4,183,425
2028	3.00%	3,700,000	226,650	171,150	4,097,800
2029	3.00%	3,775,000	171,150	114,525	4,060,675
2030	3.00%	3,800,000	114,525	57,525	3,972,050
2031	3.00%	3,835,000	57,525	-	3,892,525
Total 2021 bonded debt		<u>\$ 25,885,000</u>	<u>\$ 1,575,675</u>	<u>\$ 1,575,675</u>	<u>\$ 29,036,350</u>

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

**TRAVERSE CITY AREA PUBLIC SCHOOLS
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
 JUNE 30, 2024
 (concluded)**

2023 School Building and Site Bonds

<u>Calendar Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
2024	5.00%	\$ -	\$ -	\$ 602,875	\$ 602,875
2025	5.00%	7,715,000	602,875	410,000	8,727,875
2026	5.00%	1,775,000	410,000	365,625	2,550,625
2027	5.00%	1,850,000	365,625	319,375	2,535,000
2028	5.00%	1,925,000	319,375	271,250	2,515,625
2029	5.00%	2,025,000	271,250	220,625	2,516,875
2030	5.00%	2,125,000	220,625	167,500	2,513,125
2031	5.00%	2,200,000	167,500	112,500	2,480,000
2032	5.00%	2,225,000	112,500	56,875	2,394,375
2033	5.00%	2,275,000	56,875	-	2,331,875
Total 2023 bonded debt		<u>\$ 24,115,000</u>	<u>\$ 2,526,625</u>	<u>\$ 2,526,625</u>	<u>\$ 29,168,250</u>

The above bonds dated May 25, 2023, were issued for the purpose of erecting, furnishing and equipping additions to and/or remodeling, furnishing and refurbishing, and equipping and re-equipping existing school facilities; erecting, furnishing and equipping new school facilities; constructing, equipping, developing and improving playgrounds and outdoor physical education, athletic and storage facilities; acquiring, installing, and equipping and re-equipping school facilities for educational technology; purchasing buses; and acquiring, developing and improving play fields, athletic fields and sites. The amount of the original bond issue was \$29,415,000.