

Holton Public Schools
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**

Financial Report and
Independent Auditor's Reports

June 30, 2025



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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
Holton Public Schools
Holton, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holton Public Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Holton Public Schools's basic financial statements and have issued our report thereon dated October 14, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as **Findings 2025-001** and **2025-002** that we consider to be significant deficiencies.

Board of Education
Holton Public Schools
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Report on Compliance and Other Matters

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

Holton Public Schools's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Holton Public Schools's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Holton Public Schools's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive, flowing style.

Hart, Michigan
October 14, 2025

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
Holton Public Schools
Holton, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Holton Public Schools's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Holton Public Schools's major federal programs for the year ended June 30, 2025. Holton Public Schools's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Holton Public Schools complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Holton Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Holton Public Schools's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Holton Public Schools's federal programs.

Report on Compliance for Each Major Federal Program—Continued

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Holton Public Schools's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Holton Public Schools's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Holton Public Schools's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Holton Public Schools's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Holton Public Schools's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Board of Education
Holton Public Schools
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Report on Internal Control Over Compliance—Continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Holton Public Schools as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Holton Public Schools basic financial statements. and have issued our report thereon dated October 14, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 financial statements or to the 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 financial statements as a whole.



Hart, Michigan
December 12, 2025

Holton Public Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2024	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2025	Passed through to subrecipients
						Prior year(s)	Current year		
U.S. Department of Education									
Passed through Michigan Department of Education:									
Title I Grants to Local Educational Agencies	84.010A								
241530 2324		\$ 243,707	\$ 34,210	\$ -	\$ 34,210	\$ 243,707	\$ -	\$ -	\$ -
251530 2425		262,532	-	-	181,731	-	247,557	65,826	-
		506,239	34,210	-	215,941	243,707	247,557	65,826	-
Supporting Effective Instruction State Grants	84.367A								
240520 2324		34,569	635	-	635	34,569	-	-	-
250520 2425		38,593	-	-	29,292	-	38,448	9,156	-
		73,162	635	-	29,927	34,569	38,448	9,156	-
Student Support and Academic Enrichment Program	84.424A								
240750 2324		18,955	3,342	-	3,342	18,955	-	-	-
250750 2425		17,753	-	-	12,987	-	17,007	4,020	-
		36,708	3,342	-	16,329	18,955	17,007	4,020	-
Education Stabilization Fund									
American Rescue Plan—Elementary and Secondary School Emergency Relief	84.425U								
COVID-19 213713 2122		1,938,226	28,767	-	52,314	1,914,678	23,547	-	-
American Rescue Plan—Emergency Assistance to Non-Public Schools	84.425V								
COVID-19 221037		13,629	-	-	13,629	-	13,629	-	-
American Rescue Plan—Elementary and Secondary School Emergency Relief—Homeless Children and Youth	84.425W								
COVID-19 211012 2122		13,188	-	-	7,673	3,096	7,673	-	-
Total Education Stabilization Fund		1,965,043	28,767	-	73,616	1,917,774	44,849	-	-
Total passed through Michigan Department of Education		2,581,152	66,954	-	335,813	2,215,005	347,861	79,002	-

Holton Public Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2025

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2024	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2025	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Education—Continued</i>									
Passed through Muskegon Area Intermediate School District:									
Special Education Cluster									
Special Education—Grants to States									
250450 2425	84.027A	\$ 60,162	\$ -	\$ -	\$ 60,162	\$ -	\$ 60,162	\$ -	\$ -
240450 2324		11,181	-	-	9,233	-	11,181	1,948	-
		71,343	-	-	69,395	-	71,343	1,948	-
Student Support and Academic Enrichment Program									
250750 2425	84.424F	144,751	-	-	144,751	-	144,751	-	-
Total passed through Muskegon Area Intermediate School District									
		216,094	-	-	214,146	-	216,094	1,948	-
Total U.S. Department of Education		2,797,246	66,954	-	549,959	2,215,005	563,955	80,950	-
<i>U.S. Department of Agriculture</i>									
Passed through Michigan Department of Education:									
Child Nutrition Cluster									
School Breakfast Program									
241970	10.553	221,721	8,054	-	38,459	191,316	30,405	-	-
251970		202,819	-	-	166,501	-	202,819	36,318	-
		424,540	8,054	-	204,960	191,316	233,224	36,318	-
National School Lunch Program									
241960	10.555	444,827	14,159	-	80,284	378,702	66,125	-	-
251960		388,992	-	-	325,382	-	388,992	63,610	-
Entitlement Commodities		57,113	-	-	57,113	-	57,113	-	-
		890,932	14,159	-	462,779	378,702	512,230	63,610	-
Summer Food Service Program for Children									
240900	10.559	299,833	48,180	-	299,833	48,180	251,653	-	-
250900		23,193	-	-	-	-	23,193	23,193	-
		323,026	48,180	-	299,833	48,180	274,846	23,193	-
Total Child Nutrition Cluster		1,638,498	70,393	-	967,572	618,198	1,020,300	123,121	-

Holton Public Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2025

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2024	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2025	Passed through to subrecipients
						Prior year(s)	Current year		
U.S. Department of Agriculture—Continued									
Passed through Michigan Department of Education—Continued:									
Child and Adult Care Food Program	10.558								
241920		\$ 30,459	\$ 4,745	\$ -	\$ 9,178	\$ 26,026	\$ 4,433	\$ -	\$ -
242010		1,399	235	-	420	1,214	185	-	-
251920		30,311	-	-	25,348	-	30,311	4,963	-
252010		1,300	-	-	1,088	-	1,300	212	-
		63,469	4,980	-	36,034	27,240	36,229	5,175	-
Passed through Michigan Department of Education		1,701,967	75,373	-	1,003,606	645,438	1,056,529	128,296	-
Passed through County of Muskegon:									
Forest Service Schools and Roads Cluster									
Schools and Roads—Grants to States	10.665	3,191	-	-	3,191	-	3,191	-	-
Total U.S. Department of Agriculture		1,705,158	75,373	-	1,006,797	645,438	1,059,720	128,296	-
U.S. Department of Health and Human Services									
Passed through Muskegon Area Intermediate School District:									
Medicaid Cluster									
Medical Assistance Program	93.778								
393		8,384	-	-	8,384	-	8,384	-	-
TOTAL FEDERAL ASSISTANCE		\$ 4,510,788	\$ 142,327	\$ -	\$ 1,565,140	\$ 2,860,443	\$ 1,632,059	\$ 209,246	\$ -

The accompanying notes are an integral part of this schedule.

Holton Public Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

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, 2025. 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 de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Management has utilized the Michigan Department of Education NexSys 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, 2025

Governmental Funds financial statements

General Fund	\$ 575,530	
Other governmental funds (includes Food Service Fund)	<u>1,056,529</u>	<u>\$ 1,632,059</u>

Expenditures per single audit report

Schedule of Expenditures of Federal Awards	<u><u>\$1,632,059</u></u>
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Holton Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

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 ☒ no
 - Significant deficiency(ies) identified? ☒ yes ☐ none reported
3. Noncompliance material to financial statements noted? ☐ yes ☒ no

B. Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ 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)? ☐ yes ☒ no

4. Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

U.S. Department of Agriculture

10.553, 10.555 and 10.559

• 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 ☐ no

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2025-001: Segregation of Duties Within Accounting Department

Criteria: The School District should have adequate segregation of duties and/or mitigating controls in the Business Office. The basic premise is that no one employee should have access to both physical assets and the related accounting records or access to all phases of a transaction.

Condition: During our review of internal controls in the Business Office, we noted that the Business Manager has access to nearly all aspects of transactions that occur within the financial system. While the School District has taken certain steps to mitigate the situation, there are not enough resources, but in personnel and funding, to overcome the condition.

Context: The School District has this condition primarily due to the size of School District’s staff and the lack of financial resources to fund additional staff to further segregate duties.

Holton Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2025-001: Segregation of Duties Within Accounting Department—Continued

Effect: The lack of sufficient segregation of duties and internal controls could allow errors or misappropriation of funds to go undetected.

Cause: Small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining an accounting system with strong internal accounting control.

Repeat Finding: A similar finding was reported during the single audit for the year ended June 30, 2024.

Recommendation: The School District should continue adding effective mitigating controls to those implemented in the past and look for additional steps that could be taken to separate incompatible duties. Often, one of the most effective approaches is the expansion of documented approval of transactions and reconciliations by someone outside the Business Office staff.

Views of Responsible Officials: The School District agrees with the finding. The School District has implemented mitigating controls to the extent possible given its limited resources.

Finding 2025-002: Budget Monitoring and Amendments

Criteria: The Uniform Budgeting and Accounting Act requires that when it is determined that the actual and probable revenues from taxes and other sources in a fund are less than the estimated revenues, including available fund balances, upon which the original appropriations from the fund were based, or when the local school board expenditure priorities change during the course of the fiscal year, the budget must be amended.

Condition: The School District did amend its budgets during the school year in accordance with the Uniform Budgeting and Accounting Act, but had multiple expenditure functions in excess of budget at year end.

Context: Total expenditures for the General Fund exceeded total budgeted amounts. Additionally, certain expenditures by function exceeded budgeted amounts.

Cause: For several grants ending September 30, 2025, expenditures that were expected to be incurred in the School District's subsequent fiscal year were incurred earlier than anticipated and caused expenditures to exceed budgeted amounts at year end.

Effect: The School District was not in compliance with the Uniform Budgeting and Accounting Act.

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

Recommendation: The School District should consider revising their final budget process to anticipate the possibility of expenditures for multi-year grants incurring earlier than expected.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were **no** findings reported in relation to major federal awards during the single audit for the year ended June 30, 2025.

CLIENT DOCUMENTS



HOLTON PUBLIC SCHOOLS
“Rooted in Community, Reaching for Excellence”

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 12, 2025

Michigan Department of Education
Lansing, Michigan

Holton Public Schools respectfully submits the following summary of the current status of prior audit findings contained in the single audit report for the year ended June 30, 2024 dated September 12, 2024.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2024-001: Year End Closing Procedures

Recommendation: General ledger balances should be reconciled and adjusted to the underlying support.

Current Status: This recommendation was implemented during the year ended June 30, 2025. No similar finding was reported during the single audit for the year ended June 30, 2025.

Finding 2024-002: Segregation of Duties Within Accounting Department

Recommendation: The School District should continue adding effective mitigating controls to those implemented in the past and look for additional steps that could be taken to separate incompatible duties. Often, one of the most effective approaches is the expansion of documented approval of transactions and reconciliations by someone outside the Business Office staff.

Current Status: The Superintendent and accounting department have implemented the above mitigating controls and accept the risk of not implementing other controls.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were **no** findings reported in relation to major federal award programs during the single audit for the year ended June 30, 2024.

Sincerely,

Adam Bayne
Superintendent



HOLTON PUBLIC SCHOOLS
“Rooted in Community, Reaching for Excellence”

CORRECTIVE ACTION PLAN

December 12, 2025

Michigan Department of Education
Lansing, Michigan

Holton Public Schools respectfully submits the following Corrective Action Plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

Brickley DeLong, P.C.
907 S. State Street
Hart, Michigan 49420

Audit period: June 30, 2025

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2025 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2025-001: Segregation of Duties Within Accounting Department

Recommendation: The School District should continue adding effective mitigating controls to those implemented in the past and look for additional steps that could be taken to separate incompatible duties. Often, one of the most effective approaches is the expansion of documented approval of transactions and reconciliations by someone outside the Business Office staff.

Action Taken: Due to the limited resources, the School District is unable to segregate duties in the Accounting Department. The District has implemented the following mitigating controls:

1. Completed bank reconciliations are reviewed by the Administrative Assistant to the Superintendent.
2. Receipts are logged by the Administrative Assistant prior to being forwarded to the Business Manager.
3. All invoices are approved by an administrator prior to issuance of payment by the Business Manager.

Current Status: The Superintendent and accounting department have implemented the above mitigating controls and accept the risk of not implementing other controls.

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2025-002: Budget Monitoring and Amendments

Recommendation: The School District should consider revising their final budget process to anticipate the possibility of expenditures for multi-year grants incurring earlier than expected.

Action Taken: The Superintendent and accounting department will include the remaining grant revenues and expenditure in the budgets to provide for the possibility of expenditures being incurred earlier than expected at year end.

Responsible Person and Anticipated Completion Date: Superintendent and Business Manager, June 2026.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were **no** findings reported in relation to major federal award programs during the single audit for the year ended June 30, 2025.

If the Michigan Department of Education has questions regarding this plan, please call Adam Bayne at (231) 821-1702.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Bayne', with a stylized, cursive script.

Adam Bayne
Superintendent