

School District of the City of Dearborn, Michigan

**Federal Awards
Supplemental Information
June 30, 2014**

School District of the City of Dearborn, Michigan

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

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 the School District of the City of Dearborn, Michigan (the "School District") as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated November 3, 2014, which contained an unmodified opinion on the basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited basic financial statements subsequent to November 3, 2014.

The accompanying schedule of expenditures of federal awards and reconciliation of financial statements federal revenue with schedule of expenditures of federal awards are 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

Auburn Hills, Michigan
November 3, 2014



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 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 the School District of the City of Dearborn, Michigan (the "School District") as of and for the year ended June 30, 2014 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 November 3, 2014. The financial statements of Henry Ford Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the School District of the City of Dearborn, Michigan'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 basic 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.

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 described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2014-001 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District of the City of Dearborn, Michigan's basic 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*.

The 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. The 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
November 3, 2014

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 the 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) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. The 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 the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District of the City of Dearborn, Michigan'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 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 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 the 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, the 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2014-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the 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 the 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 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.

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

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2014-002, that we consider to be a significant deficiency.

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

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

Auburn Hills, Michigan
November 3, 2014

School District of the City of Dearborn, Michigan

Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2013	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2014
Clusters:								
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:								
Noncash assistance (commodities) -								
Food Distribution Entitlement Commodities 2013-2014	10.555	\$ 349,047	\$ -	\$ -	\$ -	\$ 349,047	\$ 349,047	\$ -
Cash assistance:								
National School Breakfast Program 2012-13	10.553	871,953	871,953	48,421	-	48,421	-	-
National School Breakfast Program 2013-14	10.553	936,371	-	-	-	887,811	936,371	48,560
National School Lunch Program 2012-13	10.555	4,383,641	4,383,641	169,585	-	169,585	-	-
National School Lunch Program 2013-14	10.555	4,564,475	-	-	-	4,355,941	4,564,475	208,534
National School After School Snack Program 2012-13	10.555	33,623	33,851	228	-	228	-	-
National School After School Snack Program 2013-14	10.555	23,755	-	-	-	23,149	23,755	606
Summer Food Service Program 2013	10.559	54,655	54,655	19,743	-	19,743	-	-
Summer Food Service Program 2014	10.559	6,264	-	-	-	6,264	6,264	-
Total cash assistance		10,874,737	5,344,100	237,977	-	5,511,142	5,530,865	257,700
Total Child Nutrition Cluster		11,223,784	5,344,100	237,977	-	5,860,189	5,879,912	257,700
Student Financial Aid Cluster - U.S. Department of Education - Henry Ford Community College:								
Supplemental Educational Opportunity Grant	84.007	889,891	1,101,109	(64,936)	-	875,533	889,891	(50,578)
Federal Work Study Program	84.033	664,238	624,738	113,000	-	557,369	664,238	219,869
Pell Grant Program	84.063	32,716,296	41,882,065	(12,367)	-	32,443,886	32,716,296	260,043
Federal Direct Loan Program	84.268	41,102,354	55,864,162	1,903,190	-	41,309,304	41,102,354	1,696,240
Total Student Financial Aid Cluster		75,372,779	99,472,074	1,938,887	-	75,186,092	75,372,779	2,125,574
Research and Development Cluster - National Science Foundation - Henry Ford Community College - Passed through Wayne State University								
	47.076	51,766	12,802	7,767	-	7,767	-	-
Special Education Cluster - U.S. Department of Education - Passed through the Wayne County RESA:								
IDEA:								
Flowthrough - Project number 120450-1112	84.027	3,311,680	3,311,680	11,337	-	11,337	-	-
Flowthrough - Project number 130450-1213		3,373,450	3,373,450	547,314	-	547,314	-	-
Flowthrough - Project number 140450-1314		3,082,643	-	-	-	2,265,788	3,082,643	816,855
Total IDEA Flowthrough		9,767,773	6,685,130	558,651	-	2,824,439	3,082,643	816,855

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, 2014

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2013	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2014
Clusters (Continued):								
Special Education Cluster - U.S. Department of Education - Passed through the Wayne County RESA (Continued):								
Preschool Incentive:								
Project number 130460-1213	84.173	\$ 128,734	\$ 128,734	\$ 29,759	\$ -	\$ 29,759	\$ -	\$ -
Project number 140460-1314		130,356	-	-	-	87,230	130,356	43,126
Total Preschool Incentive		259,090	128,734	29,759	-	116,989	130,356	43,126
Total Special Education Cluster		10,026,863	6,813,864	588,410		2,941,428	3,212,999	859,981
Medicaid Outreach Cluster - U.S. Department of Health and Human Services - Passed through Wayne County RESA - 2013-14								
	93.778	103,626	-	-	-	103,626	103,626	-
Total cluster programs		96,778,818	111,642,840	2,773,041	-	84,099,102	84,569,316	3,243,255
Other federal awards:								
U.S. Department of Education - Passed through the Michigan Department of Education:								
Adult Education:								
Project number 131120-135317	84.002	40,000	40,000	924	-	924	-	-
Project number 141120-145317		36,000	-	-	-	33,880	36,000	2,120
Project number 131130-131317		350,000	350,000	10,308	-	10,308	-	-
Project number 141130-141317		340,000	-	-	-	325,000	340,000	15,000
Total Adult Education		766,000	390,000	11,232	-	370,112	376,000	17,120
Title III English Language Acquisition:								
Project number 120570-11112	84.365A	307,530	236,457	-	(7,386)	(7,386)	-	-
Project number 130570-1213		71,072	68,722	19,185	-	21,535	2,350	-
Project number 140570-1314		192,781	-	-	-	10,214	39,697	29,483
Project number 130580-1213		1,280,696	1,120,127	196,841	(42,150)	266,706	112,015	-
Project number 140580-1314		1,271,382	-	-	-	953,783	1,085,839	132,056
Total Title III English Language Acquisition		3,123,461	1,425,306	216,026	(49,536)	1,244,852	1,239,901	161,539
Title I, Part A - U.S. Department of Education - Passed through the Michigan Department of Education:								
Title I:								
Project number 131520-1213	84.010	6,000	6,000	3,000	-	3,000	-	-
Project number 131530-1213		11,685,752	9,023,679	1,066,808	(61,258)	1,753,369	747,819	-
Project number 141530-1314		12,513,163	-	-	-	8,788,080	10,271,616	1,483,536
Total Title I, Part A		24,204,915	9,029,679	1,069,808	(61,258)	10,544,449	11,019,435	1,483,536

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, 2014

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2013	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2014
Other federal awards (Continued):								
U.S. Department of Education -								
Passed through the Michigan Department of Education (Continued):								
Title II, Part A - Improving Teacher Quality:								
Project number 130520-1213	84.367	\$ 826,361	\$ 702,976	\$ 97,638	\$ -	\$ 132,915	\$ 35,277	\$ -
Project number 140520-1314		872,631	-	-	-	562,582	676,957	114,375
Total Title II, Part A - Improving Teacher Quality		1,698,992	702,976	97,638	-	695,497	712,234	114,375
Fresh Fruit and Vegetable Program:								
Project number 140950-1214	10.582	43,340	-	-	-	43,340	43,340	-
Total noncluster programs passed through the Michigan Department of Education		29,836,708	11,547,961	1,394,704	(110,794)	12,898,250	13,390,910	1,776,570
Direct U.S. Department of Education -								
Foreign Language Acquisition Program - Project number T293B080050	84.293B	318,702	318,702	19,837	-	19,837	-	-
U.S. Department of Education -								
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:								
Project number 103520-101225	84.048A	205,436	205,292	(144)	-	-	144	-
Project number 113520-111225		171,252	180,480	(511)	-	-	511	-
Project number 133520-131225		214,930	188,816	114,795	-	121,155	6,360	-
Project number 143520-141225		184,517	-	-	-	104,693	184,517	79,824
Henry Ford Community College:								
Project number 1325-8 - Local Administration		18,400	18,400	317	-	18,717	18,400	-
Project number 1321-8- Regional Allocation		1,023,293	1,105,877	(35,844)	-	1,023,293	966,488	(92,649)
Program of Study Project # 1327-8-1 / # 1327-8-2		15,000	15,000	15,000	-	15,000	-	-
CAP Leadership Project # 1124-8		6,250	-	-	-	6,250	6,250	-
Total passed through Wayne County Regional Educational Service Agency		1,839,078	1,713,865	93,613	-	1,289,108	1,182,670	(12,825)
Total other U.S. Department of Education noncluster programs		2,157,780	2,032,567	113,450	-	1,308,945	1,182,670	(12,825)
U.S. Department of Labor Employment and Training Administration								
M-SAMC Multi-State Advanced Manuf. Consortium	17.282	15,000,000	198,648	132,308	-	3,599,117	4,824,251	1,357,442
Passed through United Way of Southeastern Michigan								
Green Jobs Innovation	17.279	97,222	54,192	29,835	-	60,105	30,669	399
Total noncluster programs		47,091,710	13,833,368	1,670,297	(110,794)	17,866,417	19,428,500	3,121,586
Total federal awards		\$ 143,870,528	\$ 125,476,208	\$ 4,443,338	\$ (110,794)	\$ 101,965,519	\$ 103,997,816	\$ 6,364,841

See Notes to Schedule of Expenditures
of Federal Awards.

School District of the City of Dearborn, Michigan

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 63,985,234
Student loan programs, which are excluded from federal revenue	41,102,354
Federal funds not subject to single audit - Build America Bond subsidy	(465,404)
Federal funds not subject to single audit - Qualified School Construction Bond subsidy	(737,440)
Other adjustments	<u>113,072</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 103,997,816</u></u>

School District of the City of Dearborn, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

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 the School District of the City of Dearborn, Michigan under programs of the federal government for the year ended June 30, 2014. 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 the 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. 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.

Note 4 - Adjustments and Transfers

During the year ended June 30, 2014, \$61,258 and \$49,536 of prior year Title I and Title III expenditures, respectively, were determined to be disallowed and were recaptured by the grantor.

School District of the City of Dearborn, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Note 5 - Subrecipient Awards

Of the federal expenditures presented in the Schedule, federal awards were provided to subrecipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Multi State Advanced Manufacturing Consortium - Passed through to Alamo Community College	17.282	\$ 198,732
Multi State Advanced Manufacturing Consortium - Passed through to Bluegrass Community College	17.282	242,960
Multi State Advanced Manufacturing Consortium - Passed through to Bridgemont Community College	17.282	201,293
Multi State Advanced Manufacturing Consortium - Passed through to Danville Community College	17.282	251,115
Multi State Advanced Manufacturing Consortium - Passed through to Gasden State Community	17.282	199,697
Multi State Advanced Manufacturing Consortium - Passed through to James A. Rhodes State College	17.282	254,118
Multi State Advanced Manufacturing Consortium - Passed through to Jefferson Community College	17.282	272,782
Multi State Advanced Manufacturing Consortium - Passed through to Oakland Community College	17.282	273,648
Multi State Advanced Manufacturing Consortium - Passed through to Pellissippi State Community	17.282	287,771
Multi State Advanced Manufacturing Consortium - Passed through to Rocky Valley College	17.282	213,148
Multi State Advanced Manufacturing Consortium - Passed through to Spartanburg Community College	17.282	285,719
Multi State Advanced Manufacturing Consortium - Passed through to Tennessee Technology	17.282	360,135
	Total	<u>\$ 3,041,118</u>

School District of the City of Dearborn, Michigan

Schedule of Findings and Questioned Costs Year Ended June 30, 2014

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
84.007, 84.033	
84.063, 84.268	Student Financial Aid Cluster
84.027, 84.173	Special Education Cluster
84.010	Title I, Part A
84.365A	Title III
84.048A	Carl D. Perkins Vocational Education Act
17.282	Trade Adjustment Assistance Community College and Career Training Grant

Dollar threshold used to distinguish between type A and type B programs: \$858,751

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, 2014

Section II - Financial Statement Audit Findings

Reference Number	Finding
2014-001	<p>Finding Type - Material weakness</p> <p>Criteria - School districts are responsible for recording expenditures and accounts payable in the period incurred in accordance with generally accepted accounting principles (GAAP).</p> <p>Condition - The P12 did not have a process in place to evaluate what portion of capital projects that began before year end and were completed after year end should be included in the June 30, 2014 expenditures.</p> <p>Context - Audit adjustments were made to the 2014 Capital Projects Fund to record accounts payable and retainage payable to reflect services or products received as of June 30, 2014 in the proper period.</p> <p>Cause - Key processes were not in place related to cut off of expenditures and accounts payable related to the 2014 Capital Projects Fund.</p> <p>Effect - This circumstance resulted in an understatement of accounts payable as well as an understatement of expenditures. An audit adjustment of \$1,140,617 was recorded to increase expenditures and accounts payable.</p> <p>Recommendation - We recommend the P12 implement procedures to ensure proper cutoff is being reviewed for the 2014 Capital Projects Fund expenditures and accounts payable.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The School District has taken the auditor's recommendation into consideration and will take the necessary actions to ensure the issue does not occur again.</p>

School District of the City of Dearborn, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2014

Section III - Federal Program Audit Findings

Reference Number	Finding
2014-002	<p>Program Name - Title I, Part A, CFDA #84.010</p> <p>Pass-through Entity - Michigan Department of Education</p> <p>Finding Type - Significant deficiency and material noncompliance with laws and regulations</p> <p>Criteria - Grantees are required to obtain periodic certifications for employees working solely on a single federal award or cost objective. These certifications must be prepared at least semi-annually and be signed by the employee or supervisor with first-hand knowledge of work performed by the employee.</p> <p>Condition - The P12 failed to maintain certifications on a semi-annual basis for one teacher who had 100 percent of the teacher's time charged to Title I.</p> <p>Questioned Costs - None</p> <p>Context - Of the 28 employees selected for detail testing, one individual did not have a required semi-annual certification for the second semester. The P12 was able to obtain a signed semi-annual certification subsequent to year end to support the allowability of these payroll costs.</p> <p>Cause and Effect - Management included the wrong individual within the semi-annual certification and excluded the employee charged to the grant. The original signed certification was for an incorrect employee; this was subsequently corrected by the P12.</p> <p>Recommendation - Management should ensure that all semi-annual certifications are maintained for the appropriate employees.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The School District is aware of these requirements and is establishing procedures whereby proper time and effort documentation is maintained for all employees charged to federal grants.</p>

School District of the City of Dearborn, Michigan

Summary Schedule of Prior Audit Findings Year Ended June 30, 2014

<u>Prior Year Finding Number</u>	<u>Federal Program</u>	<u>Original Finding Description</u>	<u>Status</u>	<u>Planned Corrective Action</u>
2013-001		The College did not have a process in place to properly calculate and analyze the unearned revenue account and the allowance for uncollectible accounts receivable.	Fully corrected	Not applicable
2013-002		The College did not have a process in place to properly calculate and analyze the College's share of new debt issued by the School District. Additionally, the College did not have a process in place to properly implement a new accounting pronouncement.	Fully corrected	Not applicable
2013-003		The College did not have a process in place to properly assign useful lives to certain fixed asset additions completed during the year.	Fully corrected	Not applicable
2013-004	Title I and Title III	The School District tracked employee activities through the use of schedules and semi-annual certifications but did not maintain formalized activity reports.	Fully corrected	Not applicable