

# **Birmingham Public Schools**

---

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

# Birmingham Public Schools

---

## Contents

### Independent Auditor's Reports:

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	I
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance	4-5
Schedule of Expenditures of Federal Awards	6-7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9

Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education  
Birmingham Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Birmingham Public Schools (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 3, 2017, which contained unmodified opinions on the basic financial statements. 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 3, 2017.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance, and is 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*

October 3, 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  
Birmingham Public Schools

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of Birmingham Public Schools (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 3, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Birmingham Public Schools' 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.

To Management and the Board of Education  
Birmingham Public Schools

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Birmingham Public Schools' 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*.

### **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 3, 2017

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

Independent Auditor's Report

To the Board of Education  
Birmingham Public Schools

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

We have audited Birmingham Public Schools' (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 its major federal program for the year ended June 30, 2017. Birmingham Public Schools' major federal program is 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 program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Birmingham Public Schools' 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 Birmingham Public Schools' 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 Birmingham Public Schools' compliance.

To the Board of Education  
Birmingham Public Schools

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

In our opinion, Birmingham Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

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

Management of Birmingham Public Schools 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 Birmingham Public Schools' 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 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 & Morse, PLLC*

October 3, 2017

# Birmingham Public Schools

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

Program Title/Project Number/Subrecipient Name	Federal CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind	Current Year Expenditures	Accrued Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
<b>Clusters:</b>									
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education - Food Distribution:									
Noncash Assistance (commodities) -									
National School Lunch Program	10.555	\$ -	\$ -	\$ -	\$ -	\$ 114,351	\$ 114,351	\$ -	\$ -
Cash Assistance - National School Breakfast Program 2015-2016	10.553	17,649	17,649	1,349	-	1,349	-	-	-
Cash Assistance - National School Breakfast Program 2016-2017		17,856	-	-	-	16,499	17,856	1,357	-
Total National School Breakfast Program		35,505	17,649	1,349	-	17,848	17,856	1,357	-
Cash Assistance - National School Lunch Program 2015-2016	10.555	214,635	214,635	14,376	-	14,376	-	-	-
Cash Assistance - National School Lunch Program 2016-2017		221,199	-	-	-	207,722	221,199	13,477	-
Total National School Lunch Program		435,834	214,635	14,376	-	222,098	221,199	13,477	-
Total Child Nutrition Cluster		471,339	232,284	15,725	-	354,297	353,406	14,834	-
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Oakland County ISD - MDCH Medicaid Administrative Outreach Cluster - 2016-2017 Medicaid									
	93.778	10,773	-	-	-	10,773	10,773	-	-
Special Education Cluster - U.S. Department of Education - Passed through the Oakland County ISD:									
IDEA:									
Project number 150450-1415	84.027	1,633,987	1,633,987	16,027	-	16,027	-	-	-
Project number 160450-1516		1,657,227	1,553,552	232,494	-	318,886	103,675	17,283	-
Project number 170450-1617		1,779,655	-	-	-	1,144,088	1,628,484	484,396	-
Total IDEA		5,070,869	3,187,539	248,521	-	1,479,001	1,732,159	501,679	-
IDEA - PART B -									
Preschool Incentive:									
Project number 160460-1516	84.173	56,563	56,563	428	-	428	-	-	-
Project number 170460-1617		56,486	-	-	-	52,424	55,097	2,673	-
Total Preschool Incentive		113,049	56,563	428	-	52,852	55,097	2,673	-
Total Special Education Cluster		5,183,918	3,244,102	248,949	-	1,531,853	1,787,256	504,352	-



# Birmingham Public Schools

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

Program Title/Project Number/Subrecipient Name	Federal CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind	Current Year Expenditures	Accrued Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
Other federal awards:									
U.S. Department of Education -									
Passed through Michigan Department of Education:									
Title I:									
Project number 161530-1516	84.010	\$ 255,983	\$ 240,947	\$ 36,708	\$ -	\$ 38,166	\$ 1,458	\$ -	\$ -
Project number 171530-1617		<u>221,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,762</u>	<u>191,867</u>	<u>39,105</u>	<u>-</u>
Total Title I		477,333	240,947	36,708	-	190,928	193,325	39,105	-
Title II:									
Project number 160520-1516	84.367	186,974	104,567	17,681	-	33,578	15,897	-	-
Project number 170520-1617		<u>252,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,860</u>	<u>175,752</u>	<u>72,892</u>	<u>-</u>
Total Title II		439,488	104,567	17,681	-	136,438	191,649	72,892	-
Title III - LEP:									
Project number 160580-1516	84.365	38,712	27,893	10,693	-	16,297	5,604	-	-
Project number 170580-1617		<u>35,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,389</u>	<u>8,301</u>	<u>1,912</u>	<u>-</u>
Total Title III - LEP		73,906	27,893	10,693	-	22,686	13,905	1,912	-
Title III - IS -									
Project number 170570-1617	84.365	<u>22,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,433</u>	<u>7,267</u>	<u>834</u>	<u>-</u>
Total U.S. Department of Education noncluster programs		<u>1,012,733</u>	<u>373,407</u>	<u>65,082</u>	<u>-</u>	<u>356,485</u>	<u>406,146</u>	<u>114,743</u>	<u>-</u>
Total federal awards		<u>\$ 6,678,763</u>	<u>\$ 3,849,793</u>	<u>\$ 329,756</u>	<u>\$ -</u>	<u>\$ 2,253,408</u>	<u>\$ 2,557,581</u>	<u>\$ 633,929</u>	<u>\$ -</u>

# **Birmingham Public Schools**

## **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 Birmingham Public Schools (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 Birmingham Public Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Birmingham Public Schools.

The School District did not have any payments to subrecipients during the reporting period.

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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 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 not elected 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.

# Birmingham Public Schools

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

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

#### Federal Awards

Internal control over major programs:

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

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

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:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

None