

North Muskegon Public Schools
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditor's Reports
June 30, 2021



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
North Muskegon Public Schools
North Muskegon, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Muskegon Public Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise North Muskegon Public Schools' basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses and significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as **Findings 2021-001 and 2021-002** that we consider to be significant deficiencies.

Board of Education
North Muskegon Public Schools
Page 2

Compliance and Other Matters

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

North Muskegon Public Schools’ Response to Findings

North Muskegon Public Schools’ response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. North Muskegon Public Schools’ response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Muskegon, Michigan
October 15, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
North Muskegon Public Schools
North Muskegon, Michigan

Report on Compliance for Each Major Federal Program

We have audited North Muskegon Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Muskegon Public Schools' major federal programs for the year ended June 30, 2021. North Muskegon Public Schools' major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of North Muskegon Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about North Muskegon Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of North Muskegon Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, North Muskegon Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Board of Education
North Muskegon Public Schools
Page 2

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs, as **Finding 2021-004**. Our opinion on each major federal program is not modified with respect to this matter.

North Muskegon Public Schools' response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. North Muskegon Public Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs, as **Finding 2021-003**, that we consider to be a significant deficiency.

Board of Education
North Muskegon Public Schools
Page 3

North Muskegon Public Schools' response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. North Muskegon Public Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Muskegon Public Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise North Muskegon Public Schools' basic financial statements. We issued our report thereon dated October 15, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Muskegon, Michigan
October 15, 2021

North Muskegon Public Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021

| Federal grantor/pass-through grantor/ program or cluster title/identifying number | CFDA/ Assistance Listing Number | Program or award amount | Accrued (unearned) revenue July 1, 2020 | Adjustments and transfers | payments in kind received (cash basis) | Expenditures (accrual basis) | | Accrued (unearned) revenue June 30, 2021 | Passed through to subrecipients |
|--|--|-------------------------------|--|---------------------------------|---|---------------------------------|-----------------|---|---------------------------------------|
| | | | | | | Prior year(s) | Current year | | |
| <i>U.S. Department of Education</i> | | | | | | | | | |
| Passed through Michigan Department of Education | | | | | | | | | |
| Title I, Grants to Local Educational Agencies | 84.010A | | | | | | | | |
| 201530 1920 | | \$ 45,223 | \$ 67 | \$ - | \$ 67 | \$ 33,014 | \$ - | \$ - | \$ - |
| 211530 2021 | | 55,763 | - | - | - | - | 55,763 | 55,763 | - |
| | | 100,986 | 67 | - | 67 | 33,014 | 55,763 | 55,763 | - |
| Supporting Effective Instruction State Grants | 84.367A | | | | | | | | |
| 200520 1920 | | 12,868 | 175 | - | 175 | 11,892 | - | - | - |
| Student Support and Academic Enrichment Program | 84.424A | | | | | | | | |
| 210750 2021 | | 10,000 | - | - | - | - | 10,000 | 10,000 | - |
| Education Stabiliation Fund | | | | | | | | | |
| Elementary and Secondary School Emergency Relief Fund | 84.425D | | | | | | | | |
| 203710 1920 | | 37,011 | - | - | 37,011 | - | 37,011 | - | - |
| 203720 1920 | | 6,661 | - | - | 6,661 | - | 6,661 | - | - |
| | | 43,672 | - | - | 43,672 | - | 43,672 | - | - |
| Total passed through Michigan Department of Education | | 167,526 | 242 | - | 43,914 | 44,906 | 109,435 | 65,763 | - |
| Passed through Muskegon Area Intermediate School District | | | | | | | | | |
| Special Education Cluster | | | | | | | | | |
| Special Education - Grant to States | 84.027A | | | | | | | | |
| 200450 1920 | | 71,571 | 4,873 | - | 4,873 | 71,571 | - | - | - |
| 210450 2021 | | 89,656 | - | - | 74,155 | - | 89,656 | 15,501 | - |
| Total Special Education Cluster passed through Muskegon Area Intermediate School District | | 161,227 | 4,873 | - | 79,028 | 71,571 | 89,656 | 15,501 | - |
| Total U.S. Department of Education | | 328,753 | 5,115 | - | 122,942 | 116,477 | 199,091 | 81,264 | - |

North Muskegon Public Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2021

| Federal grantor/pass-through grantor/ program or cluster title/identifying number | CFDA/ Assistance Listing Number | Program or award amount | Accrued (unearned) revenue July 1, 2020 | Adjustments and transfers | Cash/ payments in kind received (cash basis) | Expenditures (accrual basis) | | Accrued (unearned) revenue June 30, 2021 | Passed through to subrecipients |
|--|--|-------------------------------|--|---------------------------------|--|---------------------------------|---------------------|---|---------------------------------------|
| | | | | | | Prior year(s) | Current year | | |
| <i>U.S. Department of Agriculture</i> | | | | | | | | | |
| Passed through Michigan Department of Education | | | | | | | | | |
| Child Nutrition Cluster | | | | | | | | | |
| National School Lunch Program | 10.555 | | | | | | | | |
| 200902 COVID-19 | | \$ 90,288 | \$ (4,935) | \$ - | \$ (4,935) | \$ 90,288 | \$ - | \$ - | \$ - |
| 211965 COVID-19 | | 6,243 | - | - | - | - | 6,243 | 6,243 | - |
| Entitlement Commodities | | 47,722 | - | - | 47,722 | - | 47,722 | - | - |
| Bonus Commodities | | 199 | - | - | 199 | - | 199 | - | - |
| | | <u>144,452</u> | <u>(4,935)</u> | <u>-</u> | <u>42,986</u> | <u>90,288</u> | <u>54,164</u> | <u>6,243</u> | <u>-</u> |
| Summer Food Service Program for Children | 10.559 | | | | | | | | |
| 200900 COVID-19 | | 108,232 | - | - | 108,232 | - | 108,232 | - | - |
| 210904 COVID-19 | | 414,043 | - | - | 379,398 | - | 414,043 | 34,645 | - |
| | | <u>522,275</u> | <u>-</u> | <u>-</u> | <u>487,630</u> | <u>-</u> | <u>522,275</u> | <u>34,645</u> | <u>-</u> |
| Total U.S. Department of Agriculture | | 666,727 | (4,935) | - | 530,616 | 90,288 | 576,439 | 40,888 | - |
| <i>U.S. Department of Treasury</i> | | | | | | | | | |
| Passed through Copper Country Intermediate School District | | | | | | | | | |
| Coronavirus Relief Fund | 21.019 | | | | | | | | |
| Device Purchasing Program/Distance Learning CRF Grant COVID-19 | | 11,991 | - | - | 11,991 | - | 11,991 | - | - |
| Passed through Michigan Department of Education: | | | | | | | | | |
| Coronavirus Relief Fund | 21.019 | | | | | | | | |
| 11p Coronavirus Relief Funds COVID-19 | | 364,683 | - | - | 364,683 | - | 364,683 | - | - |
| 103(2) District COVID Costs COVID 19 | | 12,837 | - | - | 12,837 | - | 12,837 | - | - |
| | | <u>377,520</u> | <u>-</u> | <u>-</u> | <u>377,520</u> | <u>-</u> | <u>377,520</u> | <u>-</u> | <u>-</u> |
| Total U.S. Department of Treasury | | 389,511 | - | - | 389,511 | - | 389,511 | - | - |
| <i>U.S. Department of Health and Human Services</i> | | | | | | | | | |
| Passed through Muskegon Area Intermediate School District: | | | | | | | | | |
| Medicaid Cluster | | | | | | | | | |
| Medical Assistance Program | | | | | | | | | |
| 393 | | 1,992 | - | - | 1,992 | - | 1,992 | - | - |
| TOTAL FEDERAL ASSISTANCE | | \$ 1,386,983 | \$ 180 | \$ - | \$ 1,045,061 | \$ 206,765 | \$ 1,167,033 | \$ 122,152 | \$ - |

The accompanying notes are an integral part of this schedule.

North Muskegon Public Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2021

1. The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or change in net position of the School District.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Management has utilized the Michigan Department of Education Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.
4. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit report Schedule of Expenditures of Federal Awards.

Revenues from federal sources per June 30, 2021

Governmental Funds financial statements

| | | |
|--------------------------|----------------|---------------------|
| General Fund | \$ 590,594 | |
| Other governmental funds | <u>576,439</u> | <u>\$ 1,167,033</u> |

Expenditures per single audit report

| | | |
|--|--|----------------------------|
| Schedule of Expenditures of Federal Awards | | <u>\$ 1,167,033</u> |
|--|--|----------------------------|

North Muskegon Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended June 30, 2021

SECTION I—SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? X yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes X no

B. Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? X yes _____ none reported
2. Type of auditor’s report issued on compliance for major federal programs: **Unmodified**
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes _____ no
4. Identification of major programs:

| | |
|--|--|
| <u>CFDA/Assistance Listing Number(s)</u> | <u>Name of Federal Program/Cluster</u> |
| 10.553, 10.555 and 10.559 | U.S. Department of Agriculture |
| | • Child Nutrition Cluster |
5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee? _____ yes X no

North Muskegon Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2021-001: Budgeting

Criteria: The District should adopt a budget for its Student Activities Fund.

Condition: The Student Activities Fund was not budgeted for by the District.

Cause: The District did not consider budgeting for the fund since this is the first year of the fund.

Effect: The accounting records were incomplete.

Context: We noted that there was no budget for its Student Activities Fund.

Repeat Finding: This is **not** a repeat finding.

Recommendation: The District should adopt a budget for its Student Activities Fund.

Views of Responsible Officials: The District agrees with the finding. Accounting procedures will be changed to ensure that a budget is adopted for the Student Activities Fund.

Finding 2021-002: Loan Proceeds Accounting Procedures

Criteria: Installment purchase agreements should be recorded as loan proceeds.

Condition: An installment purchase agreement should be reflected in the accounting records as loan proceeds.

Cause: The District recorded an installment loan purchase agreement as other local revenue.

Effect: The District's accounting records were inaccurate. The proper recording of the installment purchase agreement resulted in a reclassification of \$157,431 of revenues between other local revenue and other financing sources.

Context: We noted an installment purchase agreement was recorded as other local revenue.

Repeat Finding: This is **not** a repeat finding.

Recommendation: Proceeds from an installment purchase agreement should be recognized as loan proceeds in other financing resources.

Views of Responsible Officials: The District agrees with the finding. Accounting procedures will be changed to ensure that future installment purchase agreements are properly accounted for in the District's records.

North Muskegon Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Department of Education

Finding 2021-003: Child Nutrition Cluster Reporting Review Procedures

Pass-through entity: Michigan Department of Education

CFDA/Assistance Listing Number(s): 10.555 and 10.559

Award Numbers: 211965 COVID-19, 200900 COVID-19, 210904 COVID-19 and Bonus and Entitlement Commodities

Award Year End: June 30, 2021

Specific Requirement: Reporting.

Criteria: Section 210.14(b) and 210.19(a)(1) of the Cost principles of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a non-Federal entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the specified guidance that requires proper segregation of duties by dividing key responsibilities among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event. In addition, this guidance also requires transactions and internal controls to be clearly documented, and the records should be properly maintained and readily available for examination.

Questioned Costs: None.

Condition: During our detailed testing of the Child Nutrition Cluster claims reports, we noted that while the claims reports were properly performed in accordance with federal requirements, the claims reports performed by the School were not reviewed with documented approval by another qualified individual.

Context: Of the 9 claims reports filed by the School District, all 3 of the claims reports tested were lacking documented approval by a qualified individual.

Effect: Failure to review claims reports on a timely basis could potentially result in excess claims paid to the School District.

Cause: The School District did not have established procedures to require documented review and approval of the Child Nutrition Cluster claims reports.

Repeat Finding: This is **not** a repeat finding.

Recommendation: The School District should implement procedures to require the documented review and approval of all claims reports.

Views of Responsible Officials: The School District agrees with this finding.

North Muskegon Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

U.S. Department of Education

Finding 2021-004: Child Nutrition Cluster Resource Management Procedures

Pass-through entity: Michigan Department of Education

CFDA/Assistance Listing Number(s): 10.555 and 10.559

Award Numbers: 211965 COVID-19, 200900 COVID-19, 210904 COVID-19 and Bonus and Entitlement Commodities

Award Year End: June 30, 2021

Specific Requirement: Resource Management and Special Tests — General Program Management

Criteria: Section 210.14(b) and 210.19(a)(1) of the Cost Principles of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires the School District to limit its net cash resources in the Food Service Fund to the maximum allowable amount of three months of average expenditures.

Questioned Costs: None.

Condition: During our testing of the Child Nutrition Cluster net cash resources, we noted that the School District Food Service Fund net cash resources were in excess of maximum allowable amount.

Context: As of June 30, 2021, the School District Food Service Fund net cash resources were in excess of the maximum allowable amount.

Effect: The School District could receive reduced funding in future years if the condition continues.

Cause: The School District had planned to reduce its Food Service Fund net cash resources below the maximum threshold, but it was unable to get proper approvals, order and receive purchased items and/or services by the end of the fiscal year.

Repeat Finding: This is **not** a repeat finding.

Recommendation: The School District should complete its spend-down plan to reduce Food Service Fund net cash resources below the maximum allowable amount.

Views of Responsible Officials: The School District agrees with this finding.

CLIENT DOCUMENTS



North Muskegon Public Schools

1600 Mills Avenue
North Muskegon, Michigan 49445

SUPERINTENDENT OF SCHOOLS
231-719-4100
MIDDLE SCHOOL & HIGH SCHOOL
231-719-4110

ELEMENTARY SCHOOL
231-719-4200

FAX 231-744-0739

www.nmps.net

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

October 15, 2021

Michigan Department of Education
Lansing, Michigan

North Muskegon Public Schools respectfully advises you that **no** single audit was required to be performed for the year ended June 30, 2020.

Sincerely,

Mark Mesbergen
Director of Business Services



North Muskegon Public Schools

1600 Mills Avenue
North Muskegon, Michigan 49445

SUPERINTENDENT OF SCHOOLS
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231-719-4200

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www.nmps.net

CORRECTIVE ACTION PLAN

October 15, 2021

Michigan Department of Education
Lansing, Michigan

North Muskegon Public Schools respectfully submits the following Corrective Action Plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Brickley DeLong, P.C.
P.O. Box 999
Muskegon, MI 49443

Audit period: June 30, 2021

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2021 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2021-001: Budgeting

Recommendation: The District should adopt a budget for its Student Activities Fund.

Action Taken: The District will adopt a budget in the Student Activities Fund.

Responsible Person and Anticipated Completion Date: School Business Manager, October 2021.

Finding 2021-002: Loan Proceeds Accounting Procedures

Recommendation: Proceeds from an installment purchase agreement should be recognized as loan proceeds in other financing resources.

Action Taken: The District will record debt as loan proceeds in other financial resources.

Responsible Person and Anticipated Completion Date: School Business Manager, October 2021.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2021-003: Child Nutrition Cluster Reporting Review Procedures

Recommendation: The School District should implement procedures to require the documented review and approval of all claims reports.

Action Taken: The School District will document review and approval of all claims reports in the future.

Responsible Person and Anticipated Completion Date: School Business Manager, October 2021.

Finding 2021-004: Child Nutrition Cluster Resource Management Procedures

Recommendation: The School District should develop and complete a spend-down plan to ensure it reduces its Food Service Fund net cash resources below the maximum allowable amount.

Action Taken: The School District will develop procedures to ensure net cash resources are below the maximum allowable amount.

Responsible Person and Anticipated Completion Date: School Business Manager, October 2021.

If the Michigan Department of Education has questions regarding this plan, please call Mark Mesbergen at (231) 719-4102.

Sincerely,



Mark Mesbergen
Director of Business Services