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# School District of the City of Dearborn, Michigan

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**June 30, 2020**

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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 financial statements of the governmental activities, the business-type activities, the 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, 2020 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 30, 2020, which contained an unmodified opinion on the 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 30, 2020.

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, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

*Plante & Moran, PLLC*

January 27, 2021

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, the 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, 2020 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 30, 2020. 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.

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 may exist that have not been identified.

**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*.

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

**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*

October 30, 2020

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  
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 the School District's major federal programs for the year ended June 30, 2020. 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.

***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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

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

In our opinion, the School District 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 the major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of the School District 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'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.

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

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*

January 27, 2021

# School District of the City of Dearborn, Michigan

## Schedule of Expenditures

| 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, 2019 | Adjustments and Transfers |
|--|----------------------|-------------|------------------------|-------------------------------------|--|---------------------------|
| <b>Clusters:</b>   |                      |             |                        |                                     |  |                           |
| Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education: Noncash Assistance (Commodities) - Food Distribution Entitlement Commodities 2019-20 | N/A                  | 10.555      | \$ 695,855             | \$ -                                | \$ -                                       | \$ -                      |
| Cash Assistance:   |                      |             |                        |                                     |  |                           |
| COVID-19 Unanticipated School Closure  | 200902               | 10.555      | 2,850,350              | -                                   | -  | -                         |
| National School Lunch Program 2018-19  | 191960               | 10.555      | 6,507,446              | 6,507,446                           | 194,920                                    | -                         |
| National School Lunch Program 2019-20  | 201960               | 10.555      | 5,684,277              | -                                   | -  | -                         |
| Total National School Lunch Program (incl. commodities)  |                      | 10.555      | 15,737,928             | 6,507,446                           | 194,920                                    | -                         |
| National School After School Snack Program 2018-19   | 191980               | 10.555      | 18,176                 | 18,176                              | 504  | -                         |
| National School After School Snack Program 2019-20   | 201980               | 10.555      | 13,876                 | -                                   | -  | -                         |
| Total National School After School Snack Program   |                      | 10.555      | 32,052                 | 18,176                              | 504  | -                         |
| National School Breakfast Program 2018-19  | 191970               | 10.553      | 1,373,796              | 1,371,536                           | 44,419                                     | -                         |
| National School Breakfast Program 2019-20  | 201970               | 10.553      | 1,214,316              | -                                   | -  | -                         |
| Total National School Breakfast Program  |                      | 10.553      | 2,588,112              | 1,371,536                           | 44,419                                     | -                         |
| Summer Food Service Program 2019-20  | 190900/191900        | 10.559      | 17,173                 | -                                   | -  | -                         |
| Total Child Nutrition Cluster  |                      |             | 18,375,265             | 7,897,158                           | 239,843                                    | -                         |
| Student Financial Aid Cluster - U.S. Department of Education - Henry Ford Community College:   |                      |             |                        |                                     |  |                           |



# School District of the City of Dearborn, Michigan

## Schedule of Expenditures of Federal

| 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, 2019 | Adjustments and Transfers |
|---|----------------------|-------------|------------------------|-------------------------------------|--|---------------------------|
| Clusters (continued):   |                      |             |                        |                                     |  |                           |
| Special Education Cluster - U.S. Department of Education - Passed through the Wayne County RESA (continued):        |                      |             |                        |                                     |  |                           |
| Preschool Incentive:  |                      |             |                        |                                     |  |                           |
| IDEA Preschool 1516   | 160460               | 84.173      | \$ 116,262             | \$ 116,262                          | \$ 134                                     | \$ (134)                  |
| IDEA Preschool 1819   | 190460               | 84.173      | 149,378                | 149,378                             | 90,331                                     | -                         |
| IDEA Preschool 1920   | 200460               | 84.173      | 185,703                | -                                   | -  | 134                       |
| Total Preschool Incentive   |                      | 84.173      | 451,343                | 265,640                             | 90,465                                     | -                         |
| Total Special Education Cluster   |                      |             | 7,219,439              | 3,529,736                           | 1,867,078                                  | -                         |
| Research and Development Cluster:   |                      |             |                        |                                     |  |                           |
| National Institutes of Health - Henry Ford College: Passed through from University of Detroit Mercy - reBUILDetroit |                      | 93.310      | 50,000                 | 49,961                              | 44,606                                     | -                         |
| Passed through from University of Michigan - Michigan IRACDA  |                      | 93.859      | 41,373                 | 41,125                              | 13,885                                     | -                         |
| Total National Institutes of Health   |                      |             | 91,373                 | 91,086                              | 58,491                                     | -                         |
| National Science Foundation - Passed through Wayne State University - Noyce Teacher Scholarship Program             |                      | 47.076      | 11,332                 | 11,009                              | 5,505                                      | -                         |
| Total Research and Development Cluster  |                      |             | 102,705                | 102,095                             | 63,996                                     | -                         |
| Medicaid Outreach Cluster - U.S. Department of Health and Human Services - Medicaid Outreach 1920                   | N/A                  | 93.778      | 46,778                 | -                                   | -  | -                         |
| Total cluster programs  |                      |             | 71,242,255             | 55,872,072                          | 2,321,062                                  | -                         |

# School District of the City of Dearborn, Michigan

## Schedule of Expenditures of Federal Awards

| 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, 2019 | Adjustments and Transfers |
|---|----------------------|-------------|------------------------|-------------------------------------|--|---------------------------|
| Other federal awards (continued):   |                      |             |                        |                                     |  |                           |
| U.S. Department of Education - Passed through the Michigan Department of Education (continued): |                      |             |                        |                                     |  |                           |
| Title III English Language Acquisition:   |                      |             |                        |                                     |  |                           |
| Title III Immigrant Students 1819   | 190570               | 84.365      | \$ 293,848             | \$ 105,262                          | \$ 66,462                                  | \$ -                      |
| Title III Immigrant Students 1920   | 200570               | 84.365      | 303,672                | -                                   | -  | -                         |
| Total Title III Immigrant Students  |                      | 84.365      | 597,520                | 105,262                             | 66,462                                     | -                         |
| Title III Limited English Proficient Students 1819  | 190580               | 84.365      | 1,048,220              | 902,165                             | 79,665                                     | -                         |
| Title III Limited English Proficient Students 1920  | 200580               | 84.365      | 1,009,179              | -                                   | -  | -                         |
| Total Title III Limited English Proficient Students   |                      | 84.365      | 2,057,399              | 902,165                             | 79,665                                     | -                         |
| Total Title III English Language Acquisition  |                      | 84.365      | 2,654,919              | 1,007,427                           | 146,127                                    | -                         |
| Title I, Part A:  |                      |             |                        |                                     |  |                           |
| Title I Part A 1819   | 191530               | 84.010      | 12,233,307             | 10,132,171                          | 1,155,171                                  | -                         |
| Title I Part A 1920   | 201530               | 84.010      | 11,776,435             | -                                   | -  | -                         |
| Total Title I, Part A   |                      | 84.010      | 24,009,742             | 10,132,171                          | 1,155,171                                  | -                         |
| Title II, Part A - Improving Teacher Quality:   |                      |             |                        |                                     |  |                           |
| Title II Part A 1819  | 190520               | 84.367      | 2,076,109              | 1,456,602                           | 262,802                                    | -                         |
| Title II Part A 1920  | 200520               | 84.367      | 1,889,886              | -                                   | -  | -                         |
| Total Title II, Part A - Improving Teacher Quality  |                      | 84.367      | 3,965,995              | 1,456,602                           | 262,802                                    | -                         |
| Title IV, Part A - Improving Teacher Quality:   |                      |             |                        |                                     |  |                           |
| Title IV Part A SSAE 1819   | 190750               | 84.424      | 878,568                | 658,408                             | 34,208                                     | -                         |
| Title IV Part A SSAE 1920   | 200750               | 84.424      | 956,503                | -                                   | -  | -                         |

# School District of the City of Dearborn, Michigan

## Schedule of Expenditures of Federal Awards

| 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, 2019 | Adjustments and Transfers |
|--|----------------------|-------------|------------------------|-------------------------------------|--|---------------------------|
| <b>Other federal awards (continued):</b>   |                      |             |                        |                                     |  |                           |
| 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: |                      |             |                        |                                     |  |                           |
| Vocational Education 1819  | 193520               | 84.048      | \$ 259,675             | \$ 255,710                          | \$ 55,327                                  | \$ -                      |
| Vocational Education 1920  | 203520               | 84.048      | 222,178                | -                                   | -  | -                         |
| Henry Ford Community College - Vocational Education - Regional Allocation  | 1321-8               | 84.048      | 938,879                | 1,135,628                           | -  | -                         |
| Total Vocational Education   | 84.048               |             | 1,420,732              | 1,391,338                           | 55,327                                     | -                         |
| National Endowment for the Arts - Passed through the Michigan Council for the Arts and Cultural Affairs - Art Services 1920  | 19AE4801ZZ           | 45.025      | 6,100                  | 3,477                               | -  | -                         |
| U.S. Department of Labor Employment and Training Administration - AMCAI - Apprenticeship Grant   | N/A                  | 17.268      | 8,821                  | 195,390                             | 16,077                                     | -                         |
| Total noncluster programs  |                      |             | 44,107,569             | 15,170,846                          | 1,684,745                                  | -                         |
| Total federal awards   |                      |             | <b>\$ 115,349,824</b>  | <b>\$ 71,042,918</b>                | <b>\$ 4,005,807</b>                        | <b>\$ -</b>               |

**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**

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**Year Ended June 30, 2020**

|   |                             |
|---|-----------------------------|
| Revenue from federal sources - As reported on financial statements (includes all funds) | \$ 60,788,570               |
| Student loan programs, which are excluded from federal revenue                          | 17,722,431                  |
| Federal funds not subject to single audit - Qualified School Construction Bond subsidy  | (752,540)                   |
| HEERF Institutional Funding - Adjustment for other expenses                             | (1,588,556)                 |
| Other adjustments   | <u>(235,056)</u>            |
| Federal expenditures per the schedule of expenditures of federal awards                 | <u><b>\$ 75,934,849</b></u> |

**Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2020**

**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, 2020. 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 School District of the City of Dearborn, Michigan, it is not intended to and does not present the financial position, changes in net position, or cash flows of School District of the City of Dearborn, Michigan.

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

Expenditures reported in the Schedule are reported on the accrual basis of accounting. 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. 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 minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

**Note 3 - Adjustments and Transfers**

During the year ended June 30, 2020, there were adjustments of \$134 related to the Special Education Cluster - IDEA Preschool program.

**Note 4 - 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 5 - Noncash Assistance**

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

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

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2020**

**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      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   None reported

**Federal Awards**

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major programs:

| CFDA Number                       | Name of Federal Program or Cluster                       | Opinion    |
|-----------------------------------|--|------------|
| 84.063, 84.268<br>10.555, 10.553, | Student Financial Aid Cluster                            | Unmodified |
| 10.559                            | Child Nutrition Cluster - U.S. Department of Agriculture | Unmodified |
| 84.425E,<br>84.425F               | COVID-19 - Higher Education Emergency Relief Fund        | Unmodified |

Dollar threshold used to distinguish between type A and type B programs: \$2,278,045

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**Section II - Financial Statement Audit Findings**

| Reference Number    | Finding |
|---------------------|---------|
| <b>Current Year</b> | None    |

**Section III - Federal Program Audit Findings**

| Reference Number    | Finding | Questioned Costs |
|---------------------|---------|------------------|
| <b>Current Year</b> | None    |                  |