

# **Lake Orion Community Schools**

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**Federal Awards  
Supplemental Information  
June 30, 2016**

# Lake Orion Community Schools

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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, the 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, 2016 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 24, 2016, which contained unmodified opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 24, 2016.

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 24, 2016

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 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, the 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, 2016 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 24, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lake Orion Community Schools' 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.

To Management and the Board of Education  
Lake Orion Community Schools

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lake Orion 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 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*.

### **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 School District'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 24, 2016

Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance  
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 its major federal programs for the year ended June 30, 2016. Lake Orion Community Schools' major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Lake Orion Community Schools' 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 Lake Orion Community Schools' 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 Lake Orion Community Schools' compliance.

To the Board of Education  
Lake Orion Community Schools

### ***Opinion on Each Major Federal Program***

In our opinion, Lake Orion 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 its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of Lake Orion Community Schools 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 Lake Orion Community Schools' 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.

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 24, 2016

# Lake Orion Community Schools

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	CFDA Number	Program/Project Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2016	Current Year Cash Transferred to Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash assistance - Commodities - 2015-2016 - Entitlement										
	10.555	N/A	\$ 132,797	\$ -	\$ -	\$ -	\$ 132,797	\$ 132,797	\$ -	\$ -
Cash assistance:										
National School Breakfast Program 2015-2016	10.553	161970	135,435	-	-	-	135,435	135,435	-	-
National School Lunch Program 2015-2016	10.555	161960	659,692	-	-	-	659,692	659,692	-	-
Total cash assistance			795,127	-	-	-	795,127	795,127	-	-
Total Child Nutrition Cluster			927,924	-	-	-	927,924	927,924	-	-
Special Education Cluster - U.S. Department of Education - Passed through the Oakland County ISD:										
IDEA: 84.027										
Project number 150450		150450	1,280,164	1,241,511	281,617	-	281,617	38,653	38,653	-
Project number 160450		160450	1,346,832	-	-	-	1,021,048	1,273,166	252,118	-
Total Special Education - IDEA			2,626,996	1,241,511	281,617	-	1,302,665	1,311,819	290,771	-
Preschool Incentive: 84.173										
Project number 150460		150460	41,307	41,307	3,365	-	3,365	-	-	-
Project number 160460		160460	54,130	-	-	-	43,947	53,520	9,573	-
Total Special Education - Preschool Incentive			95,437	41,307	3,365	-	47,312	53,520	9,573	-
Total Special Education Cluster			2,722,433	1,282,818	284,982	-	1,349,977	1,365,339	300,344	-
Medicaid Cluster - U.S. Department of Health and Human Services - Medicaid Administrative Outreach Program - 2015										
	93.778	2015AOP	13,807	-	-	-	13,807	13,807	-	-
Total clusters			3,664,164	1,282,818	284,982	-	2,291,708	2,307,070	300,344	-

See Notes to Schedule of Expenditures of Federal Awards.

# Lake Orion Community Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	CFDA Number	Program/Project Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2016	Current Year Cash Transferred to Subrecipient
Other federal awards:										
U.S. Department of Education -										
Passed through the Michigan Department of Education:										
Title I, Part A:	84.010									
Project number 151530 - 14-15		151530-1415	\$ 409,645	\$ 392,471	\$ 51,801	\$ -	\$ 68,975	\$ 17,174	\$ -	\$ -
Project number 161530 - 15-16		161530-1516	513,397	-	-	-	453,697	457,660	3,963	-
Total Title I, Part A			923,042	392,471	51,801	-	522,672	474,834	3,963	-
Title IIA - Improving Teacher Quality:	84.367									
Project number 150520 - 14-15		150520-1415	147,651	147,651	33,798	-	33,798	-	-	-
Project number 160520 - 15-16		160520-1516	149,958	-	-	-	124,562	145,890	21,328	-
Total Title IIA - Improving Teacher Quality			297,609	147,651	33,798	-	158,360	145,890	21,328	-
Title III Lea Allocation:	84.365									
Project number 150580 - 14-15		150580-1415	12,114	8,307	678	-	4,485	3,807	-	-
Project number 160580 - 15-16		160580-1516	42,913	-	-	-	17,871	18,460	589	-
Total Title III Lea Allocation			55,027	8,307	678	-	22,356	22,267	589	-
Adult Education:	84.002									
Project number 151130 - 121357		151130-151357	36,000	36,000	4,204	-	4,204	-	-	-
Total noncluster programs passed through the U.S. Department of Education			1,311,678	584,429	90,481	-	707,592	642,991	25,880	-
U.S. Department of Health and Human Services -										
Passed through the Oakland Livingston Human Service Agency:										
Head Start Program 2015 CH0920	93.600	05CH052	435,152	97,246	14,834	-	242,975	337,906	109,765	-
Early Head Start Program - 2015	93.600	05CH052	153,373	52,395	6,442	-	102,509	100,978	4,911	-
Total noncluster programs passed through the U.S. Department of Health and Human Services			588,525	149,641	21,276	-	345,484	438,884	114,676	-
Total federal awards			<b>\$5,564,367</b>	<b>\$2,016,888</b>	<b>\$ 396,739</b>	<b>\$ -</b>	<b>\$3,344,784</b>	<b>\$3,388,945</b>	<b>\$ 440,900</b>	<b>\$ -</b>

See Notes to Schedule of Expenditures of Federal Awards.

# Lake Orion Community Schools

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

### 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, 2016. 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 Lake Orion Community Schools, it is not intended to and does not present the financial position, changes in net assets or cash flows of Lake Orion Community Schools.

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the Uniform Guidance, wherein 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. Pass-through entity identifying numbers are presented where available.

The School District has not elected to use the 10 percent *de minimus* 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.

# Lake Orion Community Schools

## Schedule of Findings and Questioned Costs Year Ended June 30, 2016

### 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 that are not considered to be material weaknesses?  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 that are not considered to be material weaknesses?  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:

CFDA Numbers	Name of Federal Program or Cluster
10.555, 10.553	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

None