

Lake Orion Community Schools

**Federal Awards
Supplemental Information
June 30, 2010**

Lake Orion Community Schools

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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, 2010, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 29, 2010. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

September 29, 2010

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*

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, 2010, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 29, 2010. We have conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures 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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To 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 of 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*.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

September 29, 2010

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Education
Lake Orion Community Schools

Compliance

We have audited the compliance of Lake Orion Community Schools (the "School District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The major federal programs of the School District are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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 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. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, Lake Orion Community Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

To the Board of Education
Lake Orion Community Schools

Internal Control Over Compliance

The management of Lake Orion Community Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 entity'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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

September 29, 2010

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2009	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Clusters:								
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:								
Noncash Assistance:								
Commodities - 2008-2009	10.555	\$ 97,346	\$ 60,662	\$ (36,279)	\$ -	\$ -	\$ 36,279	\$ -
Commodities - 2009-2010	10.555	87,904	-	-	-	87,903	87,903	-
Total Noncash Assistance		185,250	60,662	(36,279)	-	87,903	124,182	-
Cash Assistance:								
National School Breakfast Program 2009-2010	10.553	72,447	-	-	-	66,984	72,447	5,463
National School Lunch Program 2009-2010	10.555	582,280	-	-	-	543,373	582,280	38,907
Total Cash Assistance		654,727	-	-	-	610,357	654,727	44,370
Total Child Nutrition Cluster		839,977	60,662	(36,279)	-	698,260	778,909	44,370
Special Education Cluster - U.S. Department of Education:								
Passed through the Oakland County ISD - IDEA:								
Project number 080450/0708	84.027	1,384,671	-	59,028	-	59,028	-	-
Project number 090450/0809		1,343,127	962,184	(29,431)	-	298,648	380,943	52,864
Project number 100450/0910		1,540,336	-	-	-	1,100,827	1,502,819	401,992
Subtotal IDEA		4,268,134	962,184	29,597	-	1,458,503	1,883,762	454,856
ARRA IDEA 100455/0910	84.391	1,887,630	-	-	-	1,223,241	1,478,716	255,475
Total Special Education - Grants to States (IDEA)		6,155,764	962,184	29,597	-	2,681,744	3,362,478	710,331

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2009	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Clusters (Continued):								
Special Education Cluster - U.S. Department of Education (Continued):								
Preschool Incentive:								
Project number 090460/0809	84.173	\$ 45,318	\$ 45,318	\$ 293	\$ -	\$ 293	\$ -	\$ -
Project number 100460/0910		45,167	-	-	-	43,810	45,167	1,357
Subtotal Preschool Incentive		90,485	45,318	293	-	44,103	45,167	1,357
ARRA Preschool 100465/0910	84.392	56,169	-	-	-	-	1,491	1,491
Total Special Education - Preschool Grants		146,654	45,318	293	-	44,103	46,658	2,848
Total Special Education Cluster		6,302,418	1,007,502	29,890	-	2,725,847	3,409,136	713,179
Title I Cluster - U.S. Department of Education:								
Passed through the Michigan Department of Education - Title I, Part A:								
Project number 091530/0809	84.010	314,216	257,696	2,741	-	17,935	15,194	-
Project number 101530/0910		495,383	-	-	-	272,369	311,304	38,935
ARRA Title I Grants to Educational Agencies, Recovery Act - Project number 101535/0910	84.389	252,615	-	-	-	138,601	156,627	18,026
Total Title I, Part A Cluster		1,062,214	257,696	2,741	-	428,905	483,125	56,961
State Fiscal Stabilization Fund Cluster - U.S. Department of Education - Passed through the Michigan Department of Education - State Fiscal Stabilization Fund (SFSF) - Education Grants, Recovery Act (Education Stabilization Fund):								
Project number 092525/0809	84.394	2,913,237	2,913,237	2,913,237	-	2,913,237	-	-
Project number 102525/0910		2,196,819	-	-	-	2,196,819	2,196,819	-
Total ARRA Education Stabilization		5,110,056	2,913,237	2,913,237	-	5,110,056	2,196,819	-

See Notes to Schedule of Expenditures
of Federal Awards.

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2009	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Other federal awards:								
Title IIA, Improving Teacher Quality:	84.367							
Project number 090520/0809		\$ 302,988	\$ 216,734	\$ 8,014	\$ -	\$ 43,904	\$ 35,890	\$ -
Project number 100520/0910		<u>225,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,664</u>	<u>144,790</u>	<u>31,126</u>
Total Title IIA		528,733	216,734	8,014	-	157,568	180,680	31,126
Title III Lea Allocation:	84.365							
Project number 090580/0809		18,658	14,355	1,205	-	4,276	3,071	-
Project number 100580/0910		<u>21,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,472</u>	<u>10,742</u>	<u>4,270</u>
Total Title III Lea Allocation		40,521	14,355	1,205	-	10,748	13,813	4,270
Technology Literacy Challenge Grants - Ed Tech Formula Grants -								
Project number 094290/0809 (IID)	84.318	2,189	2,189	77	-	77	-	-
Safe and Drug-free Schools and Communities:	84.186							
Project number 102860/0910		17,944	-	-	-	17,115	17,798	683
Project number 092860/0809		<u>20,011</u>	<u>20,011</u>	<u>997</u>	<u>-</u>	<u>997</u>	<u>-</u>	<u>-</u>
Total Safe and Drug-free Schools and Communities		37,955	20,011	997	-	18,112	17,798	683
Adult Education:	84.002							
Project number 091120/950427		19,000	19,000	3,083	-	3,083	-	-
Project number 101120/105357		19,897	-	-	-	16,337	19,897	3,560
Project number 101130/101357		39,090	-	-	-	35,131	39,090	3,959
Project number 091130/910357		<u>40,050</u>	<u>40,050</u>	<u>4,530</u>	<u>-</u>	<u>4,530</u>	<u>-</u>	<u>-</u>
Total Adult Education		118,037	59,050	7,613	-	59,081	58,987	7,519
U.S. Department of Education:								
Passed through the Clarkston School District - Readiness and Emergency Management for Schools - Program number 2009-2010	84.184E	11,667	-	-	-	10,076	11,667	1,591

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2009	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Other federal awards (Continued):								
U.S. Department of Education (Continued):								
Passed through the Oakland County ISD - Vocational Education - Basic Grants to States (Perkins II) - Career and Technical Student Organizations (CTSOs) - Project number 103520/101218								
	84.048	\$ 19,395	\$ -	\$ -	\$ -	\$ 5,895	\$ 19,395	\$ 13,500
Total noncluster programs passed through the U.S. Department of Education		758,497	312,339	17,906	-	261,557	302,340	58,689
U.S. Department of Health and Human Services - Passed through the Michigan Community Service Commission:								
Learn & Serve Grant 2009-2010								
	94.004	24,500	-	-	-	13,661	20,481	6,820
Learn & Serve Grant 2008-2009								
		24,500	19,879	11,882	-	16,238	4,356	-
Learn & Serve Tech Grant 2008-2009								
		2,600	493	179	-	2,286	2,107	-
Total U.S. Department of Health and Human Services		51,600	20,372	12,061	-	32,185	26,944	6,820
U.S. Department of Health and Human Services - Passed through the Oakland Livingston Human Service Agency - Head Start Program:								
2009-2010								
	93.600	191,839	-	-	-	42,084	93,325	51,241
2008-2009								
		221,230	107,464	18,593	-	132,359	113,766	-
Subtotal Headstart		413,069	107,464	18,593	-	174,443	207,091	51,241

Lake Orion Community Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2009	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Other federal awards (Continued):								
U.S. Department of Education - Passed through the Oakland Livingston Human Service Agency:								
ARRA Headstart Cola	93.708	\$ 3,425	\$ -	\$ -	\$ -	\$ 1,714	\$ 2,883	\$ 1,169
ARRA Headstart Quality		13,030	-	-	-	8,670	9,126	456
ARRA Early Headstart		<u>114,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,751</u>	<u>67,598</u>	<u>16,847</u>
Total ARRA Headstart		<u>131,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,135</u>	<u>79,607</u>	<u>18,472</u>
Total U.S. Department of Health and Human Services noncluster programs		<u>544,166</u>	<u>107,464</u>	<u>18,593</u>	<u>-</u>	<u>235,578</u>	<u>286,698</u>	<u>69,713</u>
Total federal awards		<u>\$ 14,668,928</u>	<u>\$ 4,679,272</u>	<u>\$ 2,958,149</u>	<u>\$ -</u>	<u>\$ 9,492,388</u>	<u>\$ 7,483,971</u>	<u>\$ 949,732</u>

Lake Orion Community Schools

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 7,328,154
Add deferred revenue on the basic financial statements at June 30, 2010	<u>155,817</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 7,483,971</u></u>

Lake Orion Community Schools

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lake Orion Community Schools and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule of expenditures of federal awards may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Noncash Assistance

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

Note 3 - Grant Section Auditor's Report

Management has utilized Form R-7120 and 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.

Lake Orion Community Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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 No

Federal Awards

Internal control over major program(s):

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ___ Yes X No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.389, 84.010	Title I Cluster
84.391, 84.027, 84.392, 84.173	IDEA Cluster
84.394	State Fiscal Stabilization Fund Cluster - Education Stabilization Fund
93.600, 93.708	Head Start Cluster

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

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

Lake Orion Community Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2010

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None