

Escanaba Area
Public Schools



Year Ended
June 30, 2013

Financial
Statements and
Single Audit Act
Compliance

ESCANABA AREA PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 17, 2013

Honorable Members of the
Board of Education
Escanaba Area Public Schools
Escanaba, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *Escanaba Area Public Schools* (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position and, where applicable the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Taxable Valuations, Tax Rates, and Tax Levies has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Escanaba Area Public School District's (the "District"), management's discussion and analysis is intended to assist the reader in focusing on significant issues, provide an overview of the District's financial activity, identifying changes in the District's financial position, and its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ended June 30, 2013. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District financially as a whole. The district-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the District's operation in more detail than the district-wide financial statements by providing information about the District's most significant fund - the General Fund and other less significant funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

Management's discussion and analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
(other than MD&A expanded)

As mentioned, GASB 34 requires the presentation of two basic types of financial statements:

District-wide financial statements. The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position and the statement of activities, which appear first in the District's financial statements, include all assets and liabilities and uses the accrual basis of accounting. This means that all of the current year's revenues and expenditures are taken into account regardless of when cash is received.

The Statement of Net Position combines and consolidates governmental funds current financial resources (short-term available resources) with capital and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenditures regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Fund Financial Statements. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore, represent resources that may be appropriated. Expenditures are accounted for in the period those goods and services are used in District programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

Fund types include the General Fund, Special Revenue Fund, Debt Retirement Funds, Capital Projects Funds, Fiduciary Funds and Proprietary Fund. The General Fund is used primarily to account for the general education requirements of the District. Its revenues are derived from property taxes, state and federal distributions, grants, and other intergovernmental revenues. The Special Revenue Fund is comprised of food service activities. The Debt Service Funds are used to record the funding and payment of principal and interest on bonded debt. The Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities. The Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent for various student groups and related activities. The Proprietary Fund accounts are used for those activities where the flow of economic resources is required. The Proprietary Fund is comprised of the Internal Service Fund which is used to account for compensating employees for their unpaid sick leave and have announced their retirement.

Major Features of District-Wide and Fund Financial Statements			
	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District	All district activities that are not fiduciary in nature.	Funds administered on behalf of someone else.
Required statements	Statement of net position. Statement of activities.	Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances.	Statement of fiduciary net position. Statement of changes in fiduciary net position.
Accounting basis and focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of asset and liability information	All assets and liabilities both financial and capital, short- term and long-term.	Generally assets expected to be used and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities.	All assets and liabilities, both short-term and long term.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Financial Analysis of the District as a Whole

	Net Position		
	District-Wide Activities		Percent Change
	2013	2012	
Assets			
Current assets	\$ 6,185,841	\$ 7,788,539	-20.58%
Capital assets, net	38,161,581	37,601,867	1.49%
Total assets	44,347,422	45,390,406	-2.30%
Deferred charge on bond refunding	305,345	-	100.00%
Liabilities			
Current Liabilities	4,264,200	3,314,997	28.63%
Long-term liabilities	35,503,513	37,214,944	-4.60%
Total liabilities	39,767,713	40,529,941	-1.88%
Net position			
Net investment in capital assets	5,676,367	3,124,341	81.68%
Restricted for capital projects	172,596	1,651,908	-89.55%
Restricted for debt service	824,478	1,028,776	-19.86%
Restricted for food service	61,790	-	100.00%
Unrestricted (deficit)	(1,850,177)	(944,560)	95.88%
Total net position	\$ 4,885,054	\$ 4,860,465	0.51%

Summary of Net Position

The School District's net position totaled approximately \$4,885,000 and \$4,860,000 for 2013 and 2012, respectively. Total net position can be separated into three categories: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is a combination of funds available for investment in capital assets, less accumulated depreciation and related debt. The original cost of capital assets is approximately \$52,044,000 and \$50,340,000 for 2013 and 2012, respectively. The threshold for recording capital assets is \$5,000. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less any estimated salvage value, expensed over the estimated useful life of the assets. Total accumulated depreciation is approximately \$13,882,000 for 2013 and \$12,738,000 for 2012. Total debt related to capital assets is approximately \$33,031,000 for 2013 and \$34,478,000 for 2012.

Restricted net position for capital projects, debt service, and food service funds are by their nature restricted for use by laws or regulations by the State of Michigan. These funds totaled approximately \$173,000, \$824,000, and \$62,000 respectively for 2013, and approximately \$1,652,000 and \$1,029,000 for capital projects and debt service respectively for 2012. There was no amount restricted for food service during 2012.

The remaining balance in unrestricted net position represents a deficit of approximately \$1,850,000 for 2013 and \$945,000 for 2012. The primary reason for the deficit is a result of employee benefit programs for payment of unused sick leave at the time of retirement and early retirement incentive payment. This liability totaled approximately \$2,713,000 for 2013 and \$2,721,000 for 2012.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

The results of operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-wide results of operations for the year ended June 30, 2013 and 2012 is as follows:

	Change in Net Position		
	District-Wide Activities		Percent Change
	2013	2012	
Program revenues:			
Charges for services-local	\$ 522,294	\$ 453,950	15.06%
Operating grants - federal, state, and local	2,022,295	1,838,993	9.97%
Total program revenues	2,544,589	2,292,943	10.97%
General revenue			
Property taxes - operations	3,707,733	3,677,698	0.82%
Property taxes - debt service	2,941,821	2,880,390	2.13%
State of Michigan aid, unrestricted	13,665,070	13,454,075	1.57%
State of Michigan aid, restricted	1,952,002	2,509,881	-22.23%
Other - federal, state, and local	165,526	651,282	-74.58%
Total general revenue	22,432,152	23,173,326	-3.20%
Total revenue	24,976,741	25,466,269	-1.92%
Expenses:			
Instruction	\$ 14,437,785	\$ 13,593,763	6.21%
Supporting services	6,785,911	7,041,556	-3.63%
Community services	94,932	14,810	541.00%
Food services	1,128,249	1,057,709	6.67%
Interdistrict payments	-	151,743	-100.00%
Interest on long-term debt	1,361,288	1,472,181	-7.53%
Loss on disposal of fixed assets	-	107,365	-100.00%
Depreciation (unallocated)	1,143,987	743,628	53.84%
Total expenses	24,952,152	24,182,755	3.18%
Increase in net position	24,589	1,283,514	-98.08%
Net position, beginning of year	4,860,465	3,576,951	35.88%
Net position, end of year	\$ 4,885,054	\$ 4,860,465	0.51%

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Governmental Funds Financial Highlights

The overall condition of the governmental funds has deteriorated from the prior year. The General Fund balance decreased approximately \$494,000. This is a result of a decrease in 65 students from the prior year along with an increase in instructional program expenditures.

Major Governmental Funds Budgeting and Operating Highlights

The District's Funds

As we noted earlier, the District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide and may provide more insight into the District's overall financial health.

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known and the State of Michigan's budget has been finalized. Therefore, it is expected that there will be changes between the initial budget and subsequent amendments, as actual enrollments are known and the State of Michigan's budget is adopted by October 1 and any subsequent budget amendments are made. The most significant fund budgeted is the General Fund. The General Fund budget was amended three times during the year.

General Fund Operations

Financial Highlights - General Fund					
Fiscal Year	Revenue	Expenditures	Fund Balance	Enrollment	Increase/ (Decrease) in Student
2003-2004	\$23,053,246	\$22,977,753	\$ 2,319,637	3,099	(140)
2004-2005	21,315,476	22,779,695	2,855,418	3,013	(86)
2005-2006	21,174,541	21,438,666	2,591,293	2,963	(50)
2006-2007	21,516,630	21,580,929	2,526,994	2,882	(81)
2007-2008	21,431,735	21,407,472	2,551,257	2,778	(104)
2008-2009	22,728,518	23,507,969	1,771,806	2,716	(62)
2009-2010	22,590,284	22,716,143	1,647,236	2,712	(4)
2010-2011	22,202,500	22,869,719	980,017	2,628	(84)
2011-2012	21,418,411	21,115,220	1,283,208	2,587	(41)
2012-2013	21,176,237	21,669,945	789,500	2,522	(65)

In the General Fund operations, the actual revenue and loan proceeds was approximately \$21,176,000. This is below the original budgeted revenues and other financing sources of approximately \$21,242,000 and above the final amended budgeted revenues and other financing sources of approximately \$21,189,000, a variance of approximately 0.87%. The actual expenditures of the General Fund operations were approximately \$21,670,000. This is below the original budget of approximately \$21,828,000 and below the final budget of approximately \$22,239,000, a variance of approximately 2.56%.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Governmental Fund Expenditures

Below is a summary of the Governmental Fund expenditures by Fund and their percentages of total Governmental Funds:

	Expenditures	Percentage
General Fund	\$21,669,945	80%
2010 Construction Fund	1,376,863	5%
2010 Debt Retirement	1,275,109	5%
Nonmajor governmental funds	2,912,189	11%
Total	\$27,234,106	100%

Revenues for all Governmental Funds totaled approximately \$24,970,000. Below is a summary of the governmental fund revenues by source and their percentages of total governmental funds:

	Revenues	Percentage
Local sources	\$ 7,557,896	30%
State sources	15,707,688	63%
Federal sources	1,554,923	6%
Other	149,734	1%
Total	\$24,970,241	100%

Unrestricted state aid

The District is predominately funded by State Aid based on a blended count formula that the State of Michigan utilizes. State revenues to the District have decreased as a result of decreased enrollment from the previous year. State aid membership counts were 2,522 and 2,587 for fiscal 2013 and 2012, respectively.

Property Taxes

The District levies 18 mills of property taxes on all non-homestead property and 6 mills on commercial personal property located within the District for general fund operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate or the prior year of 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of the market value. The fiscal 2013 non-homestead and personal property tax levies totaled approximately \$3,752,000.

The District levied 4.75 mills of property taxes on all classes of property located within the District for bonded debt retirement. The levy is used to pay the principal and interest on bond obligations. The total amount levied for debt retirement for fiscal year 2012-2013 was approximately \$2,942,000.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Operating Grants - Federal, State, and Local

The primary sources of operating grants are the Federal Title I program, the State funded At Risk program, and the Special Education Obligation funds required under the Headlee Amendment, State of Michigan legislation. Both Title I and At Risk programs assist students who are deemed to be at risk in the instructional process. For fiscal 2013, the District has utilized approximately \$685,000 for the Title I program.

Enrollment

The District's 2012-2013 blended enrollment totaled 2,522, which is a decrease of 65 students from the previous year. Escanaba Area Public Schools is located in Michigan's Upper Peninsula and is the second largest district in Upper Michigan.

The past two years have seen changes in the economic condition of the community. The District has begun to see improvements in the regional economic condition which has resulted in improved enrollment in the District. Continual close monitoring of the regional employment opportunities along with birth rates will help the District project enrollment changes over time.

Student enrollment FTE (full time equivalent) is important to the financial health of the District because state funding is based on a per pupil FTE formula.

Capital Assets and Debt Administration

Capital Assets . At the end of fiscal 2013, the School District had approximately \$52,044,000 invested in land and building, furniture and equipment, vehicles and buses. Of this amount approximately \$13,882,000 has been depreciated. Net book value totals approximately \$38,162,000. The years of construction of the district buildings ranges from 1931 to 2013. The District currently owns five elementary buildings of which two have been closed due to declining enrollment. Of the closed buildings, one building is being leased to the local intermediate school district and will house the new Escanaba Virtual Career Center, and one is currently being used for storage for excess building equipment. Beginning in fiscal year 2013 the reconfiguration of building grade levels was completed with K-3 in each of three elementary buildings, 4-6 became the Upper Elementary building, 7-8 became the Junior High and 9-12 became the Senior High School. Due to budget constraints related to declining enrollment, the State of Michigan financial status, and increasing fringe benefits, the ability to maintain these buildings has been becoming increasingly difficult. This reconfiguration is based on declining enrollment and efficient use of all facilities to meet the educational needs of the students of the District.

The District's capitalization policy is to capital assets purchased in amounts of more than \$5,000 that have an estimated useful life in excess of one year is \$5,000.

Outstanding Debt at Year End

As of June 30, 2013, the District had approximately \$32,395,000 in bonds outstanding from capital projects and approximately \$396,000 in installment purchase agreements outstanding. The District collects bonded debt across the total property values. Therefore, total growth in valuation is an important element in determining the District's ability to retire bonded debt and/or to incur additional debt.

For more detailed information regarding capital assets and debt administration, please review the Notes to Financial Statements located in the financial section of this report.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2013 fiscal year budgets. There are many important factors affecting the budget, two of which are our student count and state per-pupil foundation allowance. In the 2011-2012 year our student count dipped to a blended count of 2,587. In 2012-2013 we dropped to 2,522 students. This was a reduction of 65 students in one year, and equates to a loss of approximately \$453,000 in state foundation allowance. It is expected the enrollment will continue to decline as Upper Peninsula Michigan employment opportunities continue to be limited, however we may be seeing a slight turn around. The 2014 fiscal year budget will need to reflect the continued increase in costs while seeing little increase in state and local funding.

The Board of Education and administration held community and group meetings to continue hearing comments from parents, staff and community members. Continued reductions in staff and programs were included in the fiscal 2014 budget. While the Board of Education has chosen to use some fund balance to maintain programs, they have focused on reducing costs to align revenue and expenditures in the fiscal 2014 budgets. The Board and Administration continue to develop a strategy to reduce spending while providing a quality education to Escanaba students and maintain the long term fiscal health of the District.

Contacting the District's Financial Management

This report is designed to give an overview of the financial conditions of the Escanaba Area Public School District. If you should desire additional detailed financial information, you may address it to Sue Furney, the Director of Business Services, Escanaba Area Public Schools, District Administration Office, 1500 Ludington Street, Escanaba, Michigan 49829 or you may call (906)-786-5412.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ESCANABA AREA PUBLIC SCHOOLS

Statement of Net Position

District-Wide Activities

June 30, 2013

Assets

Cash and cash equivalents	\$ 2,191,894
Investments	192,221
Receivables	3,783,392
Inventories	18,334
Capital assets not being depreciated	720,597
Capital assets being depreciated, net	<u>37,440,984</u>

Total assets

44,347,422

Deferred outflows of resources

Deferred charge on bond refunding	<u>305,345</u>
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Liabilities

Accounts payable and accrued liabilities	2,275,097
Revenue anticipation notes payable	1,898,742
Unearned revenue	78,839
Long-term liabilities:	
Due within one year	1,960,946
Due in more than one year	33,542,567
Net other postemployment benefit obligation	<u>11,522</u>

Total liabilities

39,767,713

Net position

Net investment in capital assets	5,676,367
Restricted for:	
Capital projects	172,596
Debt service	824,478
Food service	61,790
Unrestricted (deficit)	<u>(1,850,177)</u>

Total net position

\$ 4,885,054

The accompanying notes are an integral part of these basic financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Statement of Activities

District-Wide Activities

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
District-wide activities				
Instruction	\$ 14,437,785	\$ -	\$ 1,108,914	\$ (13,328,871)
Supporting services	6,785,911	119,457	243,649	(6,422,805)
Community services	94,932	-	-	(94,932)
Food services	1,128,249	402,837	669,732	(55,680)
Interest on long-term debt	1,361,288	-	-	(1,361,288)
Unallocated depreciation	1,143,987	-	-	(1,143,987)
Total district-wide activities	<u>\$ 24,952,152</u>	<u>\$ 522,294</u>	<u>\$ 2,022,295</u>	<u>(22,407,563)</u>
General revenues				
Property taxes - operations				3,707,733
Property taxes - debt retirement				2,941,821
State of Michigan aid - unrestricted				13,665,070
State of Michigan aid - restricted				1,952,002
Other				<u>165,526</u>
Total general revenues				<u>22,432,152</u>
Change in net position				24,589
Net position, beginning of year, as restated				<u>4,860,465</u>
Net position, end of year				<u>\$ 4,885,054</u>

The accompanying notes are an integral part of these basic financial statements.

FUND FINANCIAL STATEMENTS

ESCANABA AREA PUBLIC SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2013

	General Fund	2010 Construction Fund	2010 Debt Retirement Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,115,523	\$ 1,035	\$ 566,155	\$ 427,379	\$ 2,110,092
Investments	-	192,221	-	-	192,221
Other receivables	468,014	-	68,252	118,831	655,097
Due from other governments	3,128,295	-	-	-	3,128,295
Due from other funds	15,936	-	-	-	15,936
Inventories	-	-	-	18,334	18,334
Total assets	\$ 4,727,768	\$ 193,256	\$ 634,407	\$ 564,544	\$ 6,119,975
Liabilities					
Accounts payable	\$ 45,364	\$ 4,724	\$ -	\$ 11,107	\$ 61,195
Revenue anticipation notes payable	1,898,742	-	-	-	1,898,742
Salaries payable	1,210,555	-	-	-	1,210,555
Accrued liabilities	704,768	-	-	10,103	714,871
Unearned revenues	78,839	-	-	-	78,839
Due to other funds	-	15,936	-	-	15,936
Total liabilities	3,938,268	20,660	-	21,210	3,980,138
Fund balances					
Nonspendable for inventories	-	-	-	18,334	18,334
Restricted:					
Debt retirement	-	-	634,407	396,745	1,031,152
Capital projects	-	172,596	-	-	172,596
Food service	-	-	-	61,790	61,790
Committed for capital projects	-	-	-	66,465	66,465
Unassigned	789,500	-	-	-	789,500
Total fund balances	789,500	172,596	634,407	543,334	2,139,837
Total liabilities and fund balances	\$ 4,727,768	\$ 193,256	\$ 634,407	\$ 564,544	\$ 6,119,975

The accompanying notes are integral part of these basic financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
June 30, 2013

Fund balances - total governmental funds	\$ 2,139,837
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Amounts reported for governmental activities in the statement of
net position are different because:

Capital assets used in governmental activities are not financial resources,
and therefore are not reported in the fund statement.

Capital assets not being depreciated	720,597
Capital assets being depreciated, net	37,440,984

Certain liabilities, such as bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Deferred loss on bond refunding	305,345
Unamortized original issue discount, net	239,975
Bonds payable	(33,030,534)
Accrued interest on bonds payable	(206,674)
Compensated absences	(2,712,954)
Net other postemployment benefit obligation	(11,522)

Net position of governmental activities	<u>\$ 4,885,054</u>
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The accompanying notes are an integral part of these basic financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2013

	General Fund	2010 Construction Fund	2010 Debt Retirement Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 4,169,838	\$ 282	\$ 1,202,613	\$ 2,185,163	\$ 7,557,896
State sources	15,617,072	-	-	90,616	15,707,688
Federal sources	941,725	-	-	613,198	1,554,923
Other	149,734	-	-	-	149,734
Total revenues	20,878,369	282	1,202,613	2,888,977	24,970,241
Expenditures					
Current:					
Instruction	14,434,016	-	-	-	14,434,016
Supporting services	7,028,449	-	-	-	7,028,449
Community services	94,932	-	-	-	94,932
Food services	-	-	-	1,118,617	1,118,617
Debt service:					
Principal	69,860	-	450,000	1,257,533	1,777,393
Interest and fiscal charges	42,688	-	825,109	442,957	1,310,754
Capital outlay	-	1,376,863	-	93,082	1,469,945
Total expenditures	21,669,945	1,376,863	1,275,109	2,912,189	27,234,106
Revenues over (under) expenditures	(791,576)	(1,376,581)	(72,496)	(23,212)	(2,263,865)
Other financing sources (uses)					
Issuance of long-term debt	297,868	-	-	-	297,868
Proceeds from sale of capital assets	-	-	-	6,500	6,500
Total other financing sources (uses)	297,868	-	-	6,500	304,368
Net change in fund balances	(493,708)	(1,376,581)	(72,496)	(16,712)	(1,959,497)
Fund Balances, beginning of year	1,283,208	1,549,177	706,903	560,046	4,099,334
Fund balances, end of year	\$ 789,500	\$ 172,596	\$ 634,407	\$ 543,334	\$ 2,139,837

The accompanying notes are an integral part of these basic financial statements

ESCANABA AREA PUBLIC SCHOOLS

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ (1,959,497)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,703,701
Depreciation expense	(1,143,987)

Governmental funds report bond refunding costs and bond premiums as expenditures and revenue, respectively. However, in the statement of activities, these costs are allocated over the life of the related bonds and reported as amortization expense.

Amortization of deferred loss on bond refunding	(76,595)
Amortization of bond issue discounts	(47,995)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but a reduction in long-term debt on the statement of net position.

Issuance of long-term debt	(297,868)
Principal payments on long-term debt	1,777,393
Change in net other postemployment benefit obligation	(11,522)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in the accrual for compensated absences	7,753
Change in accrued interest payable on long-term debt	73,206

Change in net position - governmental activities	<u>\$ 24,589</u>
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The accompanying notes are an integral part of these basic financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 4,264,261	\$ 4,267,077	\$ 4,169,838	\$ (97,239)
State sources	15,866,785	15,597,556	15,617,072	19,516
Federal sources	961,352	1,004,033	941,725	(62,308)
Other sources	150,000	123,905	149,734	25,829
Total revenues	21,242,398	20,992,571	20,878,369	(114,202)
Expenditures				
Current:				
Instruction	14,460,153	14,572,708	14,434,016	(138,692)
Supporting services	7,066,380	7,417,396	7,028,449	(388,947)
Community services	130,296	119,586	94,932	(24,654)
Debt service:				
Principal	108,662	70,000	69,860	(140)
Interest and fiscal charges	62,058	59,235	42,688	(16,547)
Total expenditures	21,827,549	22,238,925	21,669,945	(568,980)
Revenues over (under) expenditures	(585,151)	(1,246,354)	(791,576)	454,778
Other financing sources				
Issuance of long-term debt	-	196,813	297,868	101,055
Net change in fund balance	(585,151)	(1,049,541)	(493,708)	555,833
Fund balance, beginning of year	1,283,208	1,283,208	1,283,208	-
Fund balance, end of year	\$ 698,057	\$ 233,667	\$ 789,500	\$ 555,833

The accompanying notes are an integral part of these basic financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Statement of Net Position

Proprietary Fund

June 30, 2013

	Governmental Activities
	Internal Service Fund
Assets	
Cash and cash equivalents	\$ 81,802
Liabilities	
Employee benefits payable	\$ 81,802

* NOTE: There was no revenues, expenditures or cash flow activities for the year ended June 30, 2013.

The accompanying notes are an integral part of these basic financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Private Purpose Trusts	Agency Funds
Assets		
Cash and cash equivalents	\$ 256,605	\$ 114,605
Accrued Interest	15,966	-
Investments - at fair value	4,579,402	-
	<hr/>	<hr/>
Total assets	4,851,973	\$ 114,605
	<hr/>	<hr/>
Liabilities		
Accounts payable	-	\$ 3,952
Due to student groups	-	110,653
Scholarships payable	-	-
Due to others	-	-
	<hr/>	<hr/>
Total liabilities	-	\$ 114,605
	<hr/>	<hr/>
Net position held in trust for scholarships	\$ 4,851,973	
	<hr/>	

The accompanying notes are an integral part of these basic financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

June 30, 2013

Additions

Contributions	\$ 105,610
Investment income:	
Net increase in fair value of investments	238,555
Interest and dividends	136,946
Gain on sale of investments	6,917
Net investment income	382,418
Total additions	488,028

Deductions

Scholarships and trophies	241,183
Trustee fees	28,217
Total deductions	269,400
Change in net position	218,628
Net position, beginning of year	4,633,345
Net position, end of year	\$ 4,851,973

The accompanying notes are an integral part of these basic financial statements.

NOTES TO FINANCIAL STATEMENTS

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The accounting policies of *Escanaba Area Public Schools* (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the District:

The District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of the governmental organizations are a part of the District's reporting entity, and which organizations are legally separate component units of the District. Based on application of the criteria, the District has no component units.

District-wide and Fund Financial Statements

The District-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended June 30, 2013.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund follows the accrual basis of accounting, but does not have a measurement focus.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state school aid, expenditure-driven grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

The *2010 Construction Capital Project Fund* is used to account for the renovation of buildings of the District as a result of the bond issues approved by the voters. These funds are restricted for the purposes specified in the bond issue.

The *2010 Debt Retirement Fund* accounts for financial resources restricted for principal and interest payments on bonds payable. Revenues are generated primarily through property tax millage.

Additionally, the District reports the following fund types:

The *Food Service Special Revenue Fund* accounts and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The *Public Improvement Capital Project Fund* accounts for the financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

The *Internal Service Fund* is used for the financing of unused terminal sick leave plan payments.

The *Private-purpose Trust Funds* are trust arrangements under which principal and income benefit individuals in the form of scholarships. The District maintains three private-purpose trust funds.

The *Agency Fund* accounts for assets held for other groups and organizations and is custodial in nature.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Assets, deferred outflows of resources, liabilities, and equity

Deposits and investments

The District's cash and cash equivalents include demand deposits, savings accounts and certificates of deposit with maturities of less than three months, and shares in a government money market account.

Investments are reported at fair value.

Receivables

The District follows the practice of recording as receivables revenues that have been earned but not yet received. Receivables consist primarily of State School Aid payments from the State of Michigan and Federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management, and therefore, no amount has been recorded as a provision for bad debts.

Inventories

Inventories are valued at cost (first-in, first-out). Inventories consists of expendable supplies held for sale or consumption. The cost is recorded as an expenditure when consumed or sold rather than when purchased. Reported inventories are equally offset by nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the District-wide financial statements. Generally, capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-50
Machinery and equipment	5-10
Vehicles and buses	5-10

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Deferred outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category which is the deferred charge on bond refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

Accrued Compensated Absences

Most employees of the District are compensated for leaves of absence chargeable to sick days. Each school year, the covered employees are credited with a number of sick days and any unused portion of such allowances can accumulate. Upon retirement, those employees who meet certain age and years of service requirements will be paid for a portion of sick days accumulated to a maximum number of days and at a rate determined by their job category.

The liability for the sick leave has been computed using the vesting method in accordance with Governmental Accounting Standards Board Statement No. 16. This liability is shown on the statement of net position.

Long-term obligations

In the District-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Bonded Construction Costs and Sinking Funds

The 2010 Construction Fund includes activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of §1351a of the Michigan Revised School Code. Beginning in the year of issuance, the District has recorded the annual construction activity in the 2010 Construction Fund. The project for which the 2010 building and site bonds were issued was substantially complete on June 30, 2013. The remaining proceeds were expended during the year ended June 30, 2014.

Fund equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Director of Business Services or her designee. Unassigned fund balance is the residual classification for the General Fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Restricted net position represent assets which are legally restricted by outside parties or enabling legislation.

Property Taxes

Property taxes are recognized as revenue in the General and Debt Service funds on a levy year basis. The 2012 levy amounts are recognized as current property tax revenue to the extent that they are collected during the year or within sixty days after year end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Property taxes are levied December 1 on the assessed valuation of property located in the District as of the preceding December 31, the lien date. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The General Fund is under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles ("GAAP"), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budget for the General Fund is adopted on a functional basis.

3. DEPOSITS AND INVESTMENTS

The following is a reconciliation of deposit and investment balances as of June 30, 2013:

	Totals
Governmental Activities	
Cash and cash equivalents	\$ 2,191,894
Investments	192,221
Fiduciary Funds	
Private Purpose Trusts:	
Cash and cash equivalents	256,605
Investments	4,579,402
Agency Funds:	
Cash and cash equivalents	114,605
Total	<u>\$ 7,334,727</u>
Deposits and investments	
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 2,561,504
Cash on hand	1,600
Investments	4,771,623
Total	<u>\$ 7,334,727</u>

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Michigan law authorizes the District to deposit and invest in:

Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than five years after the purchase dates.

Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.

Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.

Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

External Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The purpose of investments is to maximize the returns on the District's excess cash balances consistent with safety of those monies and with the desired liquidity of the investments.

The School District's scholarship funds, which are reported as fiduciary, private purpose trust funds, are invested with a balanced objective. This balanced objective is a balance between current income and long-term capital appreciation. The Scholarship Committee reviews investment performance on an annual basis to ensure compliance with the objectives.

The District's investment policy allows for all of above types of investments.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following investments:

	Original Cost	Less than One Year	1 - 5 Years	More than Five Years	Fair Value
Government bonds	\$ 95,736	\$ 70,529	\$ 26,391	\$ -	\$ 96,920
Corporate bonds	689,055	-	404,832	330,297	735,129
Other fixed income	25,000	25,000	-	-	25,000
	<u>\$ 809,791</u>	<u>\$ 95,529</u>	<u>\$ 431,223</u>	<u>\$ 330,297</u>	<u>857,049</u>
Investments not subject to maturity					3,914,574
					<u>\$ 4,771,623</u>

Certificates of deposit of \$63,458 are considered bank deposits for risk purposes.

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The government bonds listed above all have a rating of AA+ from Standard and Poors, while the corporate bonds rate from A- to AA+ from Standard and Poors.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year-end, \$2,538,344 of the District's bank balance of \$3,047,073 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. On the investments listed above, the custodial credit risk cannot be determined because these investments are uncategorized as to credit risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

4. RECEIVABLES

Receivables in the governmental activities are 86% due from other governments and 14% accounts receivable.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued expenses are 3% vendors, 61% salaries, and 36% accrued liabilities.

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The District reports interfund balances between certain funds. These interfund balances resulted primarily 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 system, and 3) payments between funds are made. As of June 30, 2013, the 2010 Construction Fund had an outstanding liability to the General Fund for \$15,936.

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; 2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

7. CAPITAL ASSETS

Capital assets activity was as follows for the year ended June 30, 2013:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 720,597	\$ -	\$ -	\$ -	\$ 720,597
Capital assets, being depreciated:					
Buildings and improvements	46,167,077	1,273,080	-	-	47,440,157
Machinery and equipment	2,013,520	234,085	-	-	2,247,605
Vehicles and buses	1,439,049	196,536	-	-	1,635,585
	<u>49,619,646</u>	<u>1,703,701</u>	<u>-</u>	<u>-</u>	<u>51,323,347</u>
Less accumulated depreciation for:					
Buildings and improvements	(10,523,799)	(898,666)	-	-	(11,422,465)
Machinery and equipment	(1,141,329)	(148,405)	-	-	(1,289,734)
Vehicles and buses	(1,073,248)	(96,916)	-	-	(1,170,164)
	<u>(12,738,376)</u>	<u>(1,143,987)</u>	<u>-</u>	<u>-</u>	<u>(13,882,363)</u>
Total capital assets					
being depreciated, net	<u>36,881,270</u>	<u>559,714</u>	<u>-</u>	<u>-</u>	<u>37,440,984</u>
Governmental activities					
capital assets, net	<u>\$ 37,601,867</u>	<u>\$ 559,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,161,581</u>

Depreciation expense of \$1,143,987 is reported as unallocated in the Statement of Activities.

8. REVENUE ANTICIPATION NOTES PAYABLE

The School District annually issues state aid anticipation notes in advance of receiving its state aid payments.

Short-term debt activity related to these notes for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Issued	Redeemed	Balance June 30, 2013
State aid anticipation notes payable	<u>\$ 1,892,001</u>	<u>\$ 4,200,000</u>	<u>\$ (4,193,259)</u>	<u>\$ 1,898,742</u>

The note which carries interest ranging from 0.311%-0.600% is repaid annually as a reduction of state aid with the remaining outstanding balance repaid in a lump sum during August of each fiscal year.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

9. LONG-TERM DEBT

Long-term debt activity of the District for the year ending June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
General obligation bonds	\$ 34,054,869	\$ -	\$ (1,659,844)	\$ 32,395,025	\$ 1,780,156
Durant bonds	32,533	-	(32,533)	-	-
Installment purchase agreement	167,526	297,868	(69,860)	395,534	103,690
Total installment debt	34,254,928	297,868	(1,762,237)	32,790,559	1,883,846
Accrued compensated absences	2,720,707	79,547	(87,300)	2,712,954	77,100
Total	<u>\$ 36,975,635</u>	<u>\$ 377,415</u>	<u>\$ (1,849,537)</u>	<u>\$ 35,503,513</u>	<u>\$ 1,960,946</u>

The District's long-term debt consists of the following:

General Obligation Bonds

\$7,950,000, 2006 refunding bonds, due in annual installments ranging of \$50,000 to \$1,680,000 with final payment due on May 1, 2021. Interest is paid semi-annually at rates varying from 3.50% to 4.00%.

\$ 7,465,000

\$6,670,000, 2010 refunding bonds, due in annual installments of \$1,200,000 to \$555,000 with final payment due on May 1, 2017.

Interest is paid semi-annually at rates varying from 2.00% to 4.00%.

4,345,000

\$21,670,000, 2010 school building and site unlimited tax bonds, due in annual installments of \$515,000 to \$1,800,000 with final payment due May 1, 2030. Interest is paid semi-annually at rates varying from 1.60% to 5.10%.

20,825,000

\$287,970, Discount related to 2010 school building and site unlimited tax bonds, amortized over the live of the bonds.

(239,975)

Total general obligation bonds

\$ 32,395,025

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Installment Purchase Agreements

\$166,798, Installment purchase agreements for two busses, due in annual installments of \$34,000 through May 2018, plus interest charged at 2.19%.	\$ 166,798
\$101,055, Installment purchase agreement with Apple Inc. for computer equipment, due in annual installments ranging from \$32,903 to \$34,213 through July 2015, plus interest charged at 3.00%.	101,055
\$163,322, Installment purchase agreements for two busses, due in annual installments of \$32,644 through March 2016, plus interest charged at 2.41%.	97,666
\$30,015, Chevrolet Silverado, due in annual payments of \$6,000 through May 2017, plus interest at 2.12%	<u>30,015</u>
Total installment purchase agreements payable	<u>\$ 395,534</u>

On February 21, 2010, the School District did an advance refunding of a portion of the 2001 debt issue. This resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$531,110 and is being charged to operations through the year 2021 using the straight-line method.

On October 5, 2011, the School District did an advance refunding of the remaining portion of the 2001 debt issue not previously refunded. This resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$61,000 and is being charged to operations through the year 2017 using the straight-line method.

On May 11, 2010, the School District issued new general obligation bonds for the purpose of renovating the high school and other buildings. The new bonds have a face value of \$21,670,000. The net amount received was \$21,382,030. The net difference is due to discounts upon the sale of the bonds. This discount is being amortized over the life of the bonds.

At June 30, 2012, the School District's Governmental Activities long-term debt consisted of the following:

Early Retirement Incentive

The current employment contracts with teachers and administrators allow the option of early retirement to those employees who meet state requirements for retirement. Qualified retirees shall receive an early retirement incentive of \$150 per month for a period of up to six years. At June 30, 2013, 49 retirees were receiving or eligible to begin receiving the early retirement incentive, with \$87,300 being paid to these individuals during 2013. The total early retirement incentive liability at June 30, 2013 was \$ 231,000. This balance is included in accrued compensated absences.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Accrued compensated absences

Accrued employee benefits included in long-term debt are for the accumulated terminal leave built up by employees from unused sick leave and the early retirement incentive, as previously discussed. The accumulated terminal leave at June 30, 2013 was \$2,481,954. The liability for early retirement incentive was \$231,000.

The estimated debt service requirements for principal and interest to maturity as of June 30, 2013 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2014	\$ 1,765,000	\$ 1,232,413	\$ 2,997,413
2015	1,835,000	1,195,031	3,030,031
2016	1,905,000	1,154,943	3,059,943
2017	2,005,000	1,084,834	3,089,834
2018	2,115,000	1,014,054	3,129,054
2019-2023	10,410,000	3,805,654	14,215,654
2024-2028	9,000,000	1,915,875	10,915,875
2029-2030	3,600,000	232,538	3,832,538
Total	<u>\$ 32,635,000</u>	<u>\$ 11,635,342</u>	<u>\$ 29,521,929</u>

Year Ending June 30,	Installment Purchase Agreements		
	Principal	Interest	Total
2014	\$ 103,690	\$ 7,166	\$ 110,856
2015	105,594	7,057	112,651
2016	106,250	4,415	110,665
2017	40,000	1,744	41,744
2018	40,000	872	40,872
Total	<u>\$ 395,534</u>	<u>\$ 21,254</u>	<u>\$ 416,788</u>

The debt service requirements for accrued compensated absences are dependent upon future employee retirements and terminations. Thus, future payments are unknown at June 30, 2013.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

11. RETIREMENT PLAN

Plan Description

The District contributes to the Michigan Public School Employees Retirement System (MPERS), a collection of several retirement plans administered by the State of Michigan Department of Management and Budget, Office of Retirement Systems. MPERS provides retirement, survivor and disability benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by state statute. The Office of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30026, Lansing, Michigan, 48909 or by calling (517) 322-5103.

Funding Policy

Defined Benefit Plans

Member contribution rates vary based on date of hire and certain voluntary elections. Member Investment Plan ("MIP") members enrolled in MIP prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, through June 30, 2008, contribute at the following graduated permanently fixed contribution rates: 3 percent of the first \$5,000; 3.6 percent of \$5,001 through \$15,000; 4.3 percent of all wages over \$15,000. Members first hired July 1, 2008 through June 30, 2010 contribute at the following graduated permanently fixed contribution rates: 3.0 percent of the first \$5,000; 3.6 percent of \$5,001 through \$15,000; 6.4 percent of all wages over \$15,000. Basic Plan members make no contributions. Members first enrolled on or after July 1, 2010 are enrolled in the MIP Plus Plan. Member contributions are matched at a rate of 50 percent by the employer, up to a maximum of one percent. Basic 4% and MIP 7% members contribute 4 percent and 7 percent of pretax salary, respectively. Based on the option selected at enrollment, these individuals contribute at a fixed rate until termination of employment or until reaching 30 years of service. At that time, based on the option selected, employee contributions are no longer required or revert to the contribution requirements under the MIP plan in which the employee initially enrolled.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree healthcare benefits on a cash disbursement basis. The rates for the year ended June 30, 2013 as a percentage of payroll ranged from 20.96 to 25.39 percent.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Hybrid Plans

Effective February 1, 2013, members that initially enrolled in the defined benefit plan were provided the option to convert to a defined contribution plan. In these instances, any service credit accumulated under the defined benefit plan before February 1, 2013 is retained. For service performed after this date, the converted plan member receives 4 percent employer contributions to a personal 401(k) account. Voluntary employee contributions are permitted in accordance with IRS guidelines. Employer contributions and earnings thereon vest based on the following schedule: 50 percent at 2 years of service, 75 percent at 3 years of service, and 100 percent at 4 years of service. Any voluntary contributions vest with the employee immediately. If a member participating in the hybrid plan retires with certain age and service requirements, he or she will receive a monthly pension based on compensation received before February 1, 2013.

Defined Contribution Plan

A member first enrolling in MPSERS on or after September 4, 2012 is automatically enrolled in the defined contribution plan. Employer and employee contribution rates and vesting requirements are consistent with the defined contribution component of the hybrid plan as described above.

The contribution requirements of plan members and the District are established by Michigan State statute and may be amended only by action of the State Legislature. The District's contributions to MPSERS under all plans for the years ended June 30, 2013, 2012, and 2011 were \$2,944,320, \$2,365,098, and \$2,482,969, respectively, equal to the required contributions for each year.

Other Postemployment Benefits

Retirees enrolled in MPSERS before September 4, 2012 have the option of participating in the Premium Subsidy plan, a defined benefit postemployment healthcare plan, which is funded by employers on a cash disbursement basis. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension. Plan participants contribute 3 percent of covered payroll to the Retiree Healthcare Fund. At retirement, these individuals receive a subsidy for healthcare premiums that cover up to 80 percent of cost.

Plan members enrolled on or after September 4, 2012 participate in the Personal Healthcare Fund. This defined contribution other postemployment benefits plan includes a required 2 percent employee contribution into a personal tax-deferred account, which is matched by an additional 2 percent employer contribution. Employees are fully vested in these contributions which can be used, along with earnings thereon, to pay for postemployment healthcare expenses. Plan members working prior to September 4, 2012 were given the option to convert from the Premium Subsidy plan to the Personal Healthcare Fund option. Effective February 1, 2013, these members are no longer required to make the 3 percent employee contribution. Amounts paid into the Retiree Healthcare Fund between September 4, 2012 and February 1, 2013 were credited to each individual's Personal Healthcare Fund account. Any contributions made prior to September 4, 2012 are pending a Supreme Court resolution.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

The District's contributions to MPSERS for other postemployment benefits are not separately identified and are included in the contribution amounts disclosed above.

12. DISTRICT DEFINED BENEFIT LIFE INSURANCE PLAN

District Life Insurance Plan

Plan Description. The District administers a single-employer defined benefit life insurance plan (the "Plan"). In addition to the retirement benefits described above. The Plan provides various levels of life insurance to certain retiree's up to the age 70, depending on the applicable employee group, which are advance funded on an actuarial basis. The Plan does not prepare separately-issued financial statements.

The District provides various levels of life insurance to its retiree's up to the age 70, depending on the applicable employee group.

Basis of Accounting. The Plan is accounted for using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Funding Policy. The contribution requirements of Plan members and the District are established and may be amended by the Board of Education. The required contribution is based on projected pay-as-you go financing requirements, with an additional amount to prefund benefits as determined annually by the Board of Education. For the year ended June 30, 2013, the District contributed \$44,397 to the Plan, all of which was to fund current year benefits.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Annual required contribution	<u>\$ 55,919</u>
Net OPEB cost (expense)	55,919
Contributions made	<u>(44,397)</u>
Increase in net OPEB obligation	11,522
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 11,522</u>

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal 2013 was:

Three-Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 41,150	100%	\$ -
2012	40,369	100%	-
2013	55,919	79%	11,522

Funded Status and Funding Progress. As of June 30, 2013, the actuarial accrued liability for benefits was \$640,179, all of which was unfunded. The covered payroll (annual payroll of the active employees covered by the Plan) was \$10,680,073 and the ratio of the UAAL to the covered payroll was 5.99%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits calculations.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and active Plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 56.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2006 United States Life Tables for Males and for Females were used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Life insurance cost trend rate - The expected rate of increase in life insurance premiums was based on projections by District management. A rate of 2.00% was used.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Life insurance premiums - Fiscal year 2013 life insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 1.00% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013, was thirty years.

13. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2013, was as follows:

Capital assets:

Capital assets not being depreciated	\$ 720,597
Capital assets being depreciated, net	<u>37,440,984</u>
	<u>38,161,581</u>

Related debt:

Noncurrent liabilities	
Due within one year	(1,960,946)
Due in more than one year	(33,542,567)
Deferred charge on bond refunding	305,345
Add back: accrued employee benefits	<u>2,712,954</u>
	<u>(32,485,214)</u>

Net investment in capital assets	<u>\$ 5,676,367</u>
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14. COMMITMENTS AND CONTINGENCIES

Scholarships

Each year the School District awards numerous scholarships to graduating students, many of which are paid out over a four year period from Private-Purpose Trust Funds. The District has consistently recorded the expense for scholarships based on when they are paid, since the students must attain minimum grade levels in order to receive their scholarships. At June 30, 2013 there was approximately \$1,600,000 of outstanding scholarships for the Anna C. Norton Scholarship Fund Private-Purpose Trust Funds and \$3,251,000 for the Commingled Private-Purpose Trust Funds and other scholarship funds.

In addition to the scholarship fund assets owned by the Escanaba Area Public Schools, the District has also been designated as beneficiary of the investment income earned on certain assets held in three trusts at local financial institutions. At June 30, 2013, the market value of these assets was approximately \$2,190,000. These assets are not reflected in the accompanying Statement of Fiduciary Net Position since the School District does not own or control these assets.

ESCANABA AREA PUBLIC SCHOOLS

Notes To Financial Statements

Federal Grant Programs

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

Other

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District has purchased commercial insurance for general liability, property and casualty and health claims and participates in the MASB/SET-SEG (risk pool) for claims relating to employee injuries/workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program, in which the District participates, operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

As is the case with other entities, the District faces exposure from potential claims and legal proceedings involving environmental matters. No such claims or proceedings have been asserted as of June 30, 2013.

15. RESTATEMENT

The District had recorded a liability equal to the actuarial accrued liability (AAL) of the District's Life Insurance OPEB Plan in fiscal year 2012. Governmental Accounting Standards Board Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* requires that the District record the net OPEB obligation rather than the AAL as presented by the District. The District had no net OPEB obligation at June 30, 2012. During the current year, beginning net position of governmental activities was increased by \$502,988 to adjust the AAL which was recorded as of June 30, 2012 to an amount equal to the net OPEB obligation at June 30, 2012.

16. SUBSEQUENT EVENTS

In August 2013, the District borrowed \$2,600,000 on a state aid anticipation note with effective interest charged from 0.40%-1.40% maturing from July to August 2014.

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REQUIRED SUPPLEMENTARY INFORMATION

ESCANABA AREA PUBLIC SCHOOLS

Required Supplementary Information

The following schedule of employer contributions and schedule of funding progress, relative to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

1. OTHER POSTEMPLOYMENT BENEFITS

Schedule of Employer Contributions		
Years Ended June 30,	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2009	\$ 42,118	100%
2010	41,061	100%
2011	40,720	100%
2012	39,787	100%
2013	55,919	79%

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Under- funded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2009	\$ -	\$ 541,232	\$ 541,232	-%	\$11,876,595	5%
6/30/2013	-	640,179	640,179	-%	10,680,073	6%

* A plan this size is not required to be valued each year. Additional years of data will be included in future years as revised valuations are necessary.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual

General Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local Sources				
Property taxes	\$ 3,828,727	\$ 3,760,051	\$ 3,707,733	\$ (52,318)
Local restricted	1,500	11,450	8,024	(3,426)
Other local revenue	434,034	495,576	454,081	(41,495)
Total local sources	<u>4,264,261</u>	<u>4,267,077</u>	<u>4,169,838</u>	<u>(97,239)</u>
State sources				
State aid unrestricted	13,605,173	13,639,198	13,649,732	10,534
State aid restricted	2,261,612	1,958,358	1,967,340	8,982
Total state sources	<u>15,866,785</u>	<u>15,597,556</u>	<u>15,617,072</u>	<u>19,516</u>
Federal sources	<u>961,352</u>	<u>1,004,033</u>	<u>941,725</u>	<u>(62,308)</u>
Other sources				
Other restricted	150,000	123,905	149,734	25,829
Total revenues	<u>21,242,398</u>	<u>20,992,571</u>	<u>20,878,369</u>	<u>(114,202)</u>
Expenditures				
Instruction:				
Salaries	8,605,552	8,677,751	8,623,930	(53,821)
Fringe benefits	4,839,949	4,807,389	4,810,361	2,972
Purchased services	787,398	793,648	451,099	(342,549)
Supplies and capital outlay	227,254	293,920	548,626	254,706
Total instruction	<u>14,460,153</u>	<u>14,572,708</u>	<u>14,434,016</u>	<u>(138,692)</u>

Continued...

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual

General Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (Continued)				
Support services:				
Instructional support services:				
Salaries	\$ 1,086,411	\$ 1,119,004	\$ 1,092,295	\$ (26,709)
Fringe benefits	607,842	635,903	598,977	(36,926)
Purchased services	124,305	130,836	130,866	30
Supplies and capital outlay	77,284	112,403	200,588	88,185
	<u>1,895,842</u>	<u>1,998,146</u>	<u>2,022,726</u>	<u>24,580</u>
Office of the Principal:				
Salaries	692,800	694,684	677,139	(17,545)
Fringe benefits	403,896	374,309	372,745	(1,564)
Purchased services	2,250	2,250	1,580	(670)
Supplies and capital outlay	110,780	135,982	129,813	(6,169)
	<u>1,209,726</u>	<u>1,207,225</u>	<u>1,181,277</u>	<u>(25,948)</u>
District support services:				
Salaries	369,709	367,058	361,708	(5,350)
Fringe benefits	191,327	190,604	187,687	(2,917)
Purchased services	387,768	418,292	308,984	(109,308)
Supplies and capital outlay	50,200	38,180	31,160	(7,020)
	<u>999,004</u>	<u>1,014,134</u>	<u>889,539</u>	<u>(124,595)</u>
Operations and maintenance:				
Salaries	492,377	525,398	502,915	(22,483)
Fringe benefits	381,093	403,246	351,651	(51,595)
Purchased services	272,687	309,635	277,528	(32,107)
Supplies and capital outlay	583,895	647,750	569,288	(78,462)
	<u>1,730,052</u>	<u>1,886,029</u>	<u>1,701,382</u>	<u>(184,647)</u>
Pupil transportation:				
Salaries	534,479	499,771	482,294	(17,477)
Fringe benefits	401,977	368,133	346,928	(21,205)
Purchased services	60,580	62,340	57,882	(4,458)
Supplies and capital outlay	234,720	381,618	346,421	(35,197)
	<u>1,231,756</u>	<u>1,311,862</u>	<u>1,233,525</u>	<u>(78,337)</u>
Total support services	<u>\$ 7,066,380</u>	<u>\$ 7,417,396</u>	<u>\$ 7,028,449</u>	<u>\$ (388,947)</u>

Continued...

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual

General Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (Continued)				
Community services:				
Salaries	\$ 57,462	\$ 44,259	\$ 50,428	\$ 6,169
Fringe benefits	21,279	14,786	16,219	1,433
Supplies and capital outlay	51,555	60,541	28,285	(32,256)
Total community services	130,296	119,586	94,932	(24,654)
Debt service:				
Principal repayment	108,662	70,000	69,860	(140)
Interest and fiscal charges	62,058	59,235	42,688	(16,547)
Total debt service	170,720	129,235	112,548	(16,687)
Total expenditures	21,827,549	22,238,925	21,669,945	(568,980)
Revenues over (under) expenditures	(585,151)	(1,246,354)	(791,576)	454,778
Other financing sources (uses)				
Bond proceeds	-	196,813	297,868	101,055
Net change in fund balance	(585,151)	(1,049,541)	(493,708)	555,833
Fund balance, beginning of year	1,283,208	1,283,208	1,283,208	-
Fund balance, end of year	\$ 698,057	\$ 233,667	\$ 789,500	\$ 555,833

Concluded.

ESCANABA AREA PUBLIC SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2013

	Special Revenue Fund	Capital Project Fund	Debt Service Fund		
	Food Service	Public Improvement	2001 Debt Retirement	Durant Debt Retirement	Total
Assets					
Cash and cash equivalents	\$ 63,028	\$ 66,465	\$ 297,886	\$ -	\$ 427,379
Accounts receivable	19,972	-	98,859	-	118,831
Inventories	18,334	-	-	-	18,334
Total assets	\$ 101,334	\$ 66,465	\$ 396,745	\$ -	\$ 564,544
Liabilities					
Accounts payable	\$ 11,107	\$ -	\$ -	\$ -	\$ 11,107
Accrued liabilities	10,103	-	-	-	10,103
Total liabilities	21,210	-	-	-	21,210
Fund balances					
Nonspendable for inventories	18,334	-	-	-	18,334
Restricted:					
Debt service	-	-	396,745	-	396,745
Food service	61,790	-	-	-	61,790
Committed for capital projects		66,465	-	-	66,465
Total fund balances	80,124	66,465	396,745	-	543,334
Total liabilities and fund balances	\$ 101,334	\$ 66,465	\$ 396,745	\$ -	\$ 564,544

ESCANABA AREA PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

June 30, 2013

	Special Revenue Fund	Capital Project Fund	Debt Service Funds		
	Food Service	Public Improvement	2001 Debt Retirement	Durant Debt Retirement	Total
Revenues					
Local sources	\$ 403,199	\$ 40,684	\$ 1,741,280	\$ -	\$ 2,185,163
State sources	56,534	-	-	34,082	90,616
Federal sources	613,198	-	-	-	613,198
Total revenues	1,072,931	40,684	1,741,280	34,082	2,888,977
Expenditures					
Current:					
Salaries and wages	322,394	-	-	-	322,394
Fringe benefits	182,301	-	-	-	182,301
Food, supplies and other expenditures	613,922	-	-	-	613,922
Capital outlay	9,632	83,450	-	-	93,082
Debt service:					
Principal	-	-	1,225,000	32,533	1,257,533
Interest	-	-	441,408	1,549	442,957
Total expenditures	1,128,249	83,450	1,666,408	34,082	2,912,189
Excess of revenues over (under) expenditures	(55,318)	(42,766)	74,872	-	(23,212)
Other financing sources					
Proceeds from sale of capital assets	-	6,500	-	-	6,500
Net change in fund balances	(55,318)	(36,266)	74,872	-	(16,712)
Fund balances, beginning of year	135,442	102,731	321,873	-	560,046
Fund balances, end of year	\$ 80,124	\$ 66,465	\$ 396,745	\$ -	\$ 543,334

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

Food Service Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local sources	\$ 425,900	\$ 441,575	\$ 403,199	\$ (38,376)
State sources	42,000	42,000	56,534	14,534
Federal sources	582,630	598,000	613,198	15,198
Total revenues	<u>1,050,530</u>	<u>1,081,575</u>	<u>1,072,931</u>	<u>(8,644)</u>
Expenditures				
Salaries and wages	312,505	323,733	322,394	(1,339)
Fringe benefits	201,353	193,063	182,301	(10,762)
Food, supplies and other expenditures	567,550	602,300	613,922	11,622
Capital outlay	12,750	10,650	9,632	(1,018)
Total expenditures	<u>1,094,158</u>	<u>1,129,746</u>	<u>1,128,249</u>	<u>(1,497)</u>
Excess of revenues over (under) expenditures	<u>(43,628)</u>	<u>(48,171)</u>	<u>(55,318)</u>	<u>(7,147)</u>
Fund balance, beginning of year	<u>135,442</u>	<u>135,442</u>	<u>135,442</u>	<u>-</u>
Fund balance, end of year	<u>\$ 91,814</u>	<u>\$ 87,271</u>	<u>\$ 80,124</u>	<u>\$ (7,147)</u>

ESCANABA AREA PUBLIC SCHOOLS

Combining Statement of Net Position

Private Purpose Trust Funds - Scholarships

June 30, 2012

	Scholarship Funds			
	Anna C. Norton	Co-mingled	Special Education	Total
Assets				
Cash and cash equivalents	\$ 79,418	\$ 170,561	\$ 6,626	\$ 256,605
Accrued income	5,213	10,753	-	15,966
Investments - at fair value	<u>1,515,479</u>	<u>3,038,923</u>	<u>25,000</u>	<u>4,579,402</u>
Total assets (equal to net position held in trust for scholarships)	<u><u>\$ 1,600,110</u></u>	<u><u>\$ 3,220,237</u></u>	<u><u>\$ 31,626</u></u>	<u><u>\$ 4,851,973</u></u>

ESCANABA AREA PUBLIC SCHOOLS

Statement of Changes in Net Position

Private Purpose Trust Funds - Scholarships

For the Year Ended June 30, 2013

	Scholarship Funds			
	Anna C. Norton	Co-mingled	Special Education	Total
Additions				
Contributions	\$ -	\$ 105,610	\$ -	\$ 105,610
Investment income:				
Net increase in fair value of investments	74,933	163,622	-	238,555
Interest and dividends	47,246	89,486	214	136,946
Gain on sale of investments	722	6,195	-	6,917
Net investment income	122,901	259,303	214	382,418
Total additions	122,901	364,913	214	488,028
Deductions				
Scholarships and trophies	48,625	192,207	351	241,183
Trustee fees	9,455	18,762	-	28,217
Total deductions	58,080	210,969	351	269,400
Change in net position	64,821	153,944	(137)	218,628
Net position, beginning of year	1,535,289	3,066,293	31,763	4,633,345
Net position, end of year	\$ 1,600,110	\$ 3,220,237	\$ 31,626	\$ 4,851,973

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Co-mingled Scholarships Fund

For the Year Ended June 30, 2013

	Fund Balance July 1, 2012	Revenues				Total Revenues
		Contributions	Interest and Dividends	Realized Gain on Investments	Increase in Fair Value of Investments	
Adamini, Peter Memorial	\$ 9,529	\$ 150	\$ 296	\$ 21	\$ 543	\$ 1,010
Aronson, Arthur V. and Elin C.	85,733	-	2,640	184	4,843	7,667
Beauchamp, Grace Huston	13,695	-	422	29	774	1,225
Beck, Conrad D.	7,855	-	242	17	444	703
Bennets, Jeanee	11,772	-	362	25	665	1,052
Berndt, Sherry	39,251	1,500	1,220	85	2,238	5,043
Bero, Willard and Joyce	51,869	-	1,597	111	2,930	4,638
Bonifas, Catherine	106,484	-	3,279	228	6,015	9,522
Bosk, Robert & Olga	44,454	-	1,369	95	2,511	3,975
Chernick, John Memorial	2,528	-	78	5	143	226
Class of 1959	11,455	3,755	384	27	705	4,871
Cohodas, Sam M.	8,409	-	259	18	475	752
Coplan Family Music	40,715	-	1,254	87	2,300	3,641
Cunningham Family	8,448	-	260	18	477	755
Derouin, Dean	2,700	-	83	6	153	242
Diedrich, Louis	12,902	-	397	28	729	1,154
Dufour, Susan C. and Thomas D.	6,614	-	204	14	374	592
Edick, Edward E.	10,226	-	315	22	578	915
Escanaba Educational Trust	10,030	1,500	316	22	581	2,419
Fernstrom, Esther	9,052	-	279	19	511	809
Ferrari, Joan Hesse	9,129	-	281	20	516	817
Fleming, Lawrence and Nina	14,723	-	453	32	832	1,317
Freidhoff, Steve Memorial	1,756	-	54	4	99	157
Gasman, John T. Memorial	1,042	-	32	2	59	93
Gessner, Charles H. Family	78,028	-	2,403	167	4,408	6,978
Gordon, Dr. E. James	119,383	-	3,676	256	6,744	10,676
Grab, George	27,958	-	861	60	1,579	2,500
Hansen, John Wesley Memorial	14,225	-	438	31	804	1,273
Johnson, Bradley D.	59,026	1,200	1,846	129	3,387	6,562
Karkkainen, Melvin	1,085	2,000	79	5	145	2,229
Kirsten, Herbert and Irene	14,723	-	453	32	832	1,317
Klemmetsen, Magda and Peder and	268,236	-	8,259	575	15,153	23,987
Koontz, John D. and Barbara Memorial	3,863	-	119	8	218	345
LaFave, Olive C.	29,552	-	910	63	1,669	2,642
Lemerand, Clarence and Della	340,526	-	10,485	730	19,236	30,451
Lindstrom, James	3,828	-	118	8	216	342
Louis, Frank B. and Mamie A.	133,854	-	4,121	287	7,561	11,969
McCotter, Delores	1,695	-	52	4	96	152
McDermott, Thomas Memorial	39,866	1,500	1,239	86	2,273	5,098
McKie, Donald	24,395	-	751	52	1,378	2,181
McInerney, Dr. Thomas and Dr. Edna	63,082	-	1,942	135	3,563	5,640
Micensky, Robert	2,825	-	87	6	160	253
Milkiewicz, Kim Ann	10,970	-	338	24	620	982
Milkiewicz, Stephen M.	4,723	-	145	10	267	422
Molin, Jack and Class of 1944	28,408	20	875	61	1,605	2,561
Nordberg, Carl A.	15,387	20	474	33	869	1,396
O'Donnell, Anne C.	27,611	-	850	59	1,560	2,469
Olson, Joanne Taylor	11,890	-	366	25	672	1,063
Owen, Robert A. and Ruth	30,228	-	931	65	1,708	2,704
Owens, Georgia Gibbs/Irwin and Marge Gibbs	218,749	-	6,735	469	12,357	19,561
Peterson, Ken	1,865	-	57	4	105	166
Pfotenhauer/Gessner	12,604	-	388	27	712	1,127
Puckelwartz, William H.	27,811	-	856	60	1,571	2,487

Expenses							
Scholarships and Trophies	Professional Fees	Total Expenses	Net Income (Loss)	Fund Balance June 30, 2013	Accumulated Contributions to Fund	Remaining Balance	
\$ 300	\$ 62	\$ 362	\$ 648	\$ 10,177	\$ 8,510	\$ 1,667	
3,575	555	4,130	3,537	89,270	69,325	19,945	
450	89	539	686	14,381	10,000	4,381	
275	51	326	377	8,232	4,040	4,192	
400	76	476	576	12,348	11,898	450	
2,250	257	2,507	2,536	41,787	31,376	10,411	
4,050	336	4,386	252	52,121	40,000	12,121	
4,950	690	5,640	3,882	110,366	50,000	60,366	
1,400	288	1,688	2,287	46,741	39,500	7,241	
220	16	236	(10)	2,518	2,200	318	
500	81	581	4,290	15,745	13,594	2,151	
300	54	354	398	8,807	5,186	3,621	
1,688	264	1,952	1,689	42,404	25,000	17,404	
300	55	355	400	8,848	6,100	2,748	
225	17	242	-	2,700	1,104	1,596	
400	84	484	670	13,572	11,400	2,172	
200	43	243	349	6,963	5,170	1,793	
350	66	416	499	10,725	5,507	5,218	
300	67	367	2,052	12,082	8,750	3,332	
750	59	809	-	9,052	4,226	4,826	
300	59	359	458	9,587	7,195	2,392	
500	95	595	722	15,445	10,000	5,445	
120	11	131	26	1,782	1,915	(133)	
-	7	7	86	1,128	1,115	13	
2,100	505	2,605	4,373	82,401	64,963	17,438	
5,920	773	6,693	3,983	123,366	80,700	42,666	
950	181	1,131	1,369	29,327	20,000	9,327	
480	92	572	701	14,926	11,250	3,676	
2,300	388	2,688	3,874	62,900	48,803	14,097	
1,000	17	1,017	1,212	2,297	4,000	(1,703)	
500	95	595	722	15,445	10,000	5,445	
2,867	1,737	4,604	19,383	287,619	232,350	55,269	
130	25	155	190	4,053	1,455	2,598	
1,000	191	1,191	1,451	31,003	20,000	11,003	
9,075	2,206	11,281	19,170	359,696	300,741	58,955	
42	25	67	275	4,103	4,100	3	
7,725	867	8,592	3,377	137,231	89,945	47,286	
100	11	111	41	1,736	1,500	236	
1,000	261	1,261	3,837	43,703	41,795	1,908	
-	158	158	2,023	26,418	24,176	2,242	
3,463	409	3,872	1,768	64,850	50,000	14,850	
100	18	118	135	2,960	2,470	490	
375	71	446	536	11,506	8,500	3,006	
150	31	181	241	4,964	2,600	2,364	
950	184	1,134	1,427	29,835	22,329	7,506	
500	100	600	796	16,183	11,517	4,666	
900	179	1,079	1,390	29,001	21,005	7,996	
400	77	477	586	12,476	10,000	2,476	
500	196	696	2,008	32,236	25,000	7,236	
12,606	1,417	14,023	5,538	224,287	153,755	70,532	
100	12	112	54	1,919	1,500	419	
722	82	804	323	12,927	10,000	2,927	
900	180	1,080	1,407	29,218	12,962	16,256	

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Co-mingled Scholarships Fund

For the Year Ended June 30, 2013

	Fund Balance July 1, 2012	Revenues				Total Revenues
		Contributions	Interest and Dividends	Realized Gain on Investments	Increase in Fair Value of Investments	
Reade, H.W.	\$ 21,834	\$ -	\$ 672	\$ 47	\$ 1,233	\$ 1,952
Ruwitch, George	32,540	25	1,002	70	1,838	2,935
Saykly, Josephine	10,243	-	315	22	579	916
Schram, Dick Memorial	12,654	-	390	27	715	1,132
St. Louis, Maria, George and Stanley	331,881	-	10,219	713	18,746	29,678
St. Pierre	2,523	1,100	100	7	184	1,391
Stein, Danile	45,840	-	1,411	98	2,589	4,098
Taylor, Al Family	112,591	-	3,467	241	6,360	10,068
Taylor, Francis and Nancy	112,786	-	3,473	242	6,371	10,086
Taylor, Naomi Memorial	32,572	-	1,003	70	1,840	2,913
Timmer, Gene	3,337	-	103	7	189	299
VanEffen, William J.	6,890	-	212	15	389	616
Wickstrom, Carl	1,018	5,437	59	4	108	5,608
Wyllie, Henry	3,695	-	114	8	209	331
Young, A.J.	23,176	-	714	50	1,309	2,073
	<u>2,890,347</u>	<u>18,207</u>	<u>89,184</u>	<u>6,211</u>	<u>163,622</u>	<u>277,224</u>
Cash accounts						
Addison, Ruth	3,400	-	-	-	-	-
Felton, Oliver Memorial	7,392	6,170	1	-	-	6,171
Henslee, Forrest and Mary	19,682	500	270	-	-	770
Hirn, Robert & Elva	114,132	46,313	11	-	-	46,324
Kintziger, Louis J.	6,888	865	1	-	-	866
Maki, Arnie & Violet	3,062	11,180	-	-	-	11,180
Pearson, Harold R. and Mary Noyes	2,067	-	-	-	-	-
Sackerson, Edward J.	12,311	5,000	1	-	-	5,001
Miscellaneous contributions	7,012	17,375	2	-	-	17,377
	<u>175,946</u>	<u>87,403</u>	<u>286</u>	<u>-</u>	<u>-</u>	<u>87,689</u>
Total	<u>\$ 3,066,293</u>	<u>\$ 105,610</u>	<u>\$ 89,470</u>	<u>\$ 6,211</u>	<u>\$ 163,622</u>	<u>\$ 364,913</u>

Expenses						
Scholarships and Trophies	Professional Fees	Total Expenses	Net Income (Loss)	Fund Balance June 30, 2013	Accumulated Contributions to Fund	Remaining Balance
\$ 700	\$ 141	\$ 841	\$ 1,111	\$ 22,945	\$ 10,150	\$ 12,795
1,100	211	1,311	1,624	34,164	28,006	6,158
325	66	391	525	10,768	10,000	768
425	82	507	625	13,279	10,090	3,189
15,350	2,151	17,501	12,177	344,058	234,975	109,083
100	21	121	1,270	3,793	3,361	432
2,625	297	2,922	1,176	47,016	35,000	12,016
1,200	729	1,929	8,139	120,730	100,000	20,730
1,200	731	1,931	8,155	120,941	100,000	20,941
1,100	211	1,311	1,602	34,174	25,000	9,174
153	21	174	125	3,462	2,814	648
225	45	270	346	7,236	5,000	2,236
2,575	12	2,587	3,021	4,039	7,180	(3,141)
100	24	124	207	3,902	2,708	1,194
750	150	900	1,173	24,349	9,900	14,449
108,586	18,762	127,348	149,876	3,040,223	2,244,711	795,512
-	-	-	-	3,400	-	3,400
6,536	-	6,536	(365)	7,027	-	7,027
460	-	460	310	19,992	19,366	626
37,900	-	37,900	8,424	122,556	-	122,556
2,550	-	2,550	(1,684)	5,204	-	5,204
6,600	-	6,600	4,580	7,642	-	7,642
7,000	-	7,000	(7,000)	(4,933)	-	(4,933)
4,500	-	4,500	501	12,812	-	12,812
18,075	-	18,075	(698)	6,314	-	6,314
83,621	-	83,621	4,068	180,014	19,366	160,648
\$ 192,207	\$ 18,762	\$ 210,969	\$ 153,944	\$ 3,220,237	\$ 2,264,077	\$ 956,160

ESCANABA AREA PUBLIC SCHOOLS

Statement of Changes in Assets and Liabilities

Agency Fund

For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Assets				
Cash and cash equivalents	\$ 167,561	\$ 335,420	\$ 373,329	\$ 114,605
Liabilities				
Accounts payable	\$ 18,999	\$ -	\$ 15,047	\$ 3,952
Due to student activities	148,562	335,420	373,329	110,653
Total liabilities	\$ 148,562	\$ 335,420	\$ 373,329	\$ 110,653
The balances consist of the following:				
Upper Elementary				
Interest	\$ 97	\$ 41	\$ -	\$ 138
Parents as partners	97	-	-	97
Library fund	2,479	5,678	5,142	3,015
Music fund - band	7,646	-	7,846	(200)
Pop fund	3,261	2,043	3,088	2,216
Working account	3,644	1,685	4,597	732
Student council	3,205	27	1,916	1,316
Mid School 6-1	368	4,584	4,948	4
Mid School related arts	124	-	124	-
Mid School house 7-1	79	-	79	-
Mid School house 7-2	85	-	85	-
Mid School house 8-1	338	-	338	-
Mid School house 8-2	345	-	345	-
Mid School special ed	124	-	-	124
Mid School encore	16	-	16	-
Orchestra	480	-	480	-
Mid School 6-2	254	4,624	4,797	81
Concessions	759	-	759	-
Drama	436	6,187	5,741	882
Total upper elementary	23,837	24,869	40,301	8,405
Elementary	11,397	3,684	7,893	7,188

Continued...

ESCANABA AREA PUBLIC SCHOOLS

Statement of Changes in Assets and Liabilities

Agency Fund

For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Senior High Activities				
Publications	\$ 3,920	\$ 3,384	\$ 920	\$ 6,384
Activities	526	9,256	9,394	388
Prior Classes	11,464	16,557	17,097	10,924
Music	23,702	69,883	75,286	18,299
Clubs	14,329	36,865	33,595	17,599
General	23,932	63,751	77,179	10,504
Concessions	2,270	22,477	23,379	1,368
	<u>80,143</u>	<u>222,173</u>	<u>236,850</u>	<u>65,466</u>
Total senior high activities				
	<u>80,143</u>	<u>222,173</u>	<u>236,850</u>	<u>65,466</u>
Athletic Camps				
Boys basketball	3,817	9,207	8,905	4,119
Cheerleading	5,543	14,064	19,175	432
Cross country	2,696	895	976	2,615
Football	8,027	14,666	21,473	1,220
Girls basketball	2,569	275	754	2,090
Gymnastics	7,050	3,335	9,113	1,272
Boy's tennis	1,571	1,030	1,613	988
Girl's tennis	386	-	-	386
Track	(17)	-	-	(17)
Volleyball	1,020	-	36	984
Wrestling	23	1,557	781	799
Baseball	-	500	-	500
Girls softball	658	4,033	4,272	419
	<u>33,343</u>	<u>49,562</u>	<u>67,098</u>	<u>15,807</u>
Total athletic camps				
	<u>33,343</u>	<u>49,562</u>	<u>67,098</u>	<u>15,807</u>
Junior High Activities				
Interest	-	3	-	3
Student council	250	2,794	2,698	346
Challenge day	-	4,775	606	4,169
Working account	-	331	-	331
Builders club	809	4,078	3,191	1,696
7th grade 7-1	-	79	16	63
7th grade 7-2	-	85	-	85
8th grade 8-1	354	338	607	85
8th grade 8-2	-	345	-	345
Concession	-	5,868	4,115	1,753
Band	-	16,436	9,954	6,482
Robotics	(1,571)	-	-	(1,571)
	<u>(158)</u>	<u>35,132</u>	<u>21,187</u>	<u>13,787</u>
Total junior high activities				
	<u>(158)</u>	<u>35,132</u>	<u>21,187</u>	<u>13,787</u>
Total				
	<u>\$ 148,562</u>	<u>\$ 335,420</u>	<u>\$ 373,329</u>	<u>\$ 110,653</u>
				Concluded

OTHER SUPPLEMENTARY INFORMATION (UNAUDITED)

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Taxable Valuations, Tax Rates and Tax Levies

For the Year Ended June 30, 2013

	Taxable Valuation	Per \$1,000 Valuation	Tax Levy
General Fund			
(on non-homestead taxable valuation only)			
City of Escanaba	\$149,943,776	6-18 mills	\$ 2,506,921
Wells Township (Delta County)	43,073,768	6-18 mills	745,456
Ford River Township	17,697,217	6-18 mills	316,372
Cornell Township	7,915,262	6-18 mills	142,254
Wells Township (Marquette County)	<u>1,338,948</u>	6-18 mills	<u>24,075</u>
Total General Fund	<u><u>\$219,968,971</u></u>	6-18 mills	<u><u>\$ 3,735,078</u></u>
2010 Debt Retirement Fund			
(on total taxable valuation)			
City of Escanaba	\$298,728,743	1.94 mills	\$ 579,534
Wells Township (Delta County)	230,712,075	1.94 mills	447,581
Ford River Township	61,091,350	1.94 mills	118,517
Cornell Township	20,107,133	1.94 mills	39,008
Wells Township (Marquette County)	<u>1,739,235</u>	1.94 mills	<u>3,374</u>
Total 2010 Debt Retirement Fund	<u><u>\$612,378,536</u></u>	1.94 mills	<u><u>\$ 1,188,014</u></u>
2001 Debt Retirement Fund			
(on total taxable valuation)			
City of Escanaba	\$298,728,743	2.81 mills	\$ 839,428
Wells Township (Delta County)	230,712,075	2.81 mills	648,301
Ford River Township	61,091,350	2.81 mills	171,667
Cornell Township	20,107,133	2.81 mills	56,501
Wells Township (Marquette County)	<u>1,739,235</u>	2.81 mills	<u>4,887</u>
Total 2001 Debt Retirement Fund	<u><u>\$612,378,536</u></u>	2.81 mills	<u><u>\$ 1,720,784</u></u>

SINGLE AUDIT ACT COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133

October 17, 2013

Honorable Members of the
Board of Education
Escanaba Area Public Schools
Escanaba, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *Escanaba Area Public Schools* (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 17, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rehmann Robson LLC

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Approved Grant Award Amount
U.S. Department of Agriculture				
Child Nutrition Cluster:				
Cash assistance:				
National school lunch - breakfast	10.553	MDE	111970/121970	\$ 102,211
National school lunch - breakfast	10.553	MDE	111970/121970	91,089
National school lunch program all lunches	10.555	MDE	111960/121960	452,232
National school lunch program all lunches	10.555	MDE	111960/121960	471,959
Non-cash assistance:				
Entitlement commodities	10.555	MDE	n/a	50,150
Total U.S. Department of Agriculture				
U.S. Department of Education				
Title I, Part A Cluster:				
Title I, Part A - Improving Basic Programs	84.010	MDE	121530-1112	691,898
Title I, Part A - Improving Basic Programs	84.010	MDE	131530-1213	755,260
Indian Education 11/12	84.060A	Direct	N/A	39,051
Indian Education 12/13	84.060A	Direct	N/A	40,709
Title II, Part A - Improving Teacher Quality	84.367	MDE	120520-1112	326,371
Title II, Part A - Improving Teacher Quality	84.367	MDE	130520-1213	291,320
Title VI, Part B - Rural and Low Income	84.358	MDE	120660-1112	55,601
Education Jobs Fund	84.410	MDE	122545-1112	45,513
Total U.S. Department of Education				
Total Expenditures of Federal Awards				

See notes to schedule of expenditures of federal awards.

Accrued (Unearned) Revenue June 30, 2012	Current Year Cash Received	Expenditures (Memo Only) Prior Year(s)	Expenditures Year Ended June 30, 2013	Accrued (Unearned) Revenue June 30, 2013
\$ 14,442	\$ 14,442	\$ 102,211	\$ -	\$ -
-	89,200	-	91,089	1,889
57,362	57,362	452,232	-	-
-	463,096	-	471,959	8,863
71,804	624,100	554,443	563,048	10,752
-	50,150	-	50,150	-
71,804	674,250	554,443	613,198	10,752
78,089	78,089	653,905	-	-
-	584,804	-	685,032	100,228
78,089	662,893	653,905	685,032	100,228
8,823	8,823	39,051	-	-
-	40,679	-	40,709	30
8,823	49,502	39,051	40,709	30
40,544	40,544	225,357	-	-
-	142,110	-	170,471	28,361
40,544	182,654	225,357	170,471	28,361
11,522	11,522	51,791	-	-
-	45,513	-	45,513	-
138,978	952,084	970,104	941,725	128,619
\$ 210,782	\$ 1,626,334	\$ 1,524,547	\$ 1,554,923	\$ 139,371

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

RECONCILIATION TO GRANT SECTION AUDITORS' REPORT

Current payments per the Grant Auditor Report	\$ 1,537,434
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Less

Child Nutrition Cluster accounts receivable	(10,752)
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Plus

Amounts passed through Charlevoix-Emmet Intermediate School District

Entitlement and bonus commodities	50,150
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Direct award from Department of Education	<u>49,502</u>
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Total current year receipts per schedule
of expenditures of federal awards

<u><u>\$ 1,626,334</u></u>

RECONCILIATION TO FINANCIAL STATEMENTS

Federal revenue per financial statements equals current year revenue recognized per the
schedule of expenditures of federal awards

<u><u>\$ 1,554,923</u></u>

Concluded

ESCANABA AREA PUBLIC SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Escanaba Area Public Schools (the "District") under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

2. RECONCILIATION OF BASIC FINANCIAL STATEMENTS

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been incurred and all grant requirements have been met.

The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue and accounts payable items at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports. The amounts reported on the Grant Auditor Report reconcile with this Schedule.

3. PASS-THROUGH AGENCIES

The District receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
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MDE	Michigan Department of Education
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Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards*

October 17, 2013

Honorable Members of the
Board of Education
Escanaba Area Public Schools
Petoskey, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of *Escanaba Area Public Schools* (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 17, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questions costs as items 2013-FS-1 and 2013-FS-2 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Administrations' Response to Findings

The District Administrations' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The responses were not subjected to the auditing procedure applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

**Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

October 17, 2013

Honorable Members of the
Board of Education
Escanaba Area Public Schools
Petoskey, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of *Escanaba Area Public Schools* (the "District") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2013. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-SA-1. Our opinion on the major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-SA-1 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X yes no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 X yes none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?

 X yes no

Identification of a major program:

CFDA Number

Name of Federal Program or Cluster

10.553 and 10.555

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes no

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2013-FS-1: Management is unable to produce financial statements in accordance with accounting principles generally accepted in the United States of America.

Finding type: Material weakness in internal control over financial reporting

Criteria: All Michigan governmental units are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the District's management. The preparation of the financial statements in accordance with GAAP requires internal controls over both (1) recording, processing and summarizing account data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

Condition: As is the case with many smaller and medium-sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the District's internal controls.

Cause: This condition was caused by the District's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the District to perform this task internally.

Effect: As a result of this condition, the District lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

Recommendation: When cost effective, the District should consider training internal accounting personnel to prepare the financial statements.

District's Response: The District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and while the staff has training and experience to complete the financial statements it has been determined that the accounting personnel do not have the time to write the financial statements and the footnotes in accordance with accounting principles generally accepted in the United States of America. To complete the financial statements within the department would be time and cost prohibitive.

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

Finding 2013-FS-2: Recording, processing and summarizing data.

Finding type: Material weakness in internal control over financial reporting

Criteria: All governmental units are required to have in place internal controls over recording, processing, and summarizing accounting data (i.e., maintaining internal books and records).

Condition: As is the case with many smaller and medium-sized entities, the District has historically relied on its independent external auditors to assist in the recording, processing and summarizing of certain accounting data as part of its external financial reporting process. Accordingly, the District has placed reliance on its external auditors, who cannot by definition be considered a part of the District's internal controls.

Cause: This condition was caused by the District's decision that it is more cost effective to have the external auditors recommend the necessary adjusting journal entries to its general ledger than to incur the time and expense of obtaining the necessary training and expertise required for the District to perform this task internally.

Effect: As a result of this condition, the District lacks internal controls over the recording, processing, and summarizing of accounting data, and instead relies, in part, on its external auditors for assistance with this task. Additionally, the District's financial statements were initially misstated by amounts that were material to the financial statements under audit.

Recommendation: The District should record all journal entries necessary to arrive at a reasonably adjusted trial balance prior to generating trial balances to be used for preparation of year-end financial statements.

District's Response: The District will continue its efforts to record all known adjustments in order to provide a reasonably adjusted trial balance for the purposes of the audit.

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2013-SA-1 - Internal Controls over Eligibility

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Eligibility).

Program. Child Nutrition Cluster; U.S. Department of Agriculture; CFDA Numbers 10.553 and 10.559; Passed through the Michigan Department of Education; Award Numbers 111960 and 121960.

Criteria. Recipients of federal awards are responsible for compliance with various requirements in accordance with the OMB Circular A-133 Compliance Supplement and the award agreement. The Child Nutrition Cluster requires that students receiving free or reduced rate meals meet certain income guidelines, unless they are categorically eligible by being homeless, a migrant, or a runaway. Eligibility determinations should be supported by an application or other documentation.

Condition. In our sample of 40 applications from all students receiving free or reduced cost meals during the year, we noted six instances in which the student was not eligible to receive this benefit, or appropriate documentation of eligibility was not on file.

Effect. As a result of this condition, the District provided free and reduced meals to certain students who did not qualify to receive this benefit, or for which appropriate documentation of eligibility was not available.

Questioned Costs. Based on the actual meals provided to the students noted in the condition above, including siblings or others listed on the same application, at the stated reimbursement rate of the pass-through grantor, actual known questioned costs amounted to \$1,134.

Recommendation. We recommend that the District review its existing procedures for obtaining and processing applications to determine whether procedures could be revised, in a cost-effective manner, to prevent such miscalculations in the future. Eligibility determinations should be reviewed for accuracy by an independent individual or administrator.

View of Responsible Officials. Business office personnel will be involved in the school lunch application process for fiscal 2014. This will allow for an additional level of review to ensure that students are classified correctly in PS 1000, the school meal software program. Corrective action will be deemed complete after the 30-day application period for fiscal 2014 has passed.

ESCANABA AREA PUBLIC SCHOOLS

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2013

No findings in the prior year.