

MONTROSE COMMUNITY SCHOOLS

SINGLE AUDIT REPORT

JUNE 30, 2025

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MONTROSE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass Through Grantor/ Program Title	Federal ALN	Pass - Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2024	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payments In Kind Received	Accrued (Unearned) Revenue June 30, 2025
<u>U.S. DEPARTMENT OF EDUCATION</u>									
Passed Through Michigan Department of Education:									
Title I Grants to Local Educational Agencies:	84.010								
Title I Regular (23-24)		241530-2324	\$317,444	\$76,348	\$310,404	\$0	\$0	\$76,348	\$0
Title I Regular (24-25)		251530-2425	430,510	0	0	430,510	0	382,852	47,658
Total ALN 84.010			\$747,954	\$76,348	\$310,404	\$430,510	\$0	\$459,200	\$47,658
Rural Education - Title V	84.358								
Title V Part B RLIS (24-25)		250660-2425	50,696	0	0	33,546	0	29,605	3,941
English Language Acquisition Grant - Title III	84.365								
Title III (23-24)		240570-2324	577	0	111	163	0	163	0
Title III (24-25)		250570-2425	388	0	0	8	0	0	8
Total ALN 84.365			\$965	\$0	\$111	\$171	\$0	\$163	\$8
Title II - Supporting Effective Instruction	84.367								
Title IIA (23-24)		240520-2324	57,608	15,226	48,871	2,922	0	18,148	0
Title IIA (24-25)		240520-2425	62,611	0	0	62,508	0	59,395	3,113
Total ALN 84.367			\$120,219	\$15,226	\$48,871	\$65,430	\$0	\$77,543	\$3,113
Student Support & Academic Enrichment - Title IV	84.424								
Title IV Part A (23-24)		240750-2324	23,973	7,711	19,005	4,968	0	12,679	0
Title IV Part A (24-25)		250750-2425	23,113	0	0	21,898	0	16,827	5,071
Total ALN 84.424			\$47,086	\$7,711	\$19,005	\$26,866	\$0	\$29,506	\$5,071
Stronger Connections - Title IV									
Title IV Part A (24-25)	84.424F								
		234014-SCG25	6,245	0	0	6,243	0	6,243	0
Education Stabilization Fund									
Covid 19 - ESSER III Formula Funds	84.425U	213713-2122	2,311,843	287,179	2,311,843	0	0	287,179	0
11BB ARO GEER UU	84.425V	221037-2324	21,028	0	0	20,979	0	20,979	0
MV ARP Homeless II	84.425W	211012-2122	15,451	1,137	1,137	14,248	0	15,385	0
Total ALN 84.425			\$2,348,322	\$288,316	\$2,312,980	\$35,227	\$0	\$323,543	\$0
Total Passed Through Michigan Department of Education			\$3,321,487	\$387,601	\$2,691,371	\$597,993	\$0	\$925,803	\$59,791

MONTROSE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass Through Grantor/ Program Title	Federal ALN	Pass - Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2024	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payments In Kind Received	Accrued (Unearned) Revenue June 30, 2025
<u>U.S. DEPARTMENT OF EDUCATION</u> (Continued)									
Passed Through Genesee Intermediate School District:									
Special Education - Grants to States:	84.027								
IDEA Flowthrough (23-24)		230450-2324	\$425,528	\$132,479	\$425,528	\$0	\$0	\$132,479	\$0
IDEA Flowthrough (24-25)		250450-2425	398,784	0	0	398,784	0	351,661	47,123
Total ALN 84.027			\$824,312	\$132,479	\$425,528	\$398,784	\$0	\$484,140	\$47,123
Special Education - Preschool	84.173								
Special Education - Preschool (23-24)		240460-2324	16,466	6,275	16,466	0	0	6,275	0
Special Education - Preschool (24-25)		250460-2425	6,159	0	0	6,159	0	5,841	318
Total ALN 84.173			\$22,625	\$6,275	\$16,466	\$6,159	\$0	\$12,116	\$318
Total Special Education Cluster			\$846,937	\$138,754	\$441,994	\$404,943	\$0	\$496,256	\$47,441
Vocational Education	84.048								
Perkins (23-24)		253520-2425	54,276	0	0	54,276	0	54,276	0
Total Passed Through Genesee Intermediate School District			\$901,213	\$138,754	\$441,994	\$459,219	\$0	\$550,532	\$47,441
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			\$4,222,700	\$526,355	\$3,133,365	\$1,057,212	\$0	\$1,476,335	\$107,232
<u>U.S. DEPARTMENT OF AGRICULTURE</u>									
Passed Through Michigan Department of Education:									
National Breakfast Program	10.553	241970	374,987	0	320,886	54,101	0	54,101	0
National Breakfast Program	10.553	251970	336,572	0	0	336,572	0	336,572	0
Total ALN #10.553			\$711,559	\$0	\$320,886	\$390,673	\$0	\$390,673	\$0
Non-Cash Assistance									
Entitlement Commodities	10.555	N/A	57,849	0	0	57,849	0	57,849	0
Cash Assistance									
National School Lunch Program	10.555	241960	688,404	0	585,654	102,750	0	102,750	0
National School Lunch Program - After School Snack	10.555	241980	7,278	0	6,297	981	0	981	0
National School Lunch Program	10.555	251960	613,343	0	0	613,343	0	613,343	0
National School Lunch Program - After School Snack	10.555	251980	5,662	0	0	5,662	0	5,662	0
Total Cash Assistance ALN #10.555			\$1,314,687	\$0	\$591,951	\$722,736	\$0	\$722,736	\$0
Total ALN 10.555			\$1,372,536	\$0	\$591,951	\$780,585	\$0	\$780,585	\$0

MONTROSE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass Through Grantor/ Program Title	Federal ALN	Pass - Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2024	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payments In Kind Received	Accrued (Unearned) Revenue June 30, 2025
<u>U.S. DEPARTMENT OF AGRICULTURE (Continued)</u>									
Passed Through Michigan Department of Education:									
Summer Food Service Program for Children	10.559	210900	\$191,101	\$4,150	\$168,004	\$23,097	\$0	\$27,247	\$0
Summer Food Service Program for Children		250900	5,111	0	0	5,111	0	0	5,111
Total ALN 10.559			\$196,212	\$4,150	\$168,004	\$28,208	\$0	\$27,247	\$5,111
Total Nutrition Cluster			\$2,280,307	\$4,150	\$1,080,841	\$1,199,466	\$0	\$1,198,505	\$5,111
Child and Adult Care Food Program	10.558	241920	31,886	0	28,369	3,517	0	3,517	0
Child and Adult Care Food Program	10.558	251920	33,247	0	0	33,247	0	33,247	0
Child and Adult Care Food Program - Cash in Lieu	10.558	242010	2,207	0	1,969	238	0	238	0
Child and Adult Care Food Program - Cash in Lieu	10.558	252010	2,252	0	0	2,252	0	2,252	0
Total ALN 10.558			\$69,592	\$0	\$30,338	\$39,254	\$0	\$39,254	\$0
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			\$2,349,899	\$4,150	\$1,111,179	\$1,238,720	\$0	\$1,237,759	\$5,111
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>									
Passed Through Genesee Intermediate School District									
Medicaid Administrative Outreach (24-25)	93.778	N/A	6,625	0	0	6,625	0	6,625	0
<u>TOTAL FEDERAL AWARDS</u>			\$6,579,224	\$530,505	\$4,244,544	\$2,302,557	\$0	\$2,720,719	\$112,343

MONTROSE COMMUNITY SCHOOLS
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

FEDERAL REVENUE RECOGNIZED FOR THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS

\$2,302,557

FEDERAL REVENUE RECOGNIZED PER THE GENERAL
PURPOSE FINANCIAL STATEMENTS

General Fund	\$1,063,837
Food Service Fund	1,238,720
Debt Retirement Fund	149,263
Total Federal Revenue	<u>\$2,451,820</u>
Less: QZAB Interest Subsidies (Not Part of Single Audit)	<u>(149,263)</u>
<u>TOTAL</u>	<u>\$2,302,557</u>

- 1) Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Montrose Community Schools 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the schedule presents only a selected portion of the operations of Montrose Community Schools, it is not intended to and does not present the financial position or changes in net position of Montrose Community Schools.

Management has utilized the NexSys System in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Grant Auditor's Report have been reconciled in the attached reconciliation on page 5 of this report.

The District qualifies for low-risk auditee status.

- 2) Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Expenditures are recognized following the cost principles in the Uniform Guidance as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The District has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

- 3) Noncash Assistance - The value of noncash assistance received was determined in accordance with the provisions of the Uniform Guidance. The grantee received no noncash assistance during the year ended June 30, 2025 that is not included on the schedule of expenditures of federal awards.
- 4) The District did not pass-through any federal awards to sub recipients.

MONTROSE COMMUNITY SCHOOLS
RECONCILIATION OF "GRANT AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Current Payments Per the Grant Auditor's Report		
Nexsys System		\$2,105,713
<u>Add:</u> Grants Passed Through the Genesee Intermediate School District		
Special Education - Grants to States (ALN 84.027)	\$484,140	
Special Education - Preschool (ALN 84.173)	12,116	
Perkins (ALN 84.048)	54,276	
Medicaid Administrative Outreach (ALN 93.778)	6,625	
Total Grants Passed Through Genesee Intermediate School District		557,157
Entitlement Commodities		57,849
<u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>		<u>\$2,720,719</u>



December 2, 2025

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of
Montrose Community Schools

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 Montrose Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Montrose Community Schools' basic financial statements, and have issued our report thereon dated December 2, 2025.

Internal Control Over Financial Reporting

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

Lewis & Knopf, P.C.

LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



December 2, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of
Montrose Community Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Montrose 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 Montrose Community Schools' major federal programs for the year ended June 30, 2025. Montrose Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Montrose 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 Montrose 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 grant agreements applicable to Montrose Community Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Montrose 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Montrose Community Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Montrose 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 Montrose 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 Montrose 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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 Montrose Community Schools, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Montrose Community Schools' basic financial statements. We issued our report thereon dated December 2, 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.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MONTROSE COMMUNITY SCHOOLS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency (ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency (ies) identified? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?

☐ Yes ☒ No

Identification of major programs:

ALN
10.553/10.555/10.559

Name of Federal Program or Cluster
Nutrition cluster

Dollar threshold use to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings for the current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings for the current year.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

There were no findings for the prior year.