

**School District of the City of  
Dearborn, Michigan**

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**Federal Awards  
Supplemental Information  
June 30, 2017**

# School District of the City of Dearborn, Michigan

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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  
School District of the City of Dearborn, Michigan

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of School District of the City of Dearborn, Michigan (the "School District") as of and for the year ended June 30, 2017, 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 19, 2017, which contained unmodified opinions on the financial statements of governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 19, 2017.

The accompanying schedule of expenditures of federal awards and the reconciliation of the basic financial statements federal revenue with the 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 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 basic financial statements as a whole.

*Plante & Moran, PLLC*

Auburn Hills, Michigan  
October 19, 2017

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  
School District of the City of Dearborn, Michigan

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 financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of School District of the City of Dearborn, Michigan (the "School District") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 19, 2017. The financial statements of Henry Ford College Foundation were not audited in accordance with *Government Auditing Standards*.

**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) 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.

To Management and the Board of Education  
School District of the City of Dearborn, Michigan

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. Refer to Finding 2017-001.

### **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 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*.

### **School District of the City of Dearborn, Michigan's Response to Finding**

The School District of the City of Dearborn, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. School District of the City of Dearborn, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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*

Auburn Hills, Michigan  
October 19, 2017

Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Education  
School District of the City of Dearborn, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited School District of the City of Dearborn, Michigan's (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. School District of the City of Dearborn, Michigan's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's 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 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"). Those standards and the Uniform Guidance 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 School District of the City of Dearborn, Michigan'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 on compliance for each major federal program. However, our audit does not provide a legal determination of School District of the City of Dearborn, Michigan's compliance.

To the Board of Education  
School District of the City of Dearborn, Michigan

### ***Opinion on Each Major Federal Program***

In our opinion, School District of the City of Dearborn, Michigan 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, 2017.

### **Report on Internal Control Over Compliance**

Management of School District of the City of Dearborn, Michigan 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 School District of the City of Dearborn, Michigan's 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

Auburn Hills, Michigan  
October 19, 2017

# School District of the City of Dearborn, Michigan

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities) -										
Food Distribution Entitlement Commodities 2016-2017	N/A	10.555	\$ 573,268	\$ -	\$ -	\$ -	\$ 438,422	\$ 438,422	\$ -	\$ -
Cash Assistance:										
National School Lunch Program 2015-16	161960	10.555	5,102,313	5,102,313	191,007	(1,135)	189,872	-	-	-
National School Lunch Program 2016-17	171960	10.555	5,341,534	-	-	-	5,149,395	5,321,289	171,894	-
National School After School Snack Program 2015-16	161980	10.555	31,887	31,887	1,471	1,135	2,606	-	-	-
National School After School Snack Program 2016-17	171980	10.555	20,244	-	-	-	19,420	20,244	824	-
National School Lunch Program (incl. commodities) Subtotal		10.555	11,069,246	5,134,200	192,478	-	5,799,715	5,779,955	172,718	-
National School Breakfast Program 2015-16	161970	10.553	1,168,697	1,168,697	44,203	-	44,203	-	-	-
National School Breakfast Program 2016-17	171970	10.553	1,195,041	-	-	-	1,157,894	1,195,041	37,147	-
National School Breakfast Program Subtotal		10.553	2,363,738	1,168,697	44,203	-	1,202,097	1,195,041	37,147	-
Summer Food Service Program 2017	161900/160900	10.559	33,554	-	-	-	33,554	33,554	-	-
Total Child Nutrition Cluster			13,466,538	6,302,897	236,681	-	7,035,366	7,008,550	209,865	-
Student Financial Aid Cluster - U.S. Department of Education - Henry Ford Community College:										
Supplemental Educational Opportunity Grant		84.007	481,386	596,717	(26,585)	-	454,801	481,386	-	-
Federal Work Study Program		84.033	546,129	471,630	32,967	-	521,370	546,129	57,726	-
Pell Grant Program		84.063	26,088,644	27,547,125	22,612	-	26,058,217	26,088,644	53,039	-
Federal Direct Loan Program		84.268	25,590,513	29,212,691	32,674	-	25,583,922	25,590,513	39,265	-
Total Student Financial Aid Cluster			52,706,672	57,828,163	61,668	-	52,618,310	52,706,672	150,030	-
Special Education Cluster - U.S. Department of Education - Passed through the Wayne County RESA:										
IDEA Flowthrough:										
Flowthrough 1516	160450	84.027	3,039,249	2,719,212	884,149	-	965,470	320,037	238,716	-
Flowthrough 1617	170450	84.027	3,101,490	-	-	-	1,645,105	3,072,591	1,427,486	-
Total IDEA Flowthrough		84.027	6,140,739	2,719,212	884,149	-	2,610,575	3,392,628	1,666,202	-

See Notes to Schedule of Expenditures of Federal Awards.



# School District of the City of Dearborn, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
Clusters (continued):										
Special Education Cluster - U.S. Department of Education (continued):										
Passed through the Wayne County RESA (continued):										
Preschool Incentive:										
IDEA Preschool 1516	160460	84.173	\$ 116,262	\$ 116,262	\$ 47,575	\$ -	\$ 47,441	\$ -	\$ 134	\$ -
IDEA Preschool 1617	170460	84.173	116,415	-	-	-	68,148	116,415	48,267	-
Total Preschool Incentive		84.173	232,677	116,262	47,575	-	115,589	116,415	48,401	-
Total Special Education Cluster			6,373,416	2,835,474	931,724	-	2,726,164	3,509,043	1,714,603	-
Medicaid Outreach Cluster - U.S. Department of Health and Human Services:										
Medicaid Outreach 1516		93.778	36,319	36,319	25,419	-	52,464	27,045	-	-
Medicaid Outreach 1617		93.778	22,079	-	-	-	22,079	22,079	-	-
Total Medicaid Outreach Cluster		93.778	58,398	36,319	25,419	-	74,543	49,124	-	-
Total cluster programs			72,605,024	67,002,853	1,255,492	-	62,454,383	63,273,389	2,074,498	-
Other federal awards:										
U.S. Department of Education -										
Passed through the Michigan Department of Education:										
Adult Education:										
Adult Education 161120-161317	161120	84.002	30,000	26,372	(3,628)	-	(3,628)	-	-	-
Adult Education 161130-161317	161130	84.002	455,000	377,201	71,961	-	71,961	-	-	-
Adult Education 171120-171317	171120	84.002	37,899	-	-	-	-	37,899	37,899	-
Adult Education 171130-171317	171130	84.002	379,594	-	-	-	317,000	379,594	62,594	-
Adult Education Subtotal		84.002	902,493	403,573	68,333	-	385,333	417,493	100,493	-
Title III English Language Acquisition:										
Title III Immigrant Students 1516	160570	84.365	271,464	83,864	27,214	-	176,942	149,728	-	-
Title III Immigrant Students 1617	170570	84.365	170,221	-	-	-	-	25,712	25,712	-
Title III Immigrant Students Subtotal		84.365	441,685	83,864	27,214	-	176,942	175,440	25,712	-
Title III Limited English Proficient Students 1516	160580	84.365	1,016,146	929,597	172,057	-	201,865	29,808	-	-
Title III Limited English Proficient Students 1617	170580	84.365	1,033,461	-	-	-	581,940	898,042	316,102	-
Title III Limited English Proficient Students Subtotal		84.365	2,049,607	929,597	172,057	-	783,805	927,850	316,102	-
Total Title III English Language Acquisition		84.365	2,491,292	1,013,461	199,271	-	960,747	1,103,290	341,814	-
Title I, Part A:										
Title I Part A 1516	161530	84.010	11,641,399	9,516,496	1,710,296	-	2,806,181	1,095,885	-	-
Title I Part A 1617	171530	84.010	11,060,085	-	-	-	5,343,075	8,882,679	3,539,604	-
Total Title I, Part A		84.010	22,701,484	9,516,496	1,710,296	-	8,149,256	9,978,564	3,539,604	-

See Notes to Schedule of Expenditures of Federal Awards.

# School District of the City of Dearborn, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
Other federal awards (continued):										
U.S. Department of Education -										
Passed through the Michigan Department of Education (continued):										
Title II, Part A - Improving Teacher Quality:										
Title II Part A 1516	160520	84.367	\$ 913,771	\$ 793,263	\$ 183,083	\$ -	\$ 262,604	\$ 79,521	\$ -	\$ -
Title II Part A 1617	170520	84.367	765,633	-	-	-	423,925	683,496	259,571	-
Total Title II, Part A - Improving Teacher Quality		84.367	1,679,404	793,263	183,083	-	686,529	763,017	259,571	-
Fresh Fruit and Vegetable Program -										
Fresh Fruit and Vegetable Program 1617	170950	10.582	224,752	-	-	-	224,752	224,752	-	-
Total noncluster programs passed through the Michigan Department of Education			27,999,425	11,726,793	2,160,983	-	10,406,617	12,487,116	4,241,482	-
Passed through Wayne County RESA - Education Act - Vocational Education -										
Basic Grants to States - Carl D. Perkins Vocational Education Act:										
Vocational Education - Basic Grants to States:										
Vocational Education 1516	163520	84.048	208,105	208,105	122,369	-	122,369	-	-	-
Vocational Education 1617	173520	84.048	234,329	-	-	-	206,892	234,329	27,437	-
Vocational Education Subtotal		84.048	442,434	208,105	122,369	-	329,261	234,329	27,437	-
Henry Ford Community College -										
Vocational Education - Regional Allocation	1321-8	84.048	1,073,621	1,008,047	-	-	1,073,621	1,073,621	-	-
Total Carl D. Perkins Vocational Education Act		84.048	1,516,055	1,216,152	122,369	-	1,402,882	1,307,950	27,437	-
Preschool Development Grants -										
Preschool Transition 1617		84.419	2,000	-	-	-	2,000	2,000	-	-
Total other U.S. Department of Education noncluster programs			1,518,055	1,216,152	122,369	-	1,404,882	1,309,950	27,437	-
U.S. Department of Labor Employment and Training Administration:										
M-SAMC Multi State Advanced Manuf. Consortium		17.282	86,499	4,952,995	356,101	-	442,599	86,499	1	-
AMCAI - Apprenticeship Grant		17.268	139,543	155,532	155,532	-	5,000	139,543	290,075	-
Michigan IRACDA - NIHUM Subaward		93.859	43,373	-	-	-	34,458	41,285	6,827	-
National Science Foundation - Henry Ford Community College -										
Passed through Wayne State University:										
NSF - WSU Noyce Teacher Scholarship Program		47.076	10,244	7,459	2,486	-	10,144	10,244	2,586	-
NSF - WSU Hand on Curriculum		47.076	16,800	8,000	(8,400)	-	-	8,400	-	-
Total noncluster programs			29,813,939	18,066,931	2,789,071	-	12,303,700	14,083,037	4,568,408	-
Total federal awards			\$ 102,418,963	\$ 85,069,784	\$ 4,044,563	\$ -	\$ 74,758,083	\$ 77,356,426	\$ 6,642,906	\$ -

See Notes to Schedule of Expenditures of Federal Awards.

# School District of the City of Dearborn, Michigan

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## Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 53,039,444
Student loan programs, which are excluded from federal revenue	25,590,513
Federal funds not subject to single audit - Build America Bond subsidy	(446,038)
Federal funds not subject to single audit - Qualified School Construction Bond subsidy	(745,731)
Other adjustments	<u>(81,762)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><b>\$ 77,356,426</b></u>

# **School District of the City of Dearborn, Michigan**

## **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2017**

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of School District of the City of Dearborn, Michigan (the "School District") under programs of the federal government for the year ended June 30, 2017. The information in this 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 School District of the City of Dearborn, Michigan, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of the School District of the City of Dearborn, Michigan.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or 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. 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. Pass-through entity identifying numbers are presented where available.

The School District has elected not to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

### **Note 3 - 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 4 - Noncash Assistance**

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

### **Note 5 - Adjustments and Transfers**

During the year ended June 30, 2017, there were \$1,135 of offsetting adjustments between programs within the Child Nutrition Cluster.

# School District of the City of Dearborn, Michigan

## Schedule of Findings and Questioned Costs Year Ended June 30, 2017

### 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 2 CFR 200.516 (a)?  Yes  No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.048	Carl D. Perkins Vocational Education Act
84.365	Title III
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$2,320,693

Auditee qualified as low-risk auditee?  Yes  No

# School District of the City of Dearborn, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2017-001	<p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - The School District administers a special education center program on behalf of the county. Approximately 28 percent of eligible center program costs are reimbursed to the School District by the State of Michigan, with the remaining costs reimbursed to the School District by a county-wide special education millage.</p> <p><b>Condition</b> - During the School District's fiscal years 2014, 2015, and 2016, certain employees of the School District were reported as spending 100 percent of their time on reimbursable center program activities. However, it was subsequently determined that these employees performed both qualifying and nonqualifying activities. As a result, the School District was over reimbursed from nonfederal sources for special education center program costs.</p> <p><b>Context</b> - The School District received excess special education center program reimbursements totaling approximately \$1.3 million for its fiscal years 2014, 2015, and 2016.</p> <p><b>Cause</b> - The School District's personnel experienced turnover in recent years. New personnel compiling data for the cost reimbursement submissions unknowingly included specific employee groups as employees fully charged to the special education program though certain employees served the program in a part-time capacity only.</p> <p><b>Effect</b> - The School District received excess special education center program funding totaling approximately \$1.3 million for its fiscal years 2014, 2015, and 2016. As of June 30, 2017, the School District has recorded a General Fund liability of \$1.3 million to reflect amounts that will be repaid to the State of Michigan.</p> <p><b>Recommendation</b> - The School District should ensure employee charges to the special education program accurately align with the employees' time spent on special education activities.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The School District agrees with the above recommendation and has implemented procedures to ensure special education cost reports properly reflect shared-time employees.</p>

### Section III - Federal Program Audit Findings

None