
Lake Orion Community Schools

Federal Awards Supplemental Information
June 30, 2020

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

Independent Auditor's Report

To the Board of Education
Lake Orion Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Orion Community Schools (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 5, 2020, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 5, 2020.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 5, 2020

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 Auditor's Report

To Management and the Board of Education
Lake Orion Community Schools

We have audited, in accordance with 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 Lake Orion Community Schools (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's 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 School District'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's 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 determination of financial statement amounts. 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*.

To Management and the Board of Education
Lake Orion Community Schools

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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 5, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Lake Orion Community Schools

Report on Compliance for Each Major Federal Program

We have audited Lake Orion Community Schools' (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the School District's major federal program for the year ended June 30, 2020. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

To the Board of Education
Lake Orion Community Schools

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Plante & Moran, PLLC

October 5, 2020

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2019	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2020	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities) -										
National Lunch Program Bonus Commodities 2019-2020	N/A	10.555	\$ 103,038	\$ -	\$ -	\$ -	\$ 103,038	\$ 103,038	\$ -	\$ -
Cash Assistance:										
National School Lunch Program 2018-2019	191960	10.555	648,150	648,150	31,686	-	31,686	-	-	-
National School Lunch Program 2019-2020	201960	10.555	460,315	-	-	-	460,315	460,315	-	-
COVID-19 - Unanticipated School Closures Program 2019-2020	200902	10.555	277,119	-	-	-	277,119	277,119	-	-
Total National School Lunch Program (incl. commodities) and COVID-19 - Unanticipated School Closures Program subtotal		10.555	1,488,622	648,150	31,686	-	872,158	840,472	-	-
National School Breakfast Program 2018-2019	191970	10.553	129,333	129,333	7,098	-	7,098	-	-	-
National School Breakfast Program 2019-2020	201970	10.553	92,594	-	-	-	92,594	92,594	-	-
Total National School Breakfast Program subtotal			221,927	129,333	7,098	-	99,692	92,594	-	-
Total Child Nutrition Cluster			1,710,549	777,483	38,784	-	971,850	933,066	-	-
Special Education Cluster - U.S. Department of Education -										
Passed through the Oakland ISD:										
IDEA Flowthrough:										
IDEA Flowthrough 1819	190450	84.027	1,554,913	1,476,188	336,046	-	387,389	78,725	27,382	-
IDEA Flowthrough 1920	200450	84.027	1,531,774	-	-	-	1,087,455	1,511,259	423,804	-
Total IDEA Flowthrough		84.027	3,086,687	1,476,188	336,046	-	1,474,844	1,589,984	451,186	-
IDEA Preschool Incentive:										
IDEA Preschool 1819	190460	84.173	56,935	56,935	16,283	-	16,283	-	-	-
IDEA Preschool 1920	200460	84.173	55,370	-	-	-	48,689	55,370	6,681	-
Total IDEA Preschool Incentive		84.173	112,305	56,935	16,283	-	64,972	55,370	6,681	-
Total Special Education Cluster			3,198,992	1,533,123	352,329	-	1,539,816	1,645,354	457,867	-
Medicaid Cluster - U.S. Department of Health and										
Human Services - Medicaid Administrative										
Outreach Program - 2019	2019AOP	93.778	28,435	-	-	-	28,435	28,435	-	-
Total clusters			4,937,976	2,310,606	391,113	-	2,540,101	2,606,855	457,867	-

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2020

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2019	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2020	Current Year Cash Transferred to Subrecipients
Other federal awards:										
Title I, Part A - U.S. Department of Education - Passed through the Michigan Department of Education:										
Title I, Part A 1819	191530	84.010	\$ 224,877	\$ 224,877	\$ 24,416	\$ -	\$ 24,416	\$ -	\$ -	\$ -
Title I, Part A 1920	201530	84.010	<u>212,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,544</u>	<u>198,544</u>	<u>-</u>	<u>-</u>
Total Title I, Part A		84.010	436,899	224,877	24,416	-	222,960	198,544	-	-
Improving Teacher Quality, Title II - Part A - U.S. Department of Education - Passed through the Michigan Department of Education:										
Title II, Part A 1819	190520	84.367	164,137	164,137	34,074	-	34,074	-	-	-
Title II, Part A 1920	200520	84.367	<u>124,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,655</u>	<u>123,414</u>	<u>20,759</u>	<u>-</u>
Total Title II, Part A		84.367	289,116	164,137	34,074	-	136,729	123,414	20,759	-
English Language Acquisition Grant - U.S. Department of Education - Passed through Washtenaw Intermediate School District:										
Title III 1819	190580	84.365	23,522	18,623	3,463	-	8,362	4,899	-	-
Title III 1920	200580	84.365	<u>57,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,838</u>	<u>19,838</u>	<u>-</u>	<u>-</u>
Total Title III		84.365	80,756	18,623	3,463	-	28,200	24,737	-	-
Student Support and Academic Enrichment Program - U.S. Department of Education - Passed through the Michigan Department of Education:										
Title IV 1819	190750	84.424	28,702	28,702	8,584	-	8,584	-	-	-
Title IV 1920	200750	84.424	<u>15,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,627</u>	<u>14,627</u>	<u>-</u>	<u>-</u>
Total Title IV		84.424	<u>44,436</u>	<u>28,702</u>	<u>8,584</u>	<u>-</u>	<u>23,211</u>	<u>14,627</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Education noncluster programs			851,207	436,339	70,537	-	411,100	361,322	20,759	-
Head Start Program - U.S. Department of Health and Human Services - Passed through the Oakland Livingston Human Service Agency:										
Head Start Program 2019 CH0920	05CH052	93.600	339,831	164,160	164,160	-	339,831	175,671	-	-
Head Start Program 2020 CH0920	05CH052	93.600	339,831	-	-	-	179,955	195,717	15,762	-
Early Head Start Program - 2019	05CH052	93.600	256,461	112,056	112,056	-	256,461	144,405	-	-
Early Head Start Program - 2020	05CH052	93.600	<u>256,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,957</u>	<u>122,420</u>	<u>21,463</u>	<u>-</u>
Total U.S. Department of Health and Human Services noncluster programs			<u>1,192,584</u>	<u>276,216</u>	<u>276,216</u>	<u>-</u>	<u>877,204</u>	<u>638,213</u>	<u>37,225</u>	<u>-</u>
Total federal awards			<u>\$ 6,981,767</u>	<u>\$ 3,023,161</u>	<u>\$ 737,866</u>	<u>\$ -</u>	<u>\$ 3,828,405</u>	<u>\$ 3,606,390</u>	<u>\$ 515,851</u>	<u>\$ -</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Lake Orion Community Schools (the "School District") under programs of the federal government for the year ended June 30, 2020. The information in the 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

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 X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
10.555, 10.553	Child Nutrition Cluster	Unmodified

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

Finding

None

Section III - Federal Program Audit Findings

Finding

None