FINANCIAL STATEMENTS

ESCANABA AREA PUBLIC SCHOOLS
Escanaba, Michigan

June 30, 2008

CONTENTS

Page

Independent Auditors' Report 1

Management's Discussion and Analysis 3

Basic Financial Statements
District-wide Financial Statements:
Statement of Net Assets 12

Statement of Activities 13

Fund Financial Statements:

Governmental Funds:
Balance Sheet 14

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities 15

Statement of Revenues, Expenditures, and Changes in Fund Balances 16

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 17

Fiduciary Fund:
Statement of Fiduciary Net Assets 18

Statement of Changes in Fiduciary Net Assets 19

Notes to Financial Statements 20

Required Supplemental Information

Budgetary Comparison Schedule - General Fund 38

Other Supplemental Information

Combining Balance Sheet - Nonmajor Governmental Funds 39

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds 40

CONTENTS

Page

Individual Fund Statements

General Fund:
Balance Sheet 41

Statement of Revenues and Expenditures 42

Statement of Changes in Fund Balance 43

Combining Statement of Budgeted and Actual Revenues, Expenditures and Changes in Fund Balance 44

Hot Lunch Fund:
Balance Sheet 47

Statement of Budgeted and Actual Revenues, Expenditures and Changes in Fund Balance 48

Athletics Fund:
Balance Sheet 49

Statement of Budgeted and Actual Revenues, Expenditures and Changes in Fund Balance 50

Public Improvement Fund:
Balance Sheet 51

Statement of Budgeted and Actual Revenues, Expenditures and Changes in Fund Balance 52

Catherine Bonifas Inter-Vivos Fund:
Balance Sheet 53

Statement of Budgeted and Actual Revenues, Expenses and Changes in Fund Balance ... 54

2001 Construction Fund:
Statement of Budgeted and Actual Revenues, Expenditures and Changes in Fund Balance 55

1989/1996 Debt Retirement Fund:
Statement of Budgeted and Actual Revenues, Expenditures and Changes in Fund Balance 56

CONTENTS

Page

2001 Debt Retirement Fund:
Statement of Budgeted and Actual Revenues, Expenditures and Changes in Fund Balance 57

Fiduciary Funds:
Combining Balance Sheet 58

Combining Statement of Revenues, Expenses and Changes in Fund Balance - Private Purpose Trust Funds 59

Statement of Cash Flows - Private Purpose Trust Funds 60

Statement of Revenues, Expenses and Changes in Fund Balance - Co-mingled Scholarship Fund 61

Schedule of Receipts and Disbursements - Middle School Activities 62

Schedule of Receipts and Disbursements - Senior High Activities 63

Schedule of Taxable Valuations, Tax Rates and Tax Levies 64

Federal Awards Supplemental Information ..... Issued Under Separate Cover

Schneider, Larche,
Haapala & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

David P. Pechawer, C.P.A., P.C.
Denise M. Boyle, C.P.A., P.C.
Bruce D. Dewar, C.P.A.
Karen L. Meiers, C.P.A., P.C.

October 16, 2008

To the Board of Education
Escanaba Area Public Schools
Escanaba, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Escanaba Area Public Schools as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Escanaba Area Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Escanaba Area Public Schools as of June 30, 2008 and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated October 16, 2008 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

SH
401 Ludington Street • Escanaba, MI 49829
906.786.6151 • fax: 906.786.6625
1.800.562.4821
e-mail: info@slh-cpa.com
Visit our website at www.slh-cpa.com

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and page 38 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Escanaba Area Public School's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Schneider, Lanche, Hagpala & Co. PLLC
Certified Public Accountants

ESCANABA AREA PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2008

Escanaba Area Public School District's Administration discussion and analysis is intended to assist the reader in focusing on significant issues, provide an overview of the District's financial activity, identifying changes in the District's financial position, and its ability to address the next and subsequent years challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ended June 30, 2008.

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

Basic Financial Statements

District-wide Financial Statements ***Fund Financial Statements***

Notes to the Basic Financial Statements

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

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

District-wide Financial Statements

The District-wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District-wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets combines and consolidates governmental funds current financial resources (short-term available resources) with capital and long-term obligation, 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

The fund statements are similar to financial presentations of years past, but the new focus is on the District's Major Funds rather than fund types as in the past. The two account groups, General Fixed Assets and General Long-term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounts. 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 school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

Fund types include the General Fund, School Service Fund, Debt Retirement Fund, Capital Projects Fund, and Fiduciary Fund. The General Fund is used primarily to account for the general education requirements of the District. Its revenues are derived from property taxes, state and federal distributions, grants, and other intergovernmental revenues. The School Service Fund is comprised of athletic activities and food service. The Debt Fund is used to record the funding and payment of principal and interest on bonded debt. The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities. The Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent for various student groups and related activities.

ESCANABA AREA PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2008

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

ASSETS

	June 30, 2008	June 30, 2007
Current assets	$ 6,216,699	$ 6,006,245
Capital assets	$ 31,290,166	$ 31,326,658
Less accumulated depreciation	10,516,540	9,888,488
CAPITAL ASSETS, NET BOOK VALUE	$ 20,773,626	$ 21,438,170
TOTAL ASSETS	$ 26,990,325	$ 27,444,415

LIABILITIES

Current liabilities	$ 4,883,723	$ 4,606,031
Long-term liabilities	19,638,884	20,304,407
TOTAL LIABILITIES	$ 24,522,607	$ 24,910,438

NET ASSETS AND LIABILITIES

Invested in capital assets, net of related debt	$ 3,268,956	$ 2,922,961
Restricted for capital projects	84,210	55,282
Restricted for debt service	399,279	401,400
Unrestricted	(1,284,727)	(845,666)
TOTAL NET ASSETS	$ 2,467,718	$ 2,533,977
TOTAL NET ASSETS AND LIABILITIES	$ 26,990,325	$ 27,444,415

SUMMARY OF NET ASSETS

The School District's net assets totaled $2,467,718 and $2,533,977 for 2008 and 2007, respectively. Total net assets can be separated into four categories: invested capital assets net of related debt, restricted assets for capital projects, restricted assets for debt service, and unrestricted assets.

Net capital assets are a combination of funds available for capital assets, less accumulated depreciation and related debt. The original cost of capital assets is $31,290,166 and $31,326,658 for 2008 and 2007, respectively. The threshold for recording fixed assets is $5,000. Some capital assets were sold for a gain of $6,110. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less any estimated salvage value, expensed over the estimated useful life of the assets. Total accumulated depreciation is $10,516,541 for 2008 and $9,888,488 for 2007. Total debt related to capital assets totaled $17,504,670 for 2008 and $18,515,209 for 2007.

Restricted assets for capital projects and debt are funds by their nature restricted for use by laws or regulations by the State of Michigan. These funds totaled $84,210 and $399,279, respectively for 2008, $55,282 and $401,400, respectively for 2007.

The remaining balance in unrestricted assets represents a deficit balance of $1,284,727 for 2008 and $845,665 for 2007. The primary reason for the deficit is a result of employee benefit programs for payment of unused sick leave at the time of retirement and early retirement incentive payment. This liability totaled $3,975,030 for 2008 and $3,599,058 for 2007.

For 2008, the Escanaba Area Public Schools early implemented GASB Statements 45 and 45 for accounting for post retirement benefits for life insurance that is provided for employees until age 70. That amount is $447,990. This adjustment is reflected in the July 1, 2007 beginning net assets on the Statement of Activities.

The results of the year's operations and the prior year operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-wide results of operations for the year ended June 30, 2008 and June 30, 2007 is as follows:

	June 30, 2008	June 30, 2007
Program revenue:		
Charges for services - local	$ 544,889	$ 559,666
Operating grants - federal, state, and local	3,907,572	3,550,199
TOTAL PROGRAM REVENUE	$ 4,452,461	$ 4,109,865
General revenue:		
Property taxes levied for general operations	$ 5,533,425	$ 5,311,536
Property taxes levied for debt service	1,697,449	1,644,826
State of Michigan aid, unrestricted	13,852,011	14,646,212
Gain on sale of fixed assets	6,110	11,315
Other - federal, state, and local	306,503	150,750
TOTAL GENERAL REVENUE	$ 21,395,498	$ 21,764,639
TOTAL REVENUE	$ 25,847,959	$ 25,874,504

	June 30, 2008	June 30, 2007
Expenses:		
Instruction	$ 14,677,589	$ 14,492,337
Support services	7,637,429	7,922,990
Community services	27,865	22,993
Food services	875,902	859,068
Athletics	580,577	596,807
Interest on long term debt	908,352	926,068
Depreciation (unallocated)	758,514	769,079
TOTAL EXPENSES	$ 25,466,228	$ 25,589,342
Increase in net assets	$ 381,731	$ 285,162
Net assets, July 1 (net of GASB 43 & 45)	2,085,987	2,248,815
Net assets, June 30	$ 2,467,718	$ 2,533,977

GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS

The overall condition of the governmental funds has decreased from the prior year. In the General Fund operations, the excess of expenditures over revenue totaled $24,262.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School 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. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments are known and the State of Michigan's budget is adopted by October 1 and any subsequent budget amendments. The most significant fund budgeted is the General Fund operations. The General Fund operation budget was amended four times during the year.

General Fund Operations

In the General Fund operations, the actual revenue was $23,103,043. This is above the original budget of $22,188,794 and below the final budget of $23,138,870, a variance of .15%. The actual expenditures of the General Fund operations were $23,078,782. This is below the original budget of $23,560,718 and below the final budget of $23,310,260, a variance of .99%.

The State of Michigan did not pass a final school aid budget until late September. As a result, the district set a budget for a zero dollar increase in the foundation amount because of the turmoil at the State level. The actual increase in the foundation was $119 per FTE. This amounted to an additional $343,073 in revenue. This accounted for the largest adjustment to the final budget for revenue from the original budget. On the expenditure side, the school district projected a 10% increase in retirement. When the State passed the budget in "September, the actual rate for retirement was decreased due to a change that the State instituted for measuring retirement plan assets. This accounted for a $269,000 reduction for the original budget.

GOVERNMENTAL FUND EXPENDITURES

Below is a summary of the Governmental Fund expenditures and their percentages as they relate to total Governmental Funds:

		Total Expenditures	Percentage
General Fund	$	22,665,407	88%
Other Funds		3,216,734	12
TOTAL EXPENDITURES	$	25,882,141	100%

TOTAL REVENUES

Revenues for all Governmental Funds totaled $25,841,851. Below is a summary of the Governmental Fund revenues and their percentages as they relate to Governmental Funds:

		Total Revenue	Percentage
State of Michigan Aid unrestricted	$	13,852,011	53.60%
Property taxes general operation		5,533,425	21.41
Operating grants - federal, state, local		3,907,572	15.12
Property taxes debt retirement		1,697,449	6.57
Charges for services - local		544,889	2.11
Other - federal, state, local		306,505	1.19
TOTAL REVENUE	$	25,841,851	$ 100.00%

Unrestricted state aid

The District is predominately funded by State Aid based on a blended count formula that the State of Michigan utilizes. State revenues to the District have decreased as a result of decreased enrollment from the previous year. State aid membership counts were 2,778 and 2,882 for 2007-2008 and 2006-2007, respectively.

Property taxes

The District levies 18 mills of property taxes on all Non-Homestead 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 market value. The 2007-2008 Non-Homestead property tax levy totaled approximately $5.5 million.

The District levied 2.89 mills of property taxes on all classes of property located within the District for bonded debt retirement. The levy is not subjected to rollback provisions and is used to pay the principal and interest on bond obligations. The total amount levied for debt retirement for fiscal year 2007-2008 was $1.7 million.

Operating Grants - Federal, State, and Local

The primary sources are the Federal Title I program, the State funded At Risk program, and the Special Education Obligation funds required under the Headlee Amendment, State of Michigan legislation. Both Title I and At Risk programs assist students who are deemed to be at risk in the instruction process. For the 2007-2008 fiscal year, the School has utilized $709,977 and $583,976 for Title I and the At Risk program. For fiscal year 2008 the State, under the Headlee Amendment, is obligated to remit to the District $1,007,715.

ENROLLMENT

The District's 2007-2008 blended enrollment totaled 2,778. This is a decrease of 104 students from the previous year. Escanaba Area Public Schools is located in Michigan's Upper Peninsula and is the second largest district in Upper Michigan.

Unless there are changes in the economic condition for the community, the District estimates over the next five years to lose 80 students per year.

Enrollment decline over the last 10 years can be illustrated as follows:

Fiscal Year	State Aid Membership Student Enrollment	Increase (Decrease) in Student Enrollment
2008	2,778	(104)
2007	2,882	(81)
2006	2,963	(50)
2005	3,013	(86)
2004	3,099	(140)
2003	3,239	(89)
2002	3,328	(61)
2001	3,389	(133)
2000	3,522	(138)
1999	3,660	

Student enrollment FTE is important to the financial health of the District, because state funding is based on a per pupil FTE formula.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2008, the School District had $31,290,166 invested in land and building, furniture and equipment, vehicles and buses. Of this amount $10,516,540 has been depreciated. Net book value totals $20,773,626. The year of construction of the district buildings ranges from 1931 to 2004. The District currently owns seven elementary buildings of which three have been closed due to declining enrollment. Of the closed buildings, one building is currently vacant and not in use, one building is being leased to the local intermediate school district, and one is currently being used for storage for excess building equipment. The District also maintains a 6-8 Middle School and a 9-12 Senior High. Due to budget constraints related to declining enrollment, the State of Michigan financial status, and increasing fringe benefits, the ability to maintain these buildings has been becoming increasingly difficult.

Outstanding Debt at Year End

As of June 30, 2008, the School District had $17,345,000 in bonds outstanding for Capital Projects. The District collects bonded debt across the total property values. Therefore, total growth in valuation is an important element in determining the District's ability to retire bonded debt and/or to incur additional bonds.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of the Escanaba Area Public School District. If you should desire additional detailed financial information, it can be obtained by contacting the following person:

Thomas J. Sabor, CPA, CFO, MA
Business Manager
Escanaba Area Public Schools
District Administration Office
1500 Ludington Street
Escanaba, MI 49829
Office Telephone (906) 786-5412
Fax Telephone (906) 786-0106
E-mail: tsabor@dsisd.k12.mi.us

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF NET ASSETS

June 30, 2008

		Governmental Activities
ASSETS		
Current Assets:		
Cash	$	2,392,534
Prepaid expenses		35,938
Due from other governmental units		3,277,165
Other receivables		474,730
Inventory		36,332
TOTAL CURRENT ASSETS	$	6,216,699
Capital Assets:		
Buildings and improvements	$	28,131,050
Land improvements		739,734
Machinery and equipment		1,069,505
Vehicles and buses		1,349,877
Less: accumulated depreciation		(10,516,540)
NET CAPITAL ASSETS	$	20,773,626
TOTAL ASSETS	$	26,990,325
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$	533,151
Revenue anticipation notes payable		488,777
Accrued salaries		1,566,595
Accrued fringe benefits		321,097
Accrued interest on long-term debt		132,753
Deferred revenues		39,154
Current portion of accumulated unpaid benefits		698,065
Current portion of long-term obligations		1,104,131
TOTAL CURRENT LIABILITIES	$	4,883,723
Noncurrent Liabilities:		
Noncurrent portion of accumulated unpaid benefits	$	3,276,965
Noncurrent portion of long-term obligations		16,807,461
Deferred loss on bond refunding (net of amortization of $85,568)		(445,542)
TOTAL NON-CURRENT LIABILITIES	$	19,638,884
TOTAL LIABILITIES	$	24,522,607
Net Assets:		
Invested in capital assets, net of related debt	$	3,268,956
Restricted for:		
Capital projects		84,210
Debt service		399,279
Unrestricted (deficit)		(1,284,727)
TOTAL NET ASSETS	$	2,467,718
TOTAL LIABILITIES AND NET ASSETS	$	26,990,325

See notes to financial statements.

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:				
Instruction:				
Basic programs	$ 11,404,378	$ -	$ 110,789	$ (11,293,589)
Added Needs	3,273,211	-	3,084,672	(188,539)
Support services	7,637,429	49,511	79,437	(7,508,481)
Community services	27,865	-	-	(27,865)
Food services	875,902	387,257	555,968	67,323
Athletics	580,577	108,121	76,706	(395,750)
Interest on long-term debt	908,352	-	-	(908,352)
Unallocated depreciation	758,514	-	-	(758,514)
Total governmental activities	$ 25,466,228	$ 544,889	$ 3,907,572	$ (21,013,767)

General Revenues:	
Property taxes-General Operation	$ 5,533,425
Property taxes-Debt Retirement	1,697,449
State of Michigan aid - unrestricted	13,852,011
Gain on sale of fixed assets	6,110
Other - federal, state and local	306,503
Total general revenue	$ 21,395,498
Change in net assets	$ 381,731
Net assets - July 1, 2007 (restated)	2,085,987
Net assets - June 30, 2008	$ 2,467,718

See notes to financial statements.

ESCANABA AREA PUBLIC SCHOOLS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2008

	General Fund	Other Nonmajor Governmental Funds	Total
ASSETS:			
Cash	$ 1,738,191	$ 654,343	$ 2,392,534
Prepaid expenses	32,698	3,240	35,938
Due from federal government	465,072	-	465,072
Due from state government	2,812,093	-	2,812,093
Other receivables	404,394	70,336	474,730
Inventories	-	36,332	36,332
TOTAL ASSETS	$ 5,452,448	$ 764,251	$ 6,216,699
LIABILITIES AND FUND BALANCES			
LIABILITIES :			
Accounts payable	$ 522,844	$ 10,307	$ 533,151
Revenue anticipation notes payable	488,777	-	488,777
Accrued salaries	1,540,610	25,985	1,566,595
Accrued fringe benefits	309,806	11,291	321,097
Deferred revenues	39,154	-	39,154
TOTAL LIABILITIES	$ 2,901,191	$ 47,583	$ 2,948,774
FUND BALANCES:			
Reserved for:			
Encumbrances	$ -	$ 14,362	$ 14,362
Debt retirement	-	399,279	399,279
Inventories	-	36,332	36,332
Unreserved:			
Designated	542,639	84,210	626,849
Unreserved and undesignated	2,008,618	182,485	2,191,103
TOTAL FUND BALANCES	$ 2,551,257	$ 716,668	$ 3,267,925
TOTAL LIABILITIES AND FUND BALANCES	$ 5,452,448	$ 764,251	$ 6,216,699

See notes to financial statements.

ESCANABA AREA PUBLIC SCHOOLS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2008

Total fund balances-governmental funds		$ 3,267,925
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of net assets	$ 31,290,166	
Accumulated depreciation	(10,516,540)	20,773,626
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General Obligation Bonds	$ 17,345,000	
Deferred loss on bond refunding	(445,542)	
Capital Leases	120,328	
Installment purchase agreements	159,670	
Durant Bonds	286,594	
Accrued Employee Benefits	3,975,030	
Total long-term liabilities		(21,441,080)
In the statement of net assets, interest has been accrued on bonds payable as of June 30, 2008		(132,753)
Total net assets-governmental activities		$ 2,467,718

See notes to financial statements.

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2008

	General Fund	Other Nonmajor Governmental Funds	Total
REVENUES			
Local sources	$ 5,921,844	$ 2,334,381	$ 8,256,225
State sources	15,651,729	34,868	15,686,597
Federal sources	984,340	521,100	1,505,440
Interdistrict sources and other	393,589	-	393,589
TOTAL REVENUES	$ 22,951,502	$ 2,890,349	$ 25,841,851
EXPENDITURES			
Current:			
Instruction	$ 14,774,090	$ -	$ 14,774,090
Supporting services	7,606,374	-	7,606,374
Community services	27,864	-	27,864
Interdistrict and other	19,892	-	19,892
Food services	-	895,457	895,457
Athletics	-	587,472	587,472
Capital projects	-	22,887	22,887
Debt Service:			
Principal retirement	154,540	915,000	1,069,540
Interest and fiscal charges	82,647	795,918	878,565
TOTAL EXPENDITURES	$ 22,665,407	$ 3,216,734	$ 25,882,141
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 286,095	$ (326,385)	$ (40,290)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	417,644	417,644
Operating transfers out	(417,644)	-	(417,644)
Sale of fixed assets	6,111	-	6,111
Proceeds from issuance of notes	149,701	-	149,701
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 24,263	$ 91,259	$ 115,522
Fund Balance, July 1	2,526,994	625,409	3,152,403
FUND BALANCE, JUNE 30	$ 2,551,257	$ 716,668	$ 3,267,925

See notes to financial statements.

ESCANABA AREA PUBLIC SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Total net change in fund balance-governmental funds		$ 115,522
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 as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Outlay	$ 93,970	
Depreciation expense	(758,514)	(664,544)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds		915,000
Proceeds from installment purchase agreements is an other financing source in the governmental funds, but not in the statement of activities (where it is long-term debt).		(149,701)
Repayment of installment purchase agreements and leases is an expenditure in the governmental funds, but the repayment reduces long-term debt liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.		124,912
Interest on long-term debt in the statement of activities includes accrued interest while the governmental funds statement does not.		
Amount accrued June 30, 2007	$ 136,685	
Amount accrued June 30, 2008	(132,753)	
Amortization of deferred amount on bond refunding	(35,407)	(31,475)
Governmental funds report expenditures for payment of unpaid sick leave and early retirement incentive benefits as they occur. However, in the statement of activities those expenditures are accrued as they are earned.		
Accrued terminal sick leave and early retirement benefits for the year	$ (334,326)	
Amount paid to employees	406,343	72,017
Change in net assets of Governmental Activities		$ 381,731

See notes to financial statements.

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2008

	Private Purpose Trusts	Agency funds
Cash and cash equivalents	$ 248,266	$ 120,679
Contributions Receivable	11,501	-
Accrued Income	17,206	-
Investments - at fair value	4,022,346	-
TOTAL ASSETS	$ 4,299,319	$ 120,679
Due to student groups	$ -	$ 120,679
TOTAL LIABILITIES	$ -	$ 120,679
Reserved for scholarships	$ 4,299,319	
TOTAL NET ASSETS	$ 4,299,319	

See notes to financial statements

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the year ended June 30, 2008

		Private Purpose Trusts
Contributions	$	272,281
Interest and dividends		163,842
Gain on sale of investments		200,185
TOTAL ADDITIONS	$	636,308
Scholarships and trophies	$	184,519
Trustee fees		26,627
Accounting and legal fees		5,136
Other expenses		540
Decrease in fair value of investments		545,030
TOTAL DEDUCTIONS	$	761,852
CHANGE IN NET ASSETS	$	(125,544)
Net Assets, July 1		4,424,863
NET ASSETS, JUNE 30	$	4,299,319

See notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The School 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 School District's reporting entity, and which organizations are legally separate component units of the School District. Based on application of the criteria, the School District has no component units.

District-wide and Fund Financial Statements

The District-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide Statements - The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the District-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

Fund-based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 judgements, are recorded only when payment is due.

Use of Restricted Funds

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

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

Governmental Funds

The School District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the School District reports the following nonmajor governmental fund types:

The School District maintains two nonmajor governmental Special Revenue funds, which account for the School District's hot lunch and athletics activities.

The School District maintains three Debt Service Funds, which are used to account for property tax and other revenue legally restricted for payment of long-term debt.

The School District also maintains two Public Improvement Funds which are used for the major repair of capital facilities or other capital assets.

The School District maintains One Capital Projects Fund which is used to account for a bond issue proceeds and related expenditures.

Fiduciary Funds

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

Agency Funds - Agency funds account for assets held by the District in a custodial capacity. The District maintains two agency funds.

Assets, Liabilities and Net Assets or Equity

Cash - Cash includes demand deposits, savings accounts and certificates of deposit with maturities of less than three months, and shares in a government money market account.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - All investments held by the School District are reported at their fair value, based on quoted market prices.

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

Inventories - Inventories are valued at the lower of cost (first-in; first-out) or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the District-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 and any assets susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Buses and other vehicles	5 - 10 years
Furniture and other equipment	5 - 10 years

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Accumulated unpaid benefits - The liability for accumulated unpaid benefits reported in the District-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive payments upon termination are included.

Long-term Obligations - In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, governmental fund types recognize bond proceeds in the current period.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications - In the District-wide financial statements, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net assets - consists of net assets with constraints on their use that are externally imposed (by creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net assets - all other net assets that do not meet the definition of either of the other two components.

Fund Balances - In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data - Comparative data is not included in the School District's financial statements.

Investments - The investment of the School District's funds is governed by state statutes. The Board of Education authorizes the following types of investments for the District's governmental funds:

- 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.
- Certificates of deposit issued by financial institutions which means a state or nationally-chartered bank or a state or federally-chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office in Michigan under Michigan and Federal laws.
- Commercial paper rated prime at the time of purchase and maturing not more than 270 days after date of purchase.

NOTE B - CASH DEPOSITS AND INVESTMENTS

The District's policy is to use investments to maximize the returns on the District's cash balances, while reasonably controlling the risk of loss and maintaining an acceptable level of liquidity in those investments to meet the District's operating needs.

To this end, the District will track, through its financial reports and investment authorizations, the credit risk, concentration of credit risk, interest rate risk and foreign currency risks related to its investments.

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

At June 30, 2008 the District's governmental and agency funds were comprised of checking accounts at local banks and did not include any other investment types.

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

Interest Rate Risk - Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The investment objectives of the private purpose trust funds do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, investment managers have been instructed to maintain a balanced portfolio whereby a balance between fixed income and equities is maintained. The asset allocation ranges are 30-70% equities; 30-60% fixed income.

As of June 30, 2008, the private purpose trust funds had the following investments and maturities:

	Original Cost	Fair Market Value	Less than One Year	1-3 Years	More Than Three Years
Cash	$ 289,039	$ 289,039	$ 289,039	$ -	$ -
Government bonds	800,586	803,644	85,726	394,002	323,916
Corporate bonds	474,970	464,374	70,360	96,294	297,720
Common stocks	772,725	866,347	-	-	866,347
Preferred stocks	274,857	247,382	-	-	247,382
Mutual funds	1,577,963	1,599,826	1,599,826	-	-
Total Investments	$ 4,190,140	$ 4,270,612	$ 2,044,951	$ 490,296	$ 1,735,365

NOTE B - CASH DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - Credit risk is the risk that an issuer of or counterparty to an investment will not fulfill its obligations. The private purpose trust funds are invested following the investment managers guidelines. These guidelines allow equity investments in good quality domestic or international companies and only fixed income securities rated BBB- or better by Standard & Poors and Baa3 or better by Moody's. The government bonds listed above all have a rating of AAA, while the corporate bonds range from A1 to AA3 from Moody's and a range of A- to A+ from Standard and Poors.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. The private purpose trust funds are invested following guidelines that limit investments in any one issuer to 10% or less of assets under management. There is no limit on investments issued by the U.S. Government.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rate will adversely affect the fair value of an investment. The private purpose trust funds do not have a policy regarding foreign currency risk. The School District can not by state statute invest in foreign currency.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the deposits may not be returned. The District does not have a policy for deposit custodial credit risk. At June 30, 2008 the carrying value of the District's deposits was $2,838,534 and the bank balances were $3,200,632. Of the bank balances, $165,935 was covered by Federal Depository Insurance. Michigan law does not require collateralization of government deposits, therefore, only $165,935 was insured and $3,034,697 was neither insured nor collateralized.

NOTE C - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of various revenues due from federal, state and intermediate sources. These revenues represent amounts used for the operation of special programs and grant projects, as well as for the final payment of 2008 state aid which was not received until after year-end.

NOTE D - INTERFUND TRANSFERS

Interfund Transfers for the year ended June 30, 2008 are as follows:

Fund	Interfund Transfer In	Fund	Interfund Transfer Out
Athletics	$ 417,644	General Fund	$ 417,644

NOTE E - CAPITAL ASSETS

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2007	Additions	Disposals	Balance June 30, 2008
Buildings & improvements	$28,105,436	$ 25,614	$ -	$28,131,050
Land	739,734	-	-	739,734
Machinery & equipment	1,001,149	68,356	-	1,069,505
Vehicles and buses	1,480,339	-	130,462	1,349,877
	$31,326,658	$ 93,970	$ 130,462	$31,290,166
Accumulated depreciation	9,888,488	758,514	130,462	10,516,540
NET CAPITAL ASSETS	$21,438,170	$ (664,544)	$ -	$20,773,626

Depreciation for the fiscal year ended June 30, 2008 amounted to $758,514. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE F - ACCRUED FRINGE BENEFITS

The School District, as part of the various employment contracts with its personnel, allows annual sick and vacation days. Each employment contract specifies an accumulation policy for unused sick and vacation days, as follows:

Vacation Days - Various employees of the School District are allowed to accumulate vacation days in the year when they are earned. The School District's liability for employees' unused vacation days has been calculated to be $50,157 at June 30, 2008.

Sick Leave - The various employment contracts with School District personnel stipulate four different methods of accumulating and paying for unused sick leave. In general, under all four methods employees are allowed to accumulate unused sick leave and receive a terminal leave payment equal to 75% of unused sick leave. For teachers hired after January 1, 1995, the amount has been reduced to 50%. Under the other three contracts, any employee hired after November 11, 1999 will receive no payment for accumulated sick leave which remains unused at termination. In order to receive payment upon retirement, the employee must have worked in the School District for at least ten years. For termination of employment other than retirement, an employee must have been employed by the School District for at least twenty years in order to be entitled to the terminal leave payment.

The number of days which will be paid out as terminal leave is limited, as follows:

Teachers	136 days
Administrators	167 - 178 days
Aides, noon-hour supervisors, and hall monitors	110 days
Bus drivers and custodians	110 days

Total accumulated sick leave as of June 30, 2008 was $3,138,689. Included in the liability is $1,640,328 which is fully vested and $1,498,361 which is accumulated but unvested.

Early Retirement Incentive - The current employment contracts with teachers and administrators allow the option of early retirement to those employees who meet state requirements for retirement. Qualified retirees shall receive an early retirement incentive of $150 per month for a period of up to seven years or until their 62nd birthday, whichever comes first. At June 30, 2008, 67 retirees were receiving or eligible to begin receiving the early retirement incentive, with $104,400 being paid to these individuals during 2008. The total early retirement incentive liability at June 30, 2008 was $388,350.

NOTE G – PRIOR PERIOD ADJUSTMENT

For 2008 the Escanaba Area Public Schools early implemented GASB Statements 43 & 45 for the accounting for post retirement benefits. The post retirement benefit is life insurance that is provided to employees and former employees until age 70. That amount is $447,990. This adjustment is reflected in the July 1, 2007 beginning net assets on the Statement of Activities.

NOTE H - DEFERRED REVENUE

Governmental funds report deferred revenue when assets are recognized before revenue recognition criteria have been satisfied. Grants and categorical aid payments received before the eligibility requirements are met are recorded as deferred revenue.

NOTE I - CAPITAL PROJECTS

Capital projects include capital project activities funded with bonds issued after May 1, 1999. For this capital project, the school district has complied with the applicable provision of paragraph 1531a of the revised school code.

NOTE J – SHORT TERM DEBT

The School District issues state aid anticipation notes in advance of receiving its first state aid payment for the year.

Short-term debt activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Issued	Redeemed	Balance June 30, 2008
State aid anticipation notes	$ 274,873	$ 3,300,000	$ (3,086,096)	$ 488,777

NOTE K - LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2008 is summarized as follows:

	Governmental Activities				
	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Amount Due Within One Year
General Obligation Bonds	$ 18,260,000	$ -	$ 915,000	$ 17,345,000	$ 965,000
Durant Bonds	286,594	-	-	286,594	-
Installment Purchase Agreement	255,209	-	95,539	159,670	79,413
Computer Leases	-	149,701	29,373	120,328	59,718
Accrued Employee Benefits	3,599,058	782,315	406,343	3,975,030	698,065
Balance, June 30, 2008	$ 22,400,861	$ 932,016	$ 1,446,255	$ 21,886,622	$1,802,196

On February 21, 2007, the School District did an advance refunding of a portion of the 2001 debt issue. This resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $531,110 and is being charged to operations through the year 2021 using the straight-line method.

At June 30, 2008, the School District's Governmental Activities long-term debt consisted of the following:

General Obligation Serial Bonds	
1996 Refunding Bonds due in annual installments varying from $20,000 on May 1, 1998 to the final installment of $475,000 due May 1, 2009. Interest is paid semi-annually at rates varying from 3.8% to 5.2%.	$ 475,000
2001 School Building and Site Bonds due in annual installments varying from $115,000 due on May 1, 2001 to the final installment of $585,000 due May 1, 2017. Interest is paid semi-annually at rates varying from 4.1% to 5.0%.	9,155,000
2006 Refunding Bonds due in annual installments varying from $45,000 on May 1, 2007 to the final installment of $1,680,000 due May 1, 2021. Interest is paid semi-annually at rates varying from 3.5% to 4.0%	7,715,000
TOTAL GENERAL OBLIGATION BONDS	$17,345,000

NOTE K - LONG-TERM DEBT (Continued)

Durant Resolution Package Bonds	
1998 Durant Resolution Package Bonds due in 15 annual installments varying from $60,729 to $34,079, including interest at 4.76%.	$ 286,594
TOTAL BONDS PAYABLE	$ 17,631,594
Installment Purchase Agreements	
Bus, due in annual installments of $15,700 through March 2009, plus interest at 3.15%.	$ 15,902
Bus, due in annual installments of $15,725 through March 2009, plus interest at 3.15%.	15,952
Bus, due in annual installments of $16,988 through March 2010, including interest at 4.43%.	31,816
Bus, due in annual installments of which the first will be $16,329 with remaining annual payments of $16,000 through March 2011, plus interest at 6.40%.	48,000
Bus, due in annual installments of which the first will be $16,329 with remaining annual payments of $16,000 through March 2011, including interest at 6.40%.	48,000
TOTAL INSTALLMENT PURCHASE AGREEMENTS PAYABLE	$ 159,670
Computer Leases	
The District entered into a lease agreement with Apple Computer, Inc. for the lease of computers. The lease is dated April 2008. Lease payments are due in annual Installments of $32,569 due in April 2009 and April 2010, including interest at 1.55%	$ 63,648
The District entered into a lease agreement with Apple Computer, Inc. for the lease of computers. The lease is dated August 2007. Lease payments are due in annual Installments of $29,508 due in August 2008 and August 2009, including interest at 2.86%	$ 56,680
TOTAL COMPUTER LEASES PAYABLE	$ 120,328

NOTE K - LONG-TERM DEBT (Continued)

Accrued Employee Benefits

Accrued employee benefits included in long-term debt are for the accumulated terminal leave built up by employees from unused sick leave and the early retirement incentive, as previously discussed in Note F. The accumulated terminal leave at June 30, 2008 was $3,138,690. The liability for early retirement incentive was $388,350.

The estimated debt service requirements for principal and interest to maturity as of June 30, 2008 are as follows:

Year Ending	General Obligation Bonds			Durant Bonds		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2009	$ 965,000	$ 759,316	$ 1,724,316	$ 27,013	$ 7,073	$ 34,086
2010	1,020,000	714,136	1,734,136	28,297	5,787	34,084
2011	1,080,000	670,910	1,750,910	167,696	61,312	229,008
2012	1,140,000	624,620	1,764,620	31,055	3,027	34,082
2013	1,205,000	573,570	1,778,570	32,533	1,549	34,082
2014-2018	7,000,000	1,952,340	8,952,340	-	-	-
2019-2022	4,935,000	398,200	5,333,200	-	-	-
TOTAL	$ 17,345,000	$ 5,693,092	$ 23,038,092	$ 286,594	$ 78,748	$ 365,342

Year Ending	Installment Purchase Agreements			Computer Leases		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2008	$ 79,412	$ 9,057	$ 88,041	$ 59,718	$ 2,442	$ 62,160
2009	48,258	4,826	53,084	60,610	1,138	61,748
2010	32,000	2,048	34,048	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
TOTAL	$ 159,670	$ 15,931	$ 175,173	$ 120,328	$ 3,580	$ 123,908

The debt service requirements for accumulated terminal leave are dependent upon future employee retirements and terminations. Thus, future payments are unknown at June 30, 2008, except for known fiscal year 2008 retirees for whom sick leave payments are estimated at $542,639.

NOTE L - RESERVES AND DESIGNATIONS OF EQUITY

Fund balance reserves and designations of governmental and fiduciary funds as of June 30, 2008 were comprised of the following:

	General Fund	Other Nonmajor Funds	Fiduciary Funds
Reserved for:			
Encumbrances	$ -	$ 14,362	$ -
Inventory	-	36,332	-
Debt retirement	-	399,279	-
Scholarships	-	-	4,299,319
TOTAL RESERVED	$ -	$ 449,973	$ 4,299,319
Designated for:			
Fiscal year 2008 retirees' accumulated sick pay	$ 542,639	$ -	$ -
Proposed capital projects	-	84,210	-
TOTAL DESIGNATED	$ 542,639	$ 84,210	$ -
Unreserved and undesignated	2,008,618	182,485	-
TOTAL FUND BALANCE	$ 2,551,257	$ 716,668	$ 4,299,319

NOTE M - PROPERTY TAXES

The School District's property tax is levied on December 1 and is based on taxable valuation of property as of the preceding December 31. Taxes are collected and remitted to the School District by the tax collecting units within the District and generally become delinquent seventy-five days after the levy date. Unpaid real property taxes as of February 28 are turned over to the County Treasurer for collection. The County maintains a tax revolving fund which permits the County to pay the School District 100% of the delinquent real taxes within approximately two to three months after the delivery of the delinquent tax bills.

NOTE N - STATE FOUNDATION REVENUE

Effective with the fiscal year ended June 30, 1995, the State of Michigan adopted a foundation grant approach which provides for a specific annual amount of revenue per student based on a state wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2008 the foundation allowance was based on the blending of pupil membership counts taken in February and September of 2007, with the February count blended at 25% and the September count at 75%.

The state portion of the foundation is provided primarily by a state education property tax millage of six mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The state revenue is funded through payments from October 2007 through August 2008.

NOTE O - PENSION PLAN

Plan Description - The School District contributes to the Michigan Public School Employees Retirement System (MPSERS), a cost-sharing, multiple-employer, state-wide public employee defined benefit pension plan governed by the State of Michigan. MPSERS provides retirement, survivor and disability benefits to the State's public school employees. In addition, all retirees have the option of continuing health, dental and vision coverage, with a portion of the cost being borne by the retiree. MPSERS operates under the provisions of Public Act 300 of 1980, as amended, and operates within the Michigan Department of Management and Budget, Office of Retirement Systems. MPSERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to MPSERS at P.O. Box 30673, Lansing, Michigan 48909-8103, or by calling (517) 322-5103. This information is also available on the web at www.michigan.gov/orsschools.

Funding Policy - Employees who are members of the Member Investment Plan (membership required for employees hired after December 31, 1989) are required by statute to contribute approximately 4% of their covered salary to the Plan. In addition, the School District is required by State statute to contribute at an actuarially determined rate. The current rate of 16.72% of covered payroll became effective October 1, 2007. The School District's contributions to MPSERS for the years ended June 30, 2008, 2007 and 2006 were $2,517,978, $2,338,217, and $2,176,142, respectively, which equals the required contribution for each year.

NOTE P – POST EMPLOYMENT BENEFITS

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage. Retirees having these benefits contribute an amount equivalent to the monthly cost for Part B Medicare and 10% of the monthly premium for the health, dental, and vision coverage. Required contributions for postemployment health care benefits are included as part of the School Districts contribution to the MPSERS plan discussed above.

In addition to the health care benefits noted above, the School District administers the Escanaba Area Public Schools Retiree Life Insurance Plan. It is a single-employer defined contribution plan administered by the School District. This plan pays life insurance premiums for retired employees until they have attained the age of 70.

A separate financial statement has been prepared. This statement can be obtained by contacting the business manager.

The School District has early implemented GASB Statements 43 and 45 which require the reporting of this plan in the financial statements. Expenditures for this plan are paid annually based on the current rates. The actuarially determined amount equates the amount paid. Actual expense for the year ended June 30, 2008 was $42,707 and the actuarially determined liability was $447,990.

NOTE Q - BUDGETS AND BUDGETARY ACCOUNTING

The School District follows these procedures in establishing the governmental fund budgets as reflected in the financial statements:

1. In June the Superintendent submits to the School Board proposed operating budgets for the fiscal year commencing on July 1.

2. A public hearing is conducted during June to obtain taxpayer comments.

3. Prior to June 30, the budgets are legally enacted through passage of a resolution.

4. For purposes of meeting emergency needs of the School District, transfers of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the School Board at its next regularly scheduled meeting.

5. The School Superintendent is charged with general supervision of the budget.

6. During the year the budgets are monitored and amendments to the budget resolution are made when deemed necessary.

NOTE Q - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

7. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts reported in the basic financial statements are as originally adopted, or as amended by the Board of Education.

NOTE R - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following governmental funds had an excess of actual expenditures over appropriations for the year ended June 30, 2008 in the following budget line items:

General Fund:	
Debt service	$ 5,517

NOTE S - SCHOLARSHIP COMMITMENTS

Each year the School District awards numerous scholarships to graduating students, many of which are paid out over a four year period. The District has consistently recorded the expense for scholarships based on when they are paid, since the students must attain minimum grade levels in order to receive their scholarships. At June 30, 2008, there was approximately $166,241 of outstanding scholarships for the Anna C. Norton Scholarship Fund and $317,330 for the Commingled and other scholarship funds.

In addition to the scholarship fund assets owned by the Escanaba Area Public Schools, the District has also been designated as beneficiary of the investment income earned on certain assets held in three trusts at local financial institutions. At June 30, 2008, the market value of these assets was approximately $1,761,887. These assets are not reflected in the accompanying Statement of Fiduciary Net Assets since the School District does not own or control these assets.

Subsequent to June 30, 2008, the Commingled Scholarship fund has received additional contributions in the amount of $150,245.

NOTE T – OTHER COMMITMENTS

As of June 30, 2008, the School District was committed to purchase two new school busses at a cost of $ 149,798. This commitment is budgeted for in the fiscal 2009 budget, and will be funded in part by general funds with the balance by additional debt.

NOTE U - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty risks and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage.

In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

NOTE V - SUBSEQUENT EVENTS

On August 20, 2008, the School District issued $2,900,000 of Notes in Anticipation of State School Aid. The proceeds of the notes are needed for cash flow purposes. The notes mature on August 20, 2009 and bear interest at 1.164%. Repayment of the principal and interest on the notes shall be in seven payments of $421,039 beginning January 20, 2009.

On June 16, 2008, the Board agreed to enter into a sales agreement with a private individual for the sale of the Kennedy School. The amount of the proposed sale is $30,000, with the proceeds to be deposited into the Public Improvement Fund.

REQUIRED SUPPLEMENTAL INFORMATION

ESCANABA AREA PUBLIC SCHOOLS

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended June 30, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES				
Local sources	$ 5,541,212	$ 5,878,671	$ 5,921,844	$ 43,173
State sources	15,346,814	15,684,625	15,651,729	(32,896)
Federal sources	959,968	1,026,092	984,340	(41,752)
Interdistrict sources and other	340,799	397,939	393,589	(4,350)
TOTAL REVENUES	$ 22,188,793	$ 22,987,327	$ 22,951,502	$ (35,825)
EXPENDITURES				
Current:				
Instruction	$ 15,009,792	$ 14,807,326	$ 14,774,090	$ 33,236
Supporting services	7,864,353	7,793,602	7,606,374	187,228
Community services	28,399	28,399	27,864	535
Interdistrict and other	145,733	33,000	19,892	13,108
Debt service:				
Principal retirement	95,720	154,542	154,540	2
Interest and fiscal charges	66,334	77,128	82,647	(5,519)
TOTAL EXPENDITURES	$ 23,210,331	$ 22,893,997	$ 22,665,407	$ 228,590
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (1,021,538)	$ 93,330	$ 286,095	$ 192,765
OTHER FINANCING SOURCES (USES)				
Operating transfers in	$ -	$ -	$ -	$ -
Operating transfers out	(383,386)	(416,263)	(417,644)	(1,381)
Sale of fixed assets	-	6,111	6,111	-
Proceeds from notes	-	145,432	149,701	4,269
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ (1,404,924)	$ (171,390)	$ 24,263	$ 195,653
Fund Balance, July 1	2,190,256	2,526,994	2,526,994	-
FUND BALANCE, JUNE 30	$ 785,332	$ 2,355,604	$ 2,551,257	$ 195,653

OTHER SUPPLEMENTAL INFORMATION

ESCANABA AREA PUBLIC SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

	Governmental Fund Types						
	Hot Lunch	Athletics	Public Improvement	Catherine Bonifas Inter-vivos	1989/1996 Debt	2001 Debt	Total
ASSETS							
Cash and cash equivalents	$ 155,073	$ 15,781	$ 69,775	$ 14,435	$ 14,874	$ 384,405	$ 654,343
Prepaid expenses	3,240	-	-	-	-	-	3,240
Other receivables	15,370	54,966	-	-	-	-	70,336
Inventories	36,332	-	-	-	-	-	36,332
TOTAL ASSETS	$ 210,015	$ 70,747	$ 69,775	$ 14,435	$ 14,874	$ 384,405	$ 764,251
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 7,414	$ 2,893	$ -	$ -	$ -	$ -	$ 10,307
Accrued salaries	9,188	16,797	-	-	-	-	25,985
Other accrued liabilities	4,858	6,433	-	-	-	-	11,291
TOTAL LIABILITIES	$ 21,460	$ 26,123	$ -	$ -	$ -	$ -	$ 47,583
FUND BALANCES							
Reserved	$ 36,332	$ 14,362	$ -	$ -	$ 14,874	$ 384,405	$ 449,973
Designated	-	-	69,775	14,435	-	-	84,210
Unreserved and undesignated	152,223	30,262	-	-	-	-	182,485
TOTAL FUND EQUITY	$ 188,555	$ 44,624	$ 69,775	$ 14,435	$ 14,874	$ 384,405	$ 716,668
TOTAL LIABILITIES AND FUND EQUITY	$ 210,015	$ 70,747	$ 69,775	$ 14,435	$ 14,874	$ 384,405	$ 764,251

ESCANABA AREA PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2008

	Governmental Fund Types							
	Hot Lunch	Athletics	Public Improvement	Catherine Bonifas Inter-vivos	2001 Construction	1989/1996 Debt	2001 Debt	Total
REVENUES								
Local sources	$ 388,893	$ 184,876	$ 50,915	$ 596	$ 304	$ 489,680	$ 1,219,117	$ 2,334,381
State sources	34,868	-	-	-	-	-	-	34,868
Federal sources	521,100	-	-	-	-	-	-	521,100
TOTAL REVENUES	$ 944,861	$ 184,876	$ 50,915	$ 596	$ 304	$ 489,680	$ 1,219,117	$ 2,890,349
EXPENDITURES								
Current:								
Food services	$ 895,457	$ -	$ -	$ -	$ -	$ -	$ -	$ 895,457
Athletics	-	587,472	-	-	-	-	-	587,472
Capital projects	-	-	9,768	-	13,119	-	-	22,887
Debt Service:								
Principal retirement	-	-	-	-	-	450,000	465,000	915,000
Interest and fiscal charges	-	-	-	-	-	48,474	747,444	795,918
TOTAL EXPENDITURES	$ 895,457	$ 587,472	$ 9,768	$ -	$ 13,119	$ 498,474	$ 1,212,444	$ 3,216,734
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 49,404	$ (402,596)	$ 41,147	$ 596	$ (12,815)	$ (8,794)	$ 6,673	$ (326,385)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	$ -	$ 417,644	$ -	$ -	$ -	$ -	$ -	$ 417,644
Operating transfers out	-	-	-	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 49,404	$ 15,048	$ 41,147	$ 596	$ (12,815)	$ (8,794)	$ 6,673	$ 91,259
Fund Balance, July 1	139,151	29,576	28,628	13,839	12,815	23,668	377,732	625,409
FUND BALANCE, JUNE 30	$ 188,555	$ 44,624	$ 69,775	$ 14,435	$ -	$ 14,874	$ 384,405	$ 716,668

INDIVIDUAL FUND STATEMENTS

ESCANABA AREA PUBLIC SCHOOLS

BALANCE SHEET
GENERAL FUND

June 30, 2008

ASSETS

Cash	$	1,738,191
Prepaid expenses		32,698
Accounts receivable:		
Due from federal government		465,072
Due from state government		2,812,093
Other Receivables		404,394
TOTAL ASSETS	$	5,452,448

LIABILITIES AND FUND BALANCE

Accounts payable	$	522,844
Revenue anticipation notes payable		488,777
Accrued salaries		1,540,610
Accrued fringe benefits		309,806
Deferred revenues		39,154
TOTAL LIABILITIES	$	2,901,191
Fund balance		2,551,257
TOTAL LIABILITIES AND FUND BALANCE	$	5,452,448

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF REVENUES AND EXPENDITURES - GENERAL FUND

For the year ended June 30, 2008

REVENUES		
Revenues from local sources	$	5,921,844
Revenues from state sources		15,651,729
Revenues from federal sources		984,340
Interdistrict and other revenues		393,589
TOTAL REVENUES	$	22,951,502
EXPENDITURES		
Instruction	$	14,774,090
Supporting services		7,606,374
Community services		27,864
Interdistrict and other		19,892
Debt service		237,187
TOTAL EXPENDITURES	$	22,665,407
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$	286,095
OTHER FINANCING SOURCES(USES)		
Operating transfers in	$	-
Operating transfers out		(417,644)
Sale of fixed assets		6,111
Proceeds from issuance of notes		149,701
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$	24,263

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF CHANGES IN FUND BALANCE
GENERAL FUND

For the year ended June 30, 2008

Fund balance, July 1	$	2,526,994
Excess of revenues and other sources over (under) expenditures and other uses		24,263
FUND BALANCE, JUNE 30	$	2,551,257
Fund balance consists of:		
Designated for:		
Subsequent fiscal year retirees' accumulated sick pay	$	542,639
TOTAL DESIGNATED	$	542,639
Unreserved and undesignated		2,008,618
FUND BALANCE, JUNE 30	$	2,551,257

ESCANABA AREA PUBLIC SCHOOLS

COMBINING STATEMENT OF BUDGETED AND ACTUAL REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND

For the year ended June 30, 2008

	General Operations				Restricted Grants				Total General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES												
Revenues from Local Sources:												
Property Taxes	$ 5,357,639	$ 5,523,791	$ 5,533,260	$ 9,469	$ -	$ -	$ 14,854	$ 14,854	$ 5,357,639	$ 5,523,791	$ 5,533,260	$ 9,469
Other Local Revenue	173,154	334,659	373,730	39,071	10,419	20,221	-	(20,221)	183,573	354,880	388,584	33,704
TOTAL REVENUES FROM LOCAL SOURCES	$ 5,530,793	$ 5,858,450	$ 5,906,990	$ 48,540	$ 10,419	$ 20,221	$ 14,854	$ (5,367)	$ 5,541,212	$ 5,878,671	$ 5,921,844	$ 43,173
Revenues from State Sources												
State Aid Unrestricted	$ 13,765,983	$ 13,858,276	$ 13,852,011	$ (6,265)	$ -	$ -	$ -	$ -	$ 13,765,983	$ 13,858,276	$ 13,852,011	$ (6,265)
State Aid Restricted	944,789	1,167,770	1,167,770	-	636,042	658,579	631,948	(26,631)	1,580,831	1,826,349	1,799,718	(26,631)
TOTAL REVENUES FROM STATE SOURCES	$ 14,710,772	$ 15,026,046	$ 15,019,781	$ (6,265)	$ 636,042	$ 658,579	$ 631,948	$ (26,631)	$ 15,346,814	$ 15,684,625	$ 15,651,729	$ (32,896)
Revenues from Federal Sources:												
Federal Aid Restricted	$ -	$ -	$ -	$ -	$ 959,968	$ 1,026,092	$ 984,340	$ (41,752)	$ 959,968	$ 1,026,092	$ 984,340	$ (41,752)
TOTAL REVENUES FROM FEDERAL SOURCES	$ -	$ -	$ -	$ -	$ 959,968	$ 1,026,092	$ 984,340	$ (41,752)	$ 959,968	$ 1,026,092	$ 984,340	$ (41,752)
Revenues from Other Sources												
Other Sources	$ 304,400	$ 334,152	$ 349,152	$ 15,000	$ 36,399	$ 63,787	$ 44,437	$ (19,350)	$ 340,799	$ 397,939	$ 393,589	$ (4,350)
TOTAL REVENUES FROM OTHER SOURCES	304,400	334,152	349,152	15,000	36,399	63,787	44,437	(19,350)	340,799	397,939	393,589	(4,350)
TOTAL REVENUES	$ 20,545,965	$ 21,218,648	$ 21,275,923	$ 57,275	$ 1,642,828	$ 1,768,679	$ 1,675,579	$ (93,100)	$ 22,188,793	$ 22,987,327	$ 22,951,502	$ (35,825)
EXPENDITURES												
Expenditures for Instruction												
Salaries	$ 8,247,756	$ 8,344,847	$ 8,332,436	$ 12,411	$ 665,146	$ 682,176	$ 665,523	$ 16,653	$ 8,912,902	$ 9,027,023	$ 8,997,959	$ 29,064
Fringe benefits	4,976,883	4,416,706	4,464,759	(48,053)	249,873	253,656	243,387	10,269	5,226,756	4,670,362	4,708,146	(37,784)
Purchased services	494,515	461,639	453,895	7,744	94,297	93,297	99,105	(5,808)	588,812	554,936	553,000	1,936
Supplies and capital outlay	178,617	365,615	363,178	2,437	101,830	188,140	151,057	37,083	280,447	553,755	514,235	39,520
Other expenditures	875	1,250	750	500	-	-	-	-	875	1,250	750	500
TOTAL INSTRUCTION	$ 13,898,646	$ 13,590,057	$ 13,615,018	$ (24,961)	$ 1,111,146	$ 1,217,269	$ 1,159,072	$ 58,197	$ 15,009,792	$ 14,807,326	$ 14,774,090	$ 33,236

ESCANABA AREA PUBLIC SCHOOLS

COMBINING STATEMENT OF BUDGETED AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the year ended June 30, 2008

	General Operations				Restricted Grants				Total General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)												
Expenditures for Support Services												
Instructional support services												
Salaries	$ 1,175,484	$ 1,060,520	$ 1,029,999	$ 30,521	$ 289,504	$ 291,631	$ 290,161	$ 1,470	$ 1,464,988	$ 1,352,151	$ 1,320,160	$ 31,991
Fringe benefits	575,353	496,055	499,816	(3,761)	139,030	139,643	139,476	167	714,383	635,698	639,292	(3,594)
Purchased services	95,985	81,174	81,892	(718)	36,032	42,670	25,493	17,177	132,017	123,844	107,385	16,459
Supplies and capital outlay	60,349	68,262	53,798	14,464	5,544	8,645	6,672	1,973	65,893	76,907	60,470	16,437
Other expenditures	4,375	43,758	42,975	783	-	-	10	(10)	4,375	43,758	42,985	773
	$ 1,911,546	$ 1,749,769	$ 1,708,480	$ 41,289	$ 470,110	$ 482,589	$ 461,812	$ 20,777	$ 2,381,656	$ 2,232,358	$ 2,170,292	$ 62,066
Office of the Principal:												
Salaries	$ 664,202	$ 760,224	$ 753,032	$ 7,192	$ -	$ -	$ -	$ -	$ 664,202	$ 760,224	$ 753,032	$ 7,192
Fringe benefits	465,587	389,288	395,619	(6,331)	-	-	-	-	465,587	389,288	395,619	(6,331)
Purchased services	93,060	93,552	88,391	5,161	-	-	-	-	93,060	93,552	88,391	5,161
Supplies and capital outlay	14,700	15,305	12,138	3,167	-	-	-	-	14,700	15,305	12,138	3,167
Other expenditures	3,654	3,654	8,577	(4,923)	-	-	-	-	3,654	3,654	8,577	(4,923)
	$ 1,241,203	$ 1,262,023	$ 1,257,757	$ 4,266	$ -	$ -	$ -	$ -	$ 1,241,203	$ 1,262,023	$ 1,257,757	$ 4,266
Central office support services												
Salaries	$ 421,136	$ 389,114	$ 387,985	$ 1,129	$ -	$ -	$ -	$ -	$ 421,136	$ 389,114	$ 387,985	$ 1,129
Fringe benefits	205,096	159,933	160,704	(771)	-	-	-	-	205,096	159,933	160,704	(771)
Purchased services	135,944	144,113	139,812	4,301	4,000	4,000	3,691	309	139,944	148,113	143,503	4,610
Supplies and capital outlay	10,950	15,750	15,441	309	-	-	-	-	10,950	15,750	15,441	309
Other expenditures	30,215	55,215	47,798	7,417	-	-	-	-	30,215	55,215	47,798	7,417
	$ 803,341	$ 764,125	$ 751,740	$ 12,385	$ 4,000	$ 4,000	$ 3,691	$ 309	$ 807,341	$ 768,125	$ 755,431	$ 12,694
Operations and maintenance												
Salaries	$ 694,482	$ 784,023	$ 791,082	$ (7,059)	$ -	$ -	$ -	$ -	$ 694,482	$ 784,023	$ 791,082	$ (7,059)
Fringe benefits	525,424	516,647	520,326	(3,679)	-	-	-	-	525,424	516,647	520,326	(3,679)
Purchased services	238,652	272,554	256,480	16,074	-	3,422	3,248	174	238,652	275,976	259,728	16,248
Supplies and capital outlay	764,419	698,161	629,781	68,380	-	-	-	-	764,419	698,161	629,781	68,380
Other expenditures	-	-	255	(255)	-	-	-	-	-	-	255	(255)
	$ 2,222,977	$ 2,271,385	$ 2,197,924	$ 73,461	$ -	$ 3,422	$ 3,248	$ 174	$ 2,222,977	$ 2,274,807	$ 2,201,172	$ 73,635
Pupil transportation												
Salaries	$ 585,354	$ 616,375	$ 607,249	$ 9,126	$ -	$ -	$ -	$ -	$ 585,354	$ 616,375	$ 607,249	$ 9,126
Fringe benefits	406,402	363,122	359,992	3,130	-	-	-	-	406,402	363,122	359,992	3,130
Purchased services	31,700	39,277	35,964	3,313	-	-	-	-	31,700	39,277	35,964	3,313
Supplies and capital outlay	186,200	236,020	217,243	18,777	-	-	-	-	186,200	236,020	217,243	18,777
Other expenditures	1,520	1,495	1,274	221	-	-	-	-	1,520	1,495	1,274	221
	$ 1,211,176	$ 1,256,289	$ 1,221,722	$ 34,567	$ -	$ -	$ -	$ -	$ 1,211,176	$ 1,256,289	$ 1,221,722	$ 34,567
TOTAL SUPPORT SERVICES	$ 7,390,243	$ 7,303,591	$ 7,137,623	$ 165,968	$ 474,110	$ 490,011	$ 468,751	$ 21,260	$ 7,864,353	$ 7,793,602	$ 7,606,374	$ 187,228

ESCANABA AREA PUBLIC SCHOOLS

COMBINING STATEMENT OF BUDGETED AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the year ended June 30, 2008

	General Operations				Restricted Grants				Total General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures for Community Services												
Salaries	$ -	$ -	$ -	$ -	$ 20,995	$ 20,995	$ 20,712	$ 283	$ 20,995	$ 20,995	$ 20,712	$ 283
Fringe benefits	-	-	-	-	5,139	5,139	5,091	48	5,139	5,139	5,091	48
Purchased services	-	-	-	-	-	-	87	(87)	-	-	87	(87)
Supplies and capital outlay	-	-	-	-	2,265	2,265	1,974	291	2,265	2,265	1,974	291
Other expenditures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY SERVICES	$ -	$ -	$ -	$ -	$ 28,399	$ 28,399	$ 27,864	$ 535	$ 28,399	$ 28,399	$ 27,864	$ 535
Interdistrict Payments and Other												
Payment to other districts	$ 112,733	$ -	$ -	$ -	$ 33,000	$ 33,000	$ 19,892	$ 13,108	$ 145,733	$ 33,000	$ 19,892	$ 13,108
TOTAL INTERDISTRICT PAYMENTS AND OTHER	$ 112,733	$ -	$ -	$ -	$ 33,000	$ 33,000	$ 19,892	$ 13,108	$ 145,733	$ 33,000	$ 19,892	$ 13,108
Expenditures for Debt Service:												
Principal repayment	$ 95,720	$ 154,542	$ 154,540	$ 2	$ -	$ -	$ -	$ -	$ 95,720	$ 154,542	$ 154,540	$ 2
Interest and fiscal charges	66,334	77,128	82,647	(5,519)	-	-	-	-	66,334	77,128	82,647	(5,519)
TOTAL DEBT SERVICE	$ 162,054	$ 231,670	$ 237,187	$ (5,517)	$ -	$ -	$ -	$ -	$ 162,054	$ 231,670	$ 237,187	$ (5,517)
TOTAL EXPENDITURES	$ 21,563,676	$ 21,125,318	$ 20,989,828	$ 135,490	$ 1,646,655	$ 1,768,679	$ 1,675,579	$ 93,100	$ 23,210,331	$ 22,893,997	$ 22,665,407	$ 228,590
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (1,017,711)	$ 93,330	$ 286,095	$ 192,765	$ (3,827)	$ -	$ -	$ -	$ (1,021,538)	$ 93,330	$ 286,095	$ 192,765
OTHER FINANCING SOURCES (USES)												
Operating transfers in	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating transfers out	(383,386)	(416,263)	(417,644)	(1,381)	-	-	-	-	(383,386)	(416,263)	(417,644)	(1,381)
Sale of Fixed Assets	-	6,111	6,111	-	-	-	-	-	-	6,111	6,111	-
Proceeds from issuance of note	-	145,432	149,701	4,269	-	-	-	-	-	145,432	149,701	4,269
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ (1,401,097)	$ (171,390)	$ 24,263	$ 195,653	$ (3,827)	$ -	$ -	$ -	$ (1,404,924)	$ (171,390)	$ 24,263	$ 195,653
Fund Balance, July 1	2,190,256	2,526,994	2,526,994	-	-	-	-	-	2,190,256	2,526,994	2,526,994	-
FUND BALANCE JUNE 30	$ 789,159	$ 2,355,604	$ 2,551,257	$ 195,653	$ (3,827)	$ -	$ -	$ -	$ 785,332	$ 2,355,604	$ 2,551,257	$ 195,653

ESCANABA AREA PUBLIC SCHOOLS

BALANCE SHEET
HOT LUNCH FUND

June 30, 2008

ASSETS

Cash	$	155,073
Prepaid expenses		3,240
Other receivables		15,370
Inventory		36,332
TOTAL ASSETS	$	210,015

LIABILITIES AND FUND BALANCE

Accounts payable	$	7,414
Accrued salaries		9,188
Other accrued liabilities		4,858
TOTAL LIABILITIES	$	21,460
Fund Balance:		
Reserved for inventory	$	36,332
Unreserved		152,223
TOTAL FUND BALANCE	$	188,555
TOTAL LIABILITIES AND FUND BALANCE	$	210,015

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF BUDGETED AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE HOT LUNCH FUND

For the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	$ 375,621	$ 375,621	$ 388,893	$ 13,272
State sources	40,000	40,000	34,868	(5,132)
Federal sources	497,290	497,290	521,100	23,810
TOTAL REVENUES	$ 912,911	$ 912,911	$ 944,861	$ 31,950
EXPENDITURES				
Salaries and wages	$ 263,365	271,951	$ 263,668	$ 8,283
Fringe benefits	172,182	149,532	148,888	644
Food, supplies and other expenditures	471,550	471,550	455,019	16,531
Capital outlay	-	25,676	27,882	(2,206)
TOTAL EXPENDITURES	$ 907,097	$ 918,709	$ 895,457	$ 23,252
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 5,814	$ (5,798)	$ 49,404	$ 55,202
Fund balance, July 1	139,151	139,151	139,151	-
FUND BALANCE, JUNE 30	$ 144,965	$ 133,353	$ 188,555	$ 55,202

ESCANABA AREA PUBLIC SCHOOLS

BALANCE SHEET
ATHLETICS FUND

June 30, 2008

ASSETS

Cash	$	15,781
Other receivables		54,966
TOTAL ASSETS	$	70,747

LIABILITIES AND FUND BALANCE

Accounts payable	$	2,893
Accrued salaries		16,797
Other accrued liabilities		6,433
TOTAL LIABILITIES	$	26,123
Fund Balance:		
Reserved	$	14,362
Unreserved		30,262
TOTAL FUND BALANCE	$	44,624
TOTAL LIABILITIES AND FUND BALANCE	$	70,747

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF BUDGETED AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ATHLETICS FUND

For the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local revenues	$ 90,006	$ 112,408	$ 108,170	$ (4,238)
Donations	44,012	73,546	76,706	3,160
TOTAL REVENUES	$ 134,018	$ 185,954	$ 184,876	$ (1,078)
EXPENDITURES				
Salaries and wages	$ 286,785	$ 281,548	$ 279,890	$ 1,658
Employee benefits	89,167	89,970	82,989	6,981
Supplies, materials and other expenditures	168,407	216,286	201,640	14,646
Capital outlay	14,850	25,480	22,953	2,527
TOTAL EXPENDITURES	$ 559,209	$ 613,284	$ 587,472	$ 25,812
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (425,191)	$ (427,330)	$ (402,596)	$ 24,734
OTHER FINANCING SOURCES				
Operating transfers in	408,386	417,263	417,644	381
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ (16,805)	$ (10,067)	$ 15,048	$ 25,115
Fund balance, July 1	29,576	29,576	29,576	-
FUND BALANCE, JUNE 30	$ 12,771	$ 19,509	$ 44,624	$ 25,115

ESCANABA AREA PUBLIC SCHOOLS

BALANCE SHEET
PUBLIC IMPROVEMENT FUND

June 30, 2008

ASSETS

Cash		$ 69,775
	TOTAL ASSETS	$ 69,775

LIABILITIES AND FUND BALANCE

	TOTAL LIABILITIES	$ -
Fund Balance:		
Designated		$ 69,775
	TOTAL FUND BALANCE	$ 69,775
	TOTAL LIABILITIES AND FUND BALANCE	$ 69,775

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF BUDGETED AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE PUBLIC IMPROVEMENT FUND

For the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	$ 15,914	$ 15,914	$ 50,915	$ 35,001
TOTAL REVENUES	$ 15,914	$ 15,914	$ 50,915	$ 35,001
EXPENDITURES				
Buildings major maint and repair	$ -	$ 10,046	$ 6,500	$ 3,546
Capital outlay	7,334	36,915	3,268	33,647
TOTAL EXPENDITURES	$ 7,334	$ 46,961	$ 9,768	$ 37,193
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 8,580	$ (31,047)	$ 41,147	$ 72,194
Fund balance, July 1	28,628	28,628	28,628	-
FUND BALANCE, JUNE 30	$ 37,208	$ (2,419)	$ 69,775	$ 72,194

ESCANABA AREA PUBLIC SCHOOLS

BALANCE SHEET
CATHERINE BONIFAS INTER-VIVOS FUND

June 30, 2008

ASSETS

Cash		$ 14,435
	TOTAL ASSETS	$ 14,435

LIABILITIES AND FUND BALANCE

	TOTAL LIABILITIES	$ -
Fund Balance:		
Designated		$ 14,435
	TOTAL FUND BALANCE	$ 14,435
	TOTAL LIABILITIES AND FUND BALANCE	$ 14,435

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF BUDGETED AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CATHERINE BONIFAS INTER-VIVOS FUND

For the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	$ -	$ -	$ 596	$ 596
TOTAL REVENUES	$ -	$ -	$ 596	$ 596
EXPENDITURES	$ -	$ -	$ -	$ -
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ -	$ -	$ 596	$ 596
Fund balance, July 1	13,839	13,839	13,839	-
FUND BALANCE, JUNE 30	$ 13,839	$ 13,839	$ 14,435	$ 596

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF BUDGETED AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
2001 CONSTRUCTION FUND

For the year ended June 30, 2008

	Original Budget	Revised Budget	Prior Activity	Current Budget	Current Actual
REVENUES					
Interest income	$ 807,490	$ 1,013,000	$ 1,095,680	$ (82,680)	$ 304
Miscellaneous revenue	-	132,800	132,845	(45)	-
Net decrease in fair value of investments	-	-	(86,060)	86,060	-
TOTAL REVENUES	$ 807,490	$ 1,145,800	$ 1,142,465	$ 3,335	$ 304
EXPENDITURES					
Architect and professional fees	$ 2,233,996	$ 2,870,164	$ 3,004,019	$ (133,855)	$ -
Advertising	11,290	11,290	9,106	2,184	-
Building acquisitions	14,507,329	14,421,655	15,026,751	(605,096)	10,957
Furniture, fixtures and equipment	1,948,646	1,405,935	1,063,419	342,516	2,162
Other expenditures	-	-	590	(590)	-
TOTAL EXPENDITURES	$ 18,701,261	$ 18,709,044	$ 19,103,885	$ (394,841)	$ 13,119
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (17,893,771)	$ (17,563,244)	$ (17,961,420)	$ 398,176	$ (12,815)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	$ -	$ -	$ 80,464	$ (80,464)	$ -
Operating transfers out	(439,167)	(439,167)	(439,167)	-	-
Proceeds from sale of bonds	18,332,938	18,332,938	18,332,938	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ -	$ 330,527	$ 12,815	$ 317,712	$ (12,815)
Fund balance, July 1	-	-	-	12,815	12,815
FUND BALANCE, JUNE 30	$ -	$ 330,527	$ 12,815	$ 330,527	$ -

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF BUDGETED AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
1989/1996 DEBT RETIREMENT FUND

For the year ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Current and delinquent property taxes	$ 477,206	$ 477,466	$ 260
Other taxes	9,107	10,707	1,600
Earnings on investments	900	1,507	607
TOTAL REVENUES	$ 487,213	$ 489,680	$ 2,467
EXPENDITURES			
Bond retirements	$ 450,000	$ 450,000	$ -
Interest on bonds	47,650	47,650	-
Refund of taxes	-	524	(524)
Paying agent fees	300	300	-
TOTAL EXPENDITURES	$ 497,950	$ 498,474	$ (524)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (10,737)	$ (8,794)	$ 1,943
Fund balance, July 1	23,668	23,668	-
FUND BALANCE, JUNE 30	$ 12,931	$ 14,874	$ 1,943

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF BUDGETED AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
2001 DEBT RETIREMENT FUND

For the year ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Current and delinquent property taxes	$ 1,184,390	$ 1,183,862	$ (528)
Other taxes	22,603	26,007	3,404
Earnings on investments	3,500	9,248	5,748
TOTAL REVENUES	$ 1,210,493	$ 1,219,117	$ 8,624
EXPENDITURES			
Bond retirements	$ 465,000	$ 465,000	$ -
Interest on bonds	753,524	746,580	6,944
Refund of taxes	-	664	(664)
Paying agent fees	450	200	250
TOTAL EXPENDITURES	$ 1,218,974	$ 1,212,444	$ 6,530
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (8,481)	$ 6,673	$ 15,154
Fund balance, July 1	377,732	377,732	-
FUND BALANCE, JUNE 30	$ 369,251	$ 384,405	$ 15,154

FIDUCIARY FUNDS

ESCANABA AREA PUBLIC SCHOOLS

COMBINING BALANCE SHEET
FIDUCIARY FUNDS

June 30, 2008

	Scholarship Funds				Agency Funds		
	Anna C. Norton	Co-mingled	Special Education	Total	Middle School Activities	Senior High Activities	Total
ASSETS							
Cash and cash equivalents	$ 54,462	$ 186,199	$ 7,605	$ 248,266	$ 19,563	$ 101,116	$ 120,679
Contributions receivable	-	11,501	-	11,501	-	-	-
Accrued income	6,869	10,337	-	17,206	-	-	-
Investments - at fair value	1,549,679	2,447,667	25,000	4,022,346	-	-	-
TOTAL ASSETS	$ 1,611,010	$ 2,655,704	$ 32,605	$ 4,299,319	$ 19,563	$ 101,116	$ 120,679
LIABILITIES AND FUND BALANCE							
Due to student activities	$ -	$ -	$ -	$ -	$ 19,563	$ 101,116	$ 120,679
TOTAL LIABILITIES	$ -	$ -	$ -	$ -	$ 19,563	$ 101,116	$ 120,679
Fund balance - reserved	1,611,010	2,655,704	32,605	4,299,319	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	$ 1,611,010	$ 2,655,704	$ 32,605	$ 4,299,319	$ 19,563	$ 101,116	$ 120,679

ESCANABA AREA PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE-PRIVATE PURPOSE TRUST FUNDS

For the year ended June 30, 2008

	Scholarship Funds			
	Anna C. Norton	Co-mingled	Special Education	Total
REVENUES				
Contributions	$ -	$ 272,281	$ -	$ 272,281
Interest and dividends	62,200	100,427	1,215	163,842
Gain on sale of investments	33,365	166,820	-	200,185
TOTAL REVENUES	$ 95,565	$ 539,528	$ 1,215	$ 636,308
EXPENSES				
Scholarships and trophies	$ 42,519	$ 140,687	$ 1,313	$ 184,519
Trustee fees	11,032	15,595	-	26,627
Accounting and legal fees	1,838	3,298	-	5,136
Other expenses	-	540	-	540
Decrease in fair value of investments	175,212	369,818	-	545,030
TOTAL EXPENSES	$ 230,601	$ 529,938	$ 1,313	$ 761,852
NET INCOME (LOSS)	$ (135,036)	$ 9,590	$ (98)	$ (125,544)
Fund balance, July 1	1,746,046	2,646,114	32,703	4,424,863
FUND BALANCE, JUNE 30	$ 1,611,010	$ 2,655,704	$ 32,605	$ 4,299,319

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF CASH FLOWS - PRIVATE PURPOSE TRUST FUNDS

For the year ended June 30, 2008

Cash Flows from Operating Activities:		
Cash contributions received	$	260,780
Cash paid for scholarships		(184,519)
Cash paid for other expenses		(32,865)
NET CASH USED BY OPERATING ACTIVITIES	$	43,396
Cash Flows from Investing Activities:		
Proceeds from sale of investments	$	1,645,039
Purchase of investments		(2,085,015)
Interest and dividend income		162,141
NET CASH PROVIDED BY INVESTING ACTIVITIES	$	(277,835)
Net increase (decrease) in cash	$	(234,439)
Cash and cash equivalents, July 1		482,705
Cash and cash equivalents, June 30	$	248,266
Reconciliation of Net Income to Net Cash Used by Operating Activities:		
Operating income	$	(125,544)
Adjustments to reconcile operating income to net cash used by operating activities:		
Interest and dividend income		(162,141)
Net (increase) decrease in fair value of investments		545,030
Gain on sale of investments		(200,185)
(Increase) decrease in contributions receivable		(11,501)
Non-cash income		(211)
(Increase) decrease in accrued income		(1,490)
Increase (decrease) in accounts payable		(562)
NET CASH USED BY OPERATING ACTIVITIES	$	43,396
Reconciliation of Cash and Cash Equivalents:		
Fiduciary funds cash and cash equivalents per Combining Balance Sheet	$	368,945
Less cash and cash equivalents in agency fund		(120,679)
Cash and cash equivalents per above	$	248,266

ESCANABA AREA PUBLIC SCHOOLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
CO-MINGLED SCHOLARSHIPS FUND

For the year ended June 30, 2008

	Fund Balance July 1, 2007	Revenues: Contributions	Revenues: Interest & Dividends	Revenues: Realized Gain on Investments	Revenues: Decrease in Fair Value of Investments
Catherine Bonifas	$ 117,093	$ -	$ 4,150	$ 6,943	$ (15,391)
H.W. Reade	24,653	-	874	1,462	(3,240)
Joan Hesse Ferrari	5,232	-	185	310	(688)
William H. Puckelwartz	28,488	-	1,010	1,689	(3,744)
A.J. Young	24,987	-	886	1,481	(3,284)
Edward L. Edick	11,568	-	410	686	(1,521)
Esther Fernstrom	9,534	-	338	565	(1,253)
Stephen M. Milkiewicz	5,334	-	189	316	(701)
Henry Wylie	3,977	-	141	236	(523)
Conrad D. Beck	8,860	-	314	525	(1,165)
Dean Deroun	2,949	-	105	175	(388)
Escanaba Educational Trust	11,030	-	391	654	(1,450)
Gene Timmer	3,324	-	118	197	(437)
Daniel Stein	50,558	-	1,792	2,998	(6,645)
Robert Micensky	2,937	-	104	174	(386)
Grace Huston Beauchamp	15,454	-	548	916	(2,031)
William J. VanEffen	7,722	-	274	458	(1,015)
Sam M. Cohodas	9,179	-	325	544	(1,206)
Maria, George & Stanley St. Louis	370,116	-	13,118	21,946	(48,646)
Lawrence and Nina Fleming	15,718	-	557	932	(2,066)
Herbert and Irene Kirstin	16,096	-	570	954	(2,116)
Dr. E. James Gordon	131,198	-	4,650	7,779	(17,245)
Coplan Family Music	44,606	-	1,581	2,645	(5,863)
Frank B. and Mamie A. Louis	145,833	-	5,169	8,647	(19,168)
Cunningham Family	9,524	-	338	565	(1,252)
Pfotenhauer/Gessner	16,852	-	597	999	(2,215)
Clarence and Della Lemerand	358,058	-	12,691	21,230	(47,064)
Louis J. Kintziger	4,102	-	145	243	(539)
Carl A. Nordberg	17,245	10	612	1,023	(2,268)
Jack Molin and Class of 1944	27,503	95	977	1,634	(3,622)
Arthur V. and Elin C. Aronson	81,169	5,000	2,962	4,955	(10,984)
Olive C. LaFave	32,833	-	1,164	1,947	(4,316)
Robert A. and Ruth Owen	33,024	-	1,170	1,958	(4,341)
Kim Ann Milkiewicz	12,146	-	430	720	(1,596)
Susan C. and Thomas D. Dufour	7,242	-	257	429	(952)
Anne C. O'Donnell	31,274	-	1,108	1,854	(4,111)
Irwin and Marge Gibbs/Georgia Gibbs Owens	238,716	-	8,461	14,153	(31,377)
Harold R. and Mary Noyes Pearson	31,234	10,065	1,305	2,184	(4,841)
Sherry Berndt	41,853	-	1,483	2,481	(5,501)
Forrest and Mary Henslee	17,021	1,000	704	-	-
George Grab	30,781	-	1,091	1,825	(4,046)
Bradley D. Johnson	51,713	1,500	1,878	3,142	(6,965)
Robert and Elva Hirn	74,261	28,000	3,181	5,322	(11,798)
John Wesley Hansen Memorial	15,160	-	537	899	(1,993)
Naomi Taylor Memorial	35,659	-	1,264	2,114	(4,687)
John Chermek Memorial	2,649	-	94	157	(348)
Charles H. Gessner Family	70,846	-	2,511	4,200	(9,312)
John D. Koontz Memorial	3,148	-	112	187	(414)
Edward J. Sackerson	14,284	5,000	506	847	(1,878)
Louis Diedrich	14,059	-	498	834	(1,848)
Thomas McDermott Memorial	13,539	1,350	503	841	(1,865)
George Ruwitch	33,566	60	1,190	1,992	(4,415)
Robert & Olga Bosk	43,404	-	1,538	2,573	(5,705)
James Lindstrom	3,799	-	135	225	(499)
Delores McCotter	1,724	-	61	102	(227)
Dick Schram Memorial	13,845	-	491	821	(1,820)
John T. Gasman Memorial	1,154	-	41	68	(152)
Joanne Taylor Olson	12,982	-	460	770	(1,706)
Willard & Joyce Bero	51,504	-	1,825	3,054	(6,770)
Arnie/Violet Maki	6,901	11,501	245	409	(907)
Donald McKie	23,947	-	849	1,420	(3,148)
Steve Freidhoff Memorial	1,469	-	52	87	(193)
Magda and Peder Klemmetsen and Margit K Rose Memorial	94,061	-	3,334	5,577	(12,363)
Dale Mroczkowski-Frito Lay	-	1,000	-	-	-
Al Taylor Family	-	100,000	2,981	4,987	(11,056)
Francis & Nancy Taylor	-	100,000	2,845	4,760	(10,551)
Miscellaneous contributions	5,417	7,700	-	-	-
	$ 2,646,114	$ 272,281	$ 100,425	$ 166,820	$ (369,817)

Total Revenues	Expenses: Scholarships	Expenses: Professional Fees	Total Expenses	Net Income (Loss)	Fund Balance June 30, 2008
$ (4,298)	$ 3,675	$ 796	$ 4,471	$ (8,769)	$ 108,324
(904)	1,050	168	1,218	(2,122)	22,531
(193)	225	36	261	(454)	4,778
(1,045)	-	194	194	(1,239)	27,249
(917)	1,050	170	1,220	(2,137)	22,850
(425)	500	79	579	(1,004)	10,564
(350)	400	65	465	(815)	8,719
(196)	225	36	261	(457)	4,877
(146)	175	27	202	(348)	3,629
(326)	400	60	460	(786)	8,074
(108)	125	20	145	(253)	2,696
(405)	1,000	75	1,075	(1,480)	9,550
(122)	160	23	183	(305)	3,019
(1,855)	2,100	344	2,444	(4,299)	46,259
(108)	150	20	170	(278)	2,659
(567)	650	105	755	(1,322)	14,132
(283)	300	52	352	(635)	7,087
(337)	400	62	462	(799)	8,380
(13,582)	12,200	2,514	14,714	(28,296)	341,820
(577)	650	107	757	(1,334)	14,384
(592)	700	109	809	(1,401)	14,695
(4,816)	4,250	892	5,142	(9,958)	121,240
(1,637)	1,150	303	1,453	(3,090)	41,516
(5,352)	3,900	991	4,891	(10,243)	135,590
(349)	400	65	465	(814)	8,710
(619)	1,155	427	1,582	(2,201)	14,651
(13,143)	8,800	2,433	11,233	(24,376)	333,682
(151)	2,200	28	2,228	(2,379)	1,723
(623)	750	117	867	(1,490)	15,755
(916)	1,100	187	1,287	(2,203)	25,300
1,933	3,300	568	3,868	(1,935)	79,234
(1,205)	1,400	223	1,623	(2,828)	30,005
(1,213)	1,400	224	1,624	(2,837)	30,187
(446)	525	83	608	(1,054)	11,092
(266)	300	49	349	(615)	6,627
(1,149)	1,300	213	1,513	(2,662)	28,612
(8,763)	5,612	1,622	7,234	(15,997)	222,719
8,713	11,754	250	12,004	(3,291)	27,943
(1,537)	1,800	284	2,084	(3,621)	38,232
1,704	500	-	500	1,204	18,225
(1,130)	1,300	209	1,509	(2,639)	28,142
(445)	2,000	360	2,360	(2,805)	48,908
24,705	23,275	610	23,885	820	75,081
(557)	650	103	753	(1,310)	13,850
(1,309)	1,500	242	1,742	(3,051)	32,608
(97)	125	18	143	(240)	2,409
(2,601)	3,000	481	3,481	(6,082)	64,764
(115)	250	21	271	(386)	2,762
4,475	5,000	97	5,097	(622)	13,662
(516)	600	96	696	(1,212)	12,847
829	-	96	96	733	14,272
(1,173)	1,400	228	1,628	(2,801)	30,765
(1,594)	1,800	295	2,095	(3,689)	39,715
(139)	193	26	219	(358)	3,441
(64)	-	12	12	(76)	1,648
(508)	600	94	694	(1,202)	12,643
(43)	100	8	108	(151)	1,003
(476)	550	88	638	(1,114)	11,868
(1,891)	2,200	350	2,550	(4,441)	47,063
11,248	12,000	47	12,047	(799)	6,102
(879)	1,050	163	1,213	(2,092)	21,855
(54)	-	10	10	(64)	1,405
(3,452)	-	639	639	(4,091)	89,970
1,000	1,000	-	1,000	-	-
96,912	-	572	572	96,340	96,340
97,054	-	546	546	96,508	96,508
7,700	4,363	-	4,363	3,337	8,754
$ 169,709	$ 140,687	$ 19,432	$ 160,119	$ 9,590	$ 2,655,704

ESCANABA AREA PUBLIC SCHOOLS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
MIDDLE SCHOOL ACTIVITIES

For the year ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Office and athletics	$ 1,411	$ -	$ 500	$ 911
Parents as Partners	3,140	-	2,061	1,079
Library fund	1,635	1,688	1,444	1,879
Snow Club	3,850	1,460	4,676	634
Music fund - band	2,357	18,713	19,040	2,030
Pop fund	4,916	262	849	4,329
Working Account	1,540	17,112	12,359	6,293
Student Council	251	9,155	8,494	912
Mid School 6th Grade	180	3,536	3,080	636
Mid School Related Arts	(3)	206	181	22
Builders Club	435	187	545	77
Mid School House 7-1	45	416	424	37
Mid School House 7-2	-	231	139	92
Mid School House 8-1	4	462	300	166
Mid School House 8-2	-	577	417	160
Mid School Special Ed	-	85	-	85
Mid School Encore	-	206	-	206
Orchestra	-	2,685	2,670	15
Miscellaneous	343	-	343	-
TOTALS	$ 20,104	$ 56,981	$ 57,522	$ 19,563

ESCANABA AREA PUBLIC SCHOOLS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
SENIOR HIGH ACTIVITIES

For the year ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Publications	$ 7,126	$ 20,299	$ 10,978	$ 16,447
Activities	2,617	14,054	10,081	6,590
Prior classes	92	3,082	1,624	1,550
Senior Class	2,285	8,988	8,549	2,724
Junior Class	2,873	11,515	12,642	1,746
Sophomore Class	2,325	2,790	3,470	1,645
Freshman Class	1,726	1,777	2,906	597
Music	25,278	69,657	66,318	28,617
Clubs	7,879	47,676	44,199	11,356
General	21,995	73,290	65,441	29,844
Concessions	20	13,690	13,710	-
TOTALS	$ 74,216	$ 266,818	$ 239,918	$ 101,116

ADDITIONAL STATEMENTS AND SCHEDULES

ESCANABA AREA PUBLIC SCHOOLS

SCHEDULE OF TAXABLE VALUATIONS, TAX RATES AND TAX LEVIES

June 30, 2008

	Taxable Valuation	Per $1,000 Valuation	Tax Levy
GENERAL FUND			
(on non-homestead taxable valuation only)			
City of Escanaba	$ 132,102,042	18.00	$ 2,377,837
Wells Township (Delta County)	149,910,150	18.00	2,698,383
Ford River Township	16,544,906	18.00	297,808
Cornell Township	6,606,265	18.00	118,913
Wells Township (Marquette County)	913,583	18.00	16,444
TOTALS	$ 306,076,946		$ 5,509,385
1989/1996 DEBT RETIREMENT FUND			
(on total taxable valuation)			
City of Escanaba	$ 255,851,672	0.83	$ 212,357
Wells Township (Delta County)	243,200,513	0.83	201,856
Ford River Township	59,065,395	0.83	49,025
Cornell Township	15,723,684	0.83	13,051
Wells Township (Marquette County)	1,236,640	0.83	1,026
TOTALS	$ 575,077,904		$ 477,315
2001 DEBT RETIREMENT FUND			
(on total taxable valuation)			
City of Escanaba	$ 255,851,672	2.06	$ 527,054
Wells Township (Delta County)	243,200,513	2.06	500,993
Ford River Township	59,065,395	2.06	121,675
Cornell Township	15,723,684	2.06	32,391
Wells Township (Marquette County)	1,236,640	2.06	2,547
TOTALS	$ 575,077,904		$ 1,184,661

Schneider, Larche,
Haapala & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

David P. Pechower, C.P.A., P.C.
Denise M. Boyle, C.P.A., P.C.
Bruce D. Dewar, C.P.A.
Karen L. Meiers, C.P.A., P.C.

October 16, 2008

Board of Education
Escanaba Area Public Schools
Escanaba, Michigan

In planning and performing our audit of the financial statements for the governmental activities, fiduciary activities and the fund information of Escanaba Area Public Schools, for the year ended June 30, 2008, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements for the governmental activities, fiduciary activities and the fund information and not to provide assurance on the internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency and for increasing compliance with requirements governing federal awards. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 16, 2008 on the financial statements for the governmental activities, fiduciary activities and the fund information of Escanaba Area Public Schools.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various School District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We would like to thank your staff for their cooperation and courtesies extended to us during our engagement.

Schneider, Larche, Haapala & Co., PLLC
Certified Public Accountants

SH
401 Ludington Street • Escanaba, MI 49829
906.786.6151 • fax: 906.786.6625
1.800.562.4821
e-mail: info@slh-cpa.com
Visit our website at www.slh-cpa.com

SENIOR HIGH ACTIVITIES FUNDS/ATHLETIC FUND

The activities funds maintained by the District are used to account for various student activities. The athletic fund accounts for all athletic activity. These funds possess various characteristics that could lead to misappropriation of funds.

In prior audits, problems were noted.

For the current year, we noted continual improvement in the handling of these funds except as follows:

- The activities fund expenditures did not always have proper documentation or approvals.
- The Athletic fund did not have proper purchase orders for some of the expenditures.

We recommend that the business manager continue to monitor these funds periodically during the year to insure that the proper procedures are being followed and that the proper documentation exists for the recorded expenditures.