

# **Lake Orion Community Schools**

---

**Federal Awards  
Supplemental Information  
June 30, 2013**

# Lake Orion Community Schools

---

## Contents

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance For the Major Federal Program; Report on Internal Control Over Compliance	4-5
Schedule of Expenditures of Federal Awards	6-8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10



Plante & Moran, PLLC  
Suite 500  
2601 Cambridge Court  
Auburn Hills, MI 48326  
Tel: 248.375.7100  
Fax: 248.375.7101  
plantemoran.com

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, 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, 2013 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated September 23, 2013, 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 September 23, 2013.

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 A-133, *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*

September 23, 2013



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, 2013 and related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 23, 2013.

**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 the 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*.

We noted certain matters that we have reported to management of Lake Orion Community Schools in a separate letter dated September 23, 2013.

**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*

September 23, 2013

Report on Compliance for the 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 the 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 its major federal program for the year ended June 30, 2013. Lake Orion Community Schools' 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Lake Orion Community Schools' major federal program 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 the 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 the 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 the 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 program for the year ended June 30, 2013.

**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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

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 & Moran, PLLC*

September 23, 2013

# Lake Orion Community Schools

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2012	Federal Funds/		Accrued Revenue at June 30, 2013
					Payments In-Kind Received	Expenditures	
<b>Clusters:</b>							
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education - Noncash assistance - Commodities - 2012-13: Entitlement	10.555	\$ 122,641	\$ -	\$ -	\$ 122,641	\$ 122,641	\$ -
Cash assistance:							
National School Breakfast Program 2012-13	10.553	96,285	-	-	96,285	96,285	-
National School Lunch Program 2012-13	10.555	581,219	-	-	568,783	581,219	12,436
Total cash assistance		677,504	-	-	665,068	677,504	12,436
Total Child Nutrition Cluster		800,145	-	-	787,709	800,145	12,436
Special Education Cluster - U.S. Department of Education - Passed through the Oakland County ISD:							
IDEA:	84.027						
Project number 120450		1,559,169	1,559,169	658,370	658,370	-	-
Project number 130450		1,539,124	-	-	1,114,738	1,455,088	340,350
Total Special Education - Grants to States (IDEA)		3,098,293	1,559,169	658,370	1,773,108	1,455,088	340,350
Preschool Incentive:	84.173						
Project number 120460		56,854	49,604	13,481	20,731	7,250	-
Project number 130460		58,494	-	-	56,537	58,494	1,957
Total Special Education - Preschool Grants		115,348	49,604	13,481	77,268	65,744	1,957
Total Special Education Cluster		3,213,641	1,608,773	671,851	1,850,376	1,520,832	342,307
Title I Cluster - U.S. Department of Education - Passed through the Michigan Department of Education:							
Title I, Part A:	84.010						
Project number 121530 - 1112		511,398	493,964	65,787	83,221	17,434	-
Project number 131530 - 1213		551,982	-	-	267,422	389,686	122,264
Total Title I - Part A Cluster		1,063,380	493,964	65,787	350,643	407,120	122,264



# Lake Orion Community Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2012	Federal Funds/		Accrued Revenue at June 30, 2013
					Payments In-kind Received	Expenditures	
<b>Clusters (continued):</b>							
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Oakland County/ISD - Medicaid Administrative Outreach Program - 2012	93.778	\$ 19,575	\$ -	\$ -	\$ 19,575	\$ 19,575	\$ -
Total cluster programs		5,096,741	2,102,737	737,638	3,008,303	2,747,672	477,007
<b>Other federal awards:</b>							
U.S. Department of Education -							
Passed through the Michigan Department of Education:							
Title IIA, Improving Teacher Quality:							
Project number 120520 - 1112	84.367	162,686	157,495	31,883	37,074	5,191	-
Project number 130520 - 1213		142,251	-	-	87,090	129,138	42,048
Total Title IIA		304,937	157,495	31,883	124,164	134,329	42,048
Title III Lea Allocation:							
Project number 120580 - 1112	84.365	29,083	11,682	4,699	22,100	17,401	-
Project number 130580 - 1213		24,188	-	-	1,812	4,450	2,638
Total Title III Lea Allocation		53,271	11,682	4,699	23,912	21,851	2,638
Adult Education:							
Project number 121120 - 125357	84.002	20,294	20,294	1,294	1,294	-	-
Project number 121130 - 121357		38,436	38,436	2,346	2,346	-	-
Project number 131120 - 125357		19,000	-	-	17,061	19,000	1,939
Project number 131130 - 121357		48,600	-	-	19,448	44,094	24,646
Total Adult Education		126,330	58,730	3,640	40,149	63,094	26,585
Total noncluster programs passed through the U.S. Department of Education		484,538	227,907	40,222	188,225	219,274	71,271

# Lake Orion Community Schools

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2012	Federal Funds/		Accrued Revenue at June 30, 2013
					Payments In-kind Received	Expenditures	
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						
2012 CH0920		\$ 196,774	\$ 104,546	\$ 13,653	\$ 105,881	\$ 92,228	\$ -
2013 CH0920		190,842	-	-	85,124	92,476	7,352
Subtotal Head Start		387,616	104,546	13,653	191,005	184,704	7,352
Early Head Start - 2012	93.600						
2012		76,462	20,862	20,862	76,462	55,600	-
2013		101,707	-	-	45,199	50,622	5,423
Subtotal Early Head Start		178,169	20,862	20,862	121,661	106,222	5,423
ARRA - Early Head Start - 2011/012 CH0920	93.709	50,490	50,490	7,490	7,490	-	-
Total noncluster programs passed through the U.S. Department of Health and Human Services		616,275	175,898	42,005	320,156	290,926	12,775
Total federal awards		\$ 6,197,554	\$ 2,506,542	\$ 819,865	\$ 3,516,684	\$ 3,257,872	\$ 561,053

# **Lake Orion Community Schools**

## **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2013**

### **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, 2013. 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, 2013

### 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:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

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