

MASON CONSOLIDATED SCHOOLS
Erie, Michigan

FEDERAL AWARDS SUPPLEMENTAL INFORMATION
June 30, 2025

MASON CONSOLIDATED SCHOOLS

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CALKINS HEHL RAFKO

— CERTIFIED PUBLIC ACCOUNTANTS —

Independent Auditor's Report on Schedule of Expenditures Of Federal Awards Required by the Uniform Guidance

To the Board of Education
Mason Consolidated Schools
Erie, Michigan 48133

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools (“the School District”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Mason Consolidated Schools’ basic financial statements as listed in the table of contents. We issued our report thereon dated October 31, 2025, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 31, 2025.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Calkins Hehl Rafko

Monroe, Michigan
October 31, 2025



CALKINS HEHL RAFKO
— CERTIFIED PUBLIC ACCOUNTANTS —

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*

To the Board of Education
Mason Consolidated Schools
Erie, Michigan 48133

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Mason Consolidated Schools' basic financial statements and have issued our report thereon dated October 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mason Consolidated Schools' 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 Mason Consolidated School's internal control. Accordingly, we do not express an opinion on the effectiveness of Mason Consolidated School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, and 2025-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mason Consolidated 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*.

Mason Consolidated Schools' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Mason Consolidated Schools' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Mason Consolidated Schools' 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.



Monroe, Michigan
October 31, 2025



CALKINS HEHL RAFKO
— CERTIFIED PUBLIC ACCOUNTANTS —

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control
Over Compliance in Accordance with the Uniform Guidance

To the Board of Education
Mason Consolidated Schools
Erie, Michigan 48133

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mason Consolidated Schools' 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 Mason Consolidated Schools' major federal programs for the year ended June 30, 2025. Mason Consolidated Schools' 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, Mason Consolidated 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, 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; 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). 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 Mason Consolidated 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 Mason Consolidated Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 Mason Consolidated Schools' 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 generally accepted auditing standards, *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 Mason Consolidated Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Governmental 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 Mason Consolidated Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mason Consolidated Schools' 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 Mason Consolidated Schools' 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 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 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.

Callins Hebe Rayko

Monroe, Michigan
October 31, 2025

MASON CONSOLIDATED SCHOOLS

*Schedule of Expenditures of Federal Awards
Year ended June 30, 2025*

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal AL Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>			
Indian Education	S060A190275	84.060	\$7,468
Indian Education	S060A220275	84.060	4,000
Indian Education	S060A230275	84.060	4,000
			15,468
Passed Through State of Michigan Department of Education:			
Title I, Part A - Improving Basic Programs	201530-1920	84.010	124,940
Title I, Part A - Improving Basic Programs	231530-2223	84.010	132,813
Title I, Part A - Improving Basic Programs	241530-2324	84.010	215,508
Title I, Part A - Improving Basic Programs	251530-2425	84.010	301,936
			775,197
Title II, Part A - Supporting Effective Instruction	200520-1920	84.367	64,558
Title II, Part A - Supporting Effective Instruction	210520-2021	84.367	64,147
Title II, Part A - Supporting Effective Instruction	220520-2122	84.367	58,589
Title II, Part A - Supporting Effective Instruction	230520-2223	84.367	55,171
Title II, Part A - Supporting Effective Instruction	240520-2324	84.367	48,172
Title II, Part A - Supporting Effective Instruction	250520-2425	84.367	65,933
			356,570
Title IV, Part A - SSAE	210750-2021	84.424	10,000
Title IV, Part A - SSAE	240750-2324	84.424	20,247
Title IV, Part A - SSAE	250750-2425	84.424	16,272
			46,519
Education Stabilization Program:			
COVID 19 - ESSER Formula II Funds	213712-20-21	84.425D	445,232
COVID 19 - American Rescue Plan (ARP) ESSER III	213713-2122	84.425U	915,637
COVID 19 - Section 11t Equalization Funds	213723-2122	84.425U	153,074
COVID 19 - EANS II - Section 11bb Funds	221037-2324	84.425V	8,282
COVID 19 - MV ARP Homeless II	211012-2122	84.425W	5,730
Total Education Stabilization Program			1,527,955
Total Passed Through State of Michigan Department of Education			2,706,241
Total U.S. Department of Education			2,721,709
<u>U.S. Department of Treasury</u>			
Passed Through State of Michigan Department of Education:			
COVID 19 -ARP Grow Your Own	232423-20231	21.027	84,274
COVID 19 -ARP Grow Your Own	242426-FFHH24	21.027	33,280
Total Passed Through State of Michigan Department of Education			117,554

The accompanying notes are an integral part of this schedule.

Accrued (Deferred) Revenue July 1, 2024	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Adjustments and Transfers	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2025
\$1,187	\$6,281	\$0	(\$1,187)	\$0	\$0
4,000	4,000	0	(4,000)	0	0
991	991	0	0	991	0
6,178	11,272	0	(5,187)	991	0
(3,003)	2,462	0	3,003	0	0
(8,236)	117,555	0	8,236	0	0
117,891	117,891	8,310	0	126,201	0
0	0	214,140	0	0	214,140
106,652	237,908	222,450	11,239	126,201	214,140
(1,154)	(571)	0	1,154	0	0
710	19,580	0	(710)	0	0
(1,083)	12,799	0	1,083	0	0
(40,777)	7,623	0	10,014	0	(30,763)
4,048	4,048	1,638	0	5,686	0
0	0	13,733	0	0	13,733
(38,256)	43,479	15,371	11,541	5,686	(17,030)
(737)	9,082	0	737	0	0
19,560	19,560	0	0	19,560	0
0	0	4,350	0	0	4,350
18,823	28,642	4,350	737	19,560	4,350
(370)	453,461	0	(5,254)	0	(5,624)
162,108	654,655	107,249	0	269,357	0
9,968	9,968	116,710	0	126,678	0
0	0	8,282	0	8,282	0
0	0	3,920	0	3,920	0
171,706	1,118,084	236,161	(5,254)	408,237	(5,624)
258,925	1,428,113	478,332	18,263	559,684	195,836
265,103	1,439,385	478,332	13,076	560,675	195,836
0	8,861	1,635	0	0	1,635
0	0	1,204	0	0	1,204
0	8,861	2,839	0	0	2,839

MASON CONSOLIDATED SCHOOLS

*Schedule of Expenditures of Federal Awards
Year ended June 30, 2025*

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal AL Number	Approved Grant Award Amount
<u>U.S. Department of Health and Human Services</u>			
Passed Through Monroe County Intermediate School District:			
Medicaid Cluster:			
Medical Assistance Program		93.778	<u>\$7,506</u>
<u>U.S. Department of Agriculture</u>			
Passed Through State of Michigan Department of Education:			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program:			
School Breakfast Program	241970	10.553	125,421
School Breakfast Program	251970	10.553	<u>119,113</u>
			244,534
National School Lunch Program (NSLP):			
National School Lunch Program	241960	10.555	332,045
National School Lunch Program	251960	10.555	<u>310,764</u>
			<u>642,809</u>
Total Cash Assistance			887,343
Noncash Assistance:			
National School Lunch Program:			
Entitlement Commodities		10.555	<u>43,969</u>
Total Child Nutrition Cluster			931,312
Child and Adult Care Food Program:			
Child and Adult Care Food Program Meals	251920	10.558	<u>548</u>
Total Passed Through State of Michigan Department of Education			<u>931,860</u>
Total U.S. Department of Agriculture			<u>931,860</u>
Total Federal Financial Assistance			<u><u>\$3,778,629</u></u>

The accompanying notes are an integral part of this schedule.

Accrued (Deferred) Revenue July 1, 2024	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Adjustments and Transfers	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2025
\$0	\$4,204	\$7,506	\$0	\$7,506	\$0
28,981	122,562	13,777	(10,919)	31,839	0
0	0	119,113	0	82,530	36,583
28,981	122,562	132,890	(10,919)	114,369	36,583
76,353	329,885	36,861	(34,701)	78,513	0
0	0	310,764	0	218,138	92,626
76,353	329,885	347,625	(34,701)	296,651	92,626
105,334	452,447	480,515	(45,620)	411,020	129,209
0	0	43,969	0	43,969	0
105,334	452,447	524,484	(45,620)	454,989	129,209
0	0	548	0	548	0
105,334	452,447	525,032	(45,620)	455,537	129,209
105,334	452,447	525,032	(45,620)	455,537	129,209
<u>\$370,437</u>	<u>\$1,904,897</u>	<u>\$1,013,709</u>	<u>(\$32,544)</u>	<u>\$1,023,718</u>	<u>\$327,884</u>

MASON CONSOLIDATED SCHOOLS

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025*

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mason Consolidated Schools 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 Mason Consolidated Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Mason Consolidated Schools.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement. Cash received is recorded on a cash basis. Revenues are recognized when qualifying expenditures have been incurred and all grant requirements have been met.
3. Mason Consolidated Schools has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards ("SEFA"). The following shows a reconciliation of current year receipts per the SEFA to current payments per the GAR:

Agency total current payments per Michigan Department of Education Grant Auditor Report - (GAR) NexSys	\$1,100,461
Less: Food Service received July 1	
School Breakfast Program	(36,583)
National School Lunch Program	(92,626)
Additional items not on NexSys report:	
Non-cash assistance USDA Commodities - Entitlement	43,969
Passed through US Department of Education:	
Indian Education	991
Passed through Monroe County Intermediate School District:	
Medicaid Outreach	<u>7,506</u>
Total current year receipts (cash basis) per the schedule of expenditures of federal awards (SEFA)	<u>\$1,023,718</u>

5. The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with this schedule for USDA donated food commodities and are reported in the cash receipts column.
6. Mason Consolidated Schools does not have any subrecipients.

MASON CONSOLIDATED SCHOOLS

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025*

7. The accompanying Schedule of Expenditures of Federal Awards includes adjustments made to amounts previously reported in prior periods. These adjustments were necessary to correct reporting errors. The following table summarizes the nature and amount of these adjustments:

<u>Federal Program</u>	<u>AL Number</u>	<u>Description of Adjustment</u>	<u>Amount</u>
Indian Education	84.060	To write off uncollectable receivable due to the grant period being closed.	(\$5,187)
Title I, Part A Improving Basic Programs	84.010	Correction of prior year reporting errors	11,239
Title II, Part A Supporting Effective Instruction	84.367	Correction of prior year reporting errors	11,541
Title IV, Part A SSAE	84.367	Correction of prior year reporting errors	737
COVID 19 - ESSER Formula II Funds	84.425D	To properly report amount to be repaid as listed the Schedule of Findings and Questioned Costs (2025-004).	(5,254)
School Breakfast Program	10.553	To write off uncollectable receivable due to the grant period being closed.	(10,919)
National School Lunch Program	10.555	To write off uncollectable receivable due to the grant period being closed.	(34,701)
			<u>(\$32,544)</u>

8. Revenues from federal sources are reported in the School District’s financial statements as follows:

General Fund	\$488,677
Food Service Fund	<u>525,032</u>
Schedule of Expenditure of Federal Awards	<u>\$1,013,709</u>

MASON CONSOLIDATED SCHOOLS

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2025*

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Mason Consolidated Schools were prepared in accordance with GAAP.
2. One material weakness and three significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Mason Consolidated Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are disclosed in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Mason Consolidated Schools expresses an unmodified opinion.
6. There were no audit findings that is required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs was the Child Nutrition Cluster (Assistance Listing #10.553 and 10.555).
8. The dollar threshold for distinguishing Type A and B Programs was \$750,000.
9. Mason Consolidated Schools did not qualify as a low-risk auditee.

MASON CONSOLIDATED SCHOOLS

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2025*

FINDINGS - FINANCIAL STATEMENTS AUDIT:

2025-001 Timeliness of Bank Reconciliations

Finding Type: Material Weakness in internal controls over financial reporting.

Repeat Finding: Yes - 2024-003

Criteria: Management is responsible for reconciling bank accounts on a monthly basis.

Condition: During the audit, it was noted that bank reconciliations are not being prepared timely.

Cause: Management’s negligence in fulfilling its responsibilities.

Effect: Failure to reconcile bank statements create an incomplete general ledger and can lead to an over or understatement of cash balances and a corresponding over or understatement of revenues or expenditures. The Board of Education may not have been able to make sound financial decisions because of a lack of financial data on which to make decisions.

Recommendation: We recommend that the School District prepare, approve, and institute a reconciliation process that ensures bank reconciliations are prepared monthly and reviewed by a Board member.

View of Responsible Officials: Management agrees with the finding and has already implemented procedures to ensure bank reconciliations are prepared timely in the future.

2025-002 Expenditures in Excess of Amounts Appropriated

Finding Type: Significant deficiency in internal controls over financial reporting.

Repeat Finding: Yes - 2024-004

Criteria: In accordance with MCL 141.421, the School District is prohibited from expending funds that are not authorized or approved in their budget.

Condition: As of June 30, 2025, expenditures incurred were in excess of amounts appropriated in the Food Service Fund.

Cause: The School District failed to amend the budget to account for additional expenditures.

Effect: The School District is not in compliance with State statute.

Recommendation: We recommend that the School District amend the budget to ensure that expenditures do not exceed amounts authorized. No further action is required at this time.

View of Responsible Officials: Management agrees with the finding and will conduct a review of budgets on an ongoing basis.

MASON CONSOLIDATED SCHOOLS

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2025*

FINDINGS - FINANCIAL STATEMENTS AUDIT (Concluded):

2025-003 Failure to Adopt a Budget for a Special Revenue Fund

Finding Type: Significant deficiency in internal controls over financial reporting.

Repeat Finding: No.

Criteria: In accordance with MCL 141.421, the School District is required to adopt a budget for the General Fund and all Special Revenue Funds.

Condition: During the audit, we noted that the School District did not adopt a budget for the Student and School Activity Fund, which is a special revenue fund, for the fiscal year ended June 30, 2025.

Cause: The omission was due to a lack of management oversight during the annual budget adoption process.

Effect: The School District is not in compliance with State statute. Without an adopted budget, management lacks formal spending authority and budgetary control for the fund. This increases the risk of unauthorized expenditures.

Recommendation: We recommend that the School District adopt budgets for all required funds and that controls are implemented to confirm completeness before Board approval. It is important to note that the School District did adopt a budget for all required funds for the fiscal year ended June 30, 2026.

View of Responsible Officials: Management agrees with the finding and will implement procedures to ensure that all required funds are included in the annual budget adoption process.

2025-004 Federal Grant Requests

Finding Type: Significant deficiency in internal controls over financial reporting.

Repeat Finding: Yes. See 2024-005

Criteria: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit for the year ended June 30, 2024, the School District was found to have drawn down \$30,763.33 in excess Title II funds and \$5,624.95 in excess ESSER II funds. As of June 30, 2025, the School District has not yet repaid these funds to the Michigan Department of Education.

Cause: The School District did not complete the corrective action plan established in the prior year.

Effect: Failure to repay the overdrawn amount results in continued noncompliance with federal requirements.

MASON CONSOLIDATED SCHOOLS

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2025*

FINDINGS - FINANCIAL STATEMENTS AUDIT (Concluded):

Recommendation: The School District should promptly remit repayment to the Michigan Department of Education. It is important to note that the School District did not have excess cash requests during the year ended June 30, 2025.

View of Responsible Officials: Management agrees with the finding and will ensure the prompt repayment of the overdrawn funds. The anticipated completion date is November 30, 2025.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

There were no findings or questioned costs related to the major federal award program audit for the year ended June 30, 2025.

MASON CONSOLIDATED SCHOOLS

*Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024*

FINDINGS - FINANCIAL STATEMENTS AUDIT:

2024-001 Material Audit Adjustments

Finding Type: Material Weakness in internal controls over financial reporting.

Repeat Finding: Yes - 2023-001

Criteria: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, numerous adjustments were posted in order to reach proper year-end balances. Many of the adjustments to the trial balance were identified by the auditors, while others were provided by the School District as accounts were reconciled.

Cause: This condition was the result of a lack of management oversight. Year-end reconciliations were not prepared on a timely basis. Internal controls did not detect all adjustments necessary to properly record year-end balances.

Effect: As a result of this condition, the School District’s accounting records were initially misstated by amounts material to the financial statements. Specifically, the following areas were misstated:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Income</u>
General Fund:			
Final balances	\$14,012,559	\$13,531,686	\$480,873
Original balances	<u>14,152,597</u>	<u>13,598,479</u>	<u>554,118</u>
Adjustments needed	(140,038)	(66,793)	(73,245)
Sinking Fund:			
Final	9,034	193,076	(184,042)
Original balances	<u>9,034</u>	<u>153,326</u>	<u>(144,292)</u>
Difference	-	39,750	(39,750)
Food Service Fund:			
Final balances	808,275	711,307	96,968
Original balances	<u>638,426</u>	<u>706,249</u>	<u>(67,823)</u>
Adjustments needed	169,849	5,058	164,791
Student and School Activity Fund:			
Final balances	169,718	181,936	(12,218)
Original balances	<u>-</u>	<u>-</u>	<u>-</u>
Adjustments needed	169,718	181,936	(12,218)
Technology Millage Fund:			
Final balances	388,791	315,879	72,912
Original balances	<u>372,215</u>	<u>315,879</u>	<u>56,336</u>
Adjustments needed	16,576	-	16,576

MASON CONSOLIDATED SCHOOLS

*Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024*

FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued):

The following is a listing of the material adjustments that were posted:

General Fund:

- Adjust State grant funding from revenue to unearned revenue in the amount of \$375,116.
- Adjust Federal grants and GSRP funding to account for amounts requested but not received in the amount of \$318,488.
- Adjust MPSERS UAAL stabilization for revenue that should have been recorded in other funds in the amount of \$52,198.
- Adjust Federal and state grants in order to balance in the amount of \$15,428.
- Move an expense from the General Fund to the Sinking Fund in the amount of \$39,750.

Sinking Fund:

- Record an expense originally reported in the General Fund in the amount of \$39,750.

Food Service Fund:

- Adjust MPSERS UAAL stabilization for revenue that was originally recorded in the General Fund in the amount of \$35,622.
- Adjust expense for a project not yet completed in the amount of \$24,999.
- Adjust Federal grants for September 2023, May and June 2024 meal claims that were not recorded in the amount of \$105,333.

Student and School Activity Fund:

- Revenues and expenses were not recorded in the special revenue fund in accordance with (GAAP). Net effect was a decrease in fund balance/net position in the amount of \$12,218.

Technology Millage Fund:

- Adjust MPSERS UAAL stabilization for revenue that was originally recorded in the General Fund in the amount of \$16,576.

Recommendation: We recommend that the School District review its account procedures to make certain that account reconciliations are completed accurately, prior to the commencement of the annual audit. The necessary adjustments have been made to the School District's records and appropriately presented in the financial statements. Accordingly, no further corrective action is required at this time.

View of Responsible Officials: Management will conduct a review of the general ledger on an ongoing basis.

Current Status: The finding is resolved.

2024-002 Financial Statement Preparation

Finding Type: Material weakness in internal controls over financial reporting.

Repeat Finding: No.

MASON CONSOLIDATED SCHOOLS

Summary Schedule of Prior Audit Findings Year Ended June 30, 2024

FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued):

Criteria: The preparation of financial statements in accordance with GAAP is the responsibility of the School District's management and requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting financial statements including the related footnotes (i.e., external financial reporting).

Condition: As is the case with many smaller and medium-sized entities, the School District is relying on its independent external auditors to assist in the preparation of the financial statements and footnotes as part of the external financial reporting process. Accordingly, the School District's ability to prepare financial statements in accordance with GAAP is based, in part, on its external auditors, who cannot by definition be considered a part of the School District's internal controls. In addition, we proposed material adjustments in the School District's funds, and made modifications to the capital asset schedule.

Cause: The condition was caused by management's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the School District to perform this task internally.

Effect: As a result of this condition, the School District lacks internal controls over the preparation of the financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

Recommendation: The School District has evaluated the cost vs. benefit of establishing internal controls over the preparation of the financial statements in accordance with GAAP, and determined that it is in the best interests of the Township to outsource this task to the external auditors, and carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

View of Responsible Officials: Management agrees with the finding. The School District has employees with adequate skills, knowledge and experience to oversee the assistance with financial statements and assistance with financial statement disclosures by its external auditors.

Current Status: The finding is resolved.

2024-003 Timeliness of Bank Reconciliations

Finding Type: Material Weakness in internal controls over financial reporting.

Repeat Finding: Yes - 2023-001

Criteria: Management is responsible for reconciling bank accounts on a monthly basis.

Condition: During the audit, it was noted that bank reconciliations are not being prepared timely.

Cause: Management's negligence in fulfilling its responsibilities.

MASON CONSOLIDATED SCHOOLS

*Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024*

FINDINGS - FINANCIAL STATEMENTS AUDIT (Concluded):

Effect: Failure to reconcile bank statements create an incomplete general ledger and can lead to an over or understatement of cash balances and a corresponding over or understatement of revenues or expenditures. The School Board may not have been able to make sound financial decisions because of a lack of financial data on which to make decisions.

Recommendation: We recommend that the School District prepare, approve, and institute a reconciliation process that ensures bank reconciliations are prepared monthly and reviewed by a Board member.

View of Responsible Officials: Management agrees with the finding and will implement procedures to ensure bank reconciliations are prepared timely in the future.

Current Status: At year-end, the finding was not corrected. See 2025-001. Bank reconciliations were not prepared timely throughout the fiscal year. However, the School District has new leadership in the business office, and procedures are now in place to ensure bank reconciliations are prepared timely in the future.

2024-004 Expenditures in Excess of Amounts Appropriated

Finding Type: Significant deficiency in internal controls over financial reporting.

Repeat Finding: Yes - 2023-002

Criteria: In accordance with MCL 141.421, the School District is prohibited from expending funds that are not authorized or approved in their budget.

Condition: As of June 30, 2024, expenditures incurred were in excess of amounts appropriated in the Student and School Activity Fund.

Cause: The School District failed to amend the budget to account for additional expenditures.

Effect: The School District is not in compliance with State statute.

Recommendation: We recommend that the School District amend the budget to ensure that expenditures do not exceed amounts authorized. No further action is required at this time.

View of Responsible Officials: Management agrees with the finding and will conduct a review of budgets on an ongoing basis.

Current Status: The finding is not corrected. See 2025-002.

2024-005 Federal Grant Requests

Finding Type: Significant deficiency in internal controls over financial reporting.

Repeat Finding: No

Criteria: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles (GAAP).

MASON CONSOLIDATED SCHOOLS

*Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024*

FINDINGS - FINANCIAL STATEMENTS AUDIT (Concluded):

Condition: During the audit, it was noted that the School District submitted cash requests in excess of the grant expenditures.

Cause: This condition was the result of a lack of management oversight.

Effect: The School District will need to pay back Title II funds in the amount of \$30,763.33 and ESSER II funds in the amount of \$5,623.95, for a total of \$36,387.28.

Recommendation: We recommend that the School District implement procedures to ensure that all cash requests have supporting documentation. Proper grant codes should be utilized when recording grant expenditures, and expenditure status reports should be used as supporting documentation for all cash requests.

View of Responsible Officials: Management agrees with the finding and will ensure supporting documentation is reviewed and documented with all cash requests.

Current Status: The finding is not corrected. See 2025-004.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

2024-006 Schedule of Expenditures of Federal Awards

Assistance Listing Number: 10.553, 10.555, 10.559 – Child Nutrition Cluster

Pass-through Entity: Michigan Department of Education

Finding Type: Material weakness in internal controls over compliance.

Repeat Finding: No

Criteria: 2CFR 200.510(b) requires organizations to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee’s financial statements, which must include the total of federal awards as determined in accordance with 2 CFR 200.502.

Condition: The original SEFA provided by the School District was not complete and accurate. The audit team identified numerous errors throughout the course of our procedures which were brought to management’s attention.

Questioned Costs: None

Cause: Controls and processes in place to prepare the SEFA did not ensure that the SEFA was complete and accurate.

MASON CONSOLIDATED SCHOOLS

Summary Schedule of Prior Audit Findings Year Ended June 30, 2024

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

Effect: The School District accumulates the financial data and other required information to complete the SEFA. The original SEFA provided by the School District to the audit team included several inaccuracies, including missing or incomplete expenditure amounts. The SEFA most significantly included the following inaccuracies:

- \$18,063 spent under ALN 10.553 (National School Breakfast Program) was improperly excluded from the SEFA.
- \$41,653 spent under ALN 10.555 (National School Lunch Program) was improperly excluded from the SEFA.

Recommendation: The School District's process for preparing the SEFA should be adjusted to ensure that accounting records are closed timely, internal accounts are reconciled (the SEFA should reconcile to the federal revenues recorded), and appropriate workpapers are prepared to support the SEFA balances.

View of Responsible Officials: Management agrees with the finding and will implement procedures to ensure the SEFA is prepared accurately in the future.

Current Status: The finding is resolved.



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December 1, 2025

Mason Consolidated Schools
Corrective Action Plan
Finding as of June 30, 2025

Contact Person Responsible: Kelli Tuller, Superintendent
Joshua P. Dyer, Shared Business Manager

Finding Number: 2025-001

Corrective Action Planned: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. During the audit it was noted that bank reconciliations were not being prepared timely.

Anticipated Completion Date: The School District will implement procedures to prepare, approve, and institute a reconciliation process that ensures bank reconciliations are prepared timely and reviewed by a member of the Business Office.

Finding Number: 2025-002

Corrective Action Planned: Management is responsible for maintaining accounting records in accordance with State and local statutes. The Food Service Fund was not amended appropriately for actual expenditures due to timeliness of recognition of certain expenditures. Management will implement a process to all expenditures are recognized more timely during the year to ensure necessary budgetary amendments are made.

Anticipated Completion Date: The School District will implement these procedures beginning January 1, 2026.

Finding Number: 2025-003

Corrective Action Planned: Management is responsible for maintaining accounting records in accordance with State and local statutes. The



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Student and School Activity Fund was not included in the original budget due to an error the Board resolution. Management will implement a process to include the budget for Student and School Activity Fund.

Anticipated Completion Date:

The School District implemented these procedures and included the original budget for July 1, 2025.

Finding Number:

2025-004

Corrective Action Planned:

Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. During the audit, it was noted that the School District submitted cash requests in excess of grant expenditures. The School District will implement procedures to ensure all cash requests are accurate and include supporting documentation. Proper grant codes should be utilized when recording grant expenditures, and expenditure status reports should be used as supporting documentation.

Anticipated Completion Date:

The School District will implement these procedures for all requests and Final Expenditure Reports beginning November 1, 2025.

Sincerely,

Kelli Tuller
Superintendent

Joshua P. Dyer, CPA, MBA
Shared Business Manager