

Eastpointe Community Schools

Single Audit

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Management and the Board of Education
Eastpointe Community Schools
Eastpointe, 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 Eastpointe Community Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Eastpointe Community Schools' basic financial statements, and have issued our report thereon dated October 31, 2023.

Report on Internal Control Over Financial Reporting

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

Flint, Michigan
October 31, 2023

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
Eastpointe Community Schools
Eastpointe, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eastpointe 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 Eastpointe Community Schools' major federal programs for the year ended June 30, 2023. Eastpointe 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, Eastpointe 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, 2023.

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 Eastpointe 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 Eastpointe 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 Eastpointe 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 Eastpointe 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 Eastpointe 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 Eastpointe 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 Eastpointe 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 Eastpointe 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 Eastpointe Community Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Eastpointe Community Schools' basic financial statements. We issued our report thereon dated October 31, 2023, 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.

Flint, Michigan
October 31, 2023

Eastpointe Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal AL Number	Grant Number	Award Grant Entitlement Program Amount	Inventory/ Accrued (Unearned) Revenue at July 1, 2022	Prior Year Expenditures	Adjustments	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Inventory/ Accrued (Unearned) Revenue at June 30, 2023
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance									
Entitlement Commodities	10.555	22-23	\$ 75,450	\$ -	\$ -	\$ -	\$ 75,450	\$ 75,450	\$ -
Bonus Commodities			1,817	-	-	-	1,817	1,817	-
Total Non-Cash Assistance			77,267	-	-	-	77,267	77,267	-
Cash Assistance									
National School Breakfast Program	10.553	221970	66,513	-	25,448	-	41,065	41,065	-
National School Breakfast Program	10.553	231970	442,905	-	-	-	411,220	442,905	31,685
			509,418	-	25,448	-	452,285	483,970	31,685
COVID-19 - Supply Chain Assistance	10.555	220910	97,629	-	48,400	-	49,229	49,229	-
National School Lunch Program	10.555	221960	74,809	-	-	-	74,809	74,809	-
COVID-19 - Supply Chain Assistance	10.555	230910	24,892	-	-	-	24,892	24,892	-
National School Lunch Program	10.555	231960	846,710	-	-	-	789,395	846,710	57,315
			1,044,040	-	48,400	-	938,325	995,640	57,315
Summer Food Service Program	10.559	220900	16,524	-	-	-	11,778	16,524	4,746
Total Cash Assistance			1,569,982	-	73,848	-	1,402,388	1,496,134	93,746
Total Child Nutrition Cluster			1,647,249	-	73,848	-	1,479,655	1,573,401	93,746
Passed through Michigan Department of Education									
COVID-19 - Pandemic EBT Local Level costs	10.649	220980	3,135	-	-	-	3,135	3,135	-
Total U.S. Department of Agriculture			1,650,384	-	73,848	-	1,482,790	1,576,536	93,746
U.S. Department of Treasury									
Passed through Macomb Intermediate School District									
COVID-19 - GSRP State Fiscal Recovery Funds	21.027	222390	135,024	135,024	135,024	-	135,024	-	-

See accompanying notes to the Schedule of Expenditures of Federal Awards

Eastpointe Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal AL Number	Grant Number	Award Grant Entitlement Program Amount	Inventory/ Accrued (Unearned) Revenue at July 1, 2022	Prior Year Expenditures	Adjustments	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Inventory/ Accrued (Unearned) Revenue at June 30, 2023
U. S. Department of Education									
Passed through Macomb Intermediate School District									
Special Education Cluster									
Special Education - Grants to States	84.027	220450	\$ 1,252,806	\$ 277,778	\$ 1,252,806	\$ -	\$ 277,778	\$ -	\$ -
Special Education - Grants to States	84.027	230450	1,335,606	-	-	-	1,064,177	1,335,606	271,429
COVID-19 - Special Education - Grants to States - ARP	84.027X	221280	190,454	190,454	190,454	-	190,454	-	-
			<u>2,778,866</u>	<u>468,232</u>	<u>1,443,260</u>	<u>-</u>	<u>1,532,409</u>	<u>1,335,606</u>	<u>271,429</u>
Special Education - Preschool Grants	84.173	220460	39,657	11,314	39,657	-	11,314	-	-
Special Education - Preschool Grants	84.173	230460	38,179	-	-	-	9,244	38,179	28,935
COVID-19 - Special Education - Preschool Grants - ARP	84.173X	221285	19,538	19,538	19,538	-	19,538	-	-
			<u>97,374</u>	<u>30,852</u>	<u>59,195</u>	<u>-</u>	<u>40,096</u>	<u>38,179</u>	<u>28,935</u>
Total Special Education Cluster			<u>2,876,240</u>	<u>499,084</u>	<u>1,502,455</u>	<u>-</u>	<u>1,572,505</u>	<u>1,373,785</u>	<u>300,364</u>
Passed through Michigan Department of Education									
Title I, Part A - Grants to Local Educational Agencies	84.010	221530	2,942,087	724,452	1,999,810	-	1,205,714	481,262	-
Title I, Part A - Grants to Local Educational Agencies	84.010	231530	2,564,668	-	-	-	1,579,692	2,132,488	552,796
			<u>5,506,755</u>	<u>724,452</u>	<u>1,999,810</u>	<u>-</u>	<u>2,785,406</u>	<u>2,613,750</u>	<u>552,796</u>
Passed through Macomb Intermediate School District									
Career and Technical Education - Basic Grants to States	84.048	223520	17,000	2,500	17,000	-	2,500	-	-
Career and Technical Education - Basic Grants to States	84.048	233520	17,000	-	-	-	12,000	17,000	5,000
			<u>34,000</u>	<u>2,500</u>	<u>17,000</u>	<u>-</u>	<u>14,500</u>	<u>17,000</u>	<u>5,000</u>
Passed through Michigan Department of Education									
Title II, Part A - Supporting Effective Instruction State Grants	84.367	220520	364,389	310,194	310,194	-	319,778	9,584	-
Title II, Part A - Supporting Effective Instruction State Grants	84.367	230520	272,918	-	-	-	219,186	219,186	-
			<u>637,307</u>	<u>310,194</u>	<u>310,194</u>	<u>-</u>	<u>538,964</u>	<u>228,770</u>	<u>-</u>
Passed through Michigan Department of Education									
Title IV - Part A Grants - Student Support & Academic Enrichment	84.424	220750	254,493	129,730	129,730	-	137,286	7,556	-
Title IV - Part A Grants - Student Support & Academic Enrichment	84.424	230750	260,994	-	-	-	109,577	147,840	38,263
			<u>515,487</u>	<u>129,730</u>	<u>129,730</u>	<u>-</u>	<u>246,863</u>	<u>155,396</u>	<u>38,263</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

Eastpointe Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal AL Number	Grant Number	Award Grant Entitlement Program Amount	Inventory/ Accrued (Unearned) Revenue at July 1, 2022	Prior Year Expenditures	Adjustments	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Inventory/ Accrued (Unearned) Revenue at June 30, 2023
Passed through Michigan Department of Education									
Education Stabilization Funds									
COVID-19 - GEER	84.425C	201200	\$ 240,537	\$ 1,092	\$ 240,537	\$ -	\$ 1,092	\$ -	\$ -
COVID-19 - ESSER Formula I	84.425D	203710	1,668,375	235,433	1,668,375	-	235,433	-	-
COVID-19 - ESSER Formula II	84.425D	213712	8,245,992	4,874,597	4,874,597	-	7,866,600	3,371,395	379,392
COVID-19 - ESSER Formula II - Section 23b2a	84.425D	213722	138,600	-	-	-	-	138,600	138,600
COVID-19 - ESSER Formula II - Section 23b2b	84.425D	213742	136,400	-	-	-	-	136,400	136,400
COVID-19 - ESSER Formula II - 98c Learning Loss	84.425D	213782	121,203	-	-	-	-	40,665	40,665
COVID-19 - ESSER Education Equity	84.425D	203720	250,109	-	249,025	-	1,084	1,084	-
COVID-19 - ESSER Formula II - Section 23b2c	84.425D	213752	25,000	-	-	-	25,000	25,000	-
			10,585,679	5,110,030	6,791,997	-	8,128,117	3,713,144	695,057
COVID-19 - ESSER Formula III	84.425U	213713	10,797,695	1,025,773	1,025,773	-	6,599,040	7,990,993	2,417,726
Total Education Stabilization Funds			21,623,911	6,136,895	8,058,307	-	14,728,249	11,704,137	3,112,783
Total U.S. Department of Education			31,193,700	7,802,855	12,017,496	-	19,886,487	16,092,838	4,009,206
Total Federal Awards			\$ 32,979,108	\$ 7,937,879	\$ 12,226,368	\$ -	\$ 21,504,301	\$ 17,669,374	\$ 4,102,952

See accompanying notes to the Schedule of Expenditures of Federal Awards

Eastpointe Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Eastpointe Community Schools under programs of the federal government for the year ended June 30, 2023. 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 Eastpointe Community Schools, it is not intended to and does not present the financial position or changes in financial position of Eastpointe Community Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either 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

Eastpointe Community 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

Federal revenues reported in the financial statements equal the expenditures reported on the SEFA, except for the following:

Federal expenditures per SEFA	\$ 17,669,374
Federal revenue classified as a beneficiary payment	31,323
Prior year unavailable revenue recognized in the current year	32,716
Current year unavailable revenue - deferred inflow	<u>(315,635)</u>
Federal revenue per financial statements	<u><u>\$ 17,417,778</u></u>

Certain grants that were awarded as a result of COVID-19 which allowed recipients to reimburse eligible costs incurred during prior years within the period of the COVID-19 pandemic. Accordingly, \$128,623 of prior year expenditures related to 84.425D, grant 213742, and \$125,559 of expenditures related to 84.425D, grant 213722 are included in the June 30, 2023 Schedule of Expenditures of Federal Awards.

Eastpointe Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2023

Note 4 - 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:

AL #	Grant Award	Amount per GAR	Amount per SEFA	Difference
84.010	221530	\$ 868,490	\$ 1,205,714	\$ (337,224)
84.367	220520	21,961	319,778	(297,817)
84.424	220750	23,945	137,286	(113,341)
84.425D	203710	-	235,433	(235,433)
84.425D	213712	3,286,394	7,866,600	(4,580,206)
84.425U	213713	5,725,973	6,599,040	(873,067)

The amounts reported on the Recipient Entitlement Balance Report (PAL Report) agree with the SEFA for USDA donated food commodities.

Note 5 - Subrecipients

No amounts were provided to subrecipients.

Eastpointe Community Schools
Schedule of Findings and Questioned Costs
June 30, 2023

Section I – Summary of Auditors’ Results

Financial Statements

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

			<u>Unmodified</u>	
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	yes	<u> X </u>	no
• Significant deficiency(ies) identified	_____	yes	<u> X </u>	none reported
Noncompliance material to financial statements noted?	_____	yes	<u> X </u>	no

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?	_____	yes	<u> X </u>	no
• Significant deficiency(ies) identified	_____	yes	<u> X </u>	none reported

Type of auditors’ report issued on compliance for major federal programs:

			<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	yes	<u> X </u>	no

Identification of major federal programs:

Assistance Listing Numbers

10.553, 10.555, 10.559
84.425C, 84.425D, 84.425U

Name of Federal Program or Cluster

Child Nutrition Cluster
Education Stabilization Funds

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

Auditee qualified as low-risk auditee?	<u> X </u>	yes	_____	no
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Eastpointe Community Schools
Schedule of Findings and Questioned Costs
June 30, 2023

Section II – *Government Auditing Standards* Findings

There were no *Government Auditing Standards* findings for the year ended June 30, 2023.

Section III – Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2023.

Eastpointe Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2023

Section IV – Prior Audit Findings

Government Auditing Standards Findings

There were no *Government Auditing Standards* findings for the year ended June 30, 2022.

Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2022.

October 31, 2023

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eastpointe Community Schools (the School District) as of and for the year ended June 30, 2023. 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.

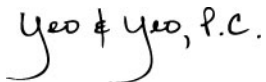
Our communication includes the following appendices:

- 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 including 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 management, the Board of Education, and others within the School District, and is not intended to be, and should not be, used by anyone other than these specified parties.



Flint, 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 dated May 30, 2023. 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, 2022:

- Statement No. 96, *Subscription-Based Information Technology Arrangements* is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

We noted no transactions entered into by the School District during the year where 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 (OPEB) liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.
- Insurance expenditures, including incurred but not reported health benefits. The estimate is derived by using historical claims and information provided by the third-party administrator.

We have 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.

A significant risk is an identified and assessed risk of material misstatement that, in the auditors' professional judgment, requires special audit consideration. Within our audit, we focused on the following areas.

- Management override of controls
- Improper revenue recognition
- Implementation of new accounting standard
- Information technology controls

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.

Implementation Guide No 2021-1, *Implementation Guidance Update-2021* has an amended response related to the capitalization of assets purchased as a group. Under the amended guidance, governments *should* capitalize individual items when the purchase in the aggregate is considered significant, even if the individual items are less than the capitalization threshold of the government. The effective date for implementation is for reporting periods beginning after June 15, 2023 (effectively, for the first year ended June 30, 2024 or later) and requires retroactive implementation.

Difficulties Encountered in Performing the Audit

After the audit had commenced we received a number of client-requested adjustments, which caused pick up and put down time and re-work that we feel could have been avoided had the books been completely adjusted before the audit started. Certain requested backup was also not provided to us at commencement of the audit, but was provided at a later time. Ideally, all requests would be fulfilled, and the books would be completely adjusted before the audit commences.

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 the 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.

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 Eastpointe Community Schools as of and for the year ended June 30, 2023, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our 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 strengthening internal controls and ensuring compliance. This letter does not affect our report dated October 31, 2023, on the financial statements of Eastpointe Community Schools.

Use of Grant Codes

We noted that the district is not always using appropriate grant codes that are specified by Michigan Department of Education's accounting manual. We recommend the appropriate codes are used to adhere to the appropriate regulations and ease in tracking grant activity in the future.