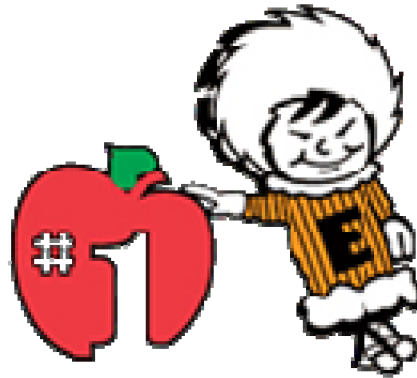


Escanaba Area
Public Schools



Year Ended
June 30, 2025

Financial
Statements

Rehmann

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ESCANABA AREA PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 16, 2025

Board of Education
Escanaba Area Public Schools
Escanaba, Michigan

Report on the Audit of the Financial Statements

Opinions

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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above 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, 2025, and the respective changes in financial position thereof, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Implementation of GASB No. 101

As described in Note 16, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, beginning net position of the governmental activities was restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the financial report. The other information comprises of the schedule of taxable valuations, tax rates and tax levies and the schedule of changes in fiduciary net position - co-mingled scholarships fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 16, 2025, 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 solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Escanaba Area Public School'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, 2025. 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. Fiduciary fund statements, the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, presents financial information about activities for which the District acts solely as a fiduciary 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)

As mentioned, GASB 34 requires the presentation of two basic types of financial statements: District-wide Financial Statements and Fund Financial Statements.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

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.

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 funds, 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.

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.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Major Features of District-Wide and Fund Financial Statements			
	District-wide Statements	Governmental Funds	Fiduciary Funds
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.

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, 2025, the District reported a deficit net position of \$2,505,223. The table below provides a summary of the District's net position as of June 30:

	Net Position		
	Governmental Activities		Percent Change
	2025	2024	
Assets			
Current and other assets	\$ 19,085,559	\$ 14,976,297	27.4%
Capital assets, net	34,157,684	33,815,169	1.0%
Total assets	53,243,243	48,791,466	9.1%
Deferred outflows of resources	10,334,294	14,011,631	-26.2%
Liabilities			
Other liabilities	6,183,827	6,322,927	-2.2%
Long-term liabilities	43,800,489	53,541,218	-18.2%
Total liabilities	49,984,316	59,864,145	-16.5%
Deferred inflows of resources	16,098,444	11,219,141	43.5%

continued...

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

	Net Position		
	Governmental Activities		Percent Change
	2025	2024	
Net position			
Net investment in capital assets	\$ 23,820,843	\$ 21,456,290	11.0%
Restricted for:			
Debt service	510,418	369,403	38.2%
Food service	965,214	856,913	12.6%
OPEB	5,168,114	673,496	100.0%
Unrestricted (deficit)	<u>(32,969,812)</u>	<u>(31,636,291)</u>	4.2%
Total net position	<u>\$ (2,505,223)</u>	<u>\$ (8,280,189)</u>	69.7%

concluded

Net investment in capital assets is the original cost of the District's capital assets, less accumulated depreciation/amortization, less the long-term debt outstanding used to finance the acquisition of those assets. The original cost of capital assets is approximately \$58,554,000 and \$57,130,000 for June 30, 2025 and 2024, respectively. The accumulated depreciation/amortization is the accumulation of depreciation/amortization expense since acquisition. In accordance with accounting principles generally accepted in the United States of America (GAAP), depreciation/amortization 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/amortization was approximately \$24,397,000 and \$23,314,000 for the years ended June 30, 2025 and 2024, respectively. Total outstanding debt related to capital assets is approximately \$10,638,000 and \$12,721,000 at 2025 and 2024, respectively. 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.

Restricted net position for food service, debt service and OPEB are by their nature restricted for use by laws or regulations of the State of Michigan. These balances totaled approximately \$965,000, \$510,000 and \$5,168,000, respectively for 2025, and approximately \$857,000, \$369,000 and \$673,000, respectively for 2024.

The remaining amount of net position, a deficit of approximately \$32,970,000 and \$31,636,000 for 2025 and 2024, 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 (assets) liabilities and related deferred inflows and outflows of resources.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

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
	2025	2024	
Program revenues			
Charges for services - local	\$ 524,990	\$ 568,881	-7.7%
Operating grants - federal, state, and local	10,115,465	10,948,721	-7.6%
Total program revenues	10,640,455	11,517,602	-7.6%
General revenues			
Property taxes - operations	4,482,351	4,245,865	5.6%
Property taxes - debt retirement	1,999,958	2,013,244	-0.7%
State of Michigan aid - unrestricted	16,287,429	16,525,495	-1.4%
Other revenues	621,682	632,694	-1.7%
Total general revenues	23,391,420	23,417,298	-0.1%
Total revenues	34,031,875	34,934,900	-2.6%
Expenses			
Instruction	13,976,410	14,968,319	-6.6%
Supporting services	8,476,640	8,774,807	-3.4%
Community services	73,480	80,750	-9.0%
Food services	1,596,818	1,618,318	-1.3%
Student activities	306,278	337,374	-9.2%
Interest on long-term liabilities	533,389	628,267	-15.1%
Unallocated depreciation/ amortization	1,468,600	1,376,171	6.7%
Total expenses	26,431,615	27,784,006	-4.9%
Change in net position	7,600,260	7,150,894	6.3%
Net position:			
Beginning of year, as previously reported	(8,280,189)	(15,431,083)	46.3%
Restatement	(1,825,294)	-	
Beginning of year, as restated	(10,105,483)	(15,431,083)	34.5%
End of year	\$ (2,505,223)	\$ (8,280,189)	69.7%

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Operating grants - federal, state, and local revenues accounted for 30% or approximately \$10,115,000 of the revenue available. Operating grant revenue decreased from the prior year due primarily to MPSERS UAAL Rate Stabilization 147c(1) funding being significantly reduced from approximately \$2.4 million to \$1.3 million.

Unrestricted state aid revenue accounted for 48% or approximately \$16,287,000 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. The District experienced an increase in student enrollment, but no increase in the per-pupil foundation allowance.

Property tax revenues accounted for 19% or approximately \$6,482,000 of the total revenue. Of the total property tax revenues reported, approximately \$4,482,000 was allocated to operations and approximately \$2,000,000 was allocated to debt retirement. Operating property tax revenue increased as a result of increasing property tax valuations.

The expense portion of the table shows the financial support of each functional area required during the year. Expenses decreased from the prior fiscal year by approximately \$1,352,000. Being in the business of educating children, the largest expenses were incurred in instruction, which accounted for approximately \$13,976,000 or 53% of total expenses. Support services costs are approximately \$8,477,000 or 32% 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. The main reasons for the decrease in overall expenses was due to the significant decrease in UAAL stabilization retirement costs associated with the MPSERS UAAL Rate Stabilization 147c(1) funding by the State.

Financial Analysis of the District's Funds

The overall fund balance of the governmental funds decreased by approximately \$260,000 from the prior year. The general fund balance increased by approximately \$314,000 and the nonmajor governmental funds decreased approximately \$574,000. The general fund increase was primarily due to better than expected student enrollment. The nonmajor governmental funds decrease related mainly to significant capital improvement projects in the Public Improvement Fund.

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.

General Fund Budgeting Highlights

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

Revenue from local sources - This category's budget was increased by approximately \$449,000, or 9% over the course of the school year. The main reason for this increase was mainly due to an increase in property taxes as a result of taxable values.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Added needs expenditures - This budget for these costs was decreased by approximately \$171,000, or 4%, over the course of the school year. The main reason for the decrease in the budget was due to allocated costs associated with the MPSERS UAAL Rate Stabilization funding being significantly reduced.

Business services expenditures - This budget for these costs was increased by approximately \$172,000, or 28%, over the course of the school year. The main reason for the increase in the budget was due to an increase in state funded wages and benefits relating to the retirement system.

Capital outlay expenditures - This budget for these costs was decreased by approximately \$188,000, or 49%, over the course of the school year. The main reason for the decrease in the budget was due to the reduction of funding supporting capital outlay expenditures.

Transfers out - This budget for interfund transfers out was increased by approximately \$832,000 over the course of the school year. The main reasons for this increase was a series of transfers to the public improvement fund for future projects identified and approved by the board. The most significant projects consisted of the Lemmer Playground Project, High School Athletic Restroom Building, and the Grandstand Sealer Project.

There were also significant variations from the final amended budget. These variations are as follows:

Revenue from state source - This category came in approximately \$390,000 under the final amended budget. The main reason for this variance was due to unearned At-Risk 31a and Mental Health 31aa funding being carried forward into fiscal year 2025-26.

Basic instruction expenditures - The actual costs for this category came in under the final amended budget by approximately \$422,000. The main reason for this variance was unspent state and federal funding to be carried over into 2025-26.

Added needs expenditures - The actual costs for this category came in under the final amended budget by approximately \$151,000. The main reason for this variance was due to unearned At-Risk 31a funding during the current year, to be carried into fiscal year 2025-26 for use.

Operations and maintenance expenditures - The actual costs for this category came in under the final amended budget by approximately \$114,000. The main reason for this variance was due to a conservative approach to budgeting to ensure funds were available to cover unexpected repair and maintenance costs until fiscal year end.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

General Fund Operations

Financial Highlights - General Fund					
Fiscal Year	Revenues and Transfers	Expenditures and Transfers	Fund Balance	Enrollment	Increase/ (Decrease) in Student Enrollment
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
2019-2020	23,662,991	23,588,517	2,329,764	2,313	(16)
2020-2021	25,502,511	24,464,023	3,368,252	2,294	(19)
2021-2022	28,333,071	27,718,089	3,983,234	2,147	(147)
2022-2023	29,636,682	28,411,099	5,208,817	2,112	(35)
2023-2024	30,261,237	30,638,609	4,831,445	2,122	10
2024-2025	29,481,885	29,167,711	5,145,619	2,124	2

In general fund operations, the total revenue was approximately \$29,457,000. This is below the original budgeted revenues of approximately \$29,573,000 and below the final amended budgeted revenues of approximately \$30,081,000. The actual expenditures of the general fund operations were approximately \$28,168,000. This is below the original budgeted expenditures of approximately \$29,365,000 and below the final budget of approximately \$29,267,000.

The main reasons for total revenues being under originally budgeted revenue is due to the timing of the District's fiscal budget being adopted prior to the state aid budget. As state funding becomes known, the District amends the budget where necessary. Actual expenditures were less than originally budgeted mainly due to the timing of the District budget adoption versus the state aid budget. As state aid funding becomes known, costs associated with state grants are budgeted in subsequent budget amendments, and were below the final budgeted expenditures as a result of a conservative approach to budgeting, providing the District the ability to react to unanticipated costs that may arise so not to disrupt school operations.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Governmental Fund Expenditures

Below is a summary of the governmental fund expenditures by fund and their percentages of total governmental funds:

	Expenditures	Percentage
General Fund	\$ 28,167,949	82.1%
Nonmajor governmental funds	6,123,499	17.9%
Total	\$ 34,291,448	100%

Governmental Fund Revenues

Governmental fund revenues totaled approximately \$34,032,000. Below is a summary of the governmental fund revenues by source and their percentages of total governmental funds:

	Revenues	Percentage
Local sources	\$ 7,771,311	22.8%
State sources	23,665,498	69.5%
Federal sources	2,131,645	6.3%
Other	463,420	1.4%
Total	\$ 34,031,874	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 2,124 and 2,122 for fiscal 2025 and 2024, respectively. The District experienced an overall decrease in state funding of approximately \$449,000, mainly due to a significant decrease in MPSERS Rate Stabilization funding in the amount of approximately \$1.04 million offset by the addition of MPSERS Cost Offset Reduced UAAL funding of approximately \$720,000.

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 2025 non-homestead and personal property tax levies totaled approximately \$4,482,000.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

The District levied 3 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 2025 was approximately \$2,000,000.

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 2025, the District expended approximately \$544,000, \$87,000 and \$1,498,000 for the Title I, Title II and At Risk programs, respectively. In addition the District expended approximately \$1,290,000 of funding received from the U.S. Department of Agriculture to support the District's food service program.

Enrollment

The District's 2024-2025 blended enrollment totaled 2,124, which is an increase of 2 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.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2025, the District had approximately \$58,554,000 invested in land and building, machinery and equipment, vehicles and buses. Approximately \$24,397,000 has been depreciated/amortized. Net book value totals approximately \$34,157,000. The years of construction of the District buildings and improvements ranges from 1931 to 2025. The District currently owns one kindergarten center, one secondary campus, and two elementary buildings.

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, 2025, the District expended approximately \$1,820,000 for capital asset additions including approximately \$1,552,000 for buildings and improvements, \$217,000 for machinery and equipment, and \$50,000 for vehicles and buses.

Debt Administration. As of June 30, 2025, the District had approximately \$10,638,000 in bonds and bond premium outstanding from capital projects. The District collects property taxes to retire our 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.

ESCANABA AREA PUBLIC SCHOOLS

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the District's 2026 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 2024-2025, the blended count increased to 2,124 students. Enrollment is expected to decline in 2025-2026 school year. Upper Peninsula of Michigan's employment opportunities continue to improve in the area. The 2025-2026 fiscal year budget will reflect new initiatives and new opportunities for students while continually monitoring costs.

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 2026 budget. The Board of Education adopted a balanced budget for the fiscal year 2025-2026. The Board and Administration continue to develop a strategy to prioritize 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

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DISTRICT-WIDE FINANCIAL STATEMENTS

ESCANABA AREA PUBLIC SCHOOLS

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and investments	\$ 9,291,474
Receivables	4,590,900
Inventory	35,071
Net other postemployment benefit asset	5,168,114
Capital assets not being depreciated/amortized	720,597
Capital assets being depreciated/amortized, net	<u>33,437,087</u>
Total assets	<u>53,243,243</u>
Deferred outflows of resources	
Deferred charge on bond refunding	301,442
Deferred pension amounts	8,777,576
Deferred other postemployment benefit amounts	<u>1,255,276</u>
Total deferred outflows of resources	<u>10,334,294</u>
Liabilities	
Accounts payable and accrued liabilities	3,310,771
Unearned revenue	549,202
State aid anticipation notes payable	2,323,854
Bonds, notes and other long-term liabilities:	
Due within one year	3,725,395
Due in more than one year	10,428,457
Net pension liability (due in more than one year)	29,453,328
Total postemployment benefit liability (due in more than one year)	<u>193,309</u>
Total liabilities	<u>49,984,316</u>
Deferred inflows of resources	
Deferred pension amounts	9,183,283
Deferred other postemployment benefit amounts	<u>6,915,161</u>
Total deferred inflows of resources	<u>16,098,444</u>
Net position	
Net investment in capital assets	23,820,843
Restricted for:	
Debt service	510,418
Food service	965,214
Other postemployment benefits	5,168,114
Unrestricted (deficit)	<u>(32,969,812)</u>
Total net position	<u><u>\$ (2,505,223)</u></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, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 13,976,410	\$ -	\$ 7,577,850	\$ (6,398,560)
Supporting services	8,476,640	108,865	800,865	(7,566,910)
Community services	73,480	-	-	(73,480)
Food services	1,596,818	104,968	1,736,750	244,900
Student activities	306,278	311,157	-	4,879
Interest on long-term liabilities	533,389	-	-	(533,389)
Unallocated depreciation/amortization	1,468,600	-	-	(1,468,600)
Total governmental activities	<u>\$ 26,431,615</u>	<u>\$ 524,990</u>	<u>\$ 10,115,465</u>	<u>(15,791,160)</u>
General revenues				
Property taxes - operations				4,482,351
Property taxes - debt service				1,999,958
State of Michigan aid - unrestricted				16,287,429
Other revenues				621,682
Total general revenues				<u>23,391,420</u>
Change in net position				<u>7,600,260</u>
Net position, beginning of year, as previously reported				(8,280,189)
Restatement				<u>(1,825,294)</u>
Net position, beginning of year, as restated				<u>(10,105,483)</u>
Net position, end of year				<u>\$ (2,505,223)</u>

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, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 6,704,580	\$ 2,586,894	\$ 9,291,474
Accounts receivable	139,847	5,040	144,887
Due from other governments	4,341,537	104,476	4,446,013
Inventory	-	35,071	35,071
Total assets	<u>\$ 11,185,964</u>	<u>\$ 2,731,481</u>	<u>\$ 13,917,445</u>
Liabilities			
Accounts payable	\$ 76,750	\$ 52,029	\$ 128,779
Salaries payable	1,567,250	-	1,567,250
Accrued liabilities	1,526,345	25,672	1,552,017
Unearned revenues	546,146	3,056	549,202
State aid anticipation notes payable	2,323,854	-	2,323,854
Total liabilities	<u>6,040,345</u>	<u>80,757</u>	<u>6,121,102</u>
Fund balances			
Nonspendable for inventory	-	35,071	35,071
Restricted:			
Debt service	-	573,143	573,143
Food service	-	930,143	930,143
Committed:			
Student groups	-	325,485	325,485
Assigned:			
Capital projects	-	784,285	784,285
Debt service	-	2,597	2,597
Unassigned	5,145,619	-	5,145,619
Total fund balances	<u>5,145,619</u>	<u>2,650,724</u>	<u>7,796,343</u>
Total liabilities and fund balances	<u>\$ 11,185,964</u>	<u>\$ 2,731,481</u>	<u>\$ 13,917,445</u>

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, 2025

Fund balances - total governmental funds \$ 7,796,343

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/amortized	720,597
Capital assets being depreciated/amortized, net	33,437,087

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

Bonds, notes and other long-term liabilities	(10,135,000)
Unamortized deferred charge on bond refunding, net	301,442
Unamortized bond premiums, net	(503,283)
Accrued interest on bonds payable	(62,725)
Early retirement incentive	(161,000)
Compensated absences	(3,354,569)

Certain pension and OPEB-related amounts, such as the net pension liability, net/total other postemployment benefit asset/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	(29,453,328)
Deferred outflows of resources related to the net pension liability	8,777,576
Deferred inflows of resources related to the net pension liability	(9,183,283)
Net other postemployment benefit asset	5,168,114
Total other postemployment benefit liability	(193,309)
Deferred outflows related to the net other postemployment benefit asset/liability	1,255,276
Deferred inflows related to the net other postemployment benefit asset/liability	<u>(6,915,161)</u>

Net position of governmental activities \$ (2,505,223)

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, 2025

	General Fund	(formally major fund) Public Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 5,282,516		\$ 2,488,795	\$ 7,771,311
State sources	22,869,589		795,909	23,665,498
Federal sources	841,360		1,290,285	2,131,645
Other sources	463,420		-	463,420
Total revenues	29,456,885		4,574,989	34,031,874
Expenditures				
Current:				
Instructional services:				
Basic instruction	13,495,219		-	13,495,219
Added needs	4,062,547		-	4,062,547
Supporting services:				
Pupil services	2,312,135		-	2,312,135
Instructional staff	1,088,204		-	1,088,204
General administration	489,364		-	489,364
School administration	1,440,689		-	1,440,689
Business services	757,832		-	757,832
Operations and maintenance	2,104,463		-	2,104,463
Transportation	1,437,256		-	1,437,256
Central services	73,580		-	73,580
Athletics	597,244		-	597,244
Community services	79,018		-	79,018
Food services	-		1,751,392	1,751,392
Student activities	-		306,278	306,278
Debt service:				
Principal	37,467		1,950,000	1,987,467
Interest and fiscal charges	914		456,356	457,270
Capital outlay	192,017		1,659,473	1,851,490
Total expenditures	28,167,949		6,123,499	34,291,448
Revenues over (under) expenditures	1,288,936		(1,548,510)	(259,574)
Other financing sources (uses)				
Transfers in	25,000		999,762	1,024,762
Transfers out	(999,762)		(25,000)	(1,024,762)
Total other financing sources (uses)	(974,762)		974,762	-
Net changes in fund balances	314,174		(573,748)	(259,574)
Fund balances, beginning of year as previously reported	4,831,445	\$ 1,601,368	1,623,104	8,055,917
Change within financial reporting entity	-	(1,601,368)	1,601,368	-
Fund balances, beginning of year as adjusted	4,831,445	-	3,224,472	8,055,917
Fund balances, end of year	\$ 5,145,619	\$ -	\$ 2,650,724	\$ 7,796,343

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, 2025

Net changes in fund balances - total governmental funds \$ (259,574)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. In addition, donated capital assets and gains (losses) on disposal of capital assets are not reported in the governmental funds.

Capital assets purchased/constructed	1,819,515
Depreciation/amortization expense	(1,468,600)
Loss on the disposal of capital assets	(8,400)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of 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 bonds, notes and other long-term liabilities	1,987,467
Amortization of bond premium, deferred charge on bond refunding, and change in accrued interest	47,889

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 and early retirement incentives	(380,352)
Change in net pension liability and related deferred amounts	3,701,489
Change in the net/total other postemployment benefit asset/liability and related deferred amounts	2,160,826

Change in net position of governmental activities \$ 7,600,260

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 4,915,168	\$ 5,364,472	\$ 5,282,516	\$ (81,956)
State sources	23,279,351	23,259,813	22,869,589	(390,224)
Federal sources	952,736	994,705	841,360	(153,345)
Other sources	425,359	462,016	463,420	1,404
Total revenues	<u>29,572,614</u>	<u>30,081,006</u>	<u>29,456,885</u>	<u>(624,121)</u>
Expenditures				
Current:				
Instructional services:				
Basic instruction	13,848,532	13,917,632	13,495,219	(422,413)
Added needs	4,384,011	4,213,159	4,062,547	(150,612)
Supporting services:				
Pupil services	2,368,879	2,349,515	2,312,135	(37,380)
Instructional staff	1,079,193	1,135,372	1,088,204	(47,168)
General administration	530,150	542,759	489,364	(53,395)
School administration	1,522,568	1,475,904	1,440,689	(35,215)
Business services	618,512	790,906	757,832	(33,074)
Operations and maintenance	2,151,838	2,218,268	2,104,463	(113,805)
Transportation	1,587,866	1,529,481	1,437,256	(92,225)
Central services	106,084	81,963	73,580	(8,383)
Athletics	619,035	670,966	597,244	(73,722)
Community services	125,020	105,466	79,018	(26,448)
Debt service:				
Principal	37,468	37,468	37,467	(1)
Interest and fiscal charges	959	914	914	-
Capital outlay	385,187	196,733	192,017	(4,716)
Total expenditures	<u>29,365,302</u>	<u>29,266,506</u>	<u>28,167,949</u>	<u>(1,098,557)</u>
Revenues over expenditures	<u>207,312</u>	<u>814,500</u>	<u>1,288,936</u>	<u>474,436</u>
Other financing sources (uses)				
Transfers in	46,000	35,000	25,000	10,000
Transfers out	(148,500)	(980,065)	(999,762)	19,697
Total other financing sources (uses)	<u>(102,500)</u>	<u>(945,065)</u>	<u>(974,762)</u>	<u>29,697</u>
Net change in fund balance	104,812	(130,565)	314,174	444,739
Fund balance, beginning of year	4,831,445	4,831,445	4,831,445	-
Fund balance, end of year	<u>\$ 4,936,257</u>	<u>\$ 4,700,880</u>	<u>\$ 5,145,619</u>	<u>\$ 444,739</u>

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

ESCANABA AREA PUBLIC SCHOOLS

Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2025

Assets

Cash and cash equivalents	\$ 806,515
Interest receivable	7,323
Investments - at fair value:	
Common stocks	5,017,798
Mutual funds	1,200,940
Bonds	<u>1,551,034</u>
Total assets	<u>8,583,610</u>
Net position restricted for scholarships	<u>\$ 8,583,610</u>

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

ESCANABA AREA PUBLIC SCHOOLS

Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2025

Additions

Contributions	\$ 248,945
Investment income:	
Interest and dividends	262,372
Net increase in fair value of investments	561,225
Total investment income	<u>823,597</u>
Total additions	<u>1,072,542</u>
Deductions	
Scholarships and trophies	482,464
Trustee fees	47,975
Total deductions	<u>530,439</u>
Change in net position	542,103
Net position, beginning of year	<u>8,041,507</u>
Net position, end of year	<u><u>\$ 8,583,610</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, 2025.

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.

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 following major governmental funds:

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

Additionally, the District reports the following fund types:

The *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 that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

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

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 *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.

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.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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.

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, 2025.

Inventory

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

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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.

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	5-50
Machinery and equipment	5-20
Vehicles and buses	5-10

Subscription-Based Information Technology Arrangements (SBITA)

The District has a noncancellable subscription-based information technology arrangement. The District recognizes an intangible right-to-use subscription asset in the government-wide financial statements.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets 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 its pension and other postemployment benefit plans as well as for the deferred charge on bond refunding. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A portion of the deferred outflows of resources represents contributions to the pension and other postemployment benefit plans subsequent to the measurement date.

Salaries Payable and Other Accrued Liabilities

Salaries payable are recorded at year end 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.

Unearned Revenue

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, four types of leave qualify for liability recognition for compensated absences - sick, vacation, floating holiday and personal business. The liability for compensated absences is reported as incurred in the District-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Early Retirement Benefits

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 assets 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 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 2024 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 liability and other postemployment benefit asset/liability, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefits, 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 generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 78% of the District's general fund revenue during the 2025 fiscal year.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

3. 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, 2025, the District did not incur expenditures in excess of the amounts appropriated.

	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund:			
Transfers out	\$ 980,065	\$ 999,762	\$ 19,697

4. DEPOSITS AND INVESTMENTS

The following is a reconciliation of deposit and investment balances as of June 30, 2025:

	Totals
Statement of Net Position	
Cash and investments	\$ 9,291,474
Statement of Fiduciary Net Position	
Private Purpose Trusts:	
Cash and cash equivalents	806,515
Investments	<u>7,769,772</u>
Total	<u>\$ 17,867,761</u>

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

	Totals
Deposits and Investments	
Bank deposits (checking accounts, savings accounts)	\$ 5,982,976
Investments in securities and mutual funds:	
Pooled investments	4,022,800
Common stocks	5,017,798
Bonds	1,551,034
Mutual funds	1,292,653
Total investments in securities and mutual funds	<u>11,884,285</u>
Cash on hand	<u>500</u>
Total	<u><u>\$ 17,867,761</u></u>

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.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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, \$5,438,046 of the District's bank balance of \$5,704,286 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.

The District chooses to disclose its investments by investment type. As of June 30, 2025, the District had the following investments:

Investment	Maturity	Fair Value	Rating
Michigan Cooperative Liquid Assets Securities System	Various	\$ 4,022,800	AAAm (S&P)
Common stocks	N/A	5,017,798	N/A
Mutual funds	N/A	1,292,653	N/A
Bonds	N/A	<u>1,551,034</u>	N/A
Total		<u><u>\$ 11,884,285</u></u>	

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified under "statutory authority" above. The District's investment policy requires investments to be diversified by specific maturity dates and by individual financial institutions of a specific class of securities as a means of managing its exposure to fair value losses arising from increasing interest rates and in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The maturity date for each investment is identified above for investments held at year end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified under "statutory authority" above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Custodial Credit Risk – Investments. Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agency but not in the government's name. In accordance with the District's investment policy, all investments are held in the name of the District and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

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

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. These levels are determined by the District's finance director and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The finance director will request the information from the fund manager, if necessary.

The District had the following recurring fair value measurements as of June 30, 2025:

Investment Type	Level 1	Level 2	Level 3	Total
Common stocks	\$ 5,017,798	\$ -	\$ -	\$ 5,017,798
Mutual funds	1,551,034	-	-	1,551,034
Bonds	-	1,292,653	-	1,292,653
Total	<u>\$ 6,568,832</u>	<u>\$ 1,292,653</u>	<u>\$ -</u>	7,861,485
Investments carried at net asset value:				
Michigan CLASS government investment pool				<u>4,022,800</u>
Total investments at fair value				<u><u>\$ 11,884,285</u></u>

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.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

At year end, the net asset value of the District's investment in Michigan CLASS was \$4,022,800. 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.

5. RECEIVABLES

Receivable as of June 30, 2025 are comprised of the following:

	Amount
Accounts receivable	\$ 144,887
Due from other governments	<u>4,446,013</u>
	<u>\$ 4,590,900</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2025, are comprised of the following:

	Amount
Accounts payable	\$ 128,779
Salaries payable	1,567,250
Accrued liabilities	1,552,017
Accrued Interest on long-term debt	<u>62,725</u>
Total accounts payable and accrued liabilities	<u>\$ 3,310,771</u>

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

7. INTERFUND TRANSFERS

For the year ended June 30, 2025, interfund transfers consisted of the following:

Transfers Out	Transfers In		
	General Fund	Nonmajor governmental funds	Total
General fund	\$ -	\$ 999,762	\$ 999,762
Nonmajor governmental funds	25,000	-	25,000
Total	<u>\$ 25,000</u>	<u>\$ 999,762</u>	<u>\$ 1,024,762</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. A transfer was made from the general fund to the public improvement fund to provide resources for future capital projects.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

8. CAPITAL ASSETS

Capital assets activity was as follows for the year ended June 30, 2025:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 720,597	\$ -	\$ -	\$ 720,597
Capital assets, being depreciated/amortized:				
Buildings and improvements	51,417,756	1,552,304	(292,600)	52,677,460
Machinery and equipment	2,807,037	217,211	(53,473)	2,970,775
Vehicles and buses	2,059,977	50,000	(48,790)	2,061,187
Subscription asset (Note 11)	124,199	-	-	124,199
	<u>56,408,969</u>	<u>1,819,515</u>	<u>(394,863)</u>	<u>57,833,621</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(20,184,658)	(1,101,970)	284,200	(21,002,428)
Machinery and equipment	(1,650,301)	(216,386)	53,473	(1,813,214)
Vehicles and buses	(1,479,438)	(125,404)	48,790	(1,556,052)
Subscription asset (Note 11)	-	(24,840)	-	(24,840)
	<u>(23,314,397)</u>	<u>(1,468,600)</u>	<u>386,463</u>	<u>(24,396,534)</u>
Total capital assets being depreciated/amortized, net	<u>33,094,572</u>	<u>350,915</u>	<u>(8,400)</u>	<u>33,437,087</u>
Governmental activities capital assets, net	<u>\$ 33,815,169</u>	<u>\$ 350,915</u>	<u>\$ (8,400)</u>	<u>\$ 34,157,684</u>

Depreciation/amortization expense of \$1,468,600 is reported as unallocated in the statement of activities.

9. 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, 2025 was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
State aid anticipation notes payable	\$ 2,326,961	\$ 3,354,472	\$ (3,357,579)	\$ 2,323,854

The balance at June 30, 2025 includes accrued interest of \$73,854.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

The notes which carry an interest rate of 3.33%, are repaid annually as a reduction of state aid with the remaining outstanding balance repaid in July and August.

10. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bond, notes and other long-term liabilities activity of the District consists of the following at June 30, 2025:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Governmental activities					
General obligation bonds	\$ 12,085,000	\$ -	\$ (1,950,000)	\$ 10,135,000	\$ 1,955,000
Notes from direct borrowings and direct placements	37,467	-	(37,467)	-	-
	<u>12,122,467</u>	<u>-</u>	<u>(1,987,467)</u>	<u>10,135,000</u>	<u>1,955,000</u>
Bond premium	598,141	-	(94,858)	503,283	94,858
Early retirement incentives	140,100	20,900	-	161,000	58,500
Compensated absences	2,995,117	359,452	-	3,354,569	1,617,037
Total	<u>\$ 15,855,825</u>	<u>\$ 380,352</u>	<u>\$ (2,082,325)</u>	<u>\$ 14,153,852</u>	<u>\$ 3,725,395</u>

The change in compensated absences and early retirement incentives are presented net.

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%.

\$ 9,170,000

\$1,150,000, 2022 energy conservation improvement limited tax bonds, due in annual installments ranging from \$90,000 to \$145,000 with final payment due May 1, 2033. Interest is paid semi-annually at 5.00%.

965,000

Total general obligation bonds

\$ 10,135,000

Early retirement incentives

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, 2025, 36 retirees were receiving or eligible to begin receiving the early retirement incentive, with \$65,400 being paid to these individuals during 2024-2025. The total early retirement incentive liability at June 30, 2025 was \$161,000.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

The estimated debt service requirements on bonded debt for principal and interest to maturity as of June 30, 2025 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2026	\$ 1,955,000	\$ 373,850	\$ 2,328,850
2027	1,960,000	294,525	2,254,525
2028	1,950,000	214,950	2,164,950
2029	1,935,000	149,525	2,084,525
2030	1,925,000	84,375	2,009,375
2031-2033	410,000	31,500	441,500
Total	\$ 10,135,000	\$ 1,148,725	\$ 11,283,725

11. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District is involved in one arrangement that qualifies as a long-term subscription-based information technology ("SBITA") arrangement. Below is a summary of the nature of this arrangement. This arrangement qualifies as an intangible, right-to-use subscription assets as the District has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The District has fully prepaid for the right to use these assets.

Asset Type	Remaining Term of Arrangement
Subscription asset	4 years

The right-to-use asset and the related activity are included in Note 8, Capital Assets.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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.

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 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.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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.

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.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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, 2023 valuation will be amortized over an 15-year period beginning October 1, 2023 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	23.03% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	23.03% - 30.11%
Pension Plus	3.00% - 6.40%	19.17% - 26.27%
Pension Plus 2	6.20%	20.10% - 27.16%
Defined Contribution	0.00%	13.90% - 20.96%

For the year ended June 30, 2025, required and actual contributions from the District to the pension plan were \$4,745,122, which included \$1,323,526, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate. In addition, the District had additional contributions of \$300,843, which was a one-time, state payment toward the MPSERS unfunded liability.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	1.25% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	0.00% - 7.06%

For the year ended June 30, 2025, required and actual contributions from the District to the OPEB plan were \$137,145.

The table below summarizes defined contribution rates in effect for fiscal year 2025:

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, 2025, required and actual contributions from the District for those members with a defined contribution benefit were \$531,770.

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

At June 30, 2025, the District reported a liability of \$29,453,328 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. 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, 2024, the District's proportion was 0.12031%, which was a decrease of 0.00111% from its proportion measured as of September 30, 2023.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2025, the District recognized pension expense of \$1,642,616. At June 30, 2025, 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	\$ 799,090	\$ 320,014	\$ 479,076
Changes in assumptions	3,070,684	2,157,997	912,687
Net difference between projected and actual earnings on pension plan investments	-	5,620,943	(5,620,943)
Changes in proportion and differences between employer contributions and proportionate share of contributions	483	1,084,329	(1,083,846)
	<u>3,870,257</u>	<u>9,183,283</u>	<u>(5,313,026)</u>
District contributions subsequent to the measurement date	4,907,319	-	4,907,319
	<u>4,907,319</u>	<u>-</u>	<u>4,907,319</u>
Total	<u>\$ 8,777,576</u>	<u>\$ 9,183,283</u>	<u>\$ (405,707)</u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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
2026	\$ (1,405,397)
2027	(151,046)
2028	(2,257,843)
2029	<u>(1,498,740)</u>
Total	<u>\$ (5,313,026)</u>

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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

At June 30, 2025, the District reported an asset of \$5,168,114 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net OPEB asset 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, 2024, the District's proportion was 0.12007% which was an increase of 0.00101% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB benefit of \$2,060,154. At June 30, 2025, 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	\$ -	\$ 5,476,623	\$ (5,476,623)
Changes in assumptions	1,128,791	129,745	999,046
Net difference between projected and actual earnings on OPEB plan investments	-	978,383	(978,383)
Changes in proportion and differences between employer contributions and proportionate share of contributions	52,889	322,292	(269,403)
	<u>1,181,680</u>	<u>6,907,043</u>	<u>(5,725,363)</u>
District contributions subsequent to the measurement date	67,618	-	67,618
Total	<u>\$ 1,249,298</u>	<u>\$ 6,907,043</u>	<u>\$ (5,657,745)</u>

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset/liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	\$ (1,907,937)
2027	(1,139,457)
2028	(1,088,274)
2029	(971,307)
2030	(522,839)
Thereafter	<u>(95,549)</u>
Total	<u>\$ (5,725,363)</u>

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, 2023 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)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
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	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

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 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2024, are based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4612 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2834 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and 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 pension/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 pension and OPEB plans' target asset allocation as of September 30, 2024, are summarized in the following table:

Pension

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	2.08%	0.27%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	100.00%		5.60%
Inflation			2.30%
Risk adjustment			-1.90%
Investment rate of return			6.00%

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

OPEB

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	1.88%	0.24%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.57%
Inflation			2.30%
Risk adjustment			<u>-1.87%</u>
Investment rate of return			<u><u>6.00%</u></u>

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. 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 6.00%, 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 point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 43,178,895	\$ 29,453,328	\$ 18,024,152

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

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	\$ (3,993,961)	\$ (5,168,114)	\$ (6,183,294)

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ (6,183,305)	\$ (5,168,114)	\$ (4,079,328)

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, 2025, the District reported a payable of \$769,187 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

Payable to the OPEB Plan

At June 30, 2025, the District reported a payable of \$19,666 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

13. SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS 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, 2025, the District contributed \$19,809 to the Plan.

Membership of the Plan consisted of the following at June 30, 2025, the date of the most recent actuarial valuation:

Retirees and beneficiaries receiving benefits	74
Active plan members	<u>82</u>
Total	<u><u>156</u></u>

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

Actuarial Assumptions

The total OPEB liability was measured as of June 30, 2025. The following actuarial assumptions were used in the measurement:

Actuarial cost method	Entry age (level percentage of compensation)
Amortization method	7-year, level percent of pay
Inflation	N/A - plan is not pre-funded
Salary increases	3.00% (for purposes of allocating liability)
Investment rate of return	N/A - plan is not pre-funded
20-year Aa Municipal bond rate	4.81% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	Public Teacher and General 2016 Employee and Healthy Retiree, Headcount weighted
Premiums	Monthly premiums based on the following: \$42 administrators and supervisors; \$15.75 EEA; and \$27.3 teamsters and non-union

Discount Rate - The discount rate used to measure the total OPEB liability was 4.81%. The Plan is funded on a pay-as-you-go basis, therefore, the AA municipal bond index of 4.81% was applied to all future periods.

Assumption changes since prior valuation - The discount rate was raised from 4.21% to 4.81%. Mortality table updates. The salary scale changed from 3.35% to 3.0%.

Changes in Total OPEB liability

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

	Fiscal Year Ending June 30, 2025
Total OPEB Liability	
Service cost	\$ 3,804
Interest	8,652
Difference between expected and actual experience	(3,893)
Change in assumptions	(7,054)
Benefit payments (including refunds of employee contributions)	<u>(19,809)</u>
Net change in total OPEB liability	(18,300)
Total OPEB liability - beginning of year	<u>211,609</u>
Total OPEB Liability - end of year	<u><u>\$ 193,309</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, 2025, the District recognized OPEB expense of \$12,708. At June 30, 2025, 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	\$ 5,978	\$ 2,880	\$ 3,098
Changes in assumptions	-	5,238	(5,238)
	<u>\$ 5,978</u>	<u>\$ 8,118</u>	<u>\$ (2,140)</u>

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

Year Ended June 30,	Amount Recognized
2026	\$ 2,291
2027	(3,258)
2028	<u>(1,173)</u>
Total	<u><u>\$ (2,140)</u></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 4.81%, 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 (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
District's total OPEB liability	\$ 203,646	\$ 193,309	\$ 183,691

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

Trend increase are not applied to life insurance premiums.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

14. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated/amortized	\$ 720,597
Capital assets being depreciated/amortized, net	<u>33,437,087</u>
	<u>34,157,684</u>
Related debt:	
Bonds, notes and other long-term liabilities	(10,135,000)
Premiums on bonds payable	(503,283)
Deferred charge on bond refunding	<u>301,442</u>
	<u>(10,336,841)</u>
Net investment in capital assets	<u><u>\$ 23,820,843</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.

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, 2025.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Financial Statements

16. ADJUSTMENTS/RESTATEMENTS TO BEGINNING FUND BALANCE/NET POSITION

For the year ended June 30, 2025, the District had the following adjustments/restatements to beginning fund balance/net position:

	Public Improvement Capital Projects Fund	Nonmajor Governmental Funds	Governmental Activities
Fund balances/net position, beginning of year, as as previously reported	\$ 1,601,368	\$ 1,623,104	\$ (8,280,189)
Change within financial reporting entity:			
Change from major to nonmajor fund	(1,601,368)	1,601,368	-
Restatement - GASB 101 implementation	-	-	(1,825,294)
Fund balances/net position, beginning of year, as as adjusted/restated	<u>\$ -</u>	<u>\$ 3,224,472</u>	<u>\$ (10,105,483)</u>

The District previously reported the public improvement capital projects fund as major. The public improvement capital projects fund did not meet the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2025.

17. SUBSEQUENT EVENTS

In August 2025, the District borrowed \$1,250,000 and \$2,000,000 on state aid anticipation notes with effective interest charged at 2.77% and 2.79% maturing in July and August 2026, respectively.



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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,			
	2025	2024	2023	2022
District's proportionate share of the net pension liability	\$ 29,453,328	\$ 39,299,078	\$ 46,896,595	\$ 29,827,726
District's proportion of the net pension liability	0.12031%	0.12142%	0.12470%	0.12599%
District's covered payroll	\$ 12,710,896	\$ 11,935,118	\$ 11,982,422	\$ 11,309,937
District's proportionate share of the net pension liability as a percentage of its covered payroll	231.72%	329.27%	391.38%	263.73%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%

See notes to required supplementary information.



Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 44,469,541	\$ 44,391,340	\$ 41,471,358	\$ 36,293,818	\$ 29,453,328	\$ 34,115,831
0.12946%	0.13405%	0.13795%	0.14005%	0.14288%	0.13968%
\$ 11,341,983	\$ 11,545,499	\$ 11,671,363	\$ 11,550,184	\$ 12,196,742	\$ 12,316,387
392.08%	384.49%	355.33%	314.23%	241.49%	277.00%
59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

ESCANABA AREA PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Pension Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 4,745,122	\$ 4,801,565	\$ 4,251,661	\$ 4,020,761
Contributions in relation to the statutorily required contribution	<u>(4,745,122)</u>	<u>(4,801,565)</u>	<u>(4,251,661)</u>	<u>(4,020,761)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,274,793	\$ 12,677,879	\$ 12,300,389	\$ 11,972,146
Contributions as a percentage of covered payroll	35.75%	37.87%	34.57%	33.58%

See notes to required supplementary information.



Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 3,633,919	\$ 3,518,789	\$ 3,441,147	\$ 3,727,557	\$ 3,244,186	\$ 3,271,804
<u>(3,633,919)</u>	<u>(3,518,789)</u>	<u>(3,441,147)</u>	<u>(3,727,557)</u>	<u>(3,244,186)</u>	<u>(3,271,804)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,166,226	\$ 11,855,233	\$ 11,496,598	\$ 11,697,921	\$ 12,002,957	\$ 12,667,478
32.54%	29.68%	29.93%	31.87%	27.03%	25.83%

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 (Asset) Liability

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net OPEB (asset) liability	\$ (5,168,114)	\$ (673,496)	\$ 2,605,815	\$ 1,905,688
District's proportion of the net OPEB (asset) liability	0.12007%	0.11906%	0.12303%	0.12485%
District's covered payroll	\$ 12,710,896	\$ 11,935,118	\$ 11,982,422	\$ 11,309,937
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-40.66%	-5.64%	21.75%	16.85%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 6,852,885	\$ 9,483,253	\$ 10,900,558	\$ 12,425,644
0.12792%	0.13212%	0.13713%	0.14032%
\$ 11,341,983	\$ 11,545,499	\$ 11,671,363	\$ 11,550,184
60.42%	82.14%	93.40%	107.58%
59.44%	48.46%	42.95%	36.39%

ESCANABA AREA PUBLIC SCHOOLS

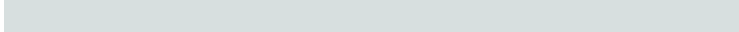
Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contributions	\$ 137,145	\$ 1,074,267	\$ 1,039,406	\$ 1,000,690
Contributions in relation to the statutorily required contributions	<u>(137,145)</u>	<u>(1,074,267)</u>	<u>(1,039,406)</u>	<u>(1,000,690)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,274,793	\$ 12,677,879	\$ 12,300,389	\$ 11,972,146
Contributions as a percentage of covered payroll	1.03%	8.47%	8.45%	8.36%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 973,547	\$ 989,956	\$ 942,954	\$ 900,666
<u>(973,547)</u>	<u>(989,956)</u>	<u>(942,954)</u>	<u>(900,666)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,166,226	\$ 11,855,233	\$ 11,496,598	\$ 11,697,921
8.72%	8.35%	8.20%	7.70%

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,			
	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 3,804	\$ 4,136	\$ 3,970	\$ 5,808
Interest	8,652	8,912	8,003	5,062
Difference between expected and actual experience	(3,893)	(566)	31,970	1,715
Change in assumptions	(7,054)	(1,089)	(22)	(21,830)
Benefit payments (including refunds of employee contributions)	(19,809)	(22,826)	(25,212)	(25,617)
Other changes	-	-	-	-
Net change in total OPEB liability	(18,300)	(11,433)	18,709	(34,862)
Total OPEB liability, beginning of year	211,609	223,042	204,333	239,195
Total OPEB liability, end of year	<u>\$ 193,309</u>	<u>\$ 211,609</u>	<u>\$ 223,042</u>	<u>\$ 204,333</u>
District's covered payroll	\$ 6,820,732	\$ 7,190,856	\$ 6,791,446	\$ 7,774,311
Total OPEB liability as percentage of covered payroll	2.8%	2.9%	3.3%	2.6%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 9,095	\$ 8,856	\$ 7,840	\$ 8,043
7,074	8,093	8,035	8,747
(30,181)	6,893	31,796	2,154
9,698	4,664	(9,905)	3,258
(26,636)	(38,542)	(34,625)	(37,994)
-	-	(302)	-
(30,950)	(10,036)	2,839	(15,792)
270,145	280,181	277,342	293,134
<u>\$ 239,195</u>	<u>\$ 270,145</u>	<u>\$ 280,181</u>	<u>\$ 277,342</u>
\$ 7,339,944	\$ 11,728,625	\$ 11,628,280	Not Available
3.3%	2.3%	2.4%	Not Available

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,			
	2025	2024	2023	2022
Actuarially determined contribution	\$ 39,494	\$ 37,613	\$ 34,594	\$ 35,492
Contributions in relation to the Actuarially determined contribution	<u>(19,809)</u>	<u>(22,826)</u>	<u>(25,212)</u>	<u>(25,617)</u>
Contribution deficiency	<u>\$ 19,685</u>	<u>\$ 14,787</u>	<u>\$ 9,382</u>	<u>\$ 9,875</u>
District's covered payroll	\$ 6,820,732	\$ 7,190,856	\$ 6,791,446	\$ 7,774,311
Contributions as a percentage of covered payroll	0.3%	0.3%	0.4%	0.3%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 47,994	\$ 40,569	\$ 36,023	\$ 38,627
<u>(26,636)</u>	<u>(38,542)</u>	<u>(34,923)</u>	<u>(37,994)</u>
<u>\$ 21,358</u>	<u>\$ 2,027</u>	<u>\$ 1,100</u>	<u>\$ 633</u>
\$ 7,339,944	\$ 11,728,625	\$ 11,628,280	Not Available
0.4%	0.3%	0.3%	Not Available

ESCANABA AREA PUBLIC SCHOOLS

Notes to Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Required Supplementary Information

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

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

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

Notes to the Schedule of Employer Contributions

Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Actuarial Methods:	
Cost method	Entry Age Normal (level percentage of compensation)
Asset valuation method	N/A, plan is not pre-funded
Amortization method	7-year, level percent of pay
Actuarial Assumptions:	
Discount rate	4.21% for 2025 contribution; 4.81% for June 30, 2025 liability and 2026 contribution
Salary scale	3.00%
Mortality rates	Teachers – Public Teacher 2016 Employee and Healthy Retiree, headcount weighted, IRS 2024 adjusted scale MP-2021 Administrators and Teamsters – Public General 2016 Employee and Healthy Retiree, headcount weighted, IRS 2024 adjusted scale MP-2021
Utilization	100% of eligible employees will elect coverage at retirement; actual coverage used for non-active.
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.

ESCANABA AREA PUBLIC SCHOOLS

Notes to Required Supplementary Information

Termination Rates	Sample Ages	Years of Service	Teachers	Non-Teachers
	All	0	21.00%	35.00%
	All	1	11.00%	14.00%
	All	2	7.00%	8.20%
	All	3	6.00%	6.80%
	All	4	5.00%	5.70%
	25	5 & Over	3.00%	4.76%
	35	5 & Over	2.22%	3.40%
	45	5 & Over	1.32%	2.20%
	50	5 & Over	1.32%	2.20%

Notes to the Schedule of Changes in the Total OPEB Liability and Related Ratios

2025 Assumption changes

- Discount rate raised from 4.21% to 4.81%
- Mortality table update from 2010 mortality to 2016 mortality
- Salary scale updated from 3.35% to 3.00%

2024 Assumption changes

- Discount rate raised from 4.13% to 4.21%
- Mortality improvement scale updated

2023 Assumption changes

- Salary scale updated from 3.50% to 3.35%
- Discount rate raised from 4.09% to 4.13%

2022 Assumption changes

- Mortality improvement scale updated from MP-2020
- Discount rate raised from 2.18% to 4.09%

2021 Assumption changes

- Mortality improvement scale updated from MP-2019
- Discount rate lowered from 2.66% to 2.18%
- Termination rates added

2020 Assumption changes

- Mortality improvement table updated from MP-2018 to MP-2019
- Discount rate lowered from 3.0% to 2.66%

2019 Assumption changes

- Mortality tables updated
- Salary scale updated

2018 Assumption changes

- Actuarial valuation method changed from projected unit credit to entry age normal, level percent of pay, with a salary increase assumption of 1.48%



**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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources:				
Property taxes	\$ 4,236,138	\$ 4,499,184	\$ 4,482,350	\$ (16,834)
Other local revenue	679,030	865,288	800,166	(65,122)
Total local sources	4,915,168	5,364,472	5,282,516	(81,956)
State sources:				
State aid unrestricted	16,283,590	15,928,749	15,937,985	9,236
State aid restricted	6,995,761	7,331,064	6,931,604	(399,460)
Total state sources	23,279,351	23,259,813	22,869,589	(390,224)
Federal sources	952,736	994,705	841,360	(153,345)
Other sources:				
Other restricted	425,359	462,016	463,420	1,404
Total revenues	29,572,614	30,081,006	29,456,885	(624,121)
Expenditures				
Current:				
Basic instruction:				
Salaries	5,092,668	5,309,613	5,202,610	(107,003)
Fringe benefits	5,767,728	5,497,327	5,271,831	(225,496)
Purchased services	873,223	888,926	840,832	(48,094)
Supplies	2,114,913	2,221,766	2,179,946	(41,820)
	13,848,532	13,917,632	13,495,219	(422,413)
Added needs:				
Salaries	2,319,285	2,259,018	2,228,123	(30,895)
Fringe benefits	1,760,064	1,642,704	1,580,998	(61,706)
Purchased services	189,743	216,014	169,251	(46,763)
Supplies	114,919	95,423	84,175	(11,248)
	4,384,011	4,213,159	4,062,547	(150,612)
Total instruction	18,232,543	18,130,791	17,557,766	(573,025)
Support services:				
Pupil services:				
Salaries	1,232,024	1,223,813	1,211,609	(12,204)
Fringe benefits	954,045	949,649	935,671	(13,978)
Purchased services	146,410	134,653	118,535	(16,118)
Supplies	36,400	41,400	46,320	4,920
	2,368,879	2,349,515	2,312,135	(37,380)

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
Support services (continued):				
Instructional staff:				
Salaries	\$ 396,403	\$ 388,714	\$ 378,350	\$ (10,364)
Fringe benefits	292,412	260,489	251,185	(9,304)
Purchased services	180,535	230,965	214,458	(16,507)
Supplies	209,843	255,204	244,211	(10,993)
	<u>1,079,193</u>	<u>1,135,372</u>	<u>1,088,204</u>	<u>(47,168)</u>
General administration:				
Salaries	193,879	192,684	191,783	(901)
Fringe benefits	165,798	155,569	143,127	(12,442)
Purchased services	144,290	167,423	133,559	(33,864)
Supplies	26,183	27,083	20,895	(6,188)
	<u>530,150</u>	<u>542,759</u>	<u>489,364</u>	<u>(53,395)</u>
School administration:				
Salaries	787,382	799,005	788,926	(10,079)
Fringe benefits	675,809	604,283	589,687	(14,596)
Purchased services	8,701	13,076	7,731	(5,345)
Supplies	50,676	59,540	54,345	(5,195)
	<u>1,522,568</u>	<u>1,475,904</u>	<u>1,440,689</u>	<u>(35,215)</u>
Business services:				
Salaries	215,292	212,386	210,446	(1,940)
Fringe benefits	181,428	400,683	386,139	(14,544)
Purchased services	55,080	53,830	37,240	(16,590)
Interest on state aid note payable	166,712	124,007	124,007	-
	<u>618,512</u>	<u>790,906</u>	<u>757,832</u>	<u>(33,074)</u>
Operations and maintenance:				
Salaries	242,955	230,121	221,745	(8,376)
Fringe benefits	210,292	195,722	191,578	(4,144)
Purchased services	1,235,276	1,285,723	1,216,855	(68,868)
Supplies	463,315	506,702	474,285	(32,417)
	<u>2,151,838</u>	<u>2,218,268</u>	<u>2,104,463</u>	<u>(113,805)</u>
Transportation:				
Salaries	643,696	646,351	633,259	(13,092)
Fringe benefits	575,715	553,459	535,738	(17,721)
Purchased services	167,866	146,214	109,892	(36,322)
Supplies	200,589	183,457	158,367	(25,090)
	<u>1,587,866</u>	<u>1,529,481</u>	<u>1,437,256</u>	<u>(92,225)</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Supporting services (concluded):				
Central services:				
Purchased services	\$ 106,084	\$ 81,963	\$ 73,580	\$ (8,383)
Athletics:				
Salaries	188,427	202,718	205,543	2,825
Fringe benefits	118,605	114,550	106,052	(8,498)
Purchased services	211,353	242,731	208,221	(34,510)
Supplies	100,650	110,967	77,428	(33,539)
	<u>619,035</u>	<u>670,966</u>	<u>597,244</u>	<u>(73,722)</u>
Total support services	<u>10,584,125</u>	<u>10,795,134</u>	<u>10,300,767</u>	<u>(494,367)</u>
Community services:				
Salaries	37,822	38,399	34,819	(3,580)
Fringe benefits	27,280	16,767	12,131	(4,636)
Purchased services	18,326	14,288	14,291	3
Supplies	41,592	36,012	17,777	(18,235)
	<u>125,020</u>	<u>105,466</u>	<u>79,018</u>	<u>(26,448)</u>
Total community services	<u>125,020</u>	<u>105,466</u>	<u>79,018</u>	<u>(26,448)</u>
Debt service:				
Principal	37,468	37,468	37,467	(1)
Interest and fiscal charges	959	914	914	-
	<u>38,427</u>	<u>38,382</u>	<u>38,381</u>	<u>(1)</u>
Total debt service	<u>38,427</u>	<u>38,382</u>	<u>38,381</u>	<u>(1)</u>
Capital outlay	<u>385,187</u>	<u>196,733</u>	<u>192,017</u>	<u>(4,716)</u>
Total expenditures	<u>29,365,302</u>	<u>29,266,506</u>	<u>28,167,949</u>	<u>(1,098,557)</u>
Revenues over expenditures	<u>207,312</u>	<u>814,500</u>	<u>1,288,936</u>	<u>474,436</u>
Other financing sources (uses)				
Transfers in	46,000	35,000	25,000	10,000
Transfers out	(148,500)	(980,065)	(999,762)	19,697
	<u>(102,500)</u>	<u>(945,065)</u>	<u>(974,762)</u>	<u>29,697</u>
Total other financing sources (uses)	<u>(102,500)</u>	<u>(945,065)</u>	<u>(974,762)</u>	<u>29,697</u>
Net change in fund balance	<u>104,812</u>	<u>(130,565)</u>	<u>314,174</u>	<u>444,739</u>
Fund balance, beginning of year	<u>4,831,445</u>	<u>4,831,445</u>	<u>4,831,445</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,936,257</u>	<u>\$ 4,700,880</u>	<u>\$ 5,145,619</u>	<u>\$ 444,739</u>

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ESCANABA AREA PUBLIC SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Fund		Debt Service Funds	
	Food Service	Student/School Activities	2010 Debt Retirement	2022 Energy Bonds
Assets				
Cash and investments	\$ 857,241	\$ 325,485	\$ 573,143	\$ 2,597
Accounts receivable	5,040	-	-	-
Due from other governments	104,476	-	-	-
Inventory	35,071	-	-	-
Total assets	<u>\$ 1,001,828</u>	<u>\$ 325,485</u>	<u>\$ 573,143</u>	<u>\$ 2,597</u>
Liabilities				
Accounts payable	\$ 7,886	\$ -	\$ -	\$ -
Accrued liabilities	25,672	-	-	-
Unearned revenue	3,056	-	-	-
Total liabilities	<u>36,614</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable for inventories	35,071	-	-	-
Restricted:				
Debt service	-	-	573,143	-
Food service	930,143	-	-	-
Committed:				
Student groups	-	325,485	-	-
Assigned:				
Capital projects	-	-	-	-
Debt service	-	-	-	2,597
Total fund balances	<u>965,214</u>	<u>325,485</u>	<u>573,143</u>	<u>2,597</u>
Total liabilities and fund balances	<u>\$ 1,001,828</u>	<u>\$ 325,485</u>	<u>\$ 573,143</u>	<u>\$ 2,597</u>



Capital Projects Fund	
Public Improvement	Total
\$ 828,428	\$ 2,586,894
-	5,040
-	104,476
-	35,071
<u>\$ 828,428</u>	<u>\$ 2,731,481</u>
\$ 44,143	\$ 52,029
-	25,672
-	3,056
<u>44,143</u>	<u>80,757</u>
-	35,071
-	573,143
-	930,143
-	325,485
784,285	784,285
-	2,597
<u>784,285</u>	<u>2,650,724</u>
<u>\$ 828,428</u>	<u>\$ 2,731,481</u>

ESCANABA AREA PUBLIC SCHOOLS

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

Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Fund		Debt Service Funds	
	Food Service	Student/School Activities	2010 Debt Retirement	2022 Energy Bonds
Revenues				
Local sources	\$ 128,246	\$ 311,157	\$ 2,036,110	\$ 2,457
State sources	446,465	-	349,444	-
Federal sources	1,290,285	-	-	-
Total revenues	<u>1,864,996</u>	<u>311,157</u>	<u>2,385,554</u>	<u>2,457</u>
Expenditures				
Current:				
Salaries	372,888	-	-	-
Fringe benefits	282,353	-	-	-
Supplies	1,096,151	-	-	-
Student activities	-	306,278	-	-
Debt service:				
Principal	-	-	1,855,000	95,000
Interest and fiscal charges	-	-	402,857	53,499
Capital outlay	-	-	-	-
Total expenditures	<u>1,751,392</u>	<u>306,278</u>	<u>2,257,857</u>	<u>148,499</u>
Revenues over (under) expenditures	<u>113,604</u>	<u>4,879</u>	<u>127,697</u>	<u>(146,042)</u>
Other financing sources (uses)				
Transfers in	19,697	-	-	148,500
Transfers out	(25,000)	-	-	-
Total other financing sources (uses)	<u>(5,303)</u>	<u>-</u>	<u>-</u>	<u>148,500</u>
Net changes in fund balances	<u>108,301</u>	<u>4,879</u>	<u>127,697</u>	<u>2,458</u>
Fund balances, beginning of year as previously reported	856,913	320,606	445,446	139
Change within financial reporting entity	-	-	-	-
Fund balances, beginning of year as adjusted	<u>856,913</u>	<u>320,606</u>	<u>445,446</u>	<u>139</u>
Fund balances, end of year	<u>\$ 965,214</u>	<u>\$ 325,485</u>	<u>\$ 573,143</u>	<u>\$ 2,597</u>



Capital Projects Fund	
Public Improvement	Total
\$ 10,825	\$ 2,488,795
-	795,909
-	1,290,285
<u>10,825</u>	<u>4,574,989</u>
-	372,888
-	282,353
-	1,096,151
-	306,278
-	1,950,000
-	456,356
<u>1,659,473</u>	<u>1,659,473</u>
<u>1,659,473</u>	<u>6,123,499</u>
<u>(1,648,648)</u>	<u>(1,548,510)</u>
831,565	999,762
-	(25,000)
<u>831,565</u>	<u>974,762</u>
<u>(817,083)</u>	<u>(573,748)</u>
-	1,623,104
<u>1,601,368</u>	<u>1,601,368</u>
<u>1,601,368</u>	<u>3,224,472</u>
<u>\$ 784,285</u>	<u>\$ 2,650,724</u>

ESCANABA AREA PUBLIC SCHOOLS

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

Food Service Special Revenue Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 139,135	\$ 130,528	\$ 128,246	\$ (2,282)
State sources	379,762	444,846	446,465	1,619
Federal sources	1,208,861	1,315,030	1,290,285	(24,745)
Total revenues	<u>1,727,758</u>	<u>1,890,404</u>	<u>1,864,996</u>	<u>(25,408)</u>
Expenditures				
Salaries	397,945	387,208	372,888	(14,320)
Fringe benefits	323,744	293,553	282,353	(11,200)
Supplies	1,178,261	1,220,217	1,096,151	(124,066)
Total expenditures	<u>1,899,950</u>	<u>1,900,978</u>	<u>1,751,392</u>	<u>(149,586)</u>
Revenues over (under) expenditures	<u>(172,192)</u>	<u>(10,574)</u>	<u>113,604</u>	<u>124,178</u>
Other financing sources (uses)				
Transfers in	-	-	19,697	19,697
Transfers out	(46,000)	(35,000)	(25,000)	(10,000)
Total other financing sources (uses)	<u>(46,000)</u>	<u>(35,000)</u>	<u>(5,303)</u>	<u>29,697</u>
Net change in fund balance	<u>(218,192)</u>	<u>(45,574)</u>	<u>108,301</u>	<u>153,875</u>
Fund balance, beginning of year	<u>856,913</u>	<u>856,913</u>	<u>856,913</u>	<u>-</u>
Fund balance, end of year	<u>\$ 638,721</u>	<u>\$ 811,339</u>	<u>\$ 965,214</u>	<u>\$ 153,875</u>

ESCANABA AREA PUBLIC SCHOOLS

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

Student/School Activity Special Revenue Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 375,000	\$ 350,000	\$ 311,157	\$ (38,843)
Expenditures				
Student activities	<u>375,000</u>	<u>350,000</u>	<u>306,278</u>	<u>(43,722)</u>
Net change in fund balance	-	-	4,879	4,879
Fund balance, beginning of year	<u>320,606</u>	<u>320,606</u>	<u>320,606</u>	-
Fund balance, end of year	<u><u>\$ 320,606</u></u>	<u><u>\$ 320,606</u></u>	<u><u>\$ 325,485</u></u>	<u><u>\$ 4,879</u></u>

ESCANABA AREA PUBLIC SCHOOLS

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds - Scholarships

June 30, 2025

	Scholarship Funds		
	Anna C. Norton	Co-mingled	Total
Assets			
Cash and cash equivalents	\$ 38,922	\$ 767,593	\$ 806,515
Interest receivable	-	7,323	7,323
Investments:			
Common stocks	554,697	4,463,101	5,017,798
Mutual funds	1,200,940	-	1,200,940
Bonds	452,156	1,098,878	1,551,034
Total assets	<u>2,246,715</u>	<u>6,336,895</u>	<u>8,583,610</u>
Net position restricted for scholarships	<u>\$ 2,246,715</u>	<u>\$ 6,336,895</u>	<u>\$ 8,583,610</u>

ESCANABA AREA PUBLIC SCHOOLS

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds - Scholarships

For the Year Ended June 30, 2025

	Scholarship Funds		
	Anna C. Norton	Co-mingled	Total
Additions			
Contributions	\$ -	\$ 248,945	\$ 248,945
Investment income:			
Interest and dividends	99,073	163,299	262,372
Net increase in fair value of investments	104,910	456,315	561,225
Total investment income	203,983	619,614	823,597
Total additions	203,983	868,559	1,072,542
Deductions			
Scholarships and trophies	95,148	387,316	482,464
Trustee fees	13,886	34,089	47,975
Total deductions	109,034	421,405	530,439
Change in net position	94,949	447,154	542,103
Net position, beginning of year	2,151,766	5,889,741	8,041,507
Net position, end of year	\$ 2,246,715	\$ 6,336,895	\$ 8,583,610

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OTHER INFORMATION (UNAUDITED)

ESCANABA AREA PUBLIC SCHOOLS

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

For the Year Ended June 30, 2025

	Taxable Valuation	Per \$1,000 Valuation	Tax Levy
General Fund (on homestead taxable valuation only)			
City of Escanaba	\$ 174,121,093	6-17.91 mills	\$ 2,953,572
Wells Township (Delta County)	45,100,619	6-17.91 mills	781,336
Ford River Township	27,971,598	6-17.91 mills	500,589
Cornell Township	10,504,227	6-17.91 mills	188,131
Wells Township (Marquette County)	<u>2,533,965</u>	6-17.91 mills	<u>45,383</u>
Total General Fund	<u>\$ 260,231,502</u>	6-17.91 mills	<u>\$ 4,469,011</u>
2010 Debt Retirement Fund (on total taxable valuation)			
City of Escanaba	\$ 351,338,877	3.00 mills	\$ 1,054,017
Wells Township (Delta County)	184,943,995	3.00 mills	554,832
Ford River Township	92,143,859	3.00 mills	276,432
Cornell Township	29,771,221	3.00 mills	89,313
Wells Township (Marquette County)	<u>3,261,095</u>	3.00 mills	<u>9,783</u>
Total 2010 Debt Retirement Fund	<u>\$ 661,459,047</u>	3.00 mills	<u>\$ 1,984,377</u>

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ESCANABA AREA PUBLIC SCHOOLS

Schedule of Changes in Fiduciary Net Position (Unaudited)

Co-mingled Scholarships Fund
For the Year Ended June 30, 2025

	Net Position July 1, 2024	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	\$ 135,932	\$ -	\$ 4,066	\$ 5,245	\$ 6,117	\$ 15,428
Abrahamson Family	121,500	-	3,635	4,689	5,469	13,793
Adamini, Peter Memorial	14,584	-	436	563	656	1,655
Aronson, Arthur V. & Elin C.	156,785	5,000	4,691	6,051	7,057	22,799
Beauchamp, Grace Huston	20,568	-	615	794	926	2,335
Beck, Conrad D.	18,317	-	548	707	825	2,080
Bennets, Jeanee	16,642	-	498	642	749	1,889
Berres, Frank Memorial	13,067	-	391	504	588	1,483
Berndt, Sherry	60,104	-	1,798	2,320	2,705	6,823
Bero, Willard & Joyce	71,375	-	2,136	2,755	3,213	8,104
Bonifas, Catherine	148,981	-	4,458	5,750	6,706	16,914
Bosk, Robert & Olga	94,595	-	2,830	3,651	4,258	10,739
Brown, Ian & Laura Family	3,342	500	115	148	173	936
Calouette, John A. Memorial	14,740	-	441	569	663	1,673
Chernick, John Memorial	3,107	-	93	120	140	353
Class of 1959	56,588	450	1,693	2,184	2,547	6,874
Cohodas, Sam M.	12,501	-	374	482	563	1,419
Coplan Family Music	49,729	-	1,488	1,919	2,238	5,645
Coplan, BA Memorial	83,189	-	2,489	3,211	3,745	9,445
Cvengros, Jerry Memorial	9,081	-	272	350	409	1,031
Cunningham Family	12,394	-	371	478	558	1,407
Dagenais, Elmer & Phoebe	20,176	-	604	779	908	2,291
Diedrich, Louis	29,318	1,773	877	1,132	1,320	5,102
Derkos, Danny Memorial	21,540	-	644	831	970	2,445
Derouin, Cook/Derouin's Collison	6,576	-	197	254	296	747
Derouin, Dean	7,145	-	214	276	322	812
Dufour, Susan C. & Thomas D	9,424	-	282	364	424	1,070
Dunstone, Robert Memorial	5,271	-	158	203	237	598
Edick, Edward E.	16,593	-	496	640	747	1,883
Erickson/Breitenbach Wildlife	1,851	-	55	71	83	209
Escanaba Educational Trust	15,618	-	467	603	703	1,773
Fernstrom, Esther	12,197	-	365	471	549	1,385
Ferrari, Joan Hesse	17,658	500	528	681	795	2,504
Fontaine, Sally Stack	13,853	-	414	535	624	1,573
Fleming, Lawrence and Nina	19,930	-	596	769	897	2,262
Freidhoff, Steve Memorial	4,974	-	149	192	224	565
Gasman, John T.	1,397	-	42	54	63	159
Gessner, Charles H. Family	107,048	-	3,203	4,131	4,819	12,153
Gordon, Dr. E. James	360,188	-	10,777	13,901	16,213	40,891
Grab, George	46,539	-	1,392	1,796	2,095	5,283
Green, Wendell & Mary Lorraine	33,621	-	1,006	1,298	1,513	3,817
Hansen, John Wesley Memorial	19,250	-	576	743	867	2,186
Haslow, Robert L. Memorial	9,200	-	275	355	414	1,044
Henslee, Forrest & Mary	43,679	-	1,307	1,686	1,966	4,959
Hermans, James L. Memorial	29,918	-	895	1,155	1,347	3,397
Johnson, Bradley D.	82,779	-	2,477	3,195	3,726	9,398
Karkkainen, Melvin	16,257	-	486	627	732	1,845
Kirstin, Herbert & Irene	21,708	-	650	838	977	2,465
Klemmetsen/Rose Memorial	402,818	-	12,052	15,546	18,132	45,730
Koontz, John & Barbara Memorial	5,168	-	155	199	233	587
LaFave, Olive C.	52,719	-	1,577	2,035	2,373	5,985
Lemerand, Clarence & Della	484,271	-	14,490	18,690	21,799	54,979
Lindstrom, James	6,188	-	185	239	279	703
Louis, Frank B. & Mamie A.	189,909	-	5,682	7,329	8,548	21,559

Deductions		Total Deductions	Adjustments	Change in Net Position	Net Position June 30, 2025	Accumulated Contributions to Fund	Remaining Balance
Scholarships and Trophies	Trustee Fees						
\$ 4,918	\$ 849	\$ 5,767	\$ -	\$ 9,661	\$ 145,593	\$ 104,000	\$ 41,593
3,938	759	4,697	-	9,096	130,596	120,000	10,596
650	91	741	-	914	15,498	8,510	6,988
3,300	979	4,279	-	18,520	175,305	102,525	72,780
-	128	128	-	2,207	22,775	10,000	12,775
1,625	114	1,739	-	341	18,658	9,570	9,088
800	104	904	-	985	17,627	11,898	5,729
1,750	82	1,832	-	(349)	12,718	14,081	(1,363)
-	375	375	-	6,448	66,552	32,376	34,176
6,125	446	6,571	-	1,533	72,908	40,000	32,908
3,550	931	4,481	-	12,433	161,414	50,000	111,414
7,925	591	8,516	-	2,223	96,818	54,500	42,318
-	24	24	-	912	4,254	3,500	754
650	92	742	-	931	15,671	10,000	5,671
-	19	19	-	334	3,441	2,200	1,241
2,100	354	2,454	-	4,420	61,008	42,189	18,819
500	78	578	-	841	13,342	5,186	8,156
2,450	311	2,761	-	2,884	52,613	25,000	27,613
6,900	520	7,420	-	2,025	85,214	56,856	28,358
450	57	507	-	524	9,605	5,665	3,940
1,100	77	1,177	-	230	12,624	6,100	6,524
800	126	926	-	1,365	21,541	13,369	8,172
-	183	183	-	4,919	34,237	22,548	11,689
-	135	135	-	2,310	23,850	14,815	9,035
250	41	291	-	456	7,032	5,000	2,032
-	45	45	-	767	7,912	3,744	4,168
475	59	534	-	536	9,960	5,170	4,790
-	33	33	-	565	5,836	5,010	826
700	104	804	-	1,079	17,672	5,507	12,165
-	12	12	-	197	2,048	1,000	1,048
725	98	823	-	950	16,568	11,603	4,965
575	76	651	-	734	12,931	4,226	8,705
-	110	110	-	2,394	20,052	11,195	8,857
-	87	87	-	1,486	15,339	10,300	5,039
950	124	1,074	-	1,188	21,118	10,000	11,118
-	31	31	-	534	5,508	2,941	2,567
-	9	9	-	150	1,547	1,115	432
5,175	669	5,844	-	6,309	113,357	64,963	48,394
10,562	2,250	12,812	-	28,079	388,267	218,131	170,136
1,000	291	1,291	-	3,992	50,531	20,000	30,531
-	210	210	-	3,607	37,228	24,102	13,126
900	120	1,020	-	1,166	20,416	11,250	9,166
-	57	57	-	987	10,187	5,250	4,937
-	273	273	-	4,686	48,365	34,896	13,469
-	187	187	-	3,210	33,128	25,000	8,128
1,890	517	2,407	-	6,991	89,770	49,607	40,163
1,000	102	1,102	-	743	17,000	24,200	(7,200)
1,000	136	1,136	-	1,329	23,037	10,000	13,037
16,049	2,516	18,565	-	27,165	429,983	232,350	197,633
250	32	282	-	305	5,473	1,455	4,018
-	329	329	-	5,656	58,375	20,000	38,375
24,925	3,025	27,950	-	27,029	511,300	300,741	210,559
500	38	538	-	165	6,353	4,100	2,253
4,997	1,186	6,183	-	15,376	205,285	89,945	115,340

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ESCANABA AREA PUBLIC SCHOOLS

Schedule of Changes in Fiduciary Net Position (Unaudited)

Co-mingled Scholarships Fund
For the Year Ended June 30, 2025

	Net Position July 1, 2024	Additions			Total Additions	
		Contributions	Interest and Dividends	Gain on Sale of Investments		Increase in Fair Value of Investments
Investment accounts						
McCotter, Delores	\$ 2,217	\$ -	\$ 66	\$ 86	\$ 100	\$ 252
McDermott, Thomas Memorial	78,213	-	2,340	3,019	3,521	8,880
McKie, Donald	39,007	-	1,167	1,505	1,756	4,428
McInerney, Dr. Thomas & Dr. Edna Memorial	88,933	-	2,661	3,432	4,003	10,096
Micensky, Robert	6,313	-	189	244	284	717
Milkiewicz, Stephen M.	7,818	-	234	302	352	888
Milkiewicz, Kim Ann	16,062	-	481	620	723	1,824
Molin, Jack and Class of 1944	53,227	-	1,593	2,054	2,396	6,043
Nordberg, Carl A.	20,932	-	626	808	942	2,376
O'Donnell, Anne C.	42,577	-	1,274	1,643	1,917	4,834
Olson, Joanne Taylor	17,479	-	523	675	787	1,985
Owen, Robert A. & Ruth	45,321	-	1,356	1,749	2,040	5,145
Owens, Georgia Gibbs/ Irwin & Marge Gibbs	319,003	-	9,545	12,312	14,359	36,216
Peterson, Ken	6,173	-	185	238	278	701
Pfotenhauer/Gessner	15,375	-	460	593	692	1,745
Puckelwartz, William H.	37,955	-	1,136	1,465	1,708	4,309
Reade, H.W.	33,319	-	997	1,286	1,500	3,783
Ruwitch, George	44,504	-	1,332	1,718	2,003	5,053
Sackerson, Helen A.	245,772	-	7,354	9,485	11,063	27,902
Salo, Christine	13,186	-	395	509	594	1,498
Saykly, Josephine	14,592	-	437	563	657	1,657
Schram, Dick Memorial	18,645	-	558	720	839	2,117
St. Louis, Maria, George & Stanley	528,033	-	15,799	20,379	23,769	59,947
St. Pierre, Mary	6,960	-	208	269	313	790
Stein, Daniel	65,178	-	1,950	2,515	2,934	7,399
Taylor, Francis & Nancy	163,613	-	4,895	6,315	7,365	18,575
Taylor, Al Family	164,089	-	4,910	6,333	7,386	18,629
Taylor, Naomi Memorial	80,575	-	2,411	3,110	3,627	9,148
Timmer, Gene	4,219	-	126	163	190	479
VanEffen, William J.	9,455	-	283	365	426	1,074
Wylie, Henry	5,013	-	150	193	226	569
Young, A.J.	31,653	-	947	1,222	1,425	3,594
	<u>5,457,313</u>	<u>8,223</u>	<u>163,299</u>	<u>210,640</u>	<u>245,675</u>	<u>627,837</u>
Cash accounts						
Wickman/Addison, Ruth	7,731	6,191	-	-	-	6,191
Felton, Oliver	4,569	5,447	-	-	-	5,447
Hirn, Robert & Elva	193,514	64,717	-	-	-	64,717
Kintziger, Louis J.	18,198	4,605	-	-	-	4,605
Maki, Arnie & Violet	52,045	14,858	-	-	-	14,858
Maki, Stephen, Arne & Violet	-	28,683	-	-	-	28,683
Miscellaneous contributions	156,371	116,221	-	-	-	116,221
	<u>432,428</u>	<u>240,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,722</u>
Total	<u>\$ 5,889,741</u>	<u>\$ 248,945</u>	<u>\$ 163,299</u>	<u>\$ 210,640</u>	<u>\$ 245,675</u>	<u>\$ 868,559</u>

Deductions							
Scholarships and Trophies	Trustee Fees	Total Deductions	Adjustments	Change in Net Position	Net Position June 30, 2025	Accumulated Contributions to Fund	Remaining Balance
\$ 100	\$ 14	\$ 114	\$ -	\$ 138	\$ 2,355	\$ 1,500	\$ 855
2,850	489	3,339	-	5,541	83,754	47,420	36,334
3,200	244	3,444	-	984	39,991	24,176	15,815
3,900	555	4,455	-	5,641	94,574	50,000	44,574
550	39	589	-	128	6,441	4,155	2,286
-	49	49	-	839	8,657	8,500	157
700	100	800	-	1,024	17,086	2,600	14,486
3,275	332	3,607	-	2,436	55,663	29,644	26,019
-	131	131	-	2,245	23,177	11,562	11,615
3,500	266	3,766	-	1,068	43,645	21,005	22,640
-	109	109	-	1,876	19,355	10,000	9,355
-	283	283	-	4,862	50,183	25,000	25,183
11,325	1,992	13,317	-	22,899	341,902	153,755	188,147
275	39	314	-	387	6,560	5,015	1,545
530	96	626	-	1,119	16,494	10,000	6,494
1,800	237	2,037	-	2,272	40,227	12,962	27,265
2,750	208	2,958	-	825	34,144	10,150	23,994
2,100	278	2,378	-	2,675	47,179	28,096	19,083
-	1,535	1,535	-	26,367	272,139	200,000	72,139
600	82	682	-	816	14,002	11,060	2,942
-	91	91	-	1,566	16,158	10,000	6,158
850	116	966	-	1,151	19,796	10,090	9,706
21,913	3,298	25,211	-	34,736	562,769	234,975	327,794
510	43	553	-	237	7,197	4,164	3,033
2,500	407	2,907	-	4,492	69,670	35,000	34,670
9,979	1,022	11,001	-	7,574	171,187	100,000	71,187
3,438	1,025	4,463	-	14,166	178,255	100,230	78,025
5,800	503	6,303	-	2,845	83,420	50,255	33,165
-	26	26	-	453	4,672	2,814	1,858
-	59	59	-	1,015	10,470	5,000	5,470
250	31	281	-	288	5,301	2,708	2,593
-	198	198	-	3,396	35,049	9,900	25,149
<u>204,149</u>	<u>34,089</u>	<u>238,238</u>	<u>-</u>	<u>389,599</u>	<u>5,846,912</u>	<u>3,209,425</u>	<u>2,637,487</u>
5,900	-	5,900	-	291	8,022	67,520	8,022
3,075	-	3,075	-	2,372	6,941	65,851	6,941
62,725	-	62,725	-	1,992	195,506	812,976	195,506
2,650	-	2,650	-	1,955	20,153	57,850	20,153
12,050	-	12,050	-	2,808	54,853	164,311	54,853
-	-	-	-	28,683	28,683	28,683	28,683
96,767	-	96,767	-	19,454	175,825	732,841	175,825
<u>183,167</u>	<u>-</u>	<u>183,167</u>	<u>-</u>	<u>57,555</u>	<u>489,983</u>	<u>1,930,032</u>	<u>489,983</u>
<u>\$ 387,316</u>	<u>\$ 34,089</u>	<u>\$ 421,405</u>	<u>\$ -</u>	<u>\$ 447,154</u>	<u>\$ 6,336,895</u>	<u>\$ 5,139,457</u>	<u>\$ 3,127,470</u>

concluded

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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, 2025

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, 2025, 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, 2025.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.



Report on 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 financial statements. 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.

Rehmann Lobson LLC

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 16, 2025

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, 2025, and have issued our report thereon dated October 16, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 15, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated October 16, 2025. In addition, we noted certain other matters which are included in Attachment A to this letter.



Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the District's Significant Accounting Practices*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements.

As described in Note 16 to the financial statements, the District changed accounting policies related to accounting for compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*. The cumulative effect of the accounting change as of the beginning of the year is reported in the statement of activities.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The financial statements include net pension and other postemployment benefit liabilities and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any misstatements during our audit.

The schedule of adjustments passed is included with management's written representations in Attachment C to this letter, and summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment C to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the Escanaba Area Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Lehmann Johnson LLC".

ESCANABA AREA PUBLIC SCHOOLS

Attachment A - Comments and Recommendations

For the June 30, 2025 Audit

During our audit, we became aware of certain other matters that are an opportunity for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comments and recommendations regarding the matters. Our consideration of the District's internal control over financial reporting is described in our report, dated October 16, 2025, issued in accordance with *Government Auditing Standards*. This memorandum does not affect that report or our report dated October 16, 2025, on the financial statements of Escanaba Area Public Schools.

Excess Fund Balance (Repeat Comment)

The United States Department of Agriculture (USDA) requires that the ending fund balance of a recipient district's food service fund does not exceed three months' average of operating expenses (7 CFR Part 210.14(b)). As of June 30, 2025, the District's food service fund was carrying fund balance in excess of the USDA requirement.

Evaluation of Vendor Hosting Internal Controls

Management does not have a process in place to evaluate IT environments or IT controls for vendor hosted applications through review of SOC 1 type II reports. We recommend that the District implement policies and procedures to obtain SOC reports for any vendors that perform IT hosting services.



ESCANABA AREA PUBLIC SCHOOLS

Attachment B - Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2025 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the District in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the District. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 103 ■ Financial Reporting Model Improvements

Effective 06/15/2026 (your FY 2026)

This standard establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following: a. management's discussion and analysis (MD&A), b. unusual or infrequent items, c. presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, d. information about major component units in basic financial statements, e. budgetary comparison information, and f. financial trends information in the statistical section.

GASB 104 ■ Disclosure of Certain Capital Assets

Effective 06/15/2026 (your FY 2026)

This standard requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, requires certain intangible assets to be disclosed separately by major class, and requires additional disclosures for capital assets held for sale.



ESCANABA AREA PUBLIC SCHOOLS

■ Attachment C - Management Representations

For the June 30, 2025 Audit

The following pages contain the written representations that we requested from management.

ESCANABA AREA PUBLIC SCHOOLS

District Administration Office
1500 Ludington Street
Escanaba, MI 49829

Superintendent Office
Phone (906) 786-5411
FAX (906) 786-4469

Business Office
Phone (906) 786-5412
FAX (906) 786-0106

October 16, 2025

Rehmann Robson
2330 East Paris Ave, SE
Grand Rapids, MI 49546

This representation letter is provided in connection with your audit of 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, 2025, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and the budgetary comparison for the General Fund of the District in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 16, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 15, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. With respect to the nonattest services provided, which include any assistance you provided in drafting the financial statements and related notes, proposing standard, adjusting or conversion journal entries, assistance with maintaining/updating a GASB 68/75 template for pension/OPEB, and assistance in completing portions of the Data Collection form, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and

Equal Opportunity Employer

The Escanaba Area Public School District does not discriminate on the basis of race, color, religion, national origin, sex, age, disability, height, weight, marital status or any other legally protected characteristics in its programs and activities, including employment opportunities.

- e. Established and maintained internal controls, including monitoring ongoing activities.
4. We acknowledge our responsibility for 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.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
6. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
12. All funds and activities are properly classified.
13. All funds that meet the quantitative GASB criteria for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
14. All components of net position and fund balance classifications have been properly reported.
15. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
16. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
17. All interfund and intra-entity transactions and balances have been properly classified and reported.
18. Deposit and investment risks have been properly and fully disclosed.
19. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

20. All required supplementary information is measured and presented within the prescribed guidelines.
21. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
22. We are responsible for the fair presentation of the District's proportionate share of the net pension liability and net other postemployment benefit asset of the Michigan Public School Employees Retirement System (MPSERS) and related amounts. We provided MPSERS with complete and accurate information regarding the District's participation in the plan, and have reviewed the information provided by MPSERS for inclusion in the District's financial statements.
23. There were no omissions from the participants' data provided to the single-employer OPEB Plan's actuary for the purpose of determining the actuarial present value of the Plan's benefit obligations and the other actuarially determined amounts in the financial statements.
24. The single-employer OPEB Plan's administrator agrees with the actuarial methods and assumptions and methods used by the actuary for funding purposes and for determining the Plan's benefit obligations and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the Plan's actuary with respect to the values of amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the Plan's actuary.
25. The following have been properly recorded and disclosed in the financial statements:
 - a. The actuarial methods or assumptions used in calculating amounts recorded or disclosures in the financial statements.
 - b. Changes in the single-employer OPEB Plan's provisions between the actuarial valuation date and the date of this letter.
26. All required filings of the single-employer OPEB Plan's documents with the appropriate agencies have been made.
27. The single-employer OPEB Plan (and the trust established by the Plan) is qualified under the appropriate section of the internal revenue code and we intend to continue as a qualified plan (and trust). The Plan sponsor has operated the Plan in a manner that did not jeopardize this tax status.
28. The single-employer OPEB Plan has complied with the Department of Labor's regulations concerning the timely remittance of participants' contributions to trusts containing assets of the Plan.
29. The single-employer OPEB Plan's management has obtained and reviewed the relevant service auditor's SOC-1 reports and management is performing the applicable user control.

Information Provided

30. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

31. All transactions have been recorded in the accounting records and are reflected in the financial statements.
32. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
33. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
34. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
35. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
36. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
37. We have a process to track the status of audit findings and recommendations.
38. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
39. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
40. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.
41. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
42. The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
43. We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
44. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
45. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

- b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
46. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
47. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
48. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
49. We have conducted a comprehensive risk assessment and determined that no material concentrations or constraints are required to be disclosed in accordance with GASB Statement No. 102, *Certain Risk Disclosures*. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
50. We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events, if any.

Supplementary Information in Relation to the Financial Statements as a Whole

51. With respect to the supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.


Required Supplementary Information

52. With respect to the required supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.

- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.



Coby Fletcher, Superintendent



Kevin Pascoe, Director of Business Services

ESCANABA AREA PUBLIC SCHOOLS

Schedule of Adjustments Passed (SOAP)

For the June 30, 2025 Audit

In accordance with generally accepted auditing standards, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. We are providing this schedule to both management and those charged with governance to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Equity	Revenues	Expenses/ Expenditures
Governmental activities					
Unrecorded lease asset/liability	\$ (17,326)	\$ (18,458)	\$ 335	\$ -	\$ (797)
Misstatement as a percentage of total assets and deferred outflow of resources					
- governmental activities	-0.03%	-0.03%	0.00%	0.00%	0.00%