

Rochester Community Schools

Single Audit

June 30, 2025



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

Table of Contents

	Page
Single Audit	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	11
Summary Schedule of Prior Audit Findings	13

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

Management and the Board of Education
Rochester Community Schools
Rochester, 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 Rochester Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Rochester Community Schools' basic financial statements, and have issued our report thereon dated October 20, 2025.

Report on Internal Control Over Financial Reporting

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

Troy, Michigan
October 20, 2025

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

Independent Auditors' Report

Management and the Board of Education
Rochester Community Schools
Rochester, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rochester Community 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 Rochester Community Schools' major federal programs for the year ended June 30, 2025. Rochester Community 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, Rochester Community Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 Rochester Community 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 Rochester Community 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 Rochester Community 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 Rochester Community 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 Rochester Community 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 Rochester Community 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 Rochester Community 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 Rochester Community 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rochester Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Rochester Community Schools' basic financial statements. We issued our report thereon dated October 20, 2025, which contained unmodified opinions on those financial statements. Our audit was performed 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.

Troy, Michigan

December 4, 2025, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is October 20, 2025

Rochester Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor Pass-Through Grantor Program or Cluster Title	Grant/ Project Number	Federal Assistance Listing Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2024	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Accrued (Unearned) Revenue June 30, 2025
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Cash Assistance								
School Breakfast Program	241970	10.553	\$ 258,504	\$ 7,481	\$ 223,909	\$ 34,595	\$ 42,076	\$ -
School Breakfast Program	251970	10.553	<u>251,529</u>	<u>-</u>	<u>-</u>	<u>251,529</u>	<u>251,529</u>	<u>-</u>
Total School Breakfast Program			<u>510,033</u>	<u>7,481</u>	<u>223,909</u>	<u>286,124</u>	<u>293,605</u>	<u>-</u>
Non-Cash Assistance								
National School Lunch Program - Entitlement	N/A	10.555	<u>527,326</u>	<u>-</u>	<u>-</u>	<u>348,773</u>	<u>348,773</u>	<u>-</u>
Cash Assistance								
National School Lunch Program - Supply Chain Assistance	230910	10.555	131,107	(78,984)	52,123	78,984	-	-
National School Lunch Program - Supply Chain Assistance	240910	10.555	348,424	(348,424)	-	348,405	-	(19)
National School Lunch Program	241960	10.555	1,296,615	23,482	1,108,269	188,346	211,828	-
National School Lunch Program	251960	10.555	<u>1,153,355</u>	<u>-</u>	<u>-</u>	<u>1,153,355</u>	<u>1,153,355</u>	<u>-</u>
Total Cash Assistance - National School Lunch Program			<u>2,929,501</u>	<u>(403,926)</u>	<u>1,160,392</u>	<u>1,769,090</u>	<u>1,365,183</u>	<u>(19)</u>
Total National School Lunch Program			<u>3,456,827</u>	<u>(403,926)</u>	<u>1,160,392</u>	<u>2,117,863</u>	<u>1,713,956</u>	<u>(19)</u>
Total Child Nutrition Cluster			<u>3,966,860</u>	<u>(396,445)</u>	<u>1,384,301</u>	<u>2,403,987</u>	<u>2,007,561</u>	<u>(19)</u>
Passed through Michigan Department of Education								
Child and Adult Care Food Program	241920	10.558	2,954	-	2,033	921	921	-
Child and Adult Care Food Program	251920	10.558	<u>2,997</u>	<u>-</u>	<u>-</u>	<u>2,997</u>	<u>2,997</u>	<u>-</u>
Total Child and Adult Care Food Program			<u>5,951</u>	<u>-</u>	<u>2,033</u>	<u>3,918</u>	<u>3,918</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>3,972,811</u>	<u>(396,445)</u>	<u>1,386,334</u>	<u>2,407,905</u>	<u>2,011,479</u>	<u>(19)</u>
U.S. Department of Treasury								
Passed through Michigan Department of Education								
Coronavirus State and Local Fiscal Recovery Funds - Healthy Hydration	242426-FFHH24	21.027	<u>3,170</u>	<u>-</u>	<u>-</u>	<u>3,170</u>	<u>-</u>	<u>3,170</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Rochester Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor Pass-Through Grantor Program or Cluster Title	Grant/ Project Number	Federal Assistance Listing Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2024	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Accrued (Unearned) Revenue June 30, 2025
U.S. Department of Education								
Passed through Oakland County Intermediate School District								
Special Education Cluster								
Special Education - Grants to States - Flowthrough	230450-2223	84.027	3,463,022	41,813	3,463,022	-	41,813	-
Special Education - Grants to States - Flowthrough	240450-2324	84.027	3,686,197	1,357,295	3,686,197	-	1,357,295	-
Special Education - Grants to States - Flowthrough	250450-2425	84.027	3,602,841	-	-	3,602,841	2,349,106	1,253,735
Passed through Marquette-Alger Regional Educational Service Agency								
Special Education - Grant Funded Initiatives - Flowthrough	240470-2D33	84.027	15,576	-	9,282	6,294	6,294	-
Special Education - Grant Funded Initiatives - Flowthrough	250470-2D33	84.027	27,254	-	-	27,254	27,254	-
Total IDEA Flowthrough			10,794,890	1,399,108	7,158,501	3,636,389	3,781,762	1,253,735
Passed through Oakland County Intermediate School District								
Special Education - Preschool Grants	230460-2223	84.173	184,564	4,205	184,564	-	4,205	-
Special Education - Preschool Grants	240460-2324	84.173	171,822	54,725	171,822	-	54,725	-
Special Education - Preschool Grants	250460-2425	84.173	168,105	-	-	168,105	110,599	57,506
Total Special Education - Preschool Grants			524,491	58,930	356,386	168,105	169,529	57,506
Total Special Education Cluster			11,319,381	1,458,038	7,514,887	3,804,494	3,951,291	1,311,241
Passed through Michigan Department of Education								
Adult Education - Basic Grants to States	241130-231537	84.002	186,130	85,801	173,655	-	85,801	-
Adult Education - Basic Grants to States	251130-241537	84.002	193,000	-	-	140,846	140,846	-
Total Adult Education - Basic Grants to States			379,130	85,801	173,655	140,846	226,647	-
Passed through Michigan Department of Education								
Title I - Part A - Grants to Local Education Agencies	241530-2324	84.010	307,015	80,960	289,913	315	81,275	-
Title I - Part A - Grants to Local Education Agencies	251530-2425	84.010	342,902	-	-	266,031	222,044	43,987
Total Title I - Part A - Grants to Local Education Agencies			649,917	80,960	289,913	266,346	303,319	43,987
Passed through Michigan Department of Education								
Title III - Part A - Immigrant Students	240570-2324	84.365	165,024	29,617	35,838	1,406	31,023	-
Title III - Part A - English Language Acquisition State Grants	240580-2324	84.365	214,027	105,855	168,564	2,527	108,382	-
Title III - Part A - Immigrant Students	250570-2425	84.365	177,437	-	-	102,476	58,716	43,760
Title III - Part A - English Language Acquisition State Grants	250580-2425	84.365	180,928	-	-	154,304	119,762	34,542
Total Title III			737,416	135,472	204,402	260,713	317,883	78,302
Passed through Michigan Department of Education								
Title II - Part A - Teacher/Principal Training & Recruitment	240520-2324	84.367	233,503	55,836	208,163	837	56,673	-
Title II - Part A - Teacher/Principal Training & Recruitment	250520-2425	84.367	228,852	-	-	167,146	154,633	12,513
Total Title II - Part A - Teacher/Principal Training & Recruitment			462,355	55,836	208,163	167,983	211,306	12,513

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Rochester Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor Pass-Through Grantor Program or Cluster Title	Grant/ Project Number	Federal Assistance Listing Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2024	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Accrued (Unearned) Revenue June 30, 2025
U.S. Department of Education (Continued)								
Passed through Michigan Department of Education								
Title IV - Effective Use of Technology	230775-2024	84.424A	20,000	15,714	15,714	4,262	19,976	-
Title IV - Part A - Student Support & Academic Enrichment	240750-2324	84.424	25,436	233	20,257	-	233	-
Title IV - Part A - Student Support & Academic Enrichment	250750-2425	84.424	27,532	-	-	4,837	4,836	1
Total Title IV			72,968	15,947	35,971	9,099	25,045	1
Passed through Michigan Department of Education								
Education Stabilization Fund								
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) III	213713-2122	84.425U	2,294,385	197,035	2,283,853	10,532	207,567	-
COVID-19 American Rescue Plan (ARP) / ESSER III 11t	213723-2122	84.425U	14,445,697	1,900,579	13,822,244	623,453	2,524,032	-
Total 84.425U			16,740,082	2,097,614	16,106,097	633,985	2,731,599	-
COVID-19 ARP Homeless II	211012-2122	84.425W	15,213	15,213	15,213	-	15,213	-
Total Education Stabilization Fund			16,755,295	2,112,827	16,121,310	633,985	2,746,812	-
Total U.S. Department of Education			30,376,462	3,944,881	24,548,301	5,283,466	7,782,303	1,446,044
U.S. Department of Health of Human Services								
Passed through Oakland County Intermediate School District								
Medicaid Cluster								
Medicaid Outreach 24-25	N/A	93.778	156,783	-	-	156,783	156,783	-
Passed through the State of Michigan								
Medicaid Outreach 24-25	N/A	93.778	60	-	-	60	60	-
Total Medicaid Cluster			156,843	-	-	156,843	156,843	-
Total Federal awards			\$ 34,509,286	\$ 3,548,436	\$ 25,934,635	\$ 7,851,384	\$ 9,950,625	\$ 1,449,195

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Rochester Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Rochester Community 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 Rochester Community Schools, it is not intended to and does not present the financial position or changes in net position of Rochester Community 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Rochester Community Schools has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Reconciliation to the Financial Statements

The federal revenues per the financial statements are in agreement with the Schedule except for the following:

Expenditures per the schedule of expenditures of federal awards	\$ 7,851,384
Proportionate share not required to be reported on the School Districts schedule of expenditures of federal awards	<u>61,181</u>
Federal revenues per the financial statements	<u><u>\$ 7,912,565</u></u>

Note 4 - Subrecipients

No amounts were provided to subrecipients.

Rochester Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2025

Note 5 - Michigan Department of Education Disclosures

Management has reported the expenditures in the SEFA equal to those amounts reported in the annual or final cost reports that have been submitted for that particular grant year.

The federal amounts reported on the Grant Auditor Report (GAR) are in agreement with the SEFA except for the following:

	Federal Assistance Listing Number	Grant/ Project Number	Reported on Grant Auditor Report	Reported on Schedule of Expenditures of Federal Awards	Variance
Adult Education - Basic Grants to States	84.002	241130-231537	\$ 6,183	\$ 85,801	\$ (79,618)
Title I - Part A - Grants to Local Education Agencies	84.010	241530-2324	42,251	81,275	(39,024)
Title III - Part A - Immigrant Students	84.365	240570-2324	1,419	31,023	(29,604)
Title III - Part A - English Language Acquisition State Grants	84.365	240580-2324	103,470	108,382	(4,912)
Title II - Part A - Teacher/Principal Training & Recruitment	84.367	240520-2324	20,284	56,673	(36,389)
Title IV - Part A - Student Support & Academic Enrichment	84.424	240750-2324	-	233	(233)
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) III	84.425U	213713-2122	95,240	207,567	(112,327)
COVID-19 American Rescue Plan (ARP) / ESSER III 11t	84.425U	213723-2122	1,472,438	2,524,032	(1,051,594)

The amounts reported on the Recipient Entitlement Balance Report (PAL Report) and the Oakland County Intermediate School District Subrecipient Schedule are in agreement with the SEFA.

Rochester Community Schools
Schedule of Findings and Questioned Costs
June 30, 2025

Section II – *Government Auditing Standards* Findings

There were no *Government Auditing Standards* findings for the year ended June 30, 2025.

Section III – Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2025.

Rochester Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2025

Section IV – Prior Audit Findings

Government Auditing Standards Findings

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

Federal Award Findings

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



800.968.0010 | YEOANDYEO.COM

December 4, 2025

Management and the Board of Education
Rochester Community Schools
Rochester, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rochester Community Schools (the School District) as of and for the year ended June 30, 2025. 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.

Troy, 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 June 11, 2025. 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, 2024:

- Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.
- Statement No. 102, *Certain Risk Disclosures*, requires governments to provide users of the financial statements with essential information about risks related to the government's vulnerabilities due to certain concentrations or constraints.

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.
- 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.
- Compensated Absences. Management's estimate is based pay rates in effect at the end of the reporting period and the likelihood that employees will use or be paid out for earned time.

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.

Auditors are required to use professional judgment to identify areas of the audit that have a significant risk of material misstatement and perform special audit consideration in those areas. Within our audit, we focused additional consideration on the following areas:

- Management override of controls
- Improper revenue recognition
- Significant estimates / Implementation of new accounting standard (GASB 101 - *Compensated Absences*)

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.

The final issuance of our financial statements and single audits has been delayed due to the pending release of the 2025 Compliance Supplement. This Supplement is essential for ensuring that our audit procedures align with current federal requirements. Without its publication, we were unable to complete the necessary testing and reporting that single audits require. The financial statement audit submission complies with the State of Michigan deadline. The finalization of this communication with governance and the single audit reporting package was completed as soon as possible once the release of the 2025 Compliance Supplement occurred.

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. Management has corrected all such misstatements except as discussed below.

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 each opinion unit's financial statements taken as a whole.

Management has determined that the effects of the uncorrected misstatements summarized below are immaterial both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Description	Governmental Activities	
	Under Stated	
	Total Assets	Total Liabilities
Subscription Based Information Technology Arrangements	\$ (1,678,837)	\$ (1,678,837)

Description	General Fund	
	Under Stated	
	Total Revenues	Total Expenditures
Initial Recording of New Subscription Based Information Technology Arrangements	\$ (1,345,000)	\$ (1,345,000)

Management has excluded disclosures related to GASB Statement No. 96 – *Subscription Based Information Technology Arrangements* (SBITAs), which are typically required by accounting principles generally accepted in the United States of America since the disclosures are immaterial to the financial statements taken as a whole.

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.

Emphasis of Matters in Independent Auditors' Report

Our report will include the following emphasis of matter paragraph:

Adoption of New Accounting Standard

As discussed in Note 1 and 15 to the financial statements, during the year ended June 30, 2025, Rochester Community Schools adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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.

Annual Comprehensive Financial Report

The School District's audited financial statements are included in their annual comprehensive financial report. Our responsibility for the other information contained in the annual comprehensive financial report does not extend beyond the financial information identified in our audit report. We do not have an obligation to perform any procedures to corroborate the other information contained in the introductory section and statistical section. However, we read the other information and considered whether such information, or the manner of its presentation, was materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, was materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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, 2025, 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 maintaining compliance. This letter does not affect our report dated October 20, 2025, 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 School District is actively working on using the funds to enhance the program. However, the School District must continue to take action to return to compliance. School 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.