
Public Schools of the City of Ann Arbor, Michigan

**Federal Awards
Supplemental Information
June 30, 2021**

Independent Auditor's Reports

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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
Public Schools of the City of Ann Arbor, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Public Schools of the City of Ann Arbor, Michigan (the "School District") as of and for the year ended June 30, 2021 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 21, 2021, 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 21, 2021.

The accompanying schedule of expenditures of federal awards and the 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

October 21, 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
Public Schools of the City of Ann Arbor, 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, each major fund, and the aggregate remaining fund information of Public Schools of the City of Ann Arbor, Michigan (the "School District") as of and for the year ended June 30, 2021 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 21, 2021.

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) as a basis for designing 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 financial statements. 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
Public Schools of the City of Ann Arbor, 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 21, 2021

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
Public Schools of the City of Ann Arbor, Michigan

Report on Compliance for Each Major Federal Program

We have audited Public Schools of the City of Ann Arbor, 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, 2021. 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, 2021.

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
Public Schools of the City of Ann Arbor, 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

October 21, 2021

Public Schools of the City of Ann Arbor, Michigan

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2020	Adjustments and Transfers	Federal Funds/ Payments In-kind	Federal Expenditures	Accrued Revenue at June 30, 2021	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
National School Lunch Program - Entitlement Commodities 2020-2021	N/A	10.555	\$ 193,249	\$ -	\$ -	\$ -	\$ 193,249	\$ 193,249	\$ -	\$ -
National School Lunch Program - Entitlement Bonus 2020-2021	N/A	10.555	371	-	-	-	371	371	-	-
Total noncash assistance			193,620	-	-	-	193,620	193,620	-	-
Cash Assistance:										
COVID-19 Unanticipated School Closures Program 2019-2020	200902	10.555	1,214,932	1,214,932	653,922	-	653,922	-	-	-
Summer Food Service Program for Children (SFSPC): Unanticipated School Closure 2019-2020	200901	10.559	1,819	1,819	1,819	-	1,819	-	-	-
Extended Summer Food Service Program 2020-2021	200900/210904	10.559	2,966,474	-	-	-	2,733,660	2,966,474	232,814	-
Total Summer Food Service Program			2,968,293	1,819	1,819	-	2,735,479	2,966,474	232,814	-
Total Child Nutrition Cluster			4,376,845	1,216,751	655,741	-	3,583,021	3,160,094	232,814	-
Highway Planning and Construction Cluster - Michigan Department of Transportation - Passed through Michigan Fitness Foundation - Highway Planning and Construction - 2018-2019 Safe Routes to School Carryover										
	2017071/2017087	20.205	25,985	9,369	8,519	-	8,519	-	-	-
Special Education Cluster - U.S. Department of Education - Passed through Washtenaw County ISD - IDEA:										
Special Education - Grants to States (IDEA, Part B) - IDEA, Part B:										
2020 Flowthrough	200450-1920	84.027	3,571,110	3,534,190	662,708	-	699,628	36,920	-	-
2021 Flowthrough	200450-2021	84.027	3,827,917	-	-	-	2,874,366	3,827,917	953,551	-
Total Special Education - Grants to States (IDEA, Part B)			7,399,027	3,534,190	662,708	-	3,573,994	3,864,837	953,551	-
Special Education - Preschool Grants (IDEA Preschool) - IDEA Preschool:										
2020 Preschool Incentive	190460-1920	84.173	98,706	98,706	6,355	-	6,355	-	-	-
2021 Preschool Incentive	190460-2021	84.173	97,910	-	-	-	82,607	97,910	15,303	-
Total Special Education - Preschool Grants (IDEA Preschool)			196,616	98,706	6,355	-	88,962	97,910	15,303	-
Total Special Education Cluster			7,595,643	3,632,896	669,063	-	3,662,956	3,962,747	968,854	-

Public Schools of the City of Ann Arbor, Michigan

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2020	Adjustments and Transfers	Federal Funds/ Payments In-kind	Federal Expenditures	Accrued Revenue at June 30, 2021	Current Year Cash Transferred to Subrecipients
Clusters (continued):										
Headstart - U.S. Department of Health and Human Services - Passed through Washtenaw County ISD - Head Start:										
Head Start Grant - 2019-2020	05CH8329	93.600	\$ 1,020,405	\$ 1,020,405	\$ 236,607	\$ -	\$ 236,607	\$ -	\$ -	\$ -
Head Start Grant - 2020-2021	05CH8329	93.600	1,014,956	-	-	-	766,414	1,014,956	248,542	-
COVID-19 Head Start - 2019-2020	05CH8329	93.600	19,840	-	-	-	7,404	7,404	-	-
Total Head Start Grants			2,055,201	1,020,405	236,607	-	1,010,425	1,022,360	248,542	-
Total Clusters			14,053,674	5,879,421	1,569,930	-	8,264,921	8,145,201	1,450,210	-
Other federal awards:										
U.S. Department of Education:										
Passed through the Michigan Department of Education:										
Adult Education English - 2019-2020	201130	84.002	199,912	155,715	20,107	-	20,107	-	-	-
Adult Education English - 2020-2021	211130	84.002	183,655	-	-	-	153,519	158,595	5,076	-
Total Adult Education			383,567	155,715	20,107	-	173,626	158,595	5,076	-
Education Stabilization Fund:										
COVID-19 ESSER Formula Fund I	203710	84.425D	1,291,743	-	-	-	1,123,497	1,291,743	168,246	-
COVID-19 ESSER Formula Fund II	213712	84.425D	2,760,694	-	-	-	2,138,402	2,138,402	-	-
Total Education Stabilization Fund			4,052,437	-	-	-	3,261,899	3,430,145	168,246	-
Title I, Part A:										
Title I, District Program - 2019-2020	201530	84.010	1,699,323	1,362,291	432,157	-	504,153	71,996	-	-
Title I, District Program - 2020-2021	211530	84.010	2,095,141	-	-	-	1,678,405	1,748,779	70,374	-
Total Title I, Part A			3,794,464	1,362,291	432,157	-	2,182,558	1,820,775	70,374	-
Title III, Limited English Proficient Grant:										
2019-2020 Program	200580	84.365	251,993	104,155	59,464	-	151,183	91,719	-	-
2020-2021 Program	210580	84.365	234,296	-	-	-	95,744	102,863	7,119	-
Total Title III, Limited English			486,289	104,155	59,464	-	246,927	194,582	7,119	-
Title III, Immigrant Students:										
2019-2020 Program	200570	84.365	191,236	69,732	36,341	-	86,650	50,309	-	-
2020-2021 Program	210570	84.365	173,285	-	-	-	33,678	68,701	35,023	-
Total Title III, Immigrant Students			364,521	69,732	36,341	-	120,328	119,010	35,023	-

Public Schools of the City of Ann Arbor, Michigan

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2020	Adjustments and Transfers	Federal Funds/ Payments In-kind	Federal Expenditures	Accrued Revenue at June 30, 2021	Current Year Cash Transferred to Subrecipients
Other federal awards (continued):										
Title II, Part A, Teacher/Principal Training and Recruiting:										
2019-2020 Program	200520	84.367	\$ 920,484	\$ 146,948	\$ 54,767	\$ -	\$ 167,282	\$ 112,515	\$ -	\$ -
2020-2021 Program	210520	84.367	850,296	-	-	-	497,721	541,657	43,936	-
Total Title II, Part A			1,770,780	146,948	54,767	-	665,003	654,172	43,936	-
Title IV, Part A, Student Support/Academic Enrichment:										
2019-2020 Program	200750	84.424	214,960	190,390	146,041	-	146,041	-	-	-
2020-2021 Program	210750	84.424	138,932	-	-	-	138,426	138,426	-	-
Total Title IV, Part A			353,892	190,390	146,041	-	284,467	138,426	-	-
Total noncluster programs passed through the Michigan Department of Education			11,205,950	2,029,231	748,877	-	6,934,808	6,515,705	329,774	-
Coronavirus Relief Fund - U.S. Department of Treasury:										
Passed through the Michigan Department of Education:										
COVID-19 11p - CRF School Aid	N/A	21.019	6,286,518	-	-	-	6,286,518	6,286,518	-	-
COVID-19 103(2) - District COVID Costs	N/A	21.019	221,284	-	-	-	221,284	221,284	-	-
Total CRF passed through Michigan Department of Education			6,507,802	-	-	-	6,507,802	6,507,802	-	-
Passed through Copper Country ISD:										
COVID-19 MAISA/MiConnect	N/A	21.019	385,400	-	-	-	385,400	385,400	-	-
COVID-19 MAISA/Connectivity	N/A	21.019	107,949	-	-	-	107,949	107,949	-	-
Total CRF passed through Copper Country ISD			493,349	-	-	-	493,349	493,349	-	-
Total Coronavirus Relief Fund			7,001,151	-	-	-	7,001,151	7,001,151	-	-
Child and Adult Care Food Program - U.S. Department of Agriculture - Passed through the Michigan Department of Education - Noncash Assistance Child Care Food Program (CACFP):										
2020-2021 - Meals	211920	10.558	342,219	-	-	-	342,219	343,048	829	-
2020-2021 - Cash In Lieu	212010	10.558	23,596	-	-	-	23,596	23,596	-	-
Total Child and Adult Care Food Program			365,815	-	-	-	365,815	366,644	829	-
Passed through the Michigan Department of Career Development - Passed through the Washtenaw County ISD - Vocational Education - Basic Grants to States - Perkins III:										
2019-2020 Perkins III Program	203520-201223	84.048	160,952	155,456	37,503	-	37,503	-	-	-
2020-2021 Perkins III Program	203520-201223	84.048	164,613	-	-	-	115,242	164,613	49,371	-
Total Perkins III			325,565	155,456	37,503	-	152,745	164,613	49,371	-
Total federal awards			\$ 32,952,155	\$ 8,064,108	\$ 2,356,310	\$ -	\$ 22,719,440	\$ 22,193,314	\$ 1,830,184	\$ -

Public Schools of the City of Ann Arbor, Michigan

**Reconciliation of Basic Financial Statements Federal Revenue
with Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2021

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 23,696,930
Federal revenue for which the School District is considered a vendor or beneficiary rather than a subrecipient	(745,142)
Deferred revenue not reported for year ended June 30, 2020	(758,845)
Other differences	371
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Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 22,193,314</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Public Schools of the City of Ann Arbor, Michigan (the "School District") under programs of the federal government for the year ended June 30, 2021. 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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures, except for those related to CFDA 21.019, Coronavirus Relief Fund (CRF), 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. The pass-through entity identifying numbers are presented where available.

CRF does not apply 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*, but rather applies the U.S. Department of Treasury's guidance and frequently asked questions, as outlined in the Federal Register.

The School District has elected to use the 10 percent *de minimis* 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. The grantee received no noncash assistance during the year ended June 30, 2021 that is not included in the schedule of expenditures of federal awards.

Public Schools of the City of Ann Arbor, Michigan

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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
21.019	Coronavirus Relief Fund	Unmodified
84.425D	Education Stabilization Fund	Unmodified
84.027/84.173	Special Education Cluster	Unmodified

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