
Lake Orion Community Schools

Federal Awards Supplemental Information
June 30, 2022

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	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 Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	4-6

Schedule of Expenditures of Federal Awards	7-9
---	-----

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards	10
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Notes to Schedule of Expenditures of Federal Awards	11
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Schedule of Findings and Questioned Costs	12-13
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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, 2022 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, 2022, which contained an unmodified opinion on those 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 24, 2022.

The accompanying schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis, as required by the Uniform Guidance, and are 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 basic 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 and the reconciliation of basic financial statements federal revenue with the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 24, 2022

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 basic 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, 2022 and the related notes to the basic financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 24, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 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*.

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 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 & Moreau, PLLC

October 24, 2022

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

Opinion on Each Major Federal Program

We have audited Lake Orion Community Schools' (the "School District") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022.

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* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District 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 the School District's 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 grant agreements applicable to the School District's federal programs.

Auditor's 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 the School District's 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 the School District's 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 the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's 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 the School District's 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 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 *Auditor's 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moreau, PLLC

October 24, 2022

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2022	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 Entitlement Commodities 2021-22	N/A	10.555	\$ 177,993	\$ -	\$ -	\$ -	\$ 177,993	\$ 177,993	\$ -	\$ -
Cash Assistance:										
Seamless Summer Option (SSO) - Breakfast	211971	10.553	373,762	-	-	-	362,731	373,762	11,031	-
Emergency Operations - SNP Meals 20-22	211965	10.555	13,950	-	-	-	13,950	13,950	-	-
Seamless Summer Option (SSO) - Lunch	211961	10.555	2,296,564	-	-	-	2,236,046	2,296,564	60,518	-
Supply Chain Assistance	220910	10.555	124,768	-	-	-	124,768	-	(124,768)	-
National School Lunch program (incl. commodities)			2,613,275	-	-	-	2,552,757	2,488,507	(64,250)	-
Extended Summer Food Service Program 2020-2021	210904	10.559	1,461,308	1,461,308	115,951	-	115,951	-	-	-
Extended Summer Food Service Program 2021-2022	210904	10.559	26,913	-	-	-	26,913	26,913	-	-
Summer Food Service subtotal			1,488,221	1,461,308	115,951	-	142,864	26,913	-	-
Total Child Nutrition Cluster			4,475,258	1,461,308	115,951	-	3,058,352	2,889,182	(53,219)	-
Special Education Cluster - U.S. Department of Education - Passed through the Oakland ISD:										
IDEA Flowthrough:										
IDEA Flowthrough 1920	200450	84.027	1,548,179	1,542,523	18,265	-	23,922	5,657	-	-
IDEA Flowthrough 2021	210450	84.027	1,629,064	1,566,610	372,621	-	372,621	54,361	54,361	-
IDEA Flowthrough 2022	220450	84.027	1,561,558	-	-	-	1,264,897	1,561,558	296,661	-
COVID-19 American Rescue Plan - IDEA	221280	84.027X	359,404	-	-	-	-	131,280	131,280	-
Total IDEA Flowthrough			5,098,205	3,109,133	390,886	-	1,661,440	1,752,856	482,302	-
IDEA Preschool Incentive:										
IDEA Preschool 2021	210460	84.173	54,569	43,196	4,603	-	4,603	11,373	11,373	-
IDEA Preschool 2022	220460	84.173	54,533	-	-	-	44,741	54,533	9,792	-
COVID-19 American Rescue Plan - IDEA Preschool	221285	84.173X	32,157	-	-	-	-	32,157	32,157	-
Total IDEA Preschool Incentive			141,259	43,196	4,603	-	49,344	98,063	53,322	-
Total Special Education Cluster			5,239,464	3,152,329	395,489	-	1,710,784	1,850,919	535,624	-
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Oakland ISD -										
Medicaid Administrative Outreach Program - 2021	2021AOP	93.778	33,682	-	-	-	33,682	33,682	-	-

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2022	Current Year Cash Transferred to Subrecipients
Clusters (Continued):										
Head Start Cluster - U.S. Department of Health and Human Services - Passed through Oakland Livingston Human Service Agency - Head Start:										
Head Start Program 2021 CH0920	05CH052	93.600	\$ 363,256	\$ 177,110	\$ 19,743	\$ -	\$ 205,889	\$ 186,146	\$ -	\$ -
Head Start Program 2022 CH0920	05CH052	93.600	373,987	-	-	-	105,697	176,816	71,119	-
Early Head Start Program - 2021	05CH052	93.600	270,450	144,946	48,833	-	174,337	125,504	-	-
Early Head Start Program - 2022	05CH052	93.600	277,880	-	-	-	70,968	165,050	94,082	-
COVID-19 CARES Act Funding - Head Start Program - 2021	05CH052	93.600	56,875	56,875	17,342	-	17,342	-	-	-
COVID-19 CARES Act Funding - Head Start Program - 2022	05CH052	93.600	19,500	-	-	-	9,949	9,949	-	-
COVID-19 American Rescue Plan - Head Start Program - 2022	05CH052	93.600	71,500	-	-	-	1,821	38,939	37,118	-
Total Head Start Cluster			1,433,448	378,931	85,918	-	586,003	702,404	202,319	-
Total clusters			11,181,852	4,992,568	597,358	-	5,388,821	5,476,187	684,724	-
Other federal awards:										
U.S. Department of Agriculture - Passed through the Michigan Department of Education - COVID-19 Pandemic EBT Local Level Costs	210980	10.649	3,063	-	-	-	3,063	3,063	-	-
U.S. Department of Education - Passed through the Michigan Department of Education:										
Title I Part A:										
Title I, Part A 2021	211530	84.010	204,223	146,823	18,306	-	18,306	-	-	-
Title I, Part A 2022	221530	84.010	215,902	-	-	-	133,771	140,552	6,781	-
Total Title I, Part A			420,125	146,823	18,306	-	152,077	140,552	6,781	-
Title II Part A - Improving Teacher Quality:										
Title II, Part A 2021	210520	84.367	116,347	103,080	27,279	-	27,279	-	-	-
Title II, Future Proud Michigan Educator	210534	84.367	10,000	-	-	-	10,000	10,000	-	-
Title II, Part A 2022	220520	84.367	122,531	-	-	-	91,753	117,371	25,618	-
Total Title II, Part A			248,878	103,080	27,279	-	129,032	127,371	25,618	-
English Language Acquisition Grant - Passed through Washtenaw ISD:										
Title III, English Learners 2021	210580	84.365	54,881	27,070	3,551	-	12,203	8,652	-	-
Title III, English Learners 2022	220580	84.365	45,323	-	-	-	26,440	30,130	3,690	-
Title III, Immigrant 2022	220570	84.365	5,189	-	-	-	344	392	48	-
Total Title III			105,393	27,070	3,551	-	38,987	39,174	3,738	-
Student Support and Academic Enrichment Program:										
Title IV 2021	210750	84.424	15,271	10,146	231	-	231	-	-	-
Title IV 2022	220750	84.424	19,012	-	-	-	4,415	11,682	7,267	-
Total Title IV			34,283	10,146	231	-	4,646	11,682	7,267	-

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2022	Current Year Cash Transferred to Subrecipients
Other federal awards (continued):										
U.S. Department of Education -										
Passed through the Michigan Department of Education (continued):										
Education Stabilization Fund (ESF):										
COVID-19 ESSER II Funds - Formula	213712	84.425D	\$ 599,253	\$ -	\$ -	\$ -	\$ 579,450	\$ 579,450	\$ -	\$ -
COVID-19 ESSER II Funds - Sec 23b Credit Recovery	213742	84.425D	40,700	-	-	-	35,468	40,700	5,232	-
COVID-19 ESSER III Funds - American Rescue Plan	213713	84.425U	897,223	-	-	-	73,262	250,324	177,062	-
COVID-19 ESSER III Funds - Section 11t Equalization	213723	84.425U	6,537,837	-	-	-	-	3,156,099	3,156,099	-
Total Education Stabilization Fund			8,075,013	-	-	-	688,180	4,026,573	3,338,393	-
Total U.S. Department of Education noncluster programs			8,883,692	287,119	49,367	-	1,012,922	4,345,352	3,381,797	-
Federal Communications Commission -										
COVID-19 Emergency Connectivity Funds - 2021-22	N/A	32.009	79,100	-	-	-	79,100	79,100	-	-
Total federal awards			\$ 20,147,707	\$ 5,279,687	\$ 646,725	\$ -	\$ 6,483,906	\$ 9,903,702	\$ 4,066,521	\$ -

Lake Orion Community Schools

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 11,726,865
Federal revenue for which the School District is considered a vendor or beneficiary rather than a subrecipient	<u>(1,823,163)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 9,903,702</u></u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

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, 2022. 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 same basis of accounting as the basic financial statements. 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, as outlined in the Compliance Supplement. 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. The 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 Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards. Differences, if any, between the GAR and the schedule of expenditures of federal awards relate to the timing of payments and the fiscal year to which the payments relate.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance and is reported on the schedule of expenditures of federal awards.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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 ☒ None reported

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

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:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.425D, 84.425U	Education Stabilization Fund (ESF)	Unmodified

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

Finding

None

Section III - Federal Program Audit Findings

Finding

None