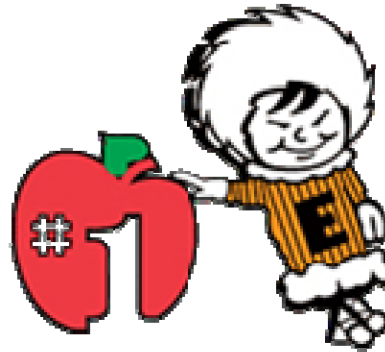


Escanaba Area
Public Schools



Year Ended
June 30, 2019

Financial
Statements
and
Single Audit Act
Compliance

ESCANABA AREA PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 16, 2019

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, the major fund, and the aggregate remaining fund information of *Escanaba Area Public Schools* (the "District"), as of and for the year ended June 30, 2019, 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, the major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules for the pension and other postemployment benefits plans, as 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 and the schedule of taxable valuations, tax rates and tax levies are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual fund financial statements and schedules are 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 an assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2019, 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 "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Escanaba Area Public School'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, identify 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, 2019. Please read it in conjunction with the 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 financial statements. These statements are organized so the reader can understand the District's financial position 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. Another 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)

Combining and Individual Fund Financial Statements and Schedules

Other Information (Unaudited)

Single Audit Compliance

As mentioned, GASB 34 requires the presentation of two basic types of financial statements: District-wide Financial Statements and Fund 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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, and uses the accrual basis of accounting. This means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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 expenses 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 shown as expenditures and not recorded as an asset. Current period debt payments are recorded as expenditures and future debt obligations are not recorded.

Fund types include the general fund, special revenue fund, debt service funds, capital projects funds and fiduciary funds. 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. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

Major Features of District-Wide and Fund Financial Statements

	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District, except for fiduciary funds.	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	Full accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Full 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

As stated earlier, the statement of net position provides the financial perspective of the District as a whole. At June 30, 2019, the District reported a deficit net position of \$31,262,357. The table below provides a summary of the District's net position as of June 30:

	Net Position		
	Governmental Activities		Percent Change
	2019	2018	
Assets			
Current and other assets	\$ 9,007,051	\$ 8,240,928	9.3%
Capital assets, net	32,497,010	33,443,004	-2.8%
Total assets	41,504,061	41,683,932	-0.4%
Deferred outflows of resources	16,128,317	10,475,327	54.0%
Liabilities			
Current and other liabilities	6,118,973	6,016,694	1.7%
Long-term liabilities	23,360,977	25,400,455	-8.0%
Net pension and OPEB liabilities	52,652,097	48,996,804	7.5%
Total liabilities	82,132,047	80,413,953	2.1%
Deferred inflows of resources	6,762,688	2,931,673	100.0%
Net position			
Net investment in capital assets	11,106,074	10,190,815	9.0%
Restricted for:			
Debt service	593,376	644,161	-7.9%
Food service	53,442	1,582	3278.1%
Unrestricted (deficit)	(43,015,249)	(42,022,925)	2.4%
Total net position (deficit)	\$ (31,262,357)	\$ (31,186,367)	-0.2%

Net investment in capital assets is the original cost of the District's capital assets, less accumulated depreciation, less the long-term debt outstanding used to finance the acquisition of those assets. The original cost of capital assets is approximately \$52,085,000 and \$52,550,000 for June 30, 2019 and 2018, respectively. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America (GAAP), depreciation expense is recorded as the original cost of the assets, less any estimated salvage value, expensed over the estimated useful life of the assets. Total accumulated depreciation was approximately \$19,588,000 and \$19,107,000 for the years ended June 30, 2019 and 2018, respectively. Total outstanding debt related to capital assets is approximately \$21,390,000 and \$24,870,000 at 2019 and 2018, respectively. The increase in liabilities was primarily due to net pension and OPEB liabilities. The change in net investment in capital assets was primarily due to routine reduction of general obligation bond payments in accordance with payment terms as well as increases in capital assets.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Restricted net position for debt service and food service are by their nature restricted for use by laws or regulations of the State of Michigan. These balances totaled approximately \$593,000 and \$53,000, respectively for 2019, and approximately \$664,000 and \$1,600, respectively, for 2018. Revenues increased \$212,000 with local revenues decreasing \$189,000 and federal revenues increasing \$405,000. During the fiscal year all buildings except for the high school are considered eligible for Community Eligibility Provision which allows such students to receive free federally reimbursable breakfast and lunch. As a result, federal revenues increased approximately \$405,000. The Debt Service decrease was attributable to a decrease in amount of payments due per related amortization schedules.

The remaining amount of net position, a deficit of approximately \$43,015,000 and \$42,203,000 for 2019 and 2018, respectively, represents the accumulated results of the current and all past years' operations and is attributable mainly to the impact of the recording of net pension and OPEB liabilities.

The results of operations for the District as a whole are reported in the statement of activities. A condensed summary of the District-wide results of operations follows for the years ended June 30:

	Change in Net Position		
	Governmental Activities		Percent Change
	2019	2018	
Program revenues			
Charges for services - local	\$ 308,819	\$ 521,975	-40.8%
Operating grants - federal, state, and local	6,736,518	5,629,067	19.7%
Total program revenues	7,045,337	6,151,042	14.5%
General revenues			
Property taxes - operations	4,261,459	4,128,282	3.2%
Property taxes - debt retirement	2,342,886	2,254,275	3.9%
State of Michigan aid - unrestricted	13,991,664	13,850,533	1.0%
Other	315,047	297,924	5.7%
Total general revenues	20,911,056	20,531,014	1.9%
Total revenues	27,956,393	26,682,056	4.8%
Expenses			
Instruction	15,924,297	15,162,100	5.0%
Supporting services	8,473,516	7,570,048	11.9%
Community services	120,380	76,143	58.1%
Food services	1,315,577	1,154,006	14.0%
Interest on long-term debt	1,118,842	943,739	18.6%
Unallocated depreciation	1,079,771	1,097,491	-1.6%
Total expenses	28,032,383	26,003,527	7.8%
Change in net position	(75,990)	678,529	-111.2%
Net position (deficit):			
Beginning of year	(31,186,367)	(31,864,896)	2.1%
End of year	\$ (31,262,357)	\$ (31,186,367)	-0.2%

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Of the 2019 total revenues available to operate the District, 1% or approximately \$309,000 came from fees charged to those who benefited from the programs. Revenues from other governments or organizations that subsidize certain programs with grants and other directed types of funding approximated 24% or approximately \$6,737,000.

The State foundation allowance accounted for 50% or approximately \$13,992,000 of the revenue available. This revenue is determined by a formula that incorporates pupil headcount, the annual per-pupil allowance, and the non-homestead property taxable values of the District.

Property tax revenues accounted for 23% or approximately \$6,604,000 of the revenue available. Of the total property tax revenues reported, approximately \$4,261,000 was allocated to operations and approximately \$2,343,000 was allocated to debt retirement. Other revenues accounted for 3% of available revenues or \$315,000.

The expense portion of the table on the previous page shows the financial support of each functional area required during the year. Expenses increased from the prior fiscal year by approximately \$2,029,000 or 8%. Being in the business of educating children, the largest expenses were incurred in instruction, which accounted for approximately \$15,924,000 or 57% of total expenses. Support services costs are approximately \$8,473,000 or 30% of total expenses, which include such items as transportation, maintenance, security, supervision, counseling, athletics, and a variety of similar services that support the District's mission of educating children.

Major Governmental Fund Budgeting and Operating Highlights

The District's Funds

The overall position of the governmental funds increased by approximately \$646,000 from the prior year. The general fund balance increased by approximately \$679,000 and the nonmajor governmental funds decreased approximately \$33,000. The general fund increase related mainly to an increase in student enrollment along with measures taken to reduce costs.

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. Revenues from federal sources were approximately \$162,000 under budget primarily due to unspent funds available under Title grants that will be carried into next year. Expenditures from instructional services were approximately \$279,000 under budget primarily due to incurring less than expected costs in the areas of special education and the Early Middle College Program. Instructional support services were approximately \$212,000 under budget primarily due to unspent federal and state grant funds that will be carried into next year. Expenses relating to operations and maintenance were under budget by approximately \$161,000 primarily due to less than expected repairs and maintenance costs. Budget amendment #1 adversely affected the projected ending fund balance in the amount of (\$139,032), budget amendment #2 positively affected the projected ending fund balance in the amount of \$126,480, and budget amendment #3 adversely affected the projected ending fund balance in the amount of (\$7,216). The main reason for the overall increase in budgeted revenues and expenditures throughout the fiscal year related to better than expected student enrollment and the need to add staffing in both instructional and instructional support services.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

General Fund Operations

Financial Highlights - General Fund					
Fiscal Year	Revenue	Expenditures and Transfers	Fund Balance	Enrollment	Increase/ (Decrease) in Student Enrollment
2007-2008	\$ 21,516,630	\$ 21,580,929	\$ 2,526,994	2,778	(104)
2008-2009	21,431,735	21,407,472	2,551,257	2,716	(62)
2009-2010	22,728,518	23,507,969	1,771,806	2,712	(4)
2010-2011	22,590,284	22,716,143	1,647,236	2,628	(84)
2011-2012	22,202,500	22,869,719	980,017	2,587	(41)
2012-2013	21,418,411	21,115,220	1,283,208	2,522	(65)
2013-2014	21,649,496	20,995,286	1,443,710	2,511	(11)
2014-2015	22,001,072	21,766,576	1,639,463	2,479	(32)
2015-2016	22,566,778	23,504,571	870,240	2,403	(76)
2016-2017	23,037,020	22,441,091	1,466,169	2,363	(40)
2017-2018	22,728,452	22,985,376	1,397,969	2,289	(74)
2018-2019	23,753,946	23,074,839	2,077,076	2,329	40

In general fund operations, the total revenue was approximately \$23,754,000. This is above the original budgeted revenues of approximately \$22,720,000 and below the final amended budgeted revenues of approximately \$23,890,000, a decrease of approximately 1%. The actual expenditures of the general fund operations were approximately \$23,057,000. This is above the original budget of approximately \$22,720,000 and below the final budget of approximately \$23,891,000, a decrease of approximately 3%.

The major reason for total revenues exceeding the originally budgeted revenue is a result of better than expected student enrollment and one-time revenues collected that were unknown at the time of the original budget adoption. These revenues consisted mainly of private contributions and insurance claim proceeds. Actual revenue being below final budgeted revenue was mainly due to the amount of unearned revenues carried forward for use after June 30, 2019. Actual expenditures were comparable with the original budget, but were below the final budgeted expenditures as a result of unspent grant funds that are carried over for use after June 30, 2019, and less than expected costs in the areas of special education, early middle college program, repairs and maintenance, along with many cost saving efficiencies experienced during the fiscal year.

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	\$ 23,056,755	84.0%
Nonmajor governmental funds	4,403,236	16.0%
Total	\$ 27,459,991	100%

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Governmental fund revenues totaled approximately \$27,956,000. Below is a summary of the governmental fund revenues by source and their percentages of total governmental funds:

	Revenues	Percentage
Local sources	\$ 7,454,011	26.6%
State sources	18,328,509	65.6%
Federal sources	1,985,353	7.1%
Other	188,520	0.7%
Total	\$ 27,956,393	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 aid membership counts were 2,329 and 2,289 for fiscal 2019 and 2018, respectively. The District experienced an overall increase in state funding of approximately \$141,000, mainly due to increases in student enrollment and foundation allowance per pupil.

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 of the prior year or 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 2019 non-homestead and personal property tax levies totaled approximately \$4,261,000.

The District levied 4.00 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 2019 was approximately \$2,343,000.

Operating Grants - Federal, State, and Local

The primary sources of operating grants are the Federal Title I and Title II programs, the State funded At Risk program, and the Special Education Obligation funds required under the Headlee Amendment, State of Michigan legislation. Title I, Title II and At Risk programs assist students who are deemed to be at risk in the instructional process. For fiscal 2019, the District expended approximately \$584,000, \$194,000 and \$1,054,000 for the Title I, Title II and At Risk programs, respectively. In addition the District expended approximately \$1,065,000 of funding received from the U.S. Department of Agriculture to support the District's food service program.

Enrollment

The District's 2018-2019 blended enrollment totaled 2,329, which is an increase of 40 students from the previous year. Escanaba Area Public Schools is located in Michigan's Upper Peninsula and is the second largest district in Michigan's upper peninsula.

The District continues to see improvements in the regional economic condition. 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.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets. At June 30, 2019, the District had approximately \$52,085,000 invested in land and building, machinery and equipment, vehicles and buses. Approximately \$19,588,000 has been depreciated. Net book value totals approximately \$32,497,000. The years of construction of the District buildings and improvements ranges from 1931 to 2019. The District currently owns one kindergarten center, one secondary campus, and four elementary buildings of which one has been previously closed due to declining enrollment. The closed building is currently being used for storage of excess building equipment. Beginning in fiscal year 2019, the reconfiguration of building grade levels was completed with BK/K becoming the Webster Kindergarten Center, grades 1-3 in each of two elementary buildings known as Lemmer Elementary and Soo Hill Elementary, grades 4-6 remained in the Upper Elementary building, grades 7-8 remain in the Junior High School and grades 9-12 remain at the Senior High School. This reconfiguration of BK/K focuses to provide a specialized environment and education to those grade levels.

The District's capitalization policy is to capitalize assets purchased in amounts of more than \$5,000 that have an estimated useful life in excess of one year. During the year ended June 30, 2019, the District expended approximately \$569,000 for capital asset additions including approximately \$239,000 for buildings and improvements and \$330,000 for machinery and equipment.

Debt Administration. As of June 30, 2019, the District had approximately \$21,681,000 in bonds and bond premium outstanding from capital projects and approximately \$218,000 in installment purchase agreements outstanding. In addition, the District has approximately \$1,462,000 in early retirement incentives and compensated absences outstanding. The District collects property taxes to retire their bonded debt. 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.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the District's 2020 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 2018-2019, the blended count increased to 2,329 students. This was an increase of 40 students in one year, and equates to approximately \$141,000 more in state foundation allowance. Enrollment is expected to decline into the 2019-2020 school year as the Upper Peninsula of Michigan's employment opportunities continue to be limited. The 2019-2020 fiscal year budget will reflect new programs and new opportunities for students while continually monitoring costs as state and local funding remains conservative.

The Board of Education and administration worked closely with staff and community members to create a budget that would provide unique opportunities for students while remaining fiscally responsible. Continued changes in staff and programs were included in the fiscal 2020 budget. The Board of Education achieved a balanced adopted budget for the fiscal year 2019-2020. The Board and Administration continue to develop a strategy to reduce spending while providing a quality education to Escanaba area students and maintain the long-term fiscal health of the District.

Requests For Information

This report is designed to give an overview of the financial conditions of the Escanaba Area Public Schools. If you should desire additional detailed financial information, you may address it to Kevin Pascoe, 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

June 30, 2019

	Governmental Activities
Assets	
Cash and investments	\$ 5,314,926
Receivables	3,647,171
Inventory	44,954
Capital assets not being depreciated	720,597
Capital assets being depreciated, net	<u>31,776,413</u>
Total assets	<u>41,504,061</u>
Deferred outflows of resources	
Deferred loss on bond refunding	508,457
Deferred pension amounts	13,568,853
Deferred other postemployment benefit amounts	<u>2,051,007</u>
Total deferred outflows of resources	<u>16,128,317</u>
Liabilities	
Accounts payable and accrued liabilities	2,712,038
Unearned revenue	187,304
State aid anticipation notes payable	3,219,631
Long-term debt:	
Due within one year	2,387,764
Due in more than one year	20,973,213
Net pension liability (due in more than one year)	41,471,358
Net other postemployment benefit liability (due in more than one year)	<u>11,180,739</u>
Total liabilities	<u>82,132,047</u>
Deferred inflows of resources	
Deferred pension amounts	4,036,822
Deferred other postemployment benefit amounts	<u>2,725,866</u>
Total deferred inflows of resources	<u>6,762,688</u>
Net position	
Net investment in capital assets	11,106,074
Restricted for:	
Debt service	593,376
Food service	53,442
Unrestricted (deficit)	<u>(43,015,249)</u>
Total net position (deficit)	<u>\$ (31,262,357)</u>

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

ESCANABA AREA PUBLIC SCHOOLS

Statement of Activities

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 15,924,297	\$ -	\$ 5,164,030	\$ (10,760,267)
Supporting services	8,473,516	89,750	332,790	(8,050,976)
Community services	120,380	-	129,430	9,050
Food services	1,315,577	219,069	1,110,268	13,760
Interest on long-term debt	1,118,842	-	-	(1,118,842)
Unallocated depreciation	1,079,771	-	-	(1,079,771)
Total governmental activities	\$ 28,032,383	\$ 308,819	\$ 6,736,518	(20,987,046)
General revenues				
Property taxes - operations				4,261,459
Property taxes - debt service				2,342,886
State of Michigan aid - unrestricted				13,991,664
Other revenues				315,047
Total general revenues				20,911,056
Change in net position				(75,990)
Net position, beginning of year				(31,186,367)
Net position, end of year				\$ (31,262,357)

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

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FUND FINANCIAL STATEMENTS

ESCANABA AREA PUBLIC SCHOOLS

Balance Sheet Governmental Funds June 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 4,295,927	\$ 1,018,999	\$ 5,314,926
Accounts receivable	167,833	6,337	174,170
Due from other funds	-	11,907	11,907
Due from other governments	3,412,875	60,126	3,473,001
Other assets	-	44,954	44,954
Total assets	\$ 7,876,635	\$ 1,142,323	\$ 9,018,958
Liabilities			
Accounts payable	\$ 45,551	\$ 77,077	\$ 122,628
Salaries payable	1,239,506	-	1,239,506
Accrued liabilities	1,179,018	24,806	1,203,824
Due to other funds	11,907	-	11,907
Unearned revenues	103,946	83,358	187,304
State aid anticipation notes payable	3,219,631	-	3,219,631
Total liabilities	5,799,559	185,241	5,984,800
Fund balances			
Nonspendable for inventories	-	44,954	44,954
Restricted:			
Debt service	-	739,456	739,456
Food service	-	8,488	8,488
Assigned:			
Capital projects	-	164,184	164,184
Unassigned	2,077,076	-	2,077,076
Total fund balances	2,077,076	957,082	3,034,158
Total liabilities and fund balances	\$ 7,876,635	\$ 1,142,323	\$ 9,018,958

The accompanying notes are integral part of these financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2019

Fund balances - total governmental funds	\$ 3,034,158
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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 funds.

Capital assets not being depreciated	720,597
Capital assets being depreciated, net	31,776,413

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

Bonds and installment purchase agreements payable	(21,899,393)
Unamortized deferred loss on bond refunding	508,457
Accrued interest on bonds payable	(146,080)
Compensated absences and early retirement incentives payable	(1,461,584)

Certain pension and OPEB-related amounts, such as the net pension liability, net OPEB liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(41,471,358)
Deferred outflows of resources related to the net pension liability	13,568,853
Deferred inflows of resources related to the net pension liability	(4,036,822)
Net other postemployment benefit liability	(11,180,739)
Deferred outflows related to the net other postemployment benefit liability	2,051,007
Deferred inflows related to the net other postemployment benefit liability	<u>(2,725,866)</u>

Net position of governmental activities	<u><u>\$ (31,262,357)</u></u>
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The accompanying notes are an integral part of these financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 4,757,362	\$ 2,696,649	\$ 7,454,011
State sources	17,887,920	440,589	18,328,509
Federal sources	920,144	1,065,209	1,985,353
Other sources	188,520	-	188,520
Total revenues	23,753,946	4,202,447	27,956,393
Expenditures			
Current:			
Instructional services	14,708,563	-	14,708,563
Supporting services	7,757,435	-	7,757,435
Community services	113,098	-	113,098
Food services	-	1,277,567	1,277,567
Debt service:			
Principal	69,381	1,870,000	1,939,381
Interest and fiscal charges	105,606	952,650	1,058,256
Capital outlay	302,672	303,019	605,691
Total expenditures	23,056,755	4,403,236	27,459,991
Revenues over (under) expenditures	697,191	(200,789)	496,402
Other financing sources (uses)			
Transfers in	-	2,840,734	2,840,734
Transfers out	(18,084)	(2,822,650)	(2,840,734)
Proceeds from sale of capital assets	-	149,900	149,900
Total other financing sources (uses)	(18,084)	167,984	149,900
Net changes in fund balances	679,107	(32,805)	646,302
Fund balances, beginning of year	1,397,969	989,887	2,387,856
Fund balances, end of year	\$ 2,077,076	\$ 957,082	\$ 3,034,158

The accompanying notes are an integral part of these 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, 2019

Net change in fund balances - total governmental funds	\$ 646,302
Amounts reported for <i>governmental activities</i> 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. In addition, donated capital assets, proceeds from sale of capital assets, and gains (losses) on disposal of capital assets are not reported in the governmental funds.	
Capital assets purchased/constructed	569,004
Depreciation expense	(1,079,771)
Proceeds on the sale of capital assets	(149,900)
Loss on the sale of capital assets	(285,327)
Repayment of debt principal is an expenditure in the governmental funds, but a reduction in long-term debt or in the statement of net position.	
Principal payments on long-term debt	1,939,381
Amortization of bond premium, deferred losses on bond refunding, and change in accrued interest	(60,586)
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 accrual for compensated absences	(131,189)
Change in net pension liability and related deferred amounts	(1,941,910)
Change in the net other postemployment benefit liability and related deferred amounts	<u>418,006</u>
Change in net position of governmental activities	<u>\$ (75,990)</u>

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

ESCANABA AREA PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 4,490,269	\$ 4,737,606	\$ 4,757,362	\$ 19,756
State sources	17,088,149	17,896,927	17,887,920	(9,007)
Federal sources	958,688	1,082,015	920,144	(161,871)
Other sources	182,822	173,329	188,520	15,191
Total revenues	22,719,928	23,889,877	23,753,946	(135,931)
Expenditures				
Current:				
Instructional services	14,870,848	14,987,696	14,708,563	(279,133)
Supporting services:				
Instructional support services	2,262,193	2,956,517	2,744,550	(211,967)
Office of the principal	1,250,364	1,237,592	1,231,096	(6,496)
District support services	912,771	884,624	791,946	(92,678)
Operations and maintenance	1,596,237	1,623,440	1,462,845	(160,595)
Pupil transportation	1,170,912	1,203,256	1,128,069	(75,187)
Athletics	401,335	403,286	398,929	(4,357)
Community services	50,066	94,400	113,098	18,698
Debt service:				
Principal	71,737	69,381	69,381	-
Interest and fiscal charges	100,567	105,606	105,606	-
Capital outlay	32,484	325,354	302,672	(22,682)
Total expenditures	22,719,514	23,891,152	23,056,755	(834,397)
Revenues over (under) expenditures	414	(1,275)	697,191	698,466
Other financing sources (uses)				
Transfers out	-	(18,084)	(18,084)	-
Net change in fund balance	414	(19,359)	679,107	698,466
Fund balance, beginning of year	1,397,969	1,397,969	1,397,969	-
Fund balance, end of year	\$ 1,398,383	\$ 1,378,610	\$ 2,077,076	\$ 698,466

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

ESCANABA AREA PUBLIC SCHOOLS

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2019

	Private Purpose Trusts	Agency Funds
Assets		
Cash and cash equivalents	\$ 357,822	\$ 197,197
Interest receivable	7,602	-
Investments - at fair value:		
Corporate bonds	254,530	-
Common stocks	1,880,476	-
Mutual funds	3,467,412	-
Real estate exchange traded funds	389,223	-
Total investments	<u>5,991,641</u>	<u>-</u>
Total assets	6,357,065	<u><u>\$ 197,197</u></u>
Liabilities		
Due to student groups	-	<u><u>\$ 197,197</u></u>
Net position restricted for scholarships	<u><u>\$ 6,357,065</u></u>	

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

ESCANABA AREA PUBLIC SCHOOLS

Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Year Ended June 30, 2019

	Private Purpose Trusts
Additions	
Contributions	\$ 179,037
Investment income:	
Interest and dividends	168,394
Net increase in fair value of investments	<u>157,545</u>
Total investment income	<u>325,939</u>
Total additions	<u>504,976</u>
Deductions	
Scholarships and trophies	352,498
Trustee fees	36,602
Total deductions	<u>389,100</u>
Change in net position	115,876
Net position, beginning of year	<u>6,241,189</u>
Net position, end of year	<u><u>\$ 6,357,065</u></u>

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

NOTES TO FINANCIAL STATEMENTS

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of *Escanaba Area Public Schools* (the "District") consistently applied in the preparation of the accompanying financial statements follows:

Reporting Entity

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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these financial 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, 2019.

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 is 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 and the private purpose trust fund 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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 90 days of the end of the current fiscal period, except taxes which must be collected within 60 days, and reimbursement type grants which must be collected within one year. 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 *general fund* as its only major governmental fund and the District's primary operating fund. It accounts for all financial resources of the District, except for those accounted for and reported in another fund.

Additionally, the District reports the following fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *debt service funds* are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

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

The *agency fund* accounts for assets held for other groups and organizations and is custodial in nature.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, unrestricted grants and interest income.

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.

The effect of interfund activity has been eliminated from the District-wide financial statements.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, savings accounts, 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 and Payables

The District follows the practice of recording revenues that have been earned but not yet received as receivable. 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 uncollectible accounts.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). There were no interfund advances outstanding at June 30, 2019.

Other Assets

Other assets consists of inventories which are valued at cost (first-in, first-out) and prepaid items. Inventories consist of expendable supplies held for sale or consumption. The cost is recorded as an expenditure when consumed or sold rather than when purchased. Prepaid items represent disbursements to vendors in the current period that benefit operations in subsequent periods. Reported inventories and prepaid items are equally offset by nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment and vehicles and buses, are reported in the governmental activities column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at estimated acquisition cost 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 asset lives are not capitalized.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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

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 represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension and net other postemployment benefit plans as well as for the deferred loss on bond refunding. A deferred refunding loss 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. A portion of the deferred outflows of resources represents contributions to the plans subsequent to the measurement date.

Salaries Payable and Other Accrued Liabilities

Salaries payable are recorded at June 30, 2019 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.

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

Compensated Absences and Early Retirement Benefits

Most employees of the District are compensated for leaves of absence attributable 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.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Amounts due to retired employees who are currently eligible to receive early retirement incentives are reported as a liability on the statement of net position. The early retirement benefits consist of early retirement incentive cash payments provided to eligible employees for six years following retirement.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources are related to pension and net other postemployment benefit costs in the District-wide 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 effective interest method. Bonds payable are reported net of the applicable bond premium and/or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 proceeds received, are reported as debt service expenditures.

Fund Balances

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 their 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.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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. Balances outstanding at year-end are reported as due to/from other funds.

Property Taxes

Property taxes are recognized as revenue in the general and debt service funds on a levy year basis. The 2019 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.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. The most sensitive accounting estimates affecting the financial statements include management's estimate of the useful lives of depreciable capital assets, management's estimate of the accrued compensated absences, and management's estimate of the net pension and OPEB liabilities and related deferred amounts.

2. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by the State of Michigan school aid appropriations act. State funding represents 75% of the District's general fund revenue during the 2019 fiscal year.

3. DEFICIT NET POSITION

Governmental activities reported a deficit in unrestricted net position in the amount of \$43,182,719 at June 30, 2019. Total net position amounted to a deficit of \$31,265,643.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

4. BUDGETARY INFORMATION

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

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with 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.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the District were adopted at the functional level by the Board of Education for all governmental funds, which is the legal level of control. During the year ended June 30, 2019, the District incurred expenditures in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
Community services	\$ 94,400	\$ 113,098	\$ 18,698

5. DEPOSITS AND INVESTMENTS

The following is a reconciliation of deposit and investment balances as of June 30, 2019:

	Totals
Statement of Net Position	
Cash and investments	\$ 5,314,926
Statement of Fiduciary Net Position	
Private Purpose Trusts:	
Cash and cash equivalents	357,822
Investments	5,991,641
Agency Funds:	
Cash and cash equivalents	197,197
Total	\$ 11,861,586
Deposits and investments	
Bank deposits (checking accounts, savings accounts)	\$ 2,481,360
Pooled investments	3,387,485
Investments in securities and mutual funds:	
Corporate bonds	254,530
Common stocks	1,880,476
Mutual funds	3,467,412
Real estate exchange traded funds	389,223
Cash on hand	1,100
Total	\$ 11,861,586

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.

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

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

Investment and Deposit Risk

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, \$2,042,566 of the District's bank balance of \$2,418,758 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. The investments held by the District are not exposed to custodial credit risk since they are held in the counterparty's trust department in the District's name.

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Notes to Financial Statements

Credit Risk. State law limits investments as listed above. The District’s investment policy does not have specific limits in excess of state law on investment credit risk. As of June 30, 2019, the District’s investments were rated by Standard and Poor’s as follows:

Rating	Fair Value
Not rated	\$ 5,737,111
S&P A+	25,539
S&P AA-	151,709
S&P AA	25,824
S&P BBB+	51,458
S&P AAAm	<u>3,387,485</u>
Total	<u>\$ 9,379,126</u>

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 the concentration of credit risk. All investments held at year-end are reported above.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified previously. 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. Maturity dates for investments held at year-end are summarized as follows:

Years to Maturity	Fair Value
No maturity	\$ 5,737,111
Less than one year	3,513,918
1 - 5 Years	<u>128,097</u>
Total	<u>\$ 9,379,126</u>

Fair Value - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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Notes to Financial Statements

At June 30, 2019, the District categorized fair value measurement of investments within the fair value hierarchy as follows:

Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 3,467,412	\$ -	\$ -	\$ 3,467,412
Common stocks	1,880,476	-	-	1,880,476
Real estate exchange traded funds	389,223	-	-	389,223
Corporate bonds	254,530	-	-	254,530
Total	<u>\$ 5,991,641</u>	<u>\$ -</u>	<u>\$ -</u>	5,991,641
MI Class investment pool				<u>3,387,485</u>
Total investments at fair value				<u>\$ 9,379,126</u>

The District's level one investments are valued using quoted prices in active markets for identical assets. The District has made no changes to its valuation techniques during fiscal 2019.

Investments in Entities that Calculate Net Asset Value per Share. The District holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the District's investment in Michigan CLASS was \$3,387,485. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

6. RECEIVABLES

Receivable as of June 30, 2019 are comprised of the following:

	Amount
Accounts receivable	\$ 174,170
Due from other governments	<u>3,473,001</u>
	<u>\$ 3,647,171</u>

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Notes to Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2019, are comprised of the following:

	Amount
Payroll and other related benefits	\$ 2,443,330
Accrued interest payable	146,080
Accounts payable	<u>122,628</u>
Total accounts payable and accrued liabilities	<u><u>\$ 2,712,038</u></u>

8. 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, 2019, the General Fund had an outstanding payable to the Food Service Fund for approximately \$12,000.

For the year ended June 30, 2019, interfund transfers consisted of the following:

	Transfers in	Transfers out
General Fund	\$ -	\$ 18,084
Nonmajor Funds	<u>2,840,734</u>	<u>2,822,650</u>
	<u><u>\$ 2,840,734</u></u>	<u><u>\$ 2,840,734</u></u>

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.

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Notes to Financial Statements

9. CAPITAL ASSETS

Capital assets activity was as follows for the year ended June 30, 2019:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 720,597	\$ -	\$ -	\$ 720,597
Capital assets, being depreciated:				
Buildings and improvements	47,614,910	239,450	(945,579)	46,908,781
Machinery and equipment	2,389,075	329,554	(87,707)	2,630,922
Vehicles and buses	1,824,904	-	-	1,824,904
	<u>51,828,889</u>	<u>569,004</u>	<u>(1,033,286)</u>	<u>51,364,607</u>
Less accumulated depreciation for:				
Buildings and improvements	(15,898,492)	(897,939)	510,352	(16,286,079)
Machinery and equipment	(1,738,531)	(98,993)	87,707	(1,749,817)
Vehicles and buses	(1,469,459)	(82,839)	-	(1,552,298)
	<u>(19,106,482)</u>	<u>(1,079,771)</u>	<u>598,059</u>	<u>(19,588,194)</u>
Total capital assets being depreciated, net	<u>32,722,407</u>	<u>(510,767)</u>	<u>(435,227)</u>	<u>31,776,413</u>
Governmental activities capital assets, net	<u>\$ 33,443,004</u>	<u>\$ (510,767)</u>	<u>\$ (435,227)</u>	<u>\$ 32,497,010</u>

Depreciation expense of \$1,079,771 is reported as unallocated in the statement of activities.

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Notes to Financial Statements

10. STATE AID ANTICIPATION NOTES PAYABLE

The 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, 2019 was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
State aid anticipation notes payable	\$ 3,186,869	\$ 3,995,000	\$ (3,962,238)	\$ 3,219,631

The balance at June 30, 2019 includes accrued interest of \$77,488.

The notes which carry interest rates ranging from 1.75% to 2.50%, are repaid annually as a reduction of state aid with the remaining outstanding balance repaid in July and August.

11. LONG-TERM DEBT

Long-term debt of the District consists of the following at June 30, 2019:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Governmental activities					
General obligation bonds	\$ 22,300,000	\$ -	\$ (1,870,000)	\$ 20,430,000	\$ 1,950,000
Notes from direct borrowings and direct placements	287,724	-	(69,381)	218,343	69,990
	<u>22,587,724</u>	<u>-</u>	<u>(1,939,381)</u>	<u>20,648,343</u>	<u>2,019,990</u>
Bond premium	1,482,336	-	(231,286)	1,251,050	231,286
Early retirement incentives and compensated absences	1,330,395	271,334	(140,145)	1,461,584	136,488
Total long-term liabilities	<u>\$ 25,400,455</u>	<u>\$ 271,334</u>	<u>\$ (2,310,812)</u>	<u>\$ 23,360,977</u>	<u>\$ 2,387,764</u>

The District reports the estimated compensated absences accrual based on the number of years an employee has been with the District. The number of employed years before eligibility is met for the accrual estimate is as follows:

Years from Eligibility	Percentage Accrued
0-1	100%
2	80%
3	60%
4	40%
5	20%

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Notes to Financial Statements

Long-term debt at June 30, 2019, includes the following:

General Obligation Bonds

\$19,685,000, 2014 refunding unlimited tax bonds, due in annual installments ranging from \$430,000 to \$1,800,000 with final payment due May 1, 2030. Interest is paid semi-annually at rates varying from 3.25% to 5.00%.

\$ 17,405,000

\$6,565,000, 2016 refunding bonds, due in annual installments ranging from \$1,440,000 to \$1,525,000 with final payment due on May 1, 2021. Interest is paid semi-annually at rates varying from 3.00% to 5.00%.

3,025,000

Total general obligation bonds

20,430,000

Premium on bonds

1,251,050

Total

21,681,050

Notes from direct borrowings and direct placements

\$188,724, Installment purchase agreement for two buses, due in annual installments of \$39,960 through July 2022, plus interest charged at 1.95%.

152,343

\$168,570, Installment purchase agreement for two buses, due in annual installments of \$33,000 through March 2021, plus interest charged at 1.45%.

66,000

Total notes from direct borrowings and direct placements

218,343

21,899,393

Early retirement incentives and compensated absences

1,461,584

Total long-term debt

\$ 23,360,977

Early retirement incentives and accrued compensated absences

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, 2019, 32 retirees were receiving or eligible to begin receiving the early retirement incentive, with \$37,800 being paid to these individuals during 2018-2019. The total early retirement incentive liability at June 30, 2019 was \$109,500.

Accrued employee benefits included in long-term debt are for the accumulated terminal leave of employees from unused sick leave and the early retirement incentive, as previously discussed. The total outstanding accumulated terminal leave at June 30, 2019 was \$1,352,084.

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Notes to Financial Statements

The estimated debt service requirements on bonded debt for principal and interest to maturity as of June 30, 2019 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 1,950,000	\$ 872,550	\$ 2,822,550
2021	2,045,000	775,050	2,820,050
2022	1,775,000	672,800	2,447,800
2023	1,795,000	584,050	2,379,050
2024	1,840,000	494,300	2,334,300
2025-2029	9,225,000	1,283,900	10,508,900
2030	1,800,000	60,750	1,860,750
Total	\$ 20,430,000	\$ 4,743,400	\$ 25,173,400

The estimated debt service requirements on installment purchase agreements (direct placement notes) for principal and interest to maturity as of June 30, 2019 are as follows:

Year Ending June 30,	Installment Purchase Agreements		
	Principal	Interest	Total
2020	\$ 69,990	\$ 3,927	\$ 73,917
2021	70,711	2,728	73,439
2022	38,446	1,514	39,960
2023	39,196	766	39,962
Total	\$ 218,343	\$ 8,935	\$ 227,278

The debt service requirements for accrued compensated absences are dependent upon future employee retirements and terminations. Thus, future payments are unknown at June 30, 2019. Compensated absences and early retirement incentives are generally liquidated by the General Fund.

12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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Notes to Financial Statements

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available at the ORS website at www.michigan.gov/orsschools.

Pension Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits for are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

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Notes to Financial Statements

Other Postemployment Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 21-year period beginning October 1, 2017 and ending September 30, 2038.

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Notes to Financial Statements

The table below summarizes pension contribution rates in effect for fiscal year 2019:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	17.89% - 18.25%
Member Investment Plan (MIP)	3.00% - 7.00%	17.89% - 18.25%
Pension Plus	3.00% - 6.40%	16.46% - 16.61%
Pension Plus 2	6.20%	19.59% - 19.74%
Defined Contribution	0.00%	13.39% - 13.54%

For the year ended June 30, 2019, required and actual contributions from the District to the pension plan were \$3,441,147, which included \$1,514,589, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

The table below summarizes OPEB contribution rates in effect for fiscal year 2019:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	7.67% - 7.93%
Personal Healthcare Fund (PHF)	0.00%	7.42% - 7.57%

For the year ended June 30, 2019, required and actual contributions from the District to the OPEB plan were \$942,954.

The table below summarizes defined contribution rates in effect for fiscal year 2019:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2019, required and actual contributions from the District for those members with a defined contribution benefit were \$195,415.

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

At June 30, 2019, the District reported a liability of \$41,471,358 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2017. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2018, the District's proportion was .13795%, which was a decrease of -0.00210% from its proportion measured as of September 30, 2017.

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Notes to Financial Statements

For the year ended June 30, 2019, the District recognized pension expense of \$5,345,077. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 192,435	\$ 301,365	\$ (108,930)
Changes in assumptions	9,604,732	-	9,604,732
Net difference between projected and actual earnings on pension plan investments	-	2,835,587	(2,835,587)
Changes in proportion and differences between employer contributions and proportionate share of contributions	487,379	899,870	(412,491)
	<u>10,284,546</u>	<u>4,036,822</u>	<u>6,247,724</u>
District contributions subsequent to the measurement date	3,284,307	-	3,284,307
	<u>13,568,853</u>	<u>4,036,822</u>	<u>9,532,031</u>
Total	\$ 13,568,853	\$ 4,036,822	\$ 9,532,031

The \$3,284,307 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2020	\$ 2,774,774
2021	1,807,808
2022	1,175,499
2023	<u>489,643</u>
Total	<u>\$ 6,247,724</u>

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

At June 30, 2019, the District reported a liability of \$10,900,558 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2017. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2018, the District's proportion was -0.13713% which was a decrease of -0.00319% from its proportion measured as of September 30, 2017.

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Notes to Financial Statements

For the year ended June 30, 2019, the District recognized OPEB expense of \$474,354. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 2,028,874	\$ (2,028,874)
Changes in assumptions	1,154,375	-	1,154,375
Net difference between projected and actual earnings on OPEB plan investments	-	418,935	(418,935)
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,083	269,825	(266,742)
	<u>1,157,458</u>	<u>2,717,634</u>	<u>(1,560,176)</u>
District contributions subsequent to the measurement date	863,838	-	863,838
Total	<u>\$ 2,021,296</u>	<u>\$ 2,717,634</u>	<u>\$ (696,338)</u>

The \$863,838 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2020	\$ (377,172)
2021	(377,172)
2022	(377,172)
2023	(292,137)
2024	<u>(136,523)</u>
Total	<u>\$ (1,560,176)</u>

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Notes to Financial Statements

Actuarial 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 plan members to that point. 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 total pension and OPEB liabilities in the September 30, 2017 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	7.05%
Pension Plus plan (hybrid)	7.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	7.15%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.5% Year 1 graded to 3.0% Year 12
Mortality	RP-2014 Male and Female Healthy Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females
Other OPEB assumptions:	
Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.5304 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.6018 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Long-term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.70%	1.60%
Alternative investment pools	18.00%	9.20%	1.66%
International equity	16.00%	7.20%	1.15%
Fixed income pools	10.50%	0.50%	0.05%
Real estate and infrastructure pools	10.00%	3.90%	0.39%
Absolute return pools	15.50%	5.20%	0.81%
Short-term investment pools	<u>2.00%</u>	0.00%	<u>0.00%</u>
	<u>100.00%</u>		5.66%
Inflation			2.30%
Risk adjustment			<u>-0.91%</u>
Investment rate of return			<u>7.05%</u>

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Long-term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.70%	1.60%
Private equity pools	18.00%	9.20%	1.66%
International equity	16.00%	7.20%	1.15%
Fixed income pools	10.50%	0.50%	0.05%
Real estate and infrastructure pools	10.00%	3.90%	0.39%
Absolute return pools	15.50%	5.20%	0.81%
Short-term investment pools	2.00%	0.00%	0.00%
	<u>100.00%</u>		5.66%
Inflation			2.30%
Risk adjustment			<u>-0.81%</u>
Investment rate of return			<u>7.15%</u>

Discount Rate

A discount rate of 7.05% was used to measure the total pension liability (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 7.15% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 7.05% (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan) and 7.15%, respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.05% (7.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.05% /6.00%/ 5.00%)	Current Discount Rate (7.05% /7.00%/ 6.00%)	1% Increase (8.05% /8.00%/ 7.00%)
District's proportionate share of the net pension liability	\$ 54,448,690	\$ 41,471,358	\$ 30,689,304

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net OPEB liability	\$ 13,085,898	\$ 10,900,558	\$ 9,062,420

Sensitivity of District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net OPEB liability	\$ 8,965,589	\$ 10,900,558	\$ 13,120,363

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Payable to the Pension Plan

At June 30, 2019, the District reported a payable of \$605,200 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2019.

Payable to the OPEB Plan

At June 30, 2019, the District reported a payable of \$143,260 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2019.

13. SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS ("OPEB") PLAN

District Defined Benefit Life Insurance Plan

Plan Description. The District administers the Escanaba Area Public Schools Retiree Life Insurance Plan (the "Plan"), a single-employer defined benefit life insurance plan, that can be amended at the District's board members discretion. In addition to the retirement benefits described above, the Plan provides various levels of life insurance to certain retirees up to the age 70, depending on the applicable employee group. The Plan does not prepare separately-issued financial statements.

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 plan's funding policy is that the employer will make benefit payments from general operating funds on a pay-as-you-go basis. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves. For the year ended June 30, 2019, the District contributed \$34,625 to the Plan.

Membership of the Plan consisted of the following at June 30, 2019, the date of the most recent actuarial valuation:

Retirees and beneficiaries receiving benefits	132
Active plan members	<u>149</u>
Total	<u><u>281</u></u>

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation of June 30, 2019. The following actuarial assumptions were used in the measurement:

Actuarial cost method	Entry age, blended single equivalent discount rate
Amortization method	10-year, level percent of pay
Inflation	Implicit in expected payroll liabilities
Salary increases	3.5% (for purposes of allocating liability)
Investment rate of return	N/A - plan is not pre-funded
20-year Aa Municipal bond rate	3.0%
Mortality	Teachers: Public Teacher 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale; Non-teacher retirees and all spouses: Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale
Premiums	Monthly premiums based on the following: \$26.00 administrators and supervisors; \$19.50 EEA, and \$16.90 teamsters and non-union

Discount Rate -The discount rate used to measure the total OPEB liability was 3.0% for 2019, as well as, 2018. The Plan is funded on a pay-as-you-go basis, therefore, the AA municipal bond index of 3.0% was applied to all future periods.

Assumption changes since prior valuation include updated mortality tables and updated salary scale.

Changes in Total OPEB Liability

The components of the change in the total OPEB liability are summarized as follows:

	Fiscal Year Ending June 30, 2019
<i>Total OPEB Liability</i>	
Service cost	\$ 7,840
Interest	8,035
Difference between expected and actual experience	31,796
Change in assumptions	(9,905)
Benefit payments (including refunds of employee contributions)	(34,625)
Other changes	(302)
	<hr/>
Net change in total OPEB liability	2,839
Total OPEB liability - beginning of year	277,342
	<hr/>
Total OPEB Liability - end of year	<u><u>\$ 280,181</u></u>

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$20,632. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 27,733	\$ -	\$ 27,733
Changes in assumptions	1,978	8,232	(6,254)
	<u>\$ 29,711</u>	<u>\$ 8,232</u>	<u>\$ 21,479</u>

Amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount Recognized
2020	\$ 4,761
2021	4,761
2022	4,761
2023	3,795
2024	3,401
Total	<u>\$ 21,479</u>

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability calculated using the discount rate of 3.0%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (2.0%)	Current Discount Rate (3.0%)	1% Increase (4.0%)
District's total OPEB liability	\$ 295,111	\$ 280,181	\$ 266,220

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Sensitivity of the District's Total OPEB Liability to Healthcare Cost Trend Rate

The following presents the District's total OPEB liability calculated using the assumed trend rate of 0%, as well as what the District's total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (-1.0%)	Current Trend Rate (0.0%)	1% Increase (1.0%)
District's total OPEB liability	\$ 260,359	\$ 280,181	\$ 302,721

14. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2019, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated	\$ 720,597
Capital assets being depreciated, net	<u>31,776,413</u>
	<u>32,497,010</u>
Related debt:	
Bonds and installment purchase agreements	(20,648,343)
Premiums on bonds payable	(1,251,050)
Deferred loss on bond refunding	<u>508,457</u>
	<u>(21,390,936)</u>
Net investment in capital assets	<u><u>\$ 11,106,074</u></u>

15. COMMITMENTS AND CONTINGENCIES

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.

Risk Management. 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.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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, 2019.

16. SUBSEQUENT EVENT

In July 2019, the District entered into an installment purchase agreement in the amount of \$178,214 for the purposes of purchasing two school buses at an interest rate of 2.56%, maturing July, 2024.

In August 2019, the District borrowed \$3,950,000 on state aid anticipation notes with effective interest charged from 1.30% to 1.51% maturing in July and August 2020.



REQUIRED SUPPLEMENTARY INFORMATION

ESCANABA AREA PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,				
	2015	2016	2017	2018	2019
District's proportionate share of the net pension liability	\$ 29,492,376	\$ 34,115,831	\$ 41,471,358	\$ 36,293,818	\$ 41,471,358
District's proportion of the net pension liability	0.13389%	0.13968%	0.14288%	0.14005%	0.13795%
District's covered payroll	\$ 12,089,451	\$ 12,316,387	\$ 12,196,742	\$ 11,550,184	\$ 11,671,363
District's proportionate share of the net pension liability as a percentage of its covered payroll	243.95%	277.00%	292.27%	314.23%	355.33%
Plan fiduciary net position as a percentage of the total pension liability	66.20%	63.17%	63.27%	64.21%	62.36%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

ESCANABA AREA PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Pension Contributions

	Year Ended June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 3,140,498	\$ 3,271,804	\$ 3,244,186	\$ 3,727,557	\$ 3,441,147
Contributions in relation to the contractually required contribution	<u>(3,140,498)</u>	<u>(3,271,804)</u>	<u>(3,244,186)</u>	<u>(3,727,557)</u>	<u>(3,441,147)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,406,912	\$ 12,667,478	\$ 12,002,957	\$ 11,697,921	\$ 11,496,598
Contributions as a percentage of covered payroll	25.31%	25.83%	27.03%	31.87%	29.93%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

ESCANABA AREA PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30,	
	2018	2019
District's proportion of the net OPEB liability	\$ 12,425,644	\$ 10,900,558
District's proportionate share of the net OPEB liability	0.14032%	0.13713%
District's covered payroll	\$ 11,550,184	\$ 11,671,363
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	107.58%	93.40%
Plan fiduciary net position as a percentage of the total OPEB liability	36.39%	42.95%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

ESCANABA AREA PUBLIC SCHOOLS

Required Supplementary Information
 MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,	
	2018	2019
Contractually required contribution	\$ 900,666	\$ 942,954
Contributions in relation to the contractually required contribution	<u>(900,666)</u>	<u>(942,954)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,697,921	\$ 11,496,598
Contributions as a percentage of covered payroll	7.70%	8.20%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

ESCANABA AREA PUBLIC SCHOOLS

Required Supplementary Information

Single Employer Defined Benefit Life Insurance Plan - Other Post Employment Benefit (OPEB) Plan

Schedule of Changes in the Total OPEB Liability and Related Ratios

	Year Ended June 30,	
	2018	2019
<i>Total OPEB Liability</i>		
Service Cost	\$ 8,043	\$ 7,840
Interest	8,747	8,035
Difference between expected and actual experience	2,154	31,796
Change in assumptions	3,258	(9,905)
Benefit payments (including refunds of employee contributions)	(37,994)	(34,625)
Other changes	-	(302)
Net change in total OPEB liability	(15,792)	2,839
Total OPEB liability, beginning of year	293,134	277,342
Total OPEB Liability, end of year	277,342	280,181
Covered-employee payroll	Not Available	\$11,628,280
Total OPEB liability as percentage of covered-employee payroll	Not Available	2.4%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

ESCANABA AREA PUBLIC SCHOOLS

Required Supplementary Information

Single Employer Defined Benefit Life Insurance Plan - Other Post Employment Benefit (OPEB) Plan

Schedule of Employer Contributions

	Year Ended June 30,	
	2018	2019
Actuarially determined employer contribution	\$ 38,627	\$ 36,023
Employer contribution	<u>(37,994)</u>	<u>(34,923)</u>
Contribution deficiency/excess)	<u>\$ 633</u>	<u>\$ 1,100</u>
Covered-employee payroll	Not Available	11,628,280
Contribution as a percentage of covered-employee payroll	Not Available	0.3%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to the Schedule of Employer Contributions

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Methods:	
Cost method	Entry Age Normal (level percentage of compensation)
Asset valuation method	N/A, plan is not pre-funded
Amortization method	10-year, level percent of pay
Actuarial Assumptions:	
Discount rate	3.00%
Salary scale	3.50%
Mortality rates	<i>Teachers</i> - Public Teacher 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale <i>Administrators, Teamsters and all spouses</i> - Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale
Utilization	100% of eligible employees will elect coverage at retirement; actual coverage used for non-active
Turnover rates	None
Insurance rate trends	0% per annum based on premium has both increased and decreased over time; therefore no long term increase or decrease is incorporated

Continued...

ESCANABA AREA PUBLIC SCHOOLS

Required Supplementary Information

Single Employer Defined Benefit Life Insurance Plan - Other Post Employment Benefit (OPEB) Plan

Retirement - see rates below

Age	Rates
50	0.50%
51-52	40%
53	30%
54-58	20%
59-61	25%
62-63	60%
64	70%
65	100%

Marital assumption - N/A; no spouse benefits

Inflation - 0% per annum

Monthly Premiums

	2019
Administrators and Supervisors	\$ 26.00
EEA	\$ 19.50
Teamsters and Non-union	\$ 16.90

Assumption changes since prior valuation

Mortality tables updated

Salary scale updated

Concluded

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

ESCANABA AREA PUBLIC SCHOOLS

Detailed Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual General Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources:				
Property taxes	\$ 4,101,020	\$ 4,258,033	\$ 4,257,167	\$ (866)
Local restricted	7,769	9,014	9,014	-
Other local revenue	381,480	470,559	491,181	20,622
Total local sources	4,490,269	4,737,606	4,757,362	19,756
State sources:				
State aid unrestricted	12,992,833	13,603,374	13,596,134	(7,240)
State aid restricted	4,095,316	4,293,553	4,291,786	(1,767)
Total state sources	17,088,149	17,896,927	17,887,920	(9,007)
Federal sources	958,688	1,082,015	920,144	(161,871)
Other sources:				
Other restricted	182,822	173,329	188,520	15,191
Total revenues	22,719,928	23,889,877	23,753,946	(135,931)
Expenditures				
Current:				
Instruction:				
Salaries	6,687,533	6,787,923	6,599,928	(187,995)
Fringe benefits	6,213,602	5,767,237	5,773,067	5,830
Purchased services	263,703	613,883	508,042	(105,841)
Supplies	1,706,010	1,818,653	1,827,526	8,873
Total instruction	14,870,848	14,987,696	14,708,563	(279,133)

Continued...

ESCANABA AREA PUBLIC SCHOOLS

Detailed Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual

General Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (Continued)				
Support services:				
Instructional support services:				
Salaries	\$ 969,698	\$ 1,357,817	\$ 1,274,372	\$ (83,445)
Fringe benefits	735,616	852,117	837,040	(15,077)
Purchased services	221,525	357,626	267,424	(90,202)
Supplies	335,354	388,957	365,714	(23,243)
	<u>2,262,193</u>	<u>2,956,517</u>	<u>2,744,550</u>	<u>(211,967)</u>
Office of the Principal:				
Salaries	709,642	697,379	696,556	(823)
Fringe benefits	478,920	478,696	482,040	3,344
Purchased services	3,121	3,888	1,144	(2,744)
Supplies	58,681	57,629	51,356	(6,273)
	<u>1,250,364</u>	<u>1,237,592</u>	<u>1,231,096</u>	<u>(6,496)</u>
District support services:				
Salaries	334,492	338,591	337,442	(1,149)
Fringe benefits	224,075	225,025	229,531	4,506
Purchased services	253,413	246,711	182,989	(63,722)
Supplies	100,791	74,297	41,984	(32,313)
	<u>912,771</u>	<u>884,624</u>	<u>791,946</u>	<u>(92,678)</u>
Operations and maintenance:				
Salaries	202,716	202,180	176,550	(25,630)
Fringe benefits	154,438	177,557	149,762	(27,795)
Purchased services	659,657	682,374	651,715	(30,659)
Supplies	579,426	561,329	484,818	(76,511)
	<u>1,596,237</u>	<u>1,623,440</u>	<u>1,462,845</u>	<u>(160,595)</u>
Pupil transportation:				
Salaries	494,533	508,107	452,945	(55,162)
Fringe benefits	438,280	414,051	428,116	14,065
Purchased services	82,086	117,658	107,052	(10,606)
Supplies	156,013	163,440	139,956	(23,484)
	<u>1,170,912</u>	<u>1,203,256</u>	<u>1,128,069</u>	<u>(75,187)</u>
Athletics:				
Salaries	160,196	141,672	142,826	1,154
Fringe benefits	83,081	67,089	67,103	14
Purchased services	88,189	89,713	78,081	(11,632)
Supplies	69,869	104,812	110,919	6,107
	<u>401,335</u>	<u>403,286</u>	<u>398,929</u>	<u>(4,357)</u>
Total support services	<u>7,593,812</u>	<u>8,308,715</u>	<u>7,757,435</u>	<u>(551,280)</u>

Continued...

ESCANABA AREA PUBLIC SCHOOLS

Detailed Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual

General Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (Concluded)				
Community services:				
Salaries	\$ 28,102	\$ 45,031	\$ 62,703	\$ 17,672
Fringe benefits	13,947	19,469	27,571	8,102
Supplies	8,017	29,900	22,824	(7,076)
Total community services	<u>50,066</u>	<u>94,400</u>	<u>113,098</u>	<u>18,698</u>
Debt service:				
Principal	71,737	69,381	69,381	-
Interest and fiscal charges	100,567	105,606	105,606	-
Total debt service	<u>172,304</u>	<u>174,987</u>	<u>174,987</u>	<u>-</u>
Capital outlay	<u>32,484</u>	<u>325,354</u>	<u>302,672</u>	<u>(22,682)</u>
Total expenditures	<u>22,719,514</u>	<u>23,891,152</u>	<u>23,056,755</u>	<u>(834,397)</u>
Revenues over (under) expenditures	414	(1,275)	697,191	698,466
Other financing sources (uses)				
Transfers out	-	(18,084)	(18,084)	-
Net change in fund balance	414	(19,359)	679,107	698,466
Fund balance, beginning of year	<u>1,397,969</u>	<u>1,397,969</u>	<u>1,397,969</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,398,383</u>	<u>\$ 1,378,610</u>	<u>\$ 2,077,076</u>	<u>\$ 698,466</u>

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ESCANABA AREA PUBLIC SCHOOLS

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

	Special Revenue Fund	Capital Project Fund
	Food Service	Public Improvement
Assets		
Cash and investments	\$ 36,533	\$ 243,010
Accounts receivable	6,337	-
Due from other funds	11,907	-
Due from other governmental units	60,126	-
Other assets	44,954	-
	<u>159,857</u>	<u>243,010</u>
Total assets	\$ 159,857	\$ 243,010
Liabilities		
Accounts payable	\$ 63,238	\$ 13,839
Accrued liabilities	24,806	-
Unearned revenue	18,371	64,987
	<u>106,415</u>	<u>78,826</u>
Total liabilities	106,415	78,826
Fund balances		
Nonspendable for inventories	44,954	-
Restricted:		
Debt service	-	-
Food service	8,488	-
Assigned:		
Capital projects	-	164,184
	<u>53,442</u>	<u>164,184</u>
Total fund balances	53,442	164,184
Total liabilities and fund balances	\$ 159,857	\$ 243,010



Debt Service Funds				
2001 Debt Retirement	2010 Debt Retirement	2014 Refunding Bonds	2016 Refunding Bonds	Total
\$ 238,509	\$ 500,947	\$ -	\$ -	\$ 1,018,999
-	-	-	-	6,337
-	-	-	-	11,907
-	-	-	-	60,126
-	-	-	-	44,954
<u>\$ 238,509</u>	<u>\$ 500,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,323</u>
\$ -	\$ -	\$ -	\$ -	\$ 77,077
-	-	-	-	24,806
-	-	-	-	83,358
-	-	-	-	185,241
-	-	-	-	44,954
238,509	500,947	-	-	739,456
-	-	-	-	8,488
-	-	-	-	164,184
<u>238,509</u>	<u>500,947</u>	<u>-</u>	<u>-</u>	<u>957,082</u>
<u>\$ 238,509</u>	<u>\$ 500,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,323</u>

ESCANABA AREA PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2019

	Special Revenue Fund	Capital Project Fund
	Food Service	Public Improvement
Revenues		
Local sources	\$ 219,159	\$ 118,697
State sources	45,059	-
Federal sources	1,065,209	-
	<u>1,329,427</u>	<u>118,697</u>
Total revenues		
Expenditures		
Current:		
Salaries	305,686	-
Fringe benefits	227,887	-
Food services	743,994	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Capital outlay	-	303,019
	<u>1,277,567</u>	<u>303,019</u>
Total expenditures		
Revenues over (under) expenditures	<u>51,860</u>	<u>(184,322)</u>
Other financing sources (uses)		
Transfers in	-	18,084
Transfers out	-	-
Proceeds from sale of capital assets	-	149,900
	<u>-</u>	<u>167,984</u>
Total other financing sources (uses)		
Net changes in fund balances	51,860	(16,338)
Fund balances, beginning of year	<u>1,582</u>	<u>180,522</u>
Fund balances, end of year	<u>\$ 53,442</u>	<u>\$ 164,184</u>

Debt Service Funds				
2001 Refunding Bonds	2010 Debt Retirement	2014 Refunding Bonds	2016 Refunding Bonds	Total
\$ 1,382,925	\$ 975,868	\$ -	\$ -	\$ 2,696,649
232,374	163,156	-	-	440,589
-	-	-	-	1,065,209
<u>1,615,299</u>	<u>1,139,024</u>	-	-	<u>4,202,447</u>
-	-	-	-	305,686
-	-	-	-	227,887
-	-	-	-	743,994
-	-	430,000	1,440,000	1,870,000
-	-	743,300	209,350	952,650
-	-	-	-	303,019
-	-	<u>1,173,300</u>	<u>1,649,350</u>	<u>4,403,236</u>
<u>1,615,299</u>	<u>1,139,024</u>	<u>(1,173,300)</u>	<u>(1,649,350)</u>	<u>(200,789)</u>
-	-	1,173,300	1,649,350	2,840,734
(1,649,350)	(1,173,300)	-	-	(2,822,650)
-	-	-	-	149,900
<u>(1,649,350)</u>	<u>(1,173,300)</u>	<u>1,173,300</u>	<u>1,649,350</u>	<u>167,984</u>
(34,051)	(34,276)	-	-	(32,805)
<u>272,560</u>	<u>535,223</u>	-	-	<u>989,887</u>
<u>\$ 238,509</u>	<u>\$ 500,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,082</u>

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Food Service Special Revenue Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 447,211	\$ 242,177	\$ 219,159	\$ (23,018)
State sources	45,439	45,047	45,059	12
Federal sources	657,200	1,045,669	1,065,209	19,540
Total revenues	<u>1,149,850</u>	<u>1,332,893</u>	<u>1,329,427</u>	<u>(3,466)</u>
Expenditures				
Salaries	305,842	336,987	305,686	(31,301)
Fringe benefits	234,971	242,846	227,887	(14,959)
Food services	608,366	743,966	743,994	28
Total expenditures	<u>1,149,179</u>	<u>1,323,799</u>	<u>1,277,567</u>	<u>(46,232)</u>
Change in fund balance	671	9,094	51,860	42,766
Fund balance, beginning of year	<u>1,582</u>	<u>1,582</u>	<u>1,582</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,253</u>	<u>\$ 10,676</u>	<u>\$ 53,442</u>	<u>\$ 42,766</u>

ESCANABA AREA PUBLIC SCHOOLS

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds - Scholarships

June 30, 2019

	Scholarship Funds		
	Anna C. Norton	Co-mingled	Total
Assets			
Cash and cash equivalents	\$ 58,024	\$ 299,798	\$ 357,822
Interest receivable	2,698	4,904	7,602
Investments:			
Corporate bonds	101,721	152,809	254,530
Common stocks	619,995	1,260,481	1,880,476
Mutual funds	972,743	2,494,669	3,467,412
Real estate exchange traded funds	121,903	267,320	389,223
Total investments	1,816,362	4,175,279	5,991,641
Total assets (equal to net position restricted for scholarships)	\$ 1,877,084	\$ 4,479,981	\$ 6,357,065

ESCANABA AREA PUBLIC SCHOOLS

Combining Statement of Changes in Fiduciary Net Position Private Purpose Trust Funds - Scholarships For the Year Ended June 30, 2019

	Scholarship Funds		
	Anna C. Norton	Co-mingled	Total
Additions			
Contributions	\$ -	\$ 179,037	\$ 179,037
Investment income:			
Interest and dividends	51,180	117,214	168,394
Net increase in fair value of investments	51,044	106,501	157,545
Total investment income	<u>102,224</u>	<u>223,715</u>	<u>325,939</u>
Total additions	<u>102,224</u>	<u>402,752</u>	<u>504,976</u>
Deductions			
Scholarships and trophies	73,312	279,186	352,498
Trustee fees	10,826	25,776	36,602
Total deductions	<u>84,138</u>	<u>304,962</u>	<u>389,100</u>
Change in net position	18,086	97,790	115,876
Net position, beginning of year	<u>1,858,998</u>	<u>4,382,191</u>	<u>6,241,189</u>
Net position, end of year	<u>\$ 1,877,084</u>	<u>\$ 4,479,981</u>	<u>\$ 6,357,065</u>

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ESCANABA AREA PUBLIC SCHOOLS

Schedule of Changes in Fiduciary Net Position

Co-mingled Scholarships Fund
For the Year Ended June 30, 2019

	Net Position July 1, 2018	Additions				Total Additions
		Contributions	Interest and Dividends	Gain on Sale of Investments	Increase in Fair Value of Investments	
Investment accounts						
Abrahamson, Gary Sr. Athletic Award	\$ 117,596	\$ -	\$ 3,331	\$ 1,377	\$ 1,649	\$ 6,357
Abrahamson Family	107,687	-	3,050	1,261	1,510	5,821
Adamini, Peter Memorial	11,322	-	321	133	159	613
Aronson, Arthur V. & Elin C.	122,983	5,000	3,483	1,440	1,725	11,648
Beauchamp, Grace Huston	16,026	-	454	188	225	867
Beck, Conrad D.	13,468	1,250	381	158	189	1,978
Bennets, Jeanee	13,741	-	389	161	193	743
Berhow, Rona Rae Memorial	1,213	1,000	34	14	17	1,065
Berndt, Sherry	47,502	-	1,345	556	666	2,567
Bero, Willard & Joyce	59,128	-	1,675	692	829	3,196
Bonifas, Catherine	121,807	-	3,450	1,426	1,708	6,584
Bosk, Robert & Olga	70,292	-	1,991	823	986	3,800
Brown, Ian & Laura Family	500	500	14	6	7	527
Calouette, John A. Memorial	12,109	-	343	142	170	655
Class of 1963	68	2,020	2	1	1	2,024
Chernick, John Memorial	2,783	-	79	33	39	151
Class of 1959	32,535	917	921	381	456	2,675
Cohodas, Sam M.	9,809	-	278	115	138	531
Coplan Family Music	44,126	-	1,250	517	619	2,386
Coplan, BA Memorial	66,578	-	1,886	780	934	3,600
Cvengros, Jerry Memorial	6,841	-	194	80	96	370
Cunningham Family	10,144	-	287	119	142	548
Dagenais, Elmer & Phoebe	14,046	-	398	164	197	759
Diedrich, Louis	22,814	-	646	267	320	1,233
Derkos, Danny Memorial	13,078	1,065	370	153	183	1,771
Derouin, Cook/Derouin's Collison	-	5,000	-	-	-	5,000
Derouin, Dean	4,249	-	120	50	60	230
Dufour, Susan C. & Thomas D	8,034	-	228	94	113	435
Dunstone, Robert Memorial	5,261	-	149	62	74	285
Edick, Edward E.	11,995	-	340	140	168	648
Erickson/Breitenbach Wildlife	1,213	-	34	14	17	65
Escanaba Educational Trust	16,200	-	459	190	227	876
Fernstrom, Esther	10,515	-	298	123	147	568
Ferrari, Joan Hesse	12,336	250	349	144	173	916
Fontaine, Sally Stack	10,702	-	303	125	150	578
Fleming, Lawrence and Nina	17,144	-	486	201	240	927
Freidhoff, Steve Memorial	1,859	-	53	22	26	101
Gasman, John T.	1,046	-	30	12	15	57
Gessner, Charles H. Family	92,264	-	2,613	1,080	1,294	4,987
Gordon, Dr. E. James	295,823	-	8,378	3,464	4,149	15,991
Grab, George	34,265	-	970	401	481	1,852
Hansen, John Wesley Memorial	16,601	-	470	194	233	897
Haslow, Robert L. Memorial	6,311	-	179	74	89	342
Henslee, Forrest & Mary	35,174	2,000	996	412	493	3,901
Johnson, Bradley D.	71,640	-	2,029	839	1,005	3,873
Karkkainen, Melvin	3,261	1,000	92	38	46	1,176
Kirstin, Herbert & Irene	17,845	-	505	209	250	964
Klemmetsen/Rose Memorial	331,586	-	9,391	3,882	4,651	17,924
Koontz, John & Barbara Memorial	4,493	-	127	53	63	243
LaFave, Olive C.	37,783	-	1,070	442	530	2,042
Lemerand, Clarence & Della	413,110	-	11,700	4,837	5,794	22,331
Lindstrom, James	4,605	-	130	54	65	249
Louis, Frank B. & Mamie A.	150,187	-	4,254	1,758	2,106	8,118
McCotter, Delores	1,861	-	53	22	26	101
McDermott, Thomas Memorial	55,532	-	1,573	650	779	3,002

Deductions						
Scholarships and Trophies	Trustee Fees	Total Deductions	Change in Net Position	Net Position June 30, 2019	Accumulated Contributions to Fund	
\$ 2,900	\$ 732	\$ 3,632	\$ 2,725	\$ 120,321	\$ 104,000	
7,817	671	8,488	(2,667)	105,020	120,000	
550	71	621	(8)	11,314	8,510	
4,442	766	5,208	6,440	129,423	95,325	
750	100	850	17	16,043	10,000	
575	84	659	1,319	14,787	9,350	
650	86	736	7	13,748	11,898	
1,000	8	1,008	57	1,270	6,000	
2,200	296	2,496	71	47,573	32,376	
-	368	368	2,828	61,956	40,000	
1,425	758	2,183	4,401	126,208	50,000	
325	438	763	3,037	73,329	54,500	
-	2	2	525	1,025	1,000	
500	75	575	80	12,189	10,000	
-	-	-	2,024	2,092	3,520	
125	17	142	9	2,792	2,200	
-	204	204	2,471	35,006	28,487	
-	61	61	470	10,279	5,186	
2,150	275	2,425	(39)	44,087	25,000	
1,388	415	1,803	1,797	68,375	56,856	
-	42	42	328	7,169	5,665	
475	63	538	10	10,154	6,100	
-	87	87	672	14,718	11,800	
-	142	142	1,091	23,905	18,600	
-	81	81	1,690	14,768	12,115	
-	-	-	5,000	5,000	5,000	
200	26	226	4	4,253	2,104	
375	50	425	10	8,044	5,170	
-	33	33	252	5,513	4,410	
-	75	75	573	12,568	5,507	
-	8	8	57	1,270	1,000	
1,275	101	1,376	(500)	15,700	11,603	
475	65	540	28	10,543	4,226	
-	77	77	839	13,175	8,945	
500	67	567	11	10,713	10,300	
800	107	907	20	17,164	10,000	
100	12	112	(11)	1,848	1,941	
-	6	6	51	1,097	1,115	
4,350	575	4,925	62	92,326	64,963	
10,100	1,842	11,942	4,049	299,872	218,131	
800	213	1,013	839	35,104	20,000	
-	103	103	794	17,395	11,250	
-	39	39	303	6,614	5,250	
1,300	219	1,519	2,382	37,556	34,896	
3,400	446	3,846	27	71,667	49,607	
1,000	25	1,025	151	3,412	10,000	
850	111	961	3	17,848	10,000	
14,783	2,065	16,848	1,076	332,662	232,350	
225	28	253	(10)	4,483	1,455	
1,775	235	2,010	32	37,815	20,000	
17,142	2,572	19,714	2,617	415,727	300,741	
-	28	28	221	4,826	4,100	
-	935	935	7,183	157,370	89,945	
-	12	12	89	1,950	1,500	
-	346	346	2,656	58,188	47,420	

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ESCANABA AREA PUBLIC SCHOOLS

Schedule of Changes in Fiduciary Net Position

Co-mingled Scholarships Fund
For the Year Ended June 30, 2019

	Net Position July 1, 2018	Additions				Total Additions
		Contributions	Interest and Dividends	Gain on Sale of Investments	Increase in Fair Value of Investments	
Investment accounts						
McKie, Donald	\$ 29,999	\$ -	\$ 850	\$ 351	\$ 421	\$ 1,622
McInerney, Dr. Thomas & Dr. Edna Memorial	76,528	-	2,167	896	1,073	4,136
Micensky, Robert	5,241	-	148	61	74	283
Milkiewicz, Stephen M.	5,792	-	164	68	81	313
Milkiewicz, Kim Ann	12,773	-	362	150	179	691
Molin, Jack and Class of 1944	41,799	-	1,184	489	586	2,259
Mroczkowski, Dale/ Fritolay	10	1,000	-	-	-	1,000
Nordberg, Carl A.	18,042	-	511	211	253	975
O'Donnell, Anne C.	33,695	-	954	395	473	1,822
Olson, Joanne Taylor	13,856	-	393	162	194	749
Owen, Robert A. & Ruth	36,635	-	1,038	429	514	1,981
Owens, Georgia Gibbs/ Irwin & Marge Gibbs	264,900	-	7,503	3,102	3,715	14,320
Peterson, Ken	2,016	-	57	24	28	109
Pfotenhauer/Gessner	14,178	-	402	166	199	767
Puckelwartz, William H.	32,577	-	923	381	457	1,761
Reade, H.W.	25,434	-	720	298	357	1,375
Ruwitch, George	38,071	-	1,078	446	534	2,058
Salo, Christine	-	5,160	-	-	-	5,160
Saykly, Josephine	12,394	-	351	145	174	670
Schram, Dick Memorial	14,735	-	417	173	207	797
St. Louis, Maria, George & Stanley	403,198	-	11,420	4,721	5,655	21,796
St. Pierre, Mary	5,265	-	149	62	74	285
Stein, Daniel	51,459	-	1,458	602	722	2,782
Taylor, Francis & Nancy	138,720	-	3,929	1,624	1,946	7,499
Taylor, Al Family	142,984	-	4,050	1,674	2,005	7,729
Taylor, Naomi Memorial	64,040	-	1,814	749	898	3,461
Timmer, Gene	3,628	-	103	42	51	196
VanEffen, William J.	8,077	-	229	95	113	437
Wylie, Henry	4,310	-	122	50	60	232
Young, A.J.	27,091	-	767	317	380	1,464
	<u>4,138,538</u>	<u>26,162</u>	<u>117,214</u>	<u>48,456</u>	<u>58,045</u>	<u>249,877</u>
Cash accounts						
Wickman/Addison, Ruth	6,966	5,351	-	-	-	5,351
Felton, Oliver	1,931	4,752	-	-	-	4,752
Hirn, Robert & Elva	179,466	67,125	-	-	-	67,125
Kintziger, Louis J.	4,391	5,746	-	-	-	5,746
Maki, Arnie & Violet	17,183	12,491	-	-	-	12,491
Sackerson, Edward J.	7,812	-	-	-	-	-
Miscellaneous contributions	25,904	57,410	-	-	-	57,410
	<u>243,653</u>	<u>152,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,875</u>
Total	<u>\$ 4,382,191</u>	<u>\$ 179,037</u>	<u>\$ 117,214</u>	<u>\$ 48,456</u>	<u>\$ 58,045</u>	<u>\$ 402,752</u>

Deductions					
Scholarships and Trophies	Trustee Fees	Total Deductions	Change in Net Position	Net Position June 30, 2019	Accumulated Contributions to Fund
\$ -	\$ 187	\$ 187	\$ 1,435	\$ 31,434	\$ 24,176
1,650	477	2,127	2,009	78,537	50,000
250	33	283	-	5,241	4,155
-	36	36	277	6,069	8,500
-	80	80	611	13,384	2,600
-	260	260	1,999	43,798	29,644
1,000	1	1,001	(1)	9	6,000
850	112	962	13	18,055	11,562
1,550	210	1,760	62	33,757	21,005
-	86	86	663	14,519	10,000
-	228	228	1,753	38,388	25,000
7,319	1,650	8,969	5,351	270,251	153,755
100	13	113	(4)	2,012	1,500
770	88	858	(91)	14,087	10,000
1,525	203	1,728	33	32,610	12,962
(1,125)	158	(967)	2,342	27,776	10,150
-	237	237	1,821	39,892	28,096
-	-	-	5,160	5,160	5,160
600	77	677	(7)	12,387	10,000
-	92	92	705	15,440	10,090
14,456	2,511	16,967	4,829	408,027	234,975
250	33	283	2	5,267	4,164
-	319	319	2,463	53,922	35,000
6,275	864	7,139	360	139,080	100,000
6,275	890	7,165	564	143,548	100,230
1,800	399	2,199	1,262	65,302	50,255
175	23	198	(2)	3,626	2,814
400	50	450	(13)	8,064	5,000
200	27	227	5	4,315	2,708
1,275	169	1,444	20	27,111	9,900
<u>132,317</u>	<u>25,776</u>	<u>158,093</u>	<u>91,784</u>	<u>4,230,322</u>	<u>2,900,818</u>
6,300	-	6,300	(949)	6,017	36,240
5,500	-	5,500	(748)	1,183	32,967
75,167	-	75,167	(8,042)	171,424	398,344
4,125	-	4,125	1,621	6,012	25,858
14,127	-	14,127	(1,636)	15,547	63,698
3,000	-	3,000	(3,000)	4,812	20,000
38,650	-	38,650	18,760	44,664	219,748
<u>146,869</u>	<u>-</u>	<u>146,869</u>	<u>6,006</u>	<u>249,659</u>	<u>796,855</u>
<u>\$ 279,186</u>	<u>\$ 25,776</u>	<u>\$ 304,962</u>	<u>\$ 97,790</u>	<u>\$ 4,479,981</u>	<u>\$ 3,697,673</u>

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ESCANABA AREA PUBLIC SCHOOLS

Statement of Changes in Fiduciary Assets and Liabilities

Agency Fund

For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Assets				
Cash and cash equivalents	\$ 202,172	\$ 404,048	\$ (409,023)	\$ 197,197
Liabilities				
Due to student activities	\$ 202,172	\$ 404,048	\$ (409,023)	\$ 197,197
The balances due to student activities consist of the following:				
Upper Elementary				
Interest	\$ 89	\$ 44	\$ -	\$ 133
Parents as partners	18	-	-	18
Library fund	1,569	3,727	(3,776)	1,520
Pop fund	290	338	(726)	(98)
Working account	628	4,809	(4,506)	931
Student council	31	-	-	31
4th grade	2,523	10,539	(11,595)	1,467
5th grade	952	958	(1,056)	854
Middle School 6-1	674	9,863	(10,025)	512
Middle School special ed	25	-	-	25
Drama	(107)	-	-	(107)
Total Upper Elementary	6,692	30,278	(31,684)	5,286
Elementary	4,549	1,610	(2,834)	3,325
Senior High Activities				
Publications	8,612	4,872	(2,312)	11,172
Activities	947	931	(1,037)	841
Prior Classes	18,494	3,375	(5,131)	16,738
Music	35,638	69,503	(60,932)	44,209
Clubs	19,532	69,338	(58,486)	30,384
General	38,955	94,647	(102,212)	31,390
Concessions	(201)	46	155	-
Total Senior High Activities	121,977	242,712	(229,955)	134,734

Continued...

ESCANABA AREA PUBLIC SCHOOLS

Statement of Changes in Fiduciary Assets and Liabilities

Agency Fund

For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Athletic Camps				
Boys basketball	\$ 9,300	\$ 12,265	\$ (13,810)	\$ 7,755
Cheerleading	4,283	13,886	(14,639)	3,530
Cross country	899	-	(100)	799
Football	10,606	23,663	(32,651)	1,618
Girls basketball	6,100	2,380	(4,916)	3,564
Golf	5,824	11,136	(10,178)	6,782
Gymnastics	-	1,020	-	1,020
Boy's tennis	8,186	4,500	(3,200)	9,486
Girl's tennis	190	-	-	190
Boy's Track	1,089	5,701	(6,076)	714
Volleyball	1,783	1,509	(2,672)	620
Wrestling	572	378	(391)	559
Baseball	61	-	-	61
Girls softball	4,479	16,584	(16,129)	4,934
Girl's Track	685	3,197	(2,630)	1,252
Sideline cheer	4,823	12,187	(15,246)	1,764
Total Athletic Camps	58,880	108,406	(122,638)	44,648
Junior High Activities				
Interest	3	-	-	3
Student Council	107	220	-	327
The Man's Club	1,318	150	(274)	1,194
Challenge Day	10	-	-	10
Working Account	117	92	-	209
Builders Club	650	1,755	(2,632)	(227)
Advisory Program	-	300	(179)	121
7th Grade 7-1	166	-	-	166
8th Grade 8-1	460	-	-	460
Concession	502	404	(906)	-
JH Yearbook	1,322	2,815	(2,330)	1,807
JH Competitive Cheer	21	-	-	21
Band	5,852	15,306	(15,471)	5,687
JH Art Club	(454)	-	(120)	(574)
Total Junior High Activities	10,074	21,042	(21,912)	9,204
Total	\$ 202,172	\$ 404,048	\$ (409,023)	\$ 197,197

Concluded

OTHER INFORMATION (UNAUDITED)

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Taxable Valuations, Tax Rates and Tax Levies (Unaudited)

For the Year Ended June 30, 2019

	Taxable Valuation	Per \$1,000 Valuation	Tax Levy
General Fund (on homestead taxable valuation only)			
City of Escanaba	\$ 165,079,288	6-18 mills	\$ 2,747,719
Wells Township (Delta County)	46,381,546	6-18 mills	821,652
Ford River Township	20,375,246	6-18 mills	366,147
Cornell Township	7,985,806	6-18 mills	143,651
Wells Township (Marquette County)	<u>2,273,305</u>	6-18 mills	<u>39,542</u>
Total General Fund	<u><u>\$ 242,095,191</u></u>	6-18 mills	<u><u>\$ 4,118,711</u></u>
2010 Debt Retirement Fund (on total taxable valuation)			
City of Escanaba	\$ 307,533,006	1.65 mills	\$ 507,429
Wells Township (Delta County)	159,826,507	1.65 mills	263,714
Ford River Township	68,367,890	1.65 mills	112,807
Cornell Township	23,164,468	1.65 mills	38,221
Wells Township (Marquette County)	<u>2,973,387</u>	1.65 mills	<u>4,906</u>
Total 2010 Debt Retirement Fund	<u><u>\$ 561,865,258</u></u>	1.65 mills	<u><u>\$ 927,077</u></u>
2001 Debt Retirement Fund (on total taxable valuation)			
City of Escanaba	\$ 307,533,006	2.35 mills	\$ 722,703
Wells Township (Delta County)	159,826,507	2.35 mills	375,592
Ford River Township	68,367,890	2.35 mills	160,665
Cornell Township	23,164,468	2.35 mills	54,437
Wells Township (Marquette County)	<u>2,973,387</u>	2.35 mills	<u>6,987</u>
Total 2001 Debt Retirement Fund	<u><u>\$ 561,865,258</u></u>	2.35 mills	<u><u>\$ 1,320,384</u></u>

SINGLE AUDIT ACT COMPLIANCE

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

October 16, 2019

Board of Education
Escanaba Area Public Schools
Escanaba, Michigan

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of *Escanaba Area Public Schools* (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 16, 2019, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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.



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ESCANABA AREA PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

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:				
National school lunch - breakfast	10.553	MDE	181970	\$ 131,008
National school lunch - breakfast	10.553	MDE	191970	293,198
National school lunch	10.555	MDE	181960	473,675
National school lunch	10.555	MDE	191960	531,874
Entitlement commodities (non-cash)	10.555	MDE	-n/a-	96,749
Summer food service program - operating	10.559	MDE	180900	18,755
Summer food service program - operating	10.559	MDE	190900	2,800
Summer food service program - administrative	10.559	MDE	181900	1,968
Summer food service program - administrative	10.559	MDE	191900	293
Total U.S. Department of Agriculture				
U.S. Department of Education				
Title I, Part A - Improving Basic Programs	84.010	MDE	181530-1718	695,339
Title I, Part A - Improving Basic Programs	84.010	MDE	191530-1819	639,593
Title I, Part A - Improving Basic Programs	84.010	GLAS	191530-1819	3,615
Indian Education 1/19	84.060A	Direct	-n/a-	39,398
Special Education Cluster:				
Special Education - Flowthrough 2019	84.027	DSISD	190450-1819	25,000
Title II, Part A - Improving Teacher Quality	84.367	MDE	180520-1718	154,938
Title II, Part A - Improving Teacher Quality	84.367	MDE	190520-1819	178,002
Title IV, Part A - SSAE	84.424	MDE	180750-1718	10,000
Title IV, Part A - SSAE	84.424	MDE	190750-1819	45,679
Title VI, Part B Rural and Low Income	84.358	MDE	180660-1718	53,361
Title VI, Part B Rural and Low Income	84.358	MDE	190660-1819	60,691
Total U.S. Department of Education				
U.S. Department of Health and Human Services				
Medicaid Cluster:				
Medicaid Outreach	93.778	DSISD	-n/a-	5,693
Total Federal Financial Assistance				

See notes to schedule of expenditures of federal awards.

Accrued (Unearned) Revenue June 30, 2018	Current Year Cash Received	Expenditures (Memo Only) Prior Year(s)	Expenditures Year Ended June 30, 2019	Accrued (Unearned) Revenue June 30, 2019
\$ -	\$ 39,852	\$ 91,156	\$ 39,852	\$ -
-	293,198	-	312,533	19,335
-	333,050	91,156	352,385	19,335
-	65,861	407,814	65,861	-
-	502,589	-	531,874	29,285
-	96,749	-	96,749	-
-	665,199	407,814	694,484	29,285
4,956	18,755	4,956	13,799	-
-	-	-	2,800	2,800
520	1,968	520	1,448	-
-	-	-	293	293
5,476	20,723	5,476	18,340	3,093
5,476	1,018,972	504,446	1,065,209	51,713
153,314	157,278	658,598	3,964	-
-	527,965	-	575,989	48,024
-	3,615	-	3,615	-
153,314	688,858	658,598	583,568	48,024
-	39,398	-	39,398	-
-	25,000	-	25,000	-
(31,758)	48,585	52,504	80,343	-
-	108,727	-	113,969	5,242
(31,758)	157,312	52,504	194,312	5,242
-	836	9,164	836	-
-	42,013	-	45,679	3,666
-	42,849	9,164	46,515	3,666
34,421	34,422	36,542	1	-
-	25,349	-	25,657	308
34,421	59,771	36,542	25,658	308
155,977	1,013,188	756,808	914,451	57,240
-	5,693	-	5,693	-
\$ 161,453	\$ 2,037,853	\$ 1,261,254	\$ 1,985,353	\$ 108,953

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Reconciliation to grant section auditors' report

Current payments per the grant auditor report	\$ 1,916,018
Less:	
School Breakfast program payments on grant auditor report not received by District until after year end	(19,335)
School Lunch program payments on grant auditor report not received by District until after year end	(29,285)
Plus:	
Medicaid Outreach	5,693
Title I amounts passed through Gladstone Area Public School District	3,615
Entitlement and bonus commodities	96,749
Special Education - Flowthrough 2019	25,000
Direct award from Department of Education	39,398
	<hr/>
Total current year cash receipts per schedule of expenditures of federal awards	<u><u>\$ 2,037,853</u></u>

ESCANABA AREA PUBLIC SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Escanaba Area Public Schools (the "District") under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

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 the Uniform Guidance, 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.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the District has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

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
MDE	Michigan Department of Education
GLAS	Gladstone Area Public School District
DSISD	Delta-Schoolcraft Intermediate School District



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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 16, 2019

Board of Education
Escanaba Area Public Schools
Escanaba, 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 major fund, and the aggregate remaining fund information of *Escanaba Area Public Schools* (the "District"), as of and for the year ended June 30, 2019, 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 16, 2019.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lehmann Loborn LLC". The signature is written in a cursive style with a small vertical line at the end of the word "LLC".

Independent Auditors' Report on Compliance for The Major Federal Program
and Internal Control over Compliance Required by the Uniform Guidance

October 16, 2019

Board of Education
Escanaba Area Public Schools
Escanaba, Michigan

Report on Compliance for the 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 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, 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 the 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, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lehmann Lobson LLC". The signature is written in black ink and is positioned centrally at the bottom of the page.

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of a major program:

CFDA Number Name of Federal Program or Cluster

10.553, 10.555 & 10.559 Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



ESCANABA AREA PUBLIC SCHOOLS

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2019

None noted.

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