



Montague Area Public Schools

4882 Stanton Blvd. – Montague, MI 49437 – Telephone 231-893-1515 – Facsimile 231-894-6586

April 19, 2016

Alistair Ritchie
State of Michigan
Department of Treasury
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Ritchie,

Montague Area Public Schools has been identified by the Michigan Department of Treasury as a district under potential fiscal stress. This letter shall serve as official notice that Montague Area Public Schools has entered into a contract with the Muskegon Area Intermediate School District on April 19, 2016 to perform an administrative review of the district's financial status.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey W. Johnson'.

Jeffrey W. Johnson
Superintendent

Cc: Mike Schluentz, Associate Superintendent for Administrative Services, MAISD

Enclosure



Donna Bylenga <bylengad@mapsk12.org>

Fwd: Treasury – Reminder

Jeffrey Johnson <johnsonj@mapsk12.org>

Mon, Apr 18, 2016 at 7:38 AM

To: Donna Bylenga <bylengad@mapsk12.org>, Jeffrey Johnson <johnsonj@mapsk12.org>

----- Forwarded message -----

From: **Ritchie, Alistair S. (Treasury)** <RitchieA@michigan.gov>

Date: Mon, Apr 18, 2016 at 7:37 AM

Subject: Treasury – Reminder

To: "johnsonj@mapsk12.org" <johnsonj@mapsk12.org>

Montague Area Public Schools has until April 26, 2016 to enter into a contract with an Intermediate School District or Authorizer to perform an administrative review. Any District or Public School Academy (PSA) that has not entered into a contract by that date will be required to submit periodic reporting to the Department of Treasury.

Periodic Reporting

The following will occur for Districts or PSAs that are subject to periodic reporting:

1. Treasury will notify the District or PSA that they are required to submit periodic reporting.
2. Treasury will provide a reporting template for the financial status reports. The financial status report will include a 12-18 month cash flow, budget to actual, and accounts payable.
3. Treasury will determine the periodic basis for the financial status report.
4. Treasury will conduct a financial review of the District or PSA.

If you have any questions, please contact Alistair Ritchie by email at RitchieA@Michigan.gov or by phone at (517) 335-3247.

Alistair Ritchie

(517)335-3247

RitchieA@Michigan.gov

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Jeffrey W. Johnson

NOTE: *An Intermediate School District that is working with a public school district to establish a contract for administrative review of financial status under Section 1219 of the Revised School Code, MCL 380.12, is required to consult with the Department of Treasury on the development of the contract. A school district must enter into this contract within 60 days after receiving notification of the declaration of the potential of financial stress from the State Treasurer.*

AGREEMENT FOR ADMINISTRATIVE REVIEW OF FINANCIAL STATUS

Montague Area Public Schools, a Michigan general powers school district, whose address is 4882 Stanton Blvd., Montague, MI 49437, and Muskegon Area Intermediate School District (MAISD), a Michigan intermediate school district, whose address is 630 Harvey St., Muskegon, Michigan 49442, have entered into this Agreement as of April 19, 2016. In this Agreement, MAISD and Montague Area Public Schools ("District") may be referred to individually as a "Party" or jointly as the "Parties."

RECITALS

WHEREAS, The State Treasurer has declared that the potential for fiscal stress exists for the District under MCL 380.1219(3);

WHEREAS, The District desires to enter into this agreement to obtain the assistance of the MAISD to address the financial conditions within the District, which will also make unnecessary the submission of periodic financial status reports to the State Treasurer for a period of two years under MCL 380.1219(8);

WHEREAS, the MAISD has the expertise in fiscal management required to review and issue recommendations as to how the District can eliminate the potential for fiscal stress;

WHEREAS, MCL 380.1219(5) permits the Parties to enter into this Agreement; and

WHEREAS, the Parties have reviewed this Agreement and agree to be bound by the terms and conditions hereof.

NOW THEREFORE, the Parties agree as follows:

ARTICLE I DUTIES OF MAISD

Section 1.1 Within 90 days after the Effective Date, the MAISD shall complete an administrative review of the financial status of the District.

Section 1.2 Within 90 days of the Effective Date, the MAISD shall issue recommendations to the District concerning those steps the School District should consider taking to avoid a deficit ("Recommendations").

- viii. An examination of deferred maintenance and capital investment needs. Capital investment needs include technology equipment and technology infrastructure needs.
- ix. An examination of substitute costs, workers compensation costs, unemployment compensation costs and forecasts, and a review of other insurance programs.
- x. An examination of pupil transportation costs and routing.
- xi. An examination of the current and future costs of existing bargaining agreements.

Section 2.2 The parties may request the Department of Treasury to waive 1 or more of the requirements for items to be included in the MAISD's administrative review under MCL 380.1219. If the Department of Treasury grants a waiver, then the MAISD's administrative review is not required to include the waived item or items.

ARTICLE III DUTIES OF THE DISTRICT

Section 3.1 While the MAISD duties are limited to analyzing and assisting the District with its financial situation as previously set forth, and do not include a review and audit of all aspects of the District's organization, nonetheless, both parties recognize that the MAISD may need information from a wide variety of sources within the District in order for it to perform its duties. Accordingly, the District shall give the MAISD and its contracted agents prompt and full access to any and all financial data or information relating to the financial condition of the District as requested by the MAISD. This includes, but is not limited to, information regarding the district's budget and audit; ongoing, pending, and anticipated litigation, arbitrations, mediations, insurance claims, real estate issues and negotiations, payments to contractors, settlement agreements of any type, employment contracts, management letters from the district's auditor, corrective action plans for audit findings, competitive bid and/or RFP documents and responses; and resumes and qualifications of personnel assigned to support service or other positions.

Furthermore, as the parties agree that time is of the essence in the performance of their respective obligations under this agreement, the District agrees that "prompt" access to information and staff shall mean as quickly as reasonably possible, and not to exceed two business days, absent special circumstances.

Section 3.2 The District shall allow the MAISD and its contracted agents to promptly examine all financial records and books of account of the District.

Section 3.3 The District shall promptly and fully provide the assistance and information necessary and properly requested by the MAISD or its contracted agent in the effectuation of the MAISD administrative review duties, including, but not limited to,

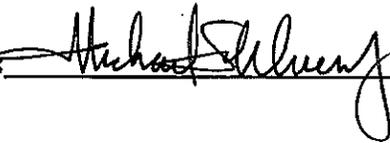
Section 7.10 This Agreement may be executed in any number of counterparts, each of which shall be an original, but all such counterparts shall together constitute one and the same instrument.

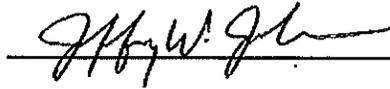
Section 7.11 Both Parties represent that the individual executing this Agreement is duly authorized by, and has the authority to execute this Agreement and bind, the respective Party.

IN WITNESS WHEREOF: the Parties hereto on this day execute this Agreement as of the Effective Date.

MUSKEGON AREA
INTERMEDIATE SCHOOL
DISTRICT

MONTAGUE AREA PUBLIC
SCHOOLS

By: 

By: 

Name: MICHAEL SCHLUENTZ

Name: Jeffrey W. Johnson

Title: ASSOC. SUPERINTENDENT

Title: Superintendent

Date: 4/19/2016

Date: 4/19/16