

Muskegon Area Intermediate School District

**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**

Financial Report and
Independent Auditors' Reports

June 30, 2010

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BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

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

November 10, 2010

Board of Education
Muskegon Area Intermediate School District
Muskegon, Michigan

We have audited the financial statements of Muskegon Area Intermediate School District as of and for the year ended June 30, 2010 and have issued our report thereon dated November 10, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Muskegon Area Intermediate School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Muskegon Area Intermediate School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Muskegon Area Intermediate School District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

BRICKLEY DELONG

Board of Education
November 10, 2010
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Compliance

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

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brickley De Long, P.C.

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 10, 2010

Board of Education
Muskegon Area Intermediate School District
Muskegon, Michigan

Compliance

We have audited Muskegon Area Intermediate School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Muskegon Area Intermediate School District's major federal programs for the year ended June 30, 2010. Muskegon Area Intermediate School District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Muskegon Area Intermediate School District's management. Our responsibility is to express an opinion on Muskegon Area Intermediate School District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Muskegon Area Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Muskegon Area Intermediate School District's compliance with those requirements.

In our opinion, Muskegon Area Intermediate School District 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, 2010.

Board of Education
November 10, 2010
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Internal Control Over Compliance

Management of Muskegon Area Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Muskegon Area Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Muskegon Area Intermediate School District's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Muskegon Area Intermediate School District as of and for the year ended June 30, 2010 and have issued our report thereon dated November 10, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brickley De Long, P.C.

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

Federal grantor/pass-through grantor/program title	Federal CFDA number	Entitlement program or award amount	Accrued (deferred) revenue July 1, 2009	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)			Accrued (deferred) revenue June 30, 2010
					Prior year(s)	Current year	Total	
U.S. Department of Education								
Direct programs:								
West Shore Consortium for Dynamic History Instruction								
	84.215X	\$ 886,130	\$ 40,856	\$ 40,856	\$ 792,278	\$ -	\$ 792,278	\$ -
		999,999	39,805	308,594	201,648	331,430	533,078	62,641
		1,886,129	80,661	349,450	993,926	331,430	1,325,356	62,641
Programs passed through Michigan Department of Education:								
Adult Basic Education								
	84.002A							
		211,000	34,298	34,298	211,000	-	211,000	-
		7,300	3,000	3,000	7,300	-	7,300	-
		274,964	-	176,133	-	274,964	274,964	98,831
		9,300	-	3,530	-	9,300	9,300	5,770
		502,564	37,298	216,961	218,300	284,264	502,564	104,601
Title I Regional Assistance								
	84.010							
		280,000	75,259	150,177	205,082	74,918	280,000	-
		210,000	-	113,546	-	154,093	154,093	40,547
		490,000	75,259	263,723	205,082	229,011	434,093	40,547
Special Education Cluster								
Enhancing Opportunities EOSD								
	84.027							
		55,000	7,686	7,686	55,000	-	55,000	-
		55,000	-	46,793	-	55,000	55,000	8,207
		59,500	17,804	17,804	59,500	-	59,500	-
		59,500	-	41,491	-	57,854	57,854	16,363
		229,000	25,490	113,774	114,500	112,854	227,354	24,570
Special Ed Flowthrough								
	84.027A							
		7,012,458	179,541	179,541	868,621	-	868,621	-
		7,088,813	1,627,605	2,355,264	5,198,869	984,285	6,183,154	256,626
		7,356,570	-	4,854,128	-	6,256,323	6,256,323	1,402,195
		21,457,841	1,807,146	7,388,933	6,067,490	7,240,608	13,308,098	1,658,821
Special Ed Preschool								
	84.173A							
		288,623	10,727	10,727	288,623	-	288,623	-
		284,682	55,766	75,173	250,513	33,217	283,730	13,810
		276,779	-	179,370	-	236,461	236,461	57,091
		850,084	66,493	265,270	539,136	269,678	808,814	70,901
ARRA - IDEA Flowthrough								
	84.391A							
		3,912,272	1,182,471	1,182,471	1,182,471	-	1,182,471	-
		7,746,308	-	3,324,225	-	4,228,253	4,228,253	904,028
		11,658,580	1,182,471	4,506,696	1,182,471	4,228,253	5,410,724	904,028
ARRA - IDEA Preschool								
	84.392A							
		259,299	-	106,908	-	146,254	146,254	39,346
		34,454,804	3,081,600	12,381,581	7,903,597	11,997,647	19,901,244	2,697,666

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

Federal grantor/pass-through grantor/program title	Federal CFDA number	Entitlement program or award amount	Accrued (deferred) revenue July 1, 2009	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)			Accrued (deferred) revenue June 30, 2010
					Prior year(s)	Current year	Total	
<i>U.S. Department of Education—Continued</i>								
Programs passed through Michigan Department of Education—continued:								
CTE Perkins	84.048A							
093520-90129		\$ 496,180	\$ 75,890	\$ 75,890	\$ 496,180	\$ -	\$ 496,180	\$ -
103520-10129		446,481	-	343,114	-	446,481	446,481	103,367
093530-90119		5,000	1,128	1,128	1,128	-	1,128	-
103530-10109		9,871	-	607	-	607	607	-
		<u>957,532</u>	<u>77,018</u>	<u>420,739</u>	<u>497,308</u>	<u>447,088</u>	<u>944,396</u>	<u>103,367</u>
Infants and Toddlers with Disabilities Cluster								
Early On Michigan	84.181							
081340-190		207,945	19,102	19,102	207,944	-	207,944	-
091340-190		195,653	15,679	81,349	115,123	80,530	195,653	14,860
		<u>403,598</u>	<u>34,781</u>	<u>100,451</u>	<u>323,067</u>	<u>80,530</u>	<u>403,597</u>	<u>14,860</u>
Infant and Toddler Formula	84.181A							
101340-190		181,674	-	74,759	-	92,320	92,320	17,561
ARRA - Infant and Toddler Formula Grant	84.393							
101345-190		228,221	-	81,583	-	107,341	107,341	25,758
Infants and Toddlers with Disabilities Cluster		<u>813,493</u>	<u>34,781</u>	<u>256,793</u>	<u>323,067</u>	<u>280,191</u>	<u>603,258</u>	<u>58,179</u>
Safe and Drug-Free Schools	84.186							
092860-0809		203,789	116,407	131,931	161,505	15,524	177,029	-
102860-0910		305,033	-	77,977	-	165,931	165,931	87,954
		<u>508,822</u>	<u>116,407</u>	<u>209,908</u>	<u>161,505</u>	<u>181,455</u>	<u>342,960</u>	<u>87,954</u>
Tech-Prep Education	84.243							
093540-90149		97,954	39,855	39,855	97,954	-	97,954	-
103540-10149		96,290	-	83,063	-	96,290	96,290	13,227
		<u>194,244</u>	<u>39,855</u>	<u>122,918</u>	<u>97,954</u>	<u>96,290</u>	<u>194,244</u>	<u>13,227</u>
Title V Part A	84.298							
090250-0809		5,324	5,313	5,313	5,313	-	5,313	-
Title II Part A	84.367							
090520-0809		475	475	475	475	-	475	-
100520-0910		475	-	475	-	475	475	-
		<u>950</u>	<u>475</u>	<u>950</u>	<u>475</u>	<u>475</u>	<u>950</u>	<u>-</u>
Title I Accountability	84.377A							
69,075		<u>69,075</u>	<u>-</u>	<u>60,197</u>	<u>-</u>	<u>60,197</u>	<u>60,197</u>	<u>-</u>
Total passed through Michigan Department of Education		<u>37,996,808</u>	<u>3,468,006</u>	<u>13,939,083</u>	<u>9,412,601</u>	<u>13,576,618</u>	<u>22,989,219</u>	<u>3,105,541</u>
Total U.S. Department of Education		39,882,937	3,548,667	14,288,533	10,406,527	13,908,048	24,314,575	3,168,182

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

Federal grantor/pass-through grantor/program title	Federal CFDA number	Entitlement program or award amount	Accrued (deferred) revenue July 1, 2009	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)			Accrued (deferred) revenue June 30, 2010
					Prior year(s)	Current year	Total	
U.S. Department of Agriculture								
Programs passed through Michigan Department of Education:								
Child Nutrition Cluster								
091970 Breakfast	10.553	\$ 24,328	\$ 1,249	\$ 5,227	\$ 20,350	\$ 3,978	\$ 24,328	\$ -
101970 Breakfast		21,680	-	20,165	-	21,680	21,680	1,515
		<u>46,008</u>	<u>1,249</u>	<u>25,392</u>	<u>20,350</u>	<u>25,658</u>	<u>46,008</u>	<u>1,515</u>
091950 All lunches	10.555	6,475	329	1,381	5,423	1,052	6,475	-
101950 All lunches		5,586	-	5,223	-	5,586	5,586	363
091960 Free and reduced		51,712	2,662	10,988	43,386	8,326	51,712	-
101960 Free and reduced		45,027	-	42,028	-	45,027	45,027	2,999
Entitlement Commodities		5,426	-	5,426	-	5,426	5,426	-
Bonus Commodities		1,623	-	1,623	-	1,623	1,623	-
		<u>115,849</u>	<u>2,991</u>	<u>66,669</u>	<u>48,809</u>	<u>67,040</u>	<u>115,849</u>	<u>3,362</u>
Total passed through Michigan Department of Education		161,857	4,240	92,061	69,159	92,698	161,857	4,877
Program passed through Michigan Department of Community Health:								
Supplemental Nutrition Assistance Program Michigan Nutrition Network through MSU Extension PSC#479873	10.551	245,148	36,024	98,749	36,578	62,725	99,303	-
Program passed through Michigan Fitness Foundation:								
Supplemental Nutrition Assistance Program 09/10	10.561	314,870	-	72,371	-	72,371	72,371	-
Total U.S. Department of Agriculture		721,875	40,264	263,181	105,737	227,794	333,531	4,877
U.S. Department of Health and Human Services								
Direct programs:								
Head Start Cluster								
Head Start Basic/Operating	93.600							
05CH8258/10		6,160,812	973,326	3,735,883	3,398,142	2,762,557	6,160,699	-
05CH8258/11		6,124,982	-	2,419,386	-	3,243,136	3,243,136	823,750
		<u>12,285,794</u>	<u>973,326</u>	<u>6,155,269</u>	<u>3,398,142</u>	<u>6,005,693</u>	<u>9,403,835</u>	<u>823,750</u>
ARRA - Head Start COLA 1.84%/Quality Improvement	93.708	456,420	-	200,107	-	314,176	314,176	114,069
ARRA - Head Start Expansion 05SH8258/01	93.708	441,681	-	229,863	-	325,312	325,312	95,449
ARRA - Early Head Start 2009 Expansion 05SA8258/01	93.709	910,174	-	331,804	-	492,360	492,360	160,556
Total Head Start Cluster		<u>14,094,069</u>	<u>973,326</u>	<u>6,917,043</u>	<u>3,398,142</u>	<u>7,137,541</u>	<u>10,535,683</u>	<u>1,193,824</u>

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

Federal grantor/pass-through grantor/program title	Federal CFDA number	Entitlement program or award amount	Accrued (deferred) revenue July 1, 2009	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)			Accrued (deferred) revenue June 30, 2010
					Prior year(s)	Current year	Total	
U.S. Department of Health and Human Services—Continued								
Program passed through the Michigan Department of Social Services:								
Medical Assistance Program Cluster								
Child and Adolescent Health Center Program								
20091735	93.778	\$ 75,000	\$ 18,841	\$ 41,832	\$ 45,096	\$ 22,991	\$ 68,087	\$ -
20100927		75,000	-	45,026	-	63,338	63,338	18,312
		<u>150,000</u>	<u>18,841</u>	<u>86,858</u>	<u>45,096</u>	<u>86,329</u>	<u>131,425</u>	<u>18,312</u>
Medicaid Outreach								
393	93.778	800,586	-	800,586	-	800,586	800,586	-
Total Medical Assistance Program Cluster								
		950,586	18,841	887,444	45,096	886,915	932,011	18,312
Total U.S. Department of Health and Human Services								
		15,044,655	992,167	7,804,487	3,443,238	8,024,456	11,467,694	1,212,136
U.S. Department of Labor								
Programs passed through the County of Muskegon:								
Workforce Investment Act Cluster								
WIA Younger Youth								
27314013/WIA-06/07	17.259	421,651	(45,930)	-	375,721	45,930	421,651	-
27314013/WIA-07/08		488,342	(144,792)	-	343,550	144,792	488,342	-
27314013/WIA-08/09		436,221	184,519	184,519	436,221	-	436,221	-
AA186470955		201,906	-	201,906	-	201,906	201,906	-
		<u>1,548,120</u>	<u>(6,203)</u>	<u>386,425</u>	<u>1,155,492</u>	<u>392,628</u>	<u>1,548,120</u>	<u>-</u>
ARRA - Summer Youth Program								
AA186470955	17.259	10,258	-	10,258	-	10,258	10,258	-
Total Workforce Investment Act Cluster								
		1,558,378	(6,203)	396,683	1,155,492	402,886	1,558,378	-
Program passed through Ottawa Area Intermediate School District:								
Real Science Regional Initiative								
226029	17.261	99,910	68,576	68,576	71,929	-	71,929	-
Total U.S. Department of Labor								
		1,658,288	62,373	465,259	1,227,421	402,886	1,630,307	-
TOTAL FEDERAL ASSISTANCE								
		<u>\$ 57,307,755</u>	<u>\$ 4,643,471</u>	<u>\$ 22,821,460</u>	<u>\$ 15,182,923</u>	<u>\$ 22,563,184</u>	<u>\$ 37,746,107</u>	<u>\$ 4,385,195</u>

The accompanying notes are an integral part of this schedule.

Muskegon Area Intermediate School District
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2010

1. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule.
2. Management has utilized the Grants Section Auditors Report (Form R7120) and CMS Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.
3. 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, 2010

Governmental funds financial statements

General Fund	\$ 8,639,661	
Special Education Fund	12,798,233	
Vocational Education Fund	946,264	
Other governmental funds (includes Food Service Fund)	<u>92,697</u>	\$ 22,476,855

Plus:

The federal portion of Child and Adolescent Health Center Program revenue reported as state revenue in the basic financial statements	<u>86,329</u>
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Expenditures per single audit report

Schedule of Expenditures of Federal Awards	<u><u>\$ 22,563,184</u></u>
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Muskegon Area Intermediate School District
SCHEDULE OF FINDINGS AND RESPONSES
 Year ended June 30, 2010

SECTION I—SUMMARY OF AUDITORS' RESULTS

A. Financial Statements

1. Type of auditors' report issued: **Unqualified**
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

B. Federal Awards

1. Internal control over major programs:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
2. Type of auditors' report issued on compliance for major programs: **Unqualified**
3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes X no
4. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program/Cluster</u>
84.027, 84.027A, 84.173A, 84.391A and 84.392A	U.S. Department of Education Special Education Cluster
93.600, 93.708, and 93.709	U.S. Department of health and Human Services Head Start Cluster

5. Dollar threshold used to distinguish between type A and type B programs: **\$676,896**
6. Auditee qualified as low-risk auditee? X yes _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SUPPLEMENTAL INFORMATION

BRICKLEY DELONG
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

November 10, 2010

Board of Education
Muskegon Area Intermediate School District
Muskegon, Michigan

We have audited the financial statements of Muskegon Area Intermediate School District as of and for the year ended June 30, 2010 and have issued our report thereon dated November 10, 2010. Our audit was made primarily for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information presented on pages 15-24 is provided for purposes of additional analysis and is not a required part of the financial statements or the accompanying Schedule of Expenditures of Federal Awards. Such supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements of Muskegon Area Intermediate School District and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Brickley De Long, P.C.

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

Muskegon Area Intermediate School District acts as a fiscal agent and passes through federal funds to the following local districts:

Pass-through grantee	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
Adult Basic Education									
Fruitport Community Schools	84.002A	101130-101587	\$ 42,877	\$ -	\$ 44,810	\$ -	\$ 42,877	\$ 42,877	\$ (1,933)
Orchard View Schools			82,769	-	69,238	-	82,769	82,769	13,531
Public Schools of the City of Muskegon			57,607	-	63,699	-	57,607	57,607	(6,092)
School District of the City of Muskegon Heights			27,756	-	-	-	27,756	27,756	27,756
Shelby Public Schools			18,405	-	20,720	-	18,405	18,405	(2,315)
Whitehall District Schools			28,802	-	31,993	-	28,802	28,802	(3,191)
Total subrecipient amounts			<u>\$ 258,216</u>	<u>\$ -</u>	<u>\$ 230,460</u>	<u>\$ -</u>	258,216	<u>\$ 258,216</u>	<u>\$ 27,756</u>
Muskegon Area Intermediate School District							16,748		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							<u>\$ 274,964</u>		
Public Schools of the City of Muskegon	84.002A	101190-101587	\$ 5,478	\$ -	\$ 5,478	\$ -	\$ 5,478	\$ 5,478	\$ -
Shelby Public Schools			3,375	-	3,375	-	3,375	3,375	-
Total subrecipient amounts			<u>\$ 8,853</u>	<u>\$ -</u>	<u>\$ 8,853</u>	<u>\$ -</u>	8,853	<u>\$ 8,853</u>	<u>\$ -</u>
Muskegon Area Intermediate School District							447		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							<u>\$ 9,300</u>		

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

Muskegon Area Intermediate School District acts as a fiscal agent and passes through federal funds to the following local districts:

Pass-through grantee	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
<i>Special Education Cluster</i>									
<i>Special Ed Flowthrough</i>									
Fruitport Community Schools	84.027A	090450-0809	\$ 1,342,937	\$ 344,364	\$ 391,845	\$ 1,278,526	\$ 64,411	\$ 1,342,937	\$ 16,930
Holton Public Schools			75,986	22,792	-	75,986	-	75,986	22,792
Mona Shores Public Schools			564,723	88,914	-	564,723	-	564,723	88,914
Montague Public Schools			174,061	18,399	-	174,061	-	174,061	18,399
North Muskegon Public Schools			149,425	46,907	-	149,425	-	149,425	46,907
Oakridge Public Schools			169,172	42,144	-	169,172	-	169,172	42,144
Public Schools of the City of Muskegon			1,355,087	251,680	328,654	1,249,103	105,984	1,355,087	29,010
Ravenna Public Schools			115,990	34,693	-	115,990	-	115,990	34,693
Reeths-Puffer Schools			1,416,933	293,667	450,104	1,181,516	235,417	1,416,933	78,980
School District of the City of Muskegon Heights			457,705	167,692	-	457,705	-	457,705	167,692
Three Oaks Public Academy			28,672	28,672	-	28,672	-	28,672	28,672
Timberland Charter Academy			79,385	-	-	79,385	-	79,385	-
WayPoint Academy			44,654	22,175	22,175	44,500	154	44,654	154
Whitehall District Schools			159,504	159,504	-	159,504	-	159,504	159,504
Total subrecipient amounts			\$ 6,134,234	\$ 1,521,603	\$ 1,192,778	\$ 5,728,268	405,966	\$ 6,134,234	\$ 734,791
Muskegon Area Intermediate School District							578,319		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							\$ 984,285		
Fruitport Community Schools	84.027A	100450-0910	\$ 1,279,327	\$ -	\$ 935,524	\$ -	\$ 1,279,327	\$ 1,279,327	\$ 343,803
Holton Public Schools			75,986	-	56,649	-	75,986	75,986	19,337
Mona Shores Public Schools			582,207	-	452,670	-	582,207	582,207	129,537
Montague Public Schools			178,029	-	140,473	-	178,029	178,029	37,556
North Muskegon Public Schools			136,543	-	126,505	-	136,543	136,543	10,038
Oakridge Public Schools			184,011	-	128,998	-	184,011	184,011	55,013
Public Schools of the City of Muskegon			1,276,771	-	1,003,042	-	1,276,771	1,276,771	273,729
Ravenna Public Schools			152,899	-	109,466	-	152,899	152,899	43,433
Reeths-Puffer Schools			1,260,878	-	999,590	-	1,260,878	1,260,878	261,288
School District of the City of Muskegon Heights			480,368	-	345,714	-	480,368	480,368	134,654
Timberland Charter Academy			83,460	-	82,972	-	83,460	83,460	488
WayPoint Academy			44,341	-	44,341	-	44,341	44,341	-
Whitehall District Schools			186,158	-	166,588	-	186,158	186,158	19,570
Total subrecipient amounts			\$ 5,920,978	\$ -	\$ 4,592,532	\$ -	5,920,978	\$ 5,920,978	\$ 1,328,446
Muskegon Area Intermediate School District							335,345		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							\$ 6,256,323		

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

Muskegon Area Intermediate School District acts as a fiscal agent and passes through federal funds to the following local districts:

<u>Pass-through grantee</u>	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
<i>Special Education Cluster—Continued</i>									
<i>Special Ed Preschool</i>									
Fruitport Community Schools	84.173A	090460-0809	\$ 92,820	\$ 14,143	\$ 29,168	\$ 64,607	\$ 28,213	\$ 92,820	\$ 13,188
Mona Shores Public Schools			22,487	-	-	22,487	-	22,487	-
Public Schools of the City of Muskegon			53,108	10,810	-	53,108	-	53,108	10,810
Reeths-Puffer Schools			99,519	28,048	-	99,519	-	99,519	28,048
School District of the City of Muskegon Heights			9,520	-	2,476	8,027	1,493	9,520	(983)
Timberland Charter Academy			952	952	-	952	-	952	952
Total subrecipient amounts			<u>\$ 278,406</u>	<u>\$ 53,953</u>	<u>\$ 31,644</u>	<u>\$ 248,700</u>	29,706	<u>\$ 278,406</u>	<u>\$ 52,015</u>
Muskegon Area Intermediate School District							3,511		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							<u>\$ 33,217</u>		
Fruitport Community Schools	84.173A	100460-0910	\$ 46,736	\$ -	\$ 29,934	\$ -	\$ 46,736	\$ 46,736	\$ 16,802
Mona Shores Public Schools			23,065	-	14,875	-	23,065	23,065	8,190
Public Schools of the City of Muskegon			47,435	-	37,767	-	47,435	47,435	9,668
Reeths-Puffer Schools			93,128	-	73,670	-	93,128	93,128	19,458
School District of the City of Muskegon Heights			21,759	-	21,759	-	21,759	21,759	-
Timberland Charter Academy			2,611	-	-	-	2,611	2,611	2,611
Total subrecipient amounts			<u>\$ 234,734</u>	<u>\$ -</u>	<u>\$ 178,005</u>	<u>\$ -</u>	234,734	<u>\$ 234,734</u>	<u>\$ 56,729</u>
Muskegon Area Intermediate School District							1,727		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							<u>\$ 236,461</u>		

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

Muskegon Area Intermediate School District acts as a fiscal agent and passes through federal funds to the following local districts:

Pass-through grantee	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
<i>Special Education Cluster—Continued</i>									
ARRA - IDEA Flowthrough									
	84.391A	100455-0910							
Fruitport Community Schools			\$ 1,476,468	\$ 440,543	\$ 1,159,523	\$ 440,543	\$ 1,035,925	\$ 1,476,468	\$ 316,945
Holton Public Schools			278,715	-	204,512	-	278,715	278,715	74,203
Mona Shores Public Schools			399,688	125,000	318,453	125,000	274,688	399,688	81,235
Montague Public Schools			261,354	-	197,205	-	261,354	261,354	64,149
North Muskegon Public Schools			99,209	18,401	91,128	18,401	80,808	99,209	8,081
Public Schools of the City of Muskegon			1,207,446	236,340	1,050,478	236,340	971,106	1,207,446	156,968
Reeths-Puffer Schools			626,446	80,000	509,170	80,000	546,446	626,446	117,276
School District of the City of Muskegon Heights			558,727	282,187	558,727	282,187	276,540	558,727	-
Timberland Charter Academy			30,900	-	-	-	30,900	30,900	30,900
WayPoint Academy			51,622	-	51,622	-	51,622	51,622	-
Whitehall District Schools			307,847	-	273,624	-	307,847	307,847	34,223
Total subrecipient amounts			\$ 5,298,422	\$ 1,182,471	\$ 4,414,442	\$ 1,182,471	4,115,951	\$ 5,298,422	\$ 883,980
Muskegon Area Intermediate School District							112,302		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							\$ 4,228,253		

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

Muskegon Area Intermediate School District acts as a fiscal agent and passes through federal funds to the following local districts:

Pass-through grantee	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
<i>Special Education Cluster—Continued</i>									
ARRA - IDEA Preschool									
	84.391A	100465-0910							
Fruitport Community Schools			\$ 36,662	\$ -	\$ 27,708	\$ -	\$ 36,662	\$ 36,662	\$ 8,954
Mona Shores Public Schools			11,439	-	10,902	-	11,439	11,439	537
Public Schools of the City of Muskegon			22,020	-	19,344	-	22,020	22,020	2,676
Reeths-Puffer Schools			55,748	-	48,954	-	55,748	55,748	6,794
School District of the City of Muskegon Heights			20,385	-	-	-	20,385	20,385	20,385
Total subrecipient amounts			<u>\$ 146,254</u>	<u>\$ -</u>	<u>\$ 106,908</u>	<u>\$ -</u>	146,254	<u>\$ 146,254</u>	<u>\$ 39,346</u>
Muskegon Area Intermediate School District							-		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							<u>\$ 146,254</u>		

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

Muskegon Area Intermediate School District acts as a fiscal agent and passes through federal funds to the following local districts:

Pass-through grantee	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
Safe and Drug Free Schools									
Fruitport Community Schools	84.186	092860-0809	\$ 9,364	\$ 9,364	\$ 9,364	\$ 9,364	\$ -	\$ 9,364	\$ -
Hart Public Schools			6,679	6,679	6,679	6,679	-	6,679	-
Holton Public Schools			4,406	-	-	4,406	-	4,406	-
Mona Shores Public Schools			5,038	-	-	-	5,038	5,038	5,038
Montague Public Schools			4,885	4,885	4,885	4,885	-	4,885	-
North Muskegon Public Schools			1,659	-	-	1,659	-	1,659	-
Oakridge Public Schools			7,541	7,541	7,541	7,541	-	7,541	-
Orchard View Schools			9,689	-	-	9,689	-	9,689	-
Public Schools of the City of Muskegon			45,242	16,253	16,253	45,242	-	45,242	-
Ravenna Public Schools			2,844	2,844	2,844	2,844	-	2,844	-
Reeths-Puffer Schools			10,197	10,197	10,197	10,197	-	10,197	-
School District of the City of Muskegon Heights			26,683	26,683	26,683	26,683	-	26,683	-
Shelby Public Schools			6,782	6,782	6,782	6,782	-	6,782	-
Walkerville Public Schools			2,043	2,043	2,043	2,043	-	2,043	-
WayPoint Academy			1,446	1,446	1,446	1,446	-	1,446	-
Whitehall District Schools			6,922	6,922	6,922	6,922	-	6,922	-
Total subrecipient amounts			\$ 151,420	\$ 101,639	\$ 101,639	\$ 146,382	5,038	\$ 151,420	\$ 5,038
Muskegon Area Intermediate School District							10,486		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							\$ 15,524		
Fruitport Community Schools	84.186	102860-0910	\$ 9,668	\$ -	\$ -	\$ -	\$ 9,668	\$ 9,668	\$ 9,668
Hart Public Schools			7,870	-	-	-	7,870	7,870	7,870
Holton Public Schools			4,406	-	4,406	-	4,406	4,406	-
Mona Shores Public Schools			14,916	-	-	-	14,916	14,916	14,916
Montague Public Schools			4,909	-	4,909	-	4,909	4,909	-
North Muskegon Public Schools			2,132	-	2,132	-	2,132	2,132	-
Oakridge Public Schools			7,448	-	7,448	-	7,448	7,448	-
Orchard View Schools			9,690	-	9,690	-	9,690	9,690	-
Public Schools of the City of Muskegon			41,075	-	31,142	-	41,075	41,075	9,933
Ravenna Public Schools			2,844	-	2,844	-	2,844	2,844	-
Reeths-Puffer Schools			10,197	-	10,197	-	10,197	10,197	-
School District of the City of Muskegon Heights			24,411	-	-	-	24,411	24,411	24,411
Shelby Public Schools			7,604	-	7,604	-	7,604	7,604	-
WayPoint Academy			1,449	-	1,449	-	1,449	1,449	-
Whitehall District Schools			6,712	-	-	-	6,712	6,712	6,712
Total subrecipient amounts			\$ 155,331	\$ -	\$ 81,821	\$ -	155,331	\$ 155,331	\$ 73,510
Muskegon Area Intermediate School District							10,600		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							\$ 165,931		

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

Muskegon Area Intermediate School District acts as a fiscal agent and passes through federal funds to the following local districts:

Pass-through grantee	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
<i>Head Start Cluster</i>									
Head Start Basic/Operating									
Fruitport Community Schools	93.600	05CH8258/10	\$ 279,752	\$ 60,301	\$ 184,904	\$ 155,149	\$ 124,603	\$ 279,752	\$ -
Hart Public Schools			176,504	-	92,789	83,715	92,789	176,504	-
Orchard View Schools			817,251	23,775	426,063	414,963	402,288	817,251	-
Public Schools of the City of Muskegon			1,534,228	422,258	1,074,297	882,189	652,039	1,534,228	-
School District of the City of Muskegon Heights			631,810	41,894	326,071	347,633	284,177	631,810	-
Shelby Public Schools			306,102	98,808	210,981	193,929	112,173	306,102	-
Whitehall District Schools			842,933	-	422,933	420,000	422,933	842,933	-
Total subrecipient amounts			\$ 4,588,580	\$ 647,036	\$ 2,738,038	\$ 2,497,578	2,091,002	\$ 4,588,580	\$ -
Muskegon Area Intermediate School District							671,555		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							\$ 2,762,557		
Fruitport Community Schools	93.600	05CH8258/11	\$ 174,495	\$ -	\$ 108,829	\$ -	\$ 174,495	\$ 174,495	\$ 65,666
Orchard View Schools			386,729	-	218,463	-	386,729	386,729	168,266
Public Schools of the City of Muskegon			911,192	-	774,069	-	911,192	911,192	137,123
School District of the City of Muskegon Heights			367,113	-	350,644	-	367,113	367,113	16,469
Shelby Public Schools			201,740	-	179,837	-	201,740	201,740	21,903
Whitehall District Schools			488,640	-	289,486	-	488,640	488,640	199,154
Total subrecipient amounts			\$ 2,529,909	\$ -	\$ 1,921,328	\$ -	2,529,909	\$ 2,529,909	\$ 608,581
Muskegon Area Intermediate School District							713,227		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							\$ 3,243,136		

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

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Pass-through grantee	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
<i>Head Start Cluster—Continued</i>									
ARRA - Head Start COLA 1.84%/Quality Improvement									
Fruitport Community Schools	93.708	05SE8258/01	\$ 20,013	\$ -	\$ 18,884	\$ -	\$ 20,013	\$ 20,013	\$ 1,129
Orchard View Schools			42,311	-	27,943	-	42,311	42,311	14,368
Public Schools of the City of Muskegon			80,482	-	24,325	-	80,482	80,482	56,157
School District of the City of Muskegon Heights			19,374	-	6,091	-	19,374	19,374	13,283
Shelby Public Schools			10,923	-	3,909	-	10,923	10,923	7,014
Whitehall District Schools			32,585	-	12,291	-	32,585	32,585	20,294
Total subrecipient amounts			<u>\$ 205,688</u>	<u>\$ -</u>	<u>\$ 93,443</u>	<u>\$ -</u>	<u>205,688</u>	<u>\$ 205,688</u>	<u>\$ 112,245</u>
Muskegon Area Intermediate School District							<u>108,488</u>		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							<u>\$ 314,176</u>		

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

Muskegon Area Intermediate School District acts as a fiscal agent and passes through federal funds to the following local districts:

Pass-through grantee	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
<i>Head Start Cluster—Continued</i>									
ARRA - Head Start Expansion									
Orchard View Schools	93.708	05SH8258/01	\$ 88,581	\$ -	\$ 87,901	\$ -	\$ 88,581	\$ 88,581	\$ 680
Public Schools of the City of Muskegon			56,599	-	20,537	-	56,599	56,599	36,062
Whitehall District Schools			86,811	-	47,249	-	86,811	86,811	39,562
Total subrecipient amounts			\$ 231,991	\$ -	\$ 155,687	\$ -	231,991	\$ 231,991	\$ 76,304
Muskegon Area Intermediate School District							93,321		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							\$ 325,312		

Muskegon Area Intermediate School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS
For the year ended June 30, 2010

Muskegon Area Intermediate School District acts as a fiscal agent and passes through federal funds to the following local districts:

Pass-through grantee	Federal CFDA number	Pass-through grantor's number	Amount of subrecipient award	Due to (from) subrecipients July 1, 2009	Cash or payments in kind (cash basis)	Expenditures (accrual basis)			Due to (from) subrecipients June 30, 2010
						Prior year	Current year	Total	
<i>Medical Assistance Program Cluster</i>									
<i>Medicaid Outreach</i>									
Fruitport Community Schools	93.778	393	\$ 19,420	\$ -	\$ 16,985	\$ -	\$ 19,420	\$ 19,420	\$ 2,435
Holton Public Schools			4,541	-	3,891	-	4,541	4,541	650
Mona Shores Public Schools			11,467	-	9,268	-	11,467	11,467	2,199
Montague Public Schools			6,835	-	5,721	-	6,835	6,835	1,114
North Muskegon Public Schools			2,975	-	2,367	-	2,975	2,975	608
Oakridge Public Schools			7,977	-	6,798	-	7,977	7,977	1,179
Orchard View Schools			14,219	-	12,038	-	14,219	14,219	2,181
Public Schools of the City of Muskegon			37,136	-	31,451	-	37,136	37,136	5,685
Ravenna Public Schools			7,027	-	5,803	-	7,027	7,027	1,224
Reeths-Puffer Schools			17,830	-	14,949	-	17,830	17,830	2,881
School District of the City of Muskegon Heights			8,884	-	7,627	-	8,884	8,884	1,257
Three Oaks Public Academy			961	-	850	-	961	961	111
Whitehall District Schools			13,103	-	11,035	-	13,103	13,103	2,068
Total subrecipient amounts			\$ 152,375	\$ -	\$ 128,783	\$ -	152,375	\$ 152,375	\$ 23,592
Muskegon Area Intermediate School District							648,211		
Total expenditures appearing on Schedule of Expenditures of Federal Awards							\$ 800,586		

CLIENT DOCUMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

November 10, 2010

Michigan Department of Education
Lansing, Michigan

Muskegon Area Intermediate School District respectfully advises you that there were *no* audit findings reported in our single audit report, dated October 29, 2009, for the year ended June 30, 2009.

Sincerely,

A handwritten signature in black ink that reads "Marios Demetriou". The signature is written in a cursive style with a large initial 'M' and 'D'.

Marios Demetriou
Deputy Superintendent

CORRECTIVE ACTION PLAN

November 10, 2010

Michigan Department of Education
Lansing, Michigan

Muskegon Area Intermediate School District respectfully submits the following Corrective Action Plan for the year ended June 30, 2010.

Name and address of independent public accounting firm:

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

Audit period: June 30, 2010

The findings from the Schedule of Findings and Responses for the year ended June 30, 2010 provided *no* findings in either Section II or Section III. Accordingly, there are *no* matters requiring corrective action as shown below.

SECTION II – FINANCIAL STATEMENT FINDINGS

There were *no* compliance findings and *no* significant deficiencies in relation to the financial statement audit.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were *no* compliance findings and *no* significant deficiencies in relation to the major federal award programs.

If the Michigan Department of Education has questions regarding this plan, please call Marios Demetriou at (231) 767-7206.

Sincerely,



Marios Demetriou
Deputy Superintendent

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

November 10, 2010

To the Board of Education
Muskegon Area Intermediate School District

We have audited the financial statements of Muskegon Area Intermediate School District for the year ended June 30, 2010, and have issued our report thereon dated November 10, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you during our conference on July 19, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Muskegon Area Intermediate School District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2010. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation expense is based on the estimated service lives of the specific assets utilizing the straight-line method.

Accrued salaries, compensated absences and post-employment benefits, and the related fringe benefits are recorded based on an estimate of the number of days worked in the current year from payments made in the subsequent year.

Management's estimates for Act 18 revenue, Special Education Billback expense and Special Education Transportation revenue and expense were determined based on member school district estimated expenditures and the number of students receiving services from each district. Adjustments are made in the subsequent fiscal year for the final audited expenditures and pupil counts. Management evaluated the key factors and assumptions used to develop those estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

BRICKLEY DELONG

Board of Education
Muskegon Area Intermediate School District
November 10, 2010
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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 10, 2010.

Management Consultations with Other Independent Accountants

In some cases, management of organizations may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations by the management of Muskegon Area Intermediate School District with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Education and management of Muskegon Area Intermediate School District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Brickley De Long, P.C.