Otsego Public Schools

Single Audit Report

June 30, 2024

YEO & YEO

BUSINESS SUCCESS PARTNERS

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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*

Independent Auditors' Report

Members of the Board of Education
Otsego Public Schools
Otsego, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otsego Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Otsego Public Schools' basic financial statements, and have issued our report thereon dated October 9, 2024.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Otsego Public 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Otsego Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Otsego Public Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 9, 2024

Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Members of the Board of Education
Otsego Public Schools
Otsego, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Otsego Public 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 Otsego Public Schools' major federal programs for the year ended June 30, 2024. Otsego Public Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Otsego Public Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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

Auditors' 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 Otsego Public 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Otsego Public Schools' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Otsego Public 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 Otsego Public 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 Otsego Public 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 Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otsego Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Otsego Public Schools' basic financial statements. We issued our report thereon dated October 9, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 9, 2024

Otsego Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor Pass-Through Grantor Program Title	Pass Through Number	Assistance Listing Number	Approved Grant Amount	Accrued Revenue July 1, 2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2024
U.S. Department of Agriculture								
Child Nutrition Cluster								
Passed through Michigan Department of Education								
Cash assistance								
School Breakfast Program								
National School Breakfast Program	231970	10.553	$ 977,444	$ 2,729	$ 960,680	$ 16,764	$ 19,493	$ -
National School Breakfast Program	241970	10.553	105,898	-	-	105,898	99,267	6,631
Total School Breakfast Program			1,083,342	2,729	960,680	122,662	118,760	6,631
National School Lunch Program								
National School Lunch Program	231960	10.555	521,907	11,524	433,137	88,770	100,294	-
National School Lunch Program	241960	10.555	456,155	-	-	456,155	433,524	22,631
Supply Chain Assistance	240910	10.555	62,808	-	-	62,808	62,808	-
Total National School Lunch Program			1,040,870	11,524	433,137	607,733	596,626	22,631
Non-cash assistance (commodities)								
National School Lunch Program								
Commodities - Entitlement	N/A	10.555	104,987	-	-	104,987	104,987	-
Commodities - Bonus			2,494	-	-	2,494	2,494	-
Total non-cash assistance			107,481	-	-	107,481	107,481	-
Total National School Lunch Program			1,148,351	11,524	433,137	715,214	704,107	22,631
Summer Food Service Program								
Summer Food Service Program for Children	230900	10.559	80,542	26,323	26,323	54,219	80,542	-
Summer Food Service Program for Children	240900	10.559	11,222	-	-	11,222	-	11,222
Total Summer Food Service Program			91,764	26,323	26,323	65,441	80,542	-
Total Child Nutrition Cluster			2,323,457	40,576	1,420,140	903,317	903,409	29,262
Passed through Michigan Department of Education								
Local Food for Schools	230985	10.185	11,028	10,438	10,438	590	11,028	-
Passed through Michigan Department of Education								
Child and Adult Care Food Program	231920	10.558	30,073	4,034	24,420	5,653	9,687	-
Child and Adult Care Food Program	241920	10.558	28,101	-	-	28,101	21,985	6,116
Child and Adult Care Food Program-Cash in lieu	232010	10.558	947	169	924	23	192	-
Child and Adult Care Food Program-Cash in lieu	242010	10.558	860	-	-	860	682	178
Total Child and Adult Care Food Program			59,981	4,203	25,344	34,637	32,546	6,294
Passed through Michigan Department of Education								
USDA Nutrition Discretionary Grants	221991	10.579	49,487	-	-	49,487	49,487	-
Total Department of Agriculture			2,443,953	55,217	1,455,922	988,031	996,470	35,556

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Otsego Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor Pass-Through Grantor Program Title	Pass Through Number	Assistance Listing Number	Approved Grant Amount	Accrued Revenue July 1, 2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2024
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I Grants to Local Educational Agencies	231530-2223	84.010	276,088	76,167	261,266	773	76,940	-
Title I Grants to Local Educational Agencies	241530-2324	84.010	278,187	-	-	257,505	244,324	13,181
Total Title I Grants to Local Educational Agencies			554,275	76,167	261,266	258,278	321,264	13,181
Passed through Allegan Area ESA								
Special Education Preschool Grants	N/A	84.173	17,793	-	-	17,793	17,793	-
Passed through Michigan Department of Education								
Supporting Effective Instruction State Grants	230520-2223	84.367	81,217	47,285	65,565	706	47,991	-
Supporting Effective Instruction State Grants	240520-2324	84.367	68,438	-	-	43,187	42,514	673
Total Supporting Effective Instruction State Grants			149,655	47,285	65,565	43,893	90,505	673
Passed through Michigan Department of Education								
Language Instruction for Immigrant Students	230570-2223	84.365	3,487	1,376	1,376	-	1,376	-
Language Instruction for Immigrant Students	240570-2324	84.365	4,586	-	-	3,029	2,160	869
Passed through Kent ISD								
Language Instruction for Immigrant Students	2022-2023	84.365	411	411	411	-	411	-
Language Instruction for Immigrant Students	2023-2024	84.365	1,111	-	-	1,111	1,111	-
Total Language Instruction for Immigrant Students			9,595	1,787	1,787	4,140	5,058	869
Passed through Michigan Department of Education								
Student Support and Academic Enrichment Program	230750-2223	84.424	22,709	12,622	22,527	-	12,622	-
Student Support and Academic Enrichment Program	240750-2324	84.424	20,577	-	-	1,758	-	1,758
Total Student Support and Academic Enrichment Program			43,286	12,622	22,527	1,758	12,622	1,758
Passed through Michigan Department of Education								
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	213712-2021	84.425D	871,782	186,633	871,782	-	186,633	-
COVID-19 -Elementary and Secondary Schools Emergency Relief Fund-ESSER III	213713-2122	84.425U	1,959,292	608,073	1,049,669	894,089	958,578	543,584
COVID-19-ARP-Elementary and Secondary Schools Emergency Relief Fund-11t	213723-2122	84.425U	587,660	88,558	182,856	384,455	305,186	167,827
COVID-19-ARP-Homeless Children & Youth American Rescue Plan Homeless II	211012-2122	84.425W	28,145	-	-	19,195	17,959	1,236
			3,446,879	883,264	2,104,307	1,297,739	1,468,356	712,647
Total U.S. Department of Education			4,221,483	1,021,125	2,455,452	1,623,601	1,915,598	729,128
U.S. Department of Health and Human Services								
Passed through Allegan Area ESA								
Medicaid Cluster								
Medical Assistance Program	2023-2024	93.778	11,917	-	-	11,917	11,917	-
Total Federal Programs			$ 6,677,353	$ 1,076,342	$ 3,911,374	$ 2,623,549	$ 2,923,985	$ 764,684

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Otsego Public Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Otsego Public Schools under programs of the federal government for the year ended June 30, 2024. 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 Otsego Public Schools, it is not intended to and does not present the financial position or changes in financial position of Otsego Public Schools.

Note 2 – Summary of Significant Accounting Policies

Expenditures
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 where certain types of expenditures are not allowable or are limited as to reimbursement. Adjustments shown on the Schedule represents additions or subtractions in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate
Otsego Public Schools has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Reconciliation to the Financial Statements

Expenditures, per the schedule, equal federal revenue per the financial statements.

Note 4 – Subrecipients

No amounts were provided to subrecipients.

Note 5 – Michigan Department of Education Disclosures

The amounts reported on the recipient entitlement balance report agree with the Schedule for U.S.D.A. donated food commodities. The federal amounts reported on the Grant Auditor Report (GAR) are in agreement with the Schedule except for the following

	ALN	Grant #	Reported on the GAR	Reported on the Schedule	Variance
School Breakfast Program	10.553	241970	$ 105,898	$ 99,267	$ 6,631
School Lunch Program	10.555	241960	456,154	433,524	22,630
ESSER III-Formula	84.425U	213712	1,192,896	958,578	234,318
Child and Adult Care Food Program	10.558	241920	27,005	21,985	5,020
Child and Adult Care Food Program	10.558	242010	822	682	140

These payments were disbursed per the GAR as of June 30, 2024, but not received by the District until July 2024.

Otsego Public Schools
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ____ Yes __X__ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ____ Yes __X__ None reported
- Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ____ Yes __X__ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ____ Yes __X__ None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with §200.516(a)? ____ Yes __X__ No

Identification of major programs:

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
84.425C, 84.425D, 84.425U	Educational Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

- Auditee qualified as low-risk auditee? __X__ Yes ____ No

Otsego Public Schools
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION II - *GOVERNMENT AUDITING STANDARDS* FINDINGS

There were no *Government Audit Standards* findings for the year ended June 30, 2024.

SECTION III – FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2024.

Otsego Public Schools
Summary Schedule of Prior Audit Findings
June 30, 2024

SECTION IV – PRIOR AUDIT FINDINGS

There were no *Government Audit Standards* or federal award findings for the year ended June 30, 2023.

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October 9, 2024

Management and the Board of Education
Otsego Public Schools
Otsego, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otsego Public Schools (the School District) as of and for the year ended June 30, 2024. We are required to communicate certain matters to you in accordance with generally accepted auditing standards that are related to internal control and the audit.

Our communication includes the following:

I. Auditors' Communication of Significant Matters with Those Charged with Governance

II. Matters for Management's Consideration

Matters for management's consideration are not required to be communicated but we believe are valuable for management.

We discussed these matters with various personnel in the School District during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

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

Yeo & Yeo, P.C.

Kalamazoo, Michigan

Appendix I
Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 2, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in the footnotes of the financial statements. The School District has adopted the following Governmental Accounting Standards Board Statements effective July 1, 2023:

- Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

We noted no transactions entered into by the School District during the year for which there is 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 School District's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.

- Leases receivable and the related deferred inflows of resources. The estimate is based on management's assessment of the likelihood of exercising renewal options and utilizing interest and discount rates.

- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

- Net other postemployment benefits (OPEB) liability(asset), and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Disclosures in the financial statements are neutral, consistent and clear.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Improper revenue recognition

Accounting Standards and Regulatory Updates

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in the footnotes of the financial statements.

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 clearly trivial, and communicate them to the appropriate level of management. There were no known misstatements detected as a result of audit procedures that were more than trivial.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' 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 as of the date of the audit report.

Management's Consultations with Other Accountants

In some cases, management 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 School District's financial statements or a determination of the type of auditors' 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 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 School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Reports

Other information that is required to be reported to you is included in the: 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*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the

Uniform Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Supplementary Information

We were engaged to report on other supplementary information as described in the table of contents of the financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Appendix II
Matters for Management's Consideration

In planning and performing our audit of the financial statements of the School District as of and for the year ended June 30, 2024, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

However, during our audit we became aware of the following matter for management's consideration that is an opportunity for ensuring compliance with grant regulations. This letter does not affect our report dated October 9, 2024, on the financial statements of the School District.

Net Cash Resources
As a result of the changes in the food service program including the introduction of the Michigan School Meals program, meal claim revenues were in excess of anticipated amounts. A proportional increase to expenditures did not occur, resulting in a growth in net cash resources in an amount that exceeded the three-month average expenditure requirement included in the federal regulations. The noncompliance has not been determined to be material to the federal program or the financial statements, as it has not resulted in questioned costs, or negatively impacted the program; as the District is actively working on using the funds to enhance the program. However, the District must continue to take action to return to compliance. Districts may improve food quality or take other action designed to improve the program. We recommend that the District look at possible enhancements to the program in order to develop a spend down plan to return to compliance with this requirement.