

Otsego Public Schools

Single Audit Report

June 30, 2025



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

Table of Contents

	Page
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 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	8
Schedule of Findings and Questioned Costs	10
Summary Schedule of Prior Audit Findings	12

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, 2025, 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 30, 2025.

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.

Handwritten signature in cursive script that reads "Yeo & Yeo, P.C."

Kalamazoo, Michigan
October 30, 2025

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, 2025. 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, 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 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, 2025, and the related notes to the financial statements, which collectively comprise Otsego Public Schools' basic financial statements. We issued our report thereon dated October 30, 2025, 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

December 11, 2025, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is October 30, 2025.

Otsego Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor Pass-Through Grantor Program Title	Pass Through Number	Assistance Listing Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue July 1, 2024	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2025
U.S. Department of Agriculture								
Child Nutrition Cluster								
Passed through Michigan Department of Education								
Cash assistance								
National School Breakfast Program	241970	10.553	\$ 130,313	\$ 105,898	\$ 6,631	\$ 24,415	\$ 31,046	\$ -
National School Breakfast Program	251970	10.553	143,616	-	-	143,616	97,315	46,301
Total School Breakfast Program					<u>6,631</u>	<u>168,031</u>	<u>128,361</u>	<u>46,301</u>
National School Lunch Program	241960	10.555	556,694	456,155	22,631	100,539	123,170	-
National School Lunch Program	251960	10.555	583,806	-	-	583,806	404,077	179,729
Total National School Lunch Program					<u>22,631</u>	<u>684,345</u>	<u>527,247</u>	<u>179,729</u>
Non-cash assistance (commodities)								
National School Lunch Program								
Commodities - Entitlement	N/A	10.555	118,774	-	-	118,774	118,774	-
Commodities - Bonus			253	-	-	253	253	-
Total non-cash assistance					<u>-</u>	<u>119,027</u>	<u>119,027</u>	<u>-</u>
Total 10.555					<u>22,631</u>	<u>803,372</u>	<u>646,274</u>	<u>179,729</u>
Cash assistance								
Summer Food Service Program for Children	240900	10.559	73,596	11,222	11,222	62,374	73,596	-
Total Child Nutrition Cluster					<u>40,484</u>	<u>1,033,777</u>	<u>848,231</u>	<u>226,030</u>
Passed through Michigan Department of Education								
Child and Adult Care Food Program	241920	10.558	36,526	28,101	6,116	8,425	14,541	-
Child and Adult Care Food Program	251920	10.558	34,820	-	-	34,820	28,056	6,764
Child and Adult Care Food Program-Cash in lieu	242010	10.558	981	860	178	121	299	-
Child and Adult Care Food Program-Cash in lieu	252010	10.558	703	-	-	703	548	155
Total Child and Adult Care Food Program					<u>6,294</u>	<u>44,069</u>	<u>43,444</u>	<u>6,919</u>
Passed through Michigan Department of Education								
USDA Nutrition Discretionary Grants	221991	10.579	80,206	49,487	-	30,719	30,719	-
Total Department of Agriculture					<u>46,778</u>	<u>1,108,565</u>	<u>922,394</u>	<u>232,949</u>

Otsego Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor Pass-Through Grantor Program Title	Pass Through Number	Assistance Listing Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue July 1, 2024	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2025
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I Grants to Local Educational Agencies	241530-2324	84.010	278,187	257,505	13,181	1,406	14,587	-
Title I Grants to Local Educational Agencies	251530-2425	84.010	279,146	-	-	234,276	88,015	146,261
Total Title I Grants to Local Educational Agencies					<u>13,181</u>	<u>235,682</u>	<u>102,602</u>	<u>146,261</u>
Passed through Allegan Area ESA								
Special Education Preschool Grants	N/A	84.173	-	-	-	18,407	18,407	-
Passed through Michigan Department of Education								
Language Instruction for Immigrant Students	240570-2324	84.365	4,586	3,029	869	-	869	-
Language Instruction for Immigrant Students	250570-2425	84.365	Unknown	-	-	2,984	-	2,984
Passed through Kent ISD								
Language Instruction for Immigrant Students	2024-2025	84.365	118	-	-	118	118	-
Total Language Instruction for Immigrant Students					<u>869</u>	<u>3,102</u>	<u>987</u>	<u>2,984</u>
Passed through Michigan Department of Education								
Supporting Effective Instruction State Grants	240520-2324	84.367	68,438	43,187	673	2,608	3,281	-
Supporting Effective Instruction State Grants	250520-2425	84.367	71,419	-	-	39,676	16,778	22,898
Total Supporting Effective Instruction State Grants					<u>673</u>	<u>42,284</u>	<u>20,059</u>	<u>22,898</u>
Passed through Michigan Department of Education								
Student Support and Academic Enrichment Program	240750-2324	84.424	20,577	1,758	1,758	968	2,726	-
Student Support and Academic Enrichment Program	250750-2425	84.424	37,082	-	-	15,739	5,554	10,185
Total Student Support and Academic Enrichment Program					<u>1,758</u>	<u>16,707</u>	<u>8,280</u>	<u>10,185</u>
Passed through Michigan Department of Education								
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act								
COVID-19 Elementary and Secondary Schools Emergency Relief Fund-ESSER III	213713-2122	84.425U	1,959,292	1,943,758	543,584	15,534	559,118	-
COVID-19 American Rescue Plan-Elementary and Secondary Schools Emergency Relief Fund-11t	213723-2122	84.425U	587,660	567,311	167,827	20,349	188,176	-
COVID-19 American Rescue Plan-Homeless Children & Youth American Rescue Plan Homeless II	211012-2122	84.425W	28,145	19,195	1,236	8,950	10,186	-
					<u>712,647</u>	<u>44,833</u>	<u>757,480</u>	<u>-</u>
Total U.S. Department of Education					<u>729,128</u>	<u>361,015</u>	<u>907,815</u>	<u>182,328</u>
U.S. Department of Health and Human Services								
Passed through Allegan Area ESA								
Medicaid Cluster								
Medical Assistance Program	2024-2025	93.778	11,917	-	-	18,726	18,726	-
Total Federal Programs					<u>\$ 775,906</u>	<u>\$ 1,488,306</u>	<u>\$ 1,848,935</u>	<u>\$ 415,277</u>

Otsego Public 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 Otsego Public 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 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 reconcile to the federal revenue per the financial statements as follows:

Federal revenues per the financial statements	\$ 1,305,978
Expenditures reported on the Schedule, but not received within 60 days and reported as deferred inflows of resources (unavailable revenue) on the financial statements	<u>182,328</u>
Federal expenditures per the schedule	<u>\$ 1,488,306</u>

Note 4 – Subrecipients

No amounts were provided to subrecipients.

Otsego Public Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2025

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	251970	\$ 135,479	\$ 97,315	\$ 38,164
School Lunch Program	10.555	251960	556,145	404,077	152,068
School Breakfast Program	10.553	241970	24,415	31,046	(6,631)
School Lunch Program	10.555	241960	100,540	123,170	(22,630)
ESSER III-Formula	84.425U	213713	324,800	559,118	(234,318)
Child and Adult Care Food Program	10.558	241920	9,521	14,541	(5,020)
Child and Adult Care Food Program	10.558	242010	159	299	(140)

Negative variances represent payments disbursed per the GAR as of June 30, 2024, but not received by the District until July 2024. Negative variances represent payments disbursements per the GAR as of June 30, 2025, but not received by the District until July 2025.

Otsego Public Schools
Schedule of Findings and Questioned Costs
June 30, 2025

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)

10.553, 10.555, 10.559

Name of Federal Program or Cluster

Child Nutrition Cluster

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, 2025

SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS

There were no *Government Audit 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.

Otsego Public Schools
Summary Schedule of Prior Audit Findings
June 30, 2025

SECTION IV – PRIOR AUDIT FINDINGS

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



800.968.0010 | YEOANDYEO.COM

December 11, 2025

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, 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.

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 June 5, 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.
- 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.
- 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
- Implementation of new accounting standard and related significant estimate
- Completeness of accounts payable
- Completeness of accounts receivable

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.

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.

There were no known uncorrected misstatements 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.

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 Notes 1 and 14 to the financial statements, during the year ended June 30, 2025, the School District 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.

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 matters for management’s consideration that are opportunities for strengthening internal controls and ensuring compliance with grant regulations. This letter does not affect our report dated October 30, 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 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.

Meal Claims Software/Hardware

During the audit, it was noted that for all months tested, meals claimed did not match the point of sale reports and had to be supplemented with hand counts. Management noted that the hardware/software was switched to a different company in the current year, and the system frequently fails. A system failure during meal service would seemingly create a chaotic and unideal environment for tracking meals while getting the students through the lines. We noted the months of November 2024, April of 2025, and May of 2025 at a minimum had hand counts supplementing the point of sale data. We recommend that the District works closely with the vendor to fix this issue as soon as possible.