

Lake Orion Community Schools

**Federal Awards
Supplemental Information
June 30, 2014**

Lake Orion Community Schools

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

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, 2014 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 6, 2014, which contained an unmodified opinion 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 6, 2014.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 6, 2014

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, 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, 2014 and related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 6, 2014.

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 & Morse, PLLC

October 6, 2014

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) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. 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 each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each of its major federal programs for the year ended June 30, 2014.

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 OMB Circular A-133, 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.

To the Board of Education
Lake Orion Community Schools

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Morse, PLLC

October 6, 2014

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2013	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2014
Clusters:							
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education - Noncash assistance - Commodities - 2013-2014 - Entitlement							
	10.555	\$ 137,743	\$ -	\$ -	\$ 137,743	\$ 137,743	\$ -
Cash assistance:							
National School Breakfast Program 2013-2014	10.553	108,123	-	-	100,085	108,123	8,038
National School Lunch Program 2012-2013	10.555	581,219	581,219	12,436	12,436	-	-
National School Lunch Program 2013-2014	10.555	<u>578,688</u>	<u>-</u>	<u>-</u>	<u>540,908</u>	<u>578,668</u>	<u>37,760</u>
Total cash assistance		<u>1,268,030</u>	<u>581,219</u>	<u>12,436</u>	<u>653,429</u>	<u>686,791</u>	<u>45,798</u>
Total Child Nutrition Cluster		1,405,773	581,219	12,436	791,172	824,534	45,798
Special Education Cluster - U.S. Department of Education - Passed through the Oakland County ISD:							
IDEA: 84.027							
Project number 130450		1,539,124	1,455,088	340,350	424,386	84,036	-
Project number 140450		<u>1,305,954</u>	<u>-</u>	<u>-</u>	<u>1,018,254</u>	<u>1,305,954</u>	<u>287,700</u>
Total Special Education - Grants to States (IDEA)		2,845,078	1,455,088	340,350	1,442,640	1,389,990	287,700
Preschool Incentive: 84.173							
Project number 130460		58,494	58,494	1,957	1,957	-	-
Project number 140460		<u>48,270</u>	<u>-</u>	<u>-</u>	<u>40,573</u>	<u>44,825</u>	<u>4,252</u>
Total Special Education - Preschool Grants		<u>106,764</u>	<u>58,494</u>	<u>1,957</u>	<u>42,530</u>	<u>44,825</u>	<u>4,252</u>
Total Special Education Cluster		2,951,842	1,513,582	342,307	1,485,170	1,434,815	291,952
Medicaid Cluster - U.S. Department of Health and Human Medicaid Administrative Outreach Program - 2013							
	93.778	<u>21,373</u>	<u>-</u>	<u>-</u>	<u>21,373</u>	<u>21,373</u>	<u>-</u>
Total cluster programs		4,378,988	2,094,801	354,743	2,297,715	2,280,722	337,750

See Notes to Schedule of Expenditures of Federal Awards.

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2014

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2013	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2014
Other federal awards:							
U.S. Department of Education -							
Passed through the Michigan Department of Education:							
Title I, Part A:	84.010						
Project number 131530 - 12-13		\$ 551,982	\$ 389,686	\$ 122,264	\$ 158,137	\$ 35,873	\$ -
Project number 141530 - 13-14		578,487	-	-	281,806	329,176	47,370
Total Title I - Part A		1,130,469	389,686	122,264	439,943	365,049	47,370
Title IIA, Improving Teacher Quality:	84.367						
Project number 130520 - 12-13		142,251	129,138	42,048	42,048	-	-
Project number 140520 - 13-14		149,949	-	-	98,802	130,804	32,002
Total Title IIA		292,200	129,138	42,048	140,850	130,804	32,002
Title III Lea Allocation:	84.365						
Project number 130580 - 12-13		24,188	4,450	2,638	8,218	5,580	-
Project number 140580 - 13-14		30,864	-	-	15,525	14,848	(677)
Total Title III Lea Allocation		55,052	4,450	2,638	23,743	20,428	(677)
Adult Education:	84.002						
Project number 131120 - 125357		19,000	19,000	1,939	1,939	-	-
Project number 131130 - 121357		48,600	44,094	24,646	24,646	-	-
Project number 141120 - 125357		18,000	-	-	15,863	18,000	2,137
Project number 141130 - 121357		36,000	-	-	32,295	36,000	3,705
Total Adult Education		121,600	63,094	26,585	74,743	54,000	5,842
Total noncluster programs passed through the U.S. Department of Education		1,599,321	586,368	193,535	679,279	570,281	84,537

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2014

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2013	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2014
Other federal awards (continued):							
U.S. Department of Health and Human Services Passed through the Oakland Livingston Human Service Agency:							
Head Start Program:	93.600						
2013 CH0920		\$ 190,842	\$ 92,476	\$ 7,352	\$ 105,718	\$ 98,366	\$ -
2014 CH0920		<u>199,302</u>	<u>-</u>	<u>-</u>	<u>55,659</u>	<u>93,976</u>	<u>38,317</u>
Subtotal Head Start		390,144	92,476	7,352	161,377	192,342	38,317
Early Head Start Program:	93.600						
2013		101,707	50,622	5,423	56,508	51,085	-
2014		<u>103,029</u>	<u>-</u>	<u>-</u>	<u>39,122</u>	<u>45,823</u>	<u>6,701</u>
Subtotal Early Head Start		204,736	50,622	5,423	95,630	96,908	6,701
Total noncluster programs passed through the U.S. Department of Health and Human Services		<u>594,880</u>	<u>143,098</u>	<u>12,775</u>	<u>257,007</u>	<u>289,250</u>	<u>45,018</u>
Total federal awards		<u>\$ 6,573,189</u>	<u>\$ 2,824,267</u>	<u>\$ 561,053</u>	<u>\$ 3,234,001</u>	<u>\$ 3,140,253</u>	<u>\$ 467,305</u>

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, 2014

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Lake Orion Community Schools under programs of the federal government for the year ended June 30, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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, if applicable, of Lake Orion Community Schools. Pass-through entity identifying numbers are presented where available.

Note 2 - 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 3 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

Lake Orion Community Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2014

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 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.533, 10.555 84.010	Child Nutrition Cluster Title I

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None