

Village Council
Village of Lake Orion
21 E. Church Street
Lake Orion, MI 48362

In planning and performing our audit of the financial statements of the Village of Lake Orion (Village) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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.

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This communication is intended solely for the information and use of management, the Village Council, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Andrews Hooper Pavlik PLC

Bloomfield Hills, Michigan
December 23, 2025

Current Year Recommendations

Significant Deficiency

The following matter is considered a significant deficiency.

Use of Incorrect Fund

During the year, the Village issued a Water and Sewage Disposal System revenue bond, secured by future revenues of the Water and Sewer Fund. This bond is used to fund improvements in the Village's water and sewage disposal system.

Upon issuance of the bond, the Village recorded the bond in a governmental capital projects fund. However, this bond is to be used for business-type activities and recording in a capital projects fund is not appropriate. We proposed entries to move the activity to the Water and Sewer Fund.

We recommend that the Village recognize transactions in the correct fund type and ensure activity is properly associated with its underlying purpose.