

School District of Philadelphia Pennsylvania

Schedule of Financial Assistance



Fiscal Year Ended June 30, 2016

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The School District of Philadelphia
Office of Family and Community Engagement
440 N. Broad Street, Suite 114
Philadelphia, PA 19130-4015
Email: ask@philasd.org
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Fax: (215) 400-4181

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**School District of Philadelphia
Pennsylvania**

**Schedule of
Financial Assistance**

Fiscal Year Ended June 30, 2016

Prepared By:

Office of General Accounting

**SCHOOL DISTRICT OF PHILADELPHIA
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**SCHOOL DISTRICT OF PHILADELPHIA
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Section I.

Introductory

Section

THE SCHOOL DISTRICT OF PHILADELPHIA

OFFICE OF THE SUPERINTENDENT

440 NORTH BROAD STREET, SUITE 301

PHILADELPHIA, PENNSYLVANIA 19130

WILLIAM R. HITE, JR., Ed.D.
SUPERINTENDENT

TELEPHONE (215) 400-4100
FAX (215) 400-4103

March 28, 2017

School Reform Commission
School District of Philadelphia
440 North Broad Street, Suite 101
Philadelphia, PA 19130

Re: Schedule of Financial Assistance and Schedule of Expenditures of Federal Awards

Dear Members of the School Reform Commission:

The Schedule of Financial Assistance (“SFA”) of The School District of Philadelphia (“School District”) for the Fiscal Year ended June 30, 2016, which includes the Schedule of Expenditures of Federal Awards (“SEFA”), is submitted herewith. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the Federal financial activity of the School District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the School District’s financial assistance have been included.

THE FEDERAL SINGLE AUDIT REQUIREMENT

The United States Congress enacted the Single Audit Act Amendments of 1996 (the “Act”), and the President signed the Act into law on July 5, 1996. The Office of Management and Budget (“OMB”) issued Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, in accordance with the Act, to clarify and establish audit requirements for States, Local Governments and Non-Profit Organizations. The School District is required by the Act to have an annual audit performed on its entire operations, including separate reporting on its federal financial activity or otherwise the SEFA.

The School District’s Comprehensive Annual Financial Report (“CAFR”) for the Fiscal Year ended June 30, 2016, presents the entire operations of the School District. The CAFR was issued under separate cover on February 15, 2017. The SFA is issued in conjunction with the CAFR in order to comply with the reporting provisions of the Act. The report of the independent auditor on the SEFA, dated March 28, 2017, is reported in conjunction with the Independent Auditor’s Reports on Compliance for Each Major Program, on Internal Control over Compliance, and on Schedule of Expenditures of Federal Awards required by the Uniform Guidance. The financial presentations in each report are derived from the same financial activity in the School District’s various funds.

Copies of the reporting package (CAFR and SFA) and Data Collection Form must be forwarded to the Federal Audit Clearinghouse or otherwise the U.S. Bureau of the Census. In addition, a reporting package must be issued to each federal agency providing direct funding and affected by an audit finding on the Schedule of Findings and Questioned Costs or the Summary Schedule of Prior Year Findings, and to required state or other governments. The report must be forwarded within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after our fiscal year end of June 30, 2016, unless extended. In accordance with the Act, the SFA will be made available for public inspection.

The Schedule of Expenditures of Federal Awards of the School District of Philadelphia is presented in Section II of the SFA.

STATE OF PENNSYLVANIA SINGLE AUDIT REQUIREMENT

In July 2016, the Department of Health and Human Services reissued the Single Audit Supplement as an aid to local government entities and their independent auditors in the specific auditing and performance of the Single Audit. This supplement provides program specific auditing and reporting requirements which are applied in conjunction with the Single Audit Act's required standards and guidelines for programs funded through the DHS.

COGNIZANT AGENCY

The OMB, in accordance with the Act, assigned the U.S. Department of Health and Human Services, National External Audit Review Center as the Cognizant Agency for the School District.

INDEPENDENT AUDITOR

The Philadelphia Home Rule Charter establishes the City Controller, a separately elected official, as the independent auditor of The School District of Philadelphia. Our Cognizant Agency has recognized the independence of the City Controller and the Single Audit was conducted through his appointed Certified Public Accountant in charge of auditing, in accordance with the provisions of The Philadelphia Home Rule Charter.

AUDITOR REPORTS

The Single Audit Act, in conjunction with the American Institute of Certified Public Accountants, requires that the auditor issue four reports in connection with its examination of the SEFA: The 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; and the Reports on Compliance for Each Major Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. These federal and state requirements have been met and the reports are included herein.

PLAN FOR CORRECTIVE ACTION

The Act requires that the School District submit its plan for corrective action to address each audit finding included in the current year auditor's reports. The School District's Plan for Corrective Action is included as part of each finding.

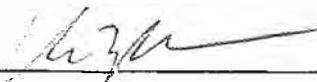
ACKNOWLEDGEMENTS

The preparation of this report was made possible by the dedicated service of the entire staff of the Chief Financial Officer, especially the Office of General Accounting and the Office of Grants Development and Compliance. We express our sincere appreciation to all the members of these departments who assisted in and contributed to the preparation of this report. We also thank the Office of the City Controller for their cooperation and assistance.

Respectfully,



William R. Hite, Jr., Ed. D.
Chief Executive Officer and
Superintendent



Uri Monson
Chief Financial Officer

Section II.

Schedule of

Expenditures of

Federal Awards

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal	Grantor Contract Number	Other	Total Grant Award \$	Federal Expenditures \$	Subrecipient Expenditures \$
Supplemental Nutrition Assistance Program Cluster (SNAP)							
U.S. Department of Agriculture							
Passed - Through Programs: PA Department of Human Services (Passed Through PENN STATE UNIVERSITY)							
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program							
Pennsylvania Nutrition Education Plan	10.561	4000008692	4290-SDP-COP-8692		3,180,449	-	-
Pennsylvania Nutrition Education Plan	10.561	4000008692	4290-SDP-COP-8692		3,304,081	468,609	-
Pennsylvania Nutrition Education Plan	10.561	4100069151	5321-SDP-COP-9151		3,304,078	2,193,513	-
Subtotal 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program					9,788,608	2,662,122	-
Subtotal Passed - Through Programs: PA Department of Human Services					9,788,608	2,662,122	-
Passed - Through Programs: PA Department of Education							
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program							
ELECT	10.561	-	4100060967		284,833	-	-
Subtotal 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program					284,833	-	-
Subtotal Passed - Through Programs: PA Department of Education					284,833	-	-
Total U.S. Department of Agriculture					10,073,441	2,662,122	-
Total Supplemental Nutrition Assistance Program Cluster (SNAP)					10,073,441	2,662,122	-
Child Nutrition Cluster							
U.S. Department of Agriculture							
Passed -Through Programs: PA Department of Education							
10.553 School Breakfast Program							
Breakfast - Cash Assistance	10.553	-	-		19,684,302	-	-
Breakfast - Cash Assistance	10.553	-	-		19,137,582	19,137,582	-
Subtotal 10.553 School Breakfast Program					38,821,884	19,137,582	-
10.555 National School Lunch Program							
Lunch and Snack - Cash Assistance	10.555	F82024	-		50,318,495	-	-
Lunch and Snack - Cash Assistance	10.555	F82024	-		50,011,515	50,011,515	-
Non-Cash Assistance (Commodities)	10.555	-	-		4,286,060	972,051	-
Non-Cash Assistance (Commodities)	10.555	-	-		4,081,777	4,081,777	-
Subtotal 10.555 National School Lunch Program					108,697,847	55,065,343	-
Subtotal Passed -Through Programs: PA Department of Education					147,519,731	74,202,925	-
Total U.S. Department of Agriculture					147,519,731	74,202,925	-
Total Child Nutrition Cluster					147,519,731	74,202,925	-
Title I Part A Cluster							
U.S. Department of Education							
Passed -Through Programs: PA Department of Education							
84.010 Title I Grants to Local Educational Agencies							
Part A - Basic	84.010	S010A120038A	013-12-0335		157,861,564	-	-
Part A - Basic	84.010	S010A130038A	013-13-0335		150,223,452	-	-

The accompanying notes form an integral part of this schedule.
Totals may be off \$1 due to rounding.

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award	Federal Expenditures	Subrecipient Expenditures
		Federal	Other			
				\$	\$	\$
Part A - Basic	84.010	S010A130038A	013-14-0335	142,960,644	799,448	-
Part A - Basic	84.010	S010A130038A	013-15-0335	135,921,584	3,772,644	-
Part A - Basic	84.010	S010A130038A	013-16-0335	129,187,076	97,945,025	-
School Improvement - Set Aside	84.010	S010A090038A	042-12-0335	5,252,701	620	-
School Improvement - Set Aside	84.010	S010A090038A	042-14-0335	7,097,793	425,868	-
School Improvement - Set Aside	84.010	S010A090038A	042-15-0335	8,273,038	7,627,964	-
IU 26 Building Capacities	84.010	S010A110038	013-14-0626	91,820	1,036	-
IU 26 Building Capacities	84.010	S010A110038	013-15-0626	163,159	158,803	-
IU 26 Building Capacities	84.010	S010A110038	013-16-0626	152,000	137,500	-
Reward School	84.010	-	077-15-0335	197,055	120,153	-
Subtotal 84.010 Title I Grants to Local Educational Agencies				737,381,886	110,989,061	-
Subtotal Passed -Through Programs: PA Department of Education				737,381,886	110,989,061	-
Total U.S. Department of Education				737,381,886	110,989,061	-
Total Title I, Part A Cluster				737,381,886	110,989,061	-
Special Education Cluster						
U.S. Department of Education						
Passed -Through Programs: PA Department of Education						
84.027 Special Education_Grants to States						
IDEA-B	84.027	H027-A140162	062-15-0026	40,944,364	9,082,149	-
IDEA-B	84.027	H027-A150162	062-16-0026	40,991,174	33,816,320	11,796,422
Subtotal 84.027 Special Education_Grants to States				81,935,538	42,898,469	11,796,422
Subtotal Passed -Through Programs: PA Department of Education				81,935,538	42,898,469	11,796,422
Passed -Through Programs: PA Department of Education (PaTTAN)						
84.027 Special Education_Grants to States						
School Based Behavior Health	84.027	-	SBBH0812	45,000	-	-
Subtotal 84.027 Special Education_Grants to States				45,000	-	-
Subtotal Passed -Through Programs: PA Department of Education (PaTTAN)				45,000	-	-
Passed -Through Programs: Elwyn						
84.173 Special Education_Preschool Grants						
Preschool Early Intervention	84.173	001-016-156-14-1-7200-00000-642	131-14-0026	93,402	-	-
Preschool Early Intervention	84.173	001-016-156-15-1-7200-00000-642	131-15-0026	69,342	69,342	-
Subtotal 84.173 Special Education_Preschool Grants				162,744	69,342	-
Subtotal Passed -Through Programs: Elwyn				162,744	69,342	-
Total U.S. Department of Education				82,143,282	42,967,811	11,796,422
Total Special Education Cluster				82,143,282	42,967,811	11,796,422

Impact Aid Cluster

U.S. Department of Education

Direct Programs

84.041 Impact Aid

Impact Area Aid	84.041	S041B-2015-4404	48-PA-2015-1012	228,610	228,610	-
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School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal	Grantor Contract Number	Other	Total Grant Award	Federal Expenditures	Subrecipient Expenditures
					\$	\$	\$
Subtotal 84.041 Impact Aid					228,610	228,610	-
Subtotal Direct Programs					228,610	228,610	-
Total U.S. Department of Education					228,610	228,610	-
Total Impact Aid Cluster					228,610	228,610	-
<u>Education Technology State Grant Cluster</u>							
U.S. Department of Education							
Passed -Through Programs: PA Department of Education							
84.318 Educational Technology State Grants							
Education Technology	84.318	-		055-10-0626	1,688,785	-	-
Subtotal 84.318 Educational Technology State Grants					1,688,785	-	-
Subtotal Passed -Through Programs: PA Department of Education					1,688,785	-	-
Total U.S. Department of Education					1,688,785	-	-
Total Education Technology State Grant Cluster					1,688,785	-	-
<u>School Improvement Grant Cluster</u>							
U.S. Department of Education							
Passed -Through Programs: PA Department of Education							
84.388 School Improvement Grants, Recovery Act							
School Improvement Grant - ARRA	84.388	-		139-11-0335	13,153,153	-	-
School Improvement Grant - ARRA	84.388	-		139-12-3335	11,969,809	-	-
School Improvement Grant - ARRA	84.388	-		139-11-9335	2,991,525	-	-
Subtotal 84.388 School Improvement Grants, Recovery Act					28,114,487	-	-
84.377 School Improvement Grants							
School Improvement Grant	84.377	-		142-12-2335	2,428,358	-	-
School Improvement Grant	84.377	-		142-13-2335	2,537,423	30,557	-
School Improvement Grant	84.377	-		142-14-2335	957,493	450,327	-
School Improvement Grant	84.377	-		142-15-2335	804,881	246,447	-
Subtotal 84.377 School Improvement Grants					6,728,155	727,331	-
Subtotal Passed -Through Programs: PA Department of Education					34,842,642	727,331	-
Total U.S. Department of Education					34,842,642	727,331	-
Total School Improvement Grant Cluster					34,842,642	727,331	-
<u>TANF Cluster</u>							
U.S. Department of Health and Human Services							
Passed -Through Programs: PA Department of Education							
93.558 Temporary Assistance for Needy Families (TANF) (Passed Through PA Department of Education)							
ELECT	93.558	-		4100060967	2,173,692	-	-
ELECT	93.558	-		41000714100	3,116,120	3,116,120	-
ELECT Fatherhood Initiative	93.558	-		4100060967	280,811	-	-
ELECT Fatherhood Initiative	93.558	-		41000714100	83,880	83,880	-
Subtotal 93.558 Temporary Assistance for Needy Families (TANF)					5,654,503	3,200,000	-

The accompanying notes form an integral part of this schedule.
Totals may be off \$1 due to rounding.

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal	Grantor Contract Number	Other	Total Grant Award \$	Federal Expenditures \$	Subrecipient Expenditures \$
Subtotal Passed -Through Programs: PA Department of Education					5,654,503	3,200,000	-
Total U.S. Department of Health and Human Services					5,654,503	3,200,000	-
Total TANF Cluster					5,654,503	3,200,000	-
<u>Head Start Cluster</u>							
U.S. Department of Health and Human Services							
Direct Programs							
93.600 Head Start							
Basic Grant	93.600		03CH0208/30	-	39,284,770	-	-
Basic Grant	93.600		03CH10025-01-00	-	39,284,770	39,253,384	22,689,706
Subtotal 93.600 Head Start					78,569,540	39,253,384	22,689,706
Subtotal Direct Programs					78,569,540	39,253,384	22,689,706
Total U.S. Department of Health and Human Services					78,569,540	39,253,384	22,689,706
Total Head Start Cluster					78,569,540	39,253,384	22,689,706
<u>Medicaid Cluster</u>							
U.S. Department of Health and Human Services							
Passed -Through Programs: PA Department of Human Services							
93.778 Medical Assistance Program							
Health Related Transportation and Administration	93.778			-	758,948	-	-
Health Related Transportation and Administration	93.778			-	689,198	689,198	-
Subtotal 93.778 Medical Assistance Program					1,448,146	689,198	-
Subtotal Passed -Through Programs: PA Department of Human Services					1,448,146	689,198	-
Total U.S. Department of Health and Human Services					1,448,146	689,198	-
Total Medicaid Cluster					1,448,146	689,198	-
<u>Education of Homeless Children and Youth Cluster</u>							
U.S. Department of Education							
Passed -Through Programs: PA Department of Education							
84.196 Education for Homeless Children and Youth							
Homeless Children & Youth	84.196			081-14-0150	344,652	138,497	-
Homeless Children & Youth	84.196			081-15-0150	293,358	160,529	-
Subtotal 84.196 Education for Homeless Children and Youth					638,010	299,026	-
Subtotal Passed -Through Programs: PA Department of Education					638,010	299,026	-
Total U.S. Department of Education					638,010	299,026	-
Education of Homeless Children and Youth Cluster					638,010	299,026	-
<u>U.S. Department of Agriculture</u>							
Passed -Through Programs: PA Department of Education							
10.558 Child and Adult Care Food Program							

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School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Other	Total Grant Award \$	Federal Expenditures \$	Subrecipient Expenditures \$
		Federal					
Twilight Feeding -Child and Adult Care Food Program	10.558	F92025		-	2,609,520	-	-
Twilight Feeding -Child and Adult Care Food Program	10.558	F92025		-	2,400,578	2,400,578	-
Child and Adult Care Food Program	10.558	F92025		-	2,513,709	-	-
Child and Adult Care Food Program	10.558	F92025		-	2,611,190	2,611,190	-
Subtotal 10.558 Child and Adult Care Food Program					10,134,997	5,011,768	-
10.579 Child Nutrition Discretionary Grants Limited Availability							
ARRA Food Service Equipment	10.579	-		129-000157	408,158	-	-
Subtotal 10.579 Child Nutrition Discretionary Grants Limited Availability					408,158	-	-
10.575 Farm to School Grant Program							
Farm to School - Eat Fresh Here	10.575	CNF2SIMPL14PA01		-	95,500	31,708	-
Subtotal 10.575 Farm to School Grant Program					95,500	31,708	-
10.582 Fresh Fruit and Vegetable Program							
Lunch and Snack	10.582	F82024		-	319,781	-	-
Lunch and Snack	10.582	F82024		-	263,591	263,591	-
Subtotal 10.582 Fresh Fruit and Vegetable Program					583,372	263,591	-
Subtotal Passed -Through Programs: PA Department of Education					11,222,027	5,307,067	-
Total U.S. Department of Agriculture					11,222,027	5,307,067	-
U.S. Department of Defense							
Direct Programs							
12.002 Procurement Technical Assistance For Business Firms							
JROTC Programs	12.002	20USC83475		-	867,456	-	-
JROTC Programs	12.002	20USC83475		-	868,156	868,156	-
Subtotal 12.002 Procurement Technical Assistance For Business Firms					1,735,612	868,156	-
Subtotal Direct Programs					1,735,612	868,156	-
Total U.S. Department of Defense					1,735,612	868,156	-
U.S. Department of Housing and Urban Development							
Passed -Through Programs: Philadelphia Housing Authority							
14.892 Choice Neighborhoods Planning Grants							
Choice Neighborhoods Initiative Planning Grant	14.892	-		0012/F16	120,000	120,000	-
Subtotal 14.892 Choice Neighborhoods Planning Grants					120,000	120,000	-
Subtotal Passed -Through Programs: Philadelphia Housing Authority					120,000	120,000	-
Total U.S. Department of Housing and Urban Development					120,000	120,000	-
U.S. Department of Justice							
Passed -Through Programs: University of Pennsylvania							
16.560 National Institute of Justice Research, Evaluation, and Development Project Grants							
National Institutes of Justice	16.560	2015-CK-BX-0013		567883/10052460/17549	90,237	16,553	-

The accompanying notes form an integral part of this schedule.
Totals may be off \$1 due to rounding.

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number Federal	Other	Total Grant Award \$	Federal Expenditures \$	Subrecipient Expenditures \$
Subtotal 16.560 National Institute of Justice Research, Evaluation, and Development Project Grants				90,237	16,553	-
Subtotal Passed -Through Programs: Univeristy of Pennsylvania				90,237	16,553	-
Total U.S. Department of Justice				90,237	16,553	-
<u>U.S. Department of Labor</u>						
Direct Programs						
17.261 WIA Pilots, Demonstrations, and Research Projects						
Project U Turn Expansion	17.261	YF163480760A-42	-	5,860,000	-	-
DOL Fitzsimons MEES	17.261	YF175106I	-	545,955	-	-
DOL Olney West MEES	17.261	YF201531060A42	-	6,270,000	-	-
DOL Edison MEES	17.261	YF201541060A42	-	6,270,000	-	-
DOL Fels MEES	17.261	YF201551060A42	-	6,270,000	-	-
DOL Frankford MEES	17.261	YF201561060A42	-	6,270,000	-	-
Subtotal 17.261 WIA Pilots, Demonstrations, and Research Projects				31,485,955	-	-
17.270 Reintegration of Ex-Offenders						
DOL University MEES	17.270	YF17516CV1	-	2,312,891	-	-
DOL Germantown MEES	17.270	YF175126R1	-	2,312,891	-	-
Subtotal 17.270 Reintegration of Ex-Offenders				4,625,782	-	-
Subtotal Direct Programs				36,111,737	-	-
Total U.S. Department of Labor				36,111,737	-	-
<u>U.S. Department of Transportation</u>						
Direct Programs						
20.215 Highway Training and Education						
G.A.Morgan Tech and Transport.Ed Program	20.215	-	DTFH61-11-G00004	100,000	-	-
G.A.Morgan Tech and Transport.Ed Program	20.215	-	DTFH61-12-G00024	100,000	-	-
Subtotal 20.215 Highway Training and Education				200,000	-	-
Subtotal Direct Programs				200,000	-	-
Total U.S. Department of Transportation				200,000	-	-
<u>U.S. Department of Education</u>						
Direct Programs						
84.165 Magnet Schools Assistance						
Magnet Schools Assistance Programs	84.165	U165A070081	-	1,320,896	-	-
Subtotal 84.165 Magnet Schools Assistance				1,320,896	-	-
84.184 School Safety National Activities						
School Climate Initiative	84.184	S184G140369	-	608,269	367,785	-
School Climate Initiative	84.184	S184G140369	-	717,843	338,821	115,431
Subtotal 84.184 School Safety National Activities				1,326,112	706,606	115,431
84.215 Fund for the Improvement of Education						
Innovative Approach to Literacy	84.215	S215G140141	-	1,500,000	586,920	-
Subtotal 84.215 Fund for the Improvement of Education				1,500,000	586,920	-

The accompanying notes form an integral part of this schedule.
Totals may be off \$1 due to rounding.

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number Federal	Other	Total Grant Award \$	Federal Expenditures \$	Subrecipient Expenditures \$
84.334 Gaining Early Awareness and Readiness for Undergraduate Programs						
GEAR UP Partnership	84.334	P344A090131-13	-	3,814,400	1,053,373	-
GEAR UP Partnership	84.334	P344A090131-14	-	3,814,400	975,702	-
GEAR UP Partnership	84.334	P344A140100	-	4,370,400	2,816,054	-
GEAR UP Partnership	84.334	P344A140100	-	4,370,400	1,482,389	-
Subtotal 84.334 Gaining Early Awareness and Readiness for Undergraduate Programs				16,369,600	6,327,518	-
Subtotal Direct Programs				20,516,608	7,621,044	115,431
Passed -Through Programs: University of Wisconsin System						
84.411 Investing in Innovation (i3) Fund						
i3 Fast	84.411	U411B120009	440K263	304,278	131,301	-
i3 Fast	84.411	U411B120009	440K263	210,157	64,165	-
Subtotal 84.411 Investing in Innovation (i3) Fund				514,435	195,466	-
Subtotal Passed -Through Programs: University of Wisconsin System				514,435	195,466	-
Passed -Through Programs: PA Department of Education						
84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth						
Neglected and Delinquent Children	84.013	S010A100038A	107-14-0335	763,241	-	-
Neglected and Delinquent Children	84.013	S010A100038A	107-15-0335	529,366	129,940	-
Neglected and Delinquent Children	84.013	S010A100038A	107-16-0335	400,431	225,947	-
Subtotal 84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth				1,693,038	355,887	-
84.048 Career and Technical Education - Basic Grants to States						
Secondary Allocation	84.048	V048A120038	380-15-0026	5,244,334	396,481	-
Secondary Allocation	84.048	V048A120038	380-16-0036	4,632,050	4,184,449	-
Subtotal 84.048 Career and Technical Education - Basic Grants to States				9,876,384	4,580,930	-
84.186 Safe and Drug-Free Schools and Communities_State Grants						
Non Public Drug Free	84.186	S186A060039	100-08-0626	465,115	-	-
Non Public Drug Free	84.186	S186A060039	100-09-0626	381,543	-	-
Subtotal 84.186 Safe and Drug-Free Schools and Communities_State Grants				846,658	-	-
84.305 Education Research, Development and Dissemination						
University of Pennsylvania IES Partnership	84.305	R305H140097	564385	101,146	18,012	-
University of Pennsylvania IES Partnership	84.305	R305H140097-15	564385	101,512	95,552	-
Subtotal 84.305 Education Research, Development and Dissemination				202,658	113,564	-
84.365 English Language Acquisition State Grants						
Title III Language LEP	84.365	-	010-15-0335	3,553,617	2,239,800	-
Title III Language LEP	84.365	-	010-16-0335A	3,901,498	1,452,798	-
Subtotal 84.365 English Language Acquisition State Grants				7,455,115	3,692,598	-
84.366 Mathematics and Science Partnerships						
PDE/MSP Title II Part B Math and Science	84.366	-	075-14-0335	356,570	82,144	-
PDE/MSP Title II Part B Math and Science	84.366	-	075-15-0335	375,290	177,010	-
Subtotal 84.366 Mathematics and Science Partnerships				731,860	259,154	-
84.367 Improving Teacher Quality State Grants						

The accompanying notes form an integral part of this schedule.
Totals may be off \$1 due to rounding.

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award \$	Federal Expenditures \$	Subrecipient Expenditures \$
		Federal	Other			
Improving Teacher Quality (Non-Public)	84.367	-	020-06-0626	565,551	-	-
Improving Teacher Quality (Non-Public)	84.367	-	020-07-0626	584,351	-	-
Improving Teacher Quality (Non-Public)	84.367	-	020-09-0626	565,551	-	-
Improving Teacher Quality (Non-Public)	84.367	-	020-10-0626	565,551	-	-
Improving Teacher Quality (Non-Public)	84.367	S367A130051	020-14-0626	565,551	-	-
Improving Teacher Quality (Non-Public)	84.367	S367A130051	020-15-0626	565,551	-	-
Improving Teacher Quality (Non-Public)	84.367	S367A130051	020-16-0626	565,551	522,951	-
Improving Teacher Quality (Class Size Reduction)	84.367	S367A130051	020-14-0335	17,516,662	-	-
Improving Teacher Quality (Class Size Reduction)	84.367	S367A140051	020-15-0335	17,488,414	6,302,855	-
Improving Teacher Quality (Class Size Reduction)	84.367	S367A140051	020-16-0335	17,376,919	-	-
Subtotal 84.367 Improving Teacher Quality State Grants				56,359,652	6,825,806	-
84.413 Race to the Top						
Race to the Top	84.413	-	FC4100061880	9,953,401	2,221,402	25,272
Subtotal 84.413 Race to the Top				9,953,401	2,221,402	25,272
Subtotal Passed -Through Programs: PA Department of Education				87,118,766	18,049,341	25,272
Total U.S. Department of Education				108,149,809	25,865,851	140,703
Department of Health and Human Services						
Direct Programs						
93.079 Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance						
Project ARREST	93.079	5U87PS00415202	-	450,000	42,035	-
Project ARREST	93.079	5U87PS00415203	-	313,310	208,476	-
Youth Risk Behavior	93.079	5U87PS004152	-	79,605	63,913	-
Youth Risk Behavior	93.079	5U87PS004152	-	50,000	24,020	-
Subtotal 93.079 Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Bas				892,915	338,444	-
93.267 State Grants for Protection and Advocacy Services						
Family Planning Council	93.267	-	TNW1502	3,000	-	-
Subtotal 93.267 State Grants for Protection and Advocacy Services				3,000	-	-
Subtotal Direct Programs				895,915	338,444	-
Total Department of Health and Human Services				895,915	338,444	-
Grand Total				1,258,713,913	307,735,539	34,626,831

The accompanying notes form an integral part of this schedule.
Totals may be off \$1 due to rounding.

**SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

1. GOVERNMENT OF THE SCHOOL DISTRICT

The School District of Philadelphia (the “School District”) is a separate and independent home rule school district of the first class established by the Education Supplement to the Philadelphia Home Rule Charter (the “Charter”) in December 1965. It is the largest school district in the Commonwealth of Pennsylvania (the “Commonwealth”), serving over 204,217 students. The School District is the eighth largest in the United States in enrollment and employs more than 16,900 full-time professional and non-professional persons. The boundaries of the School District are coterminous with the boundaries of the City of Philadelphia (the “City”).

The School District is a political subdivision of the Commonwealth created to assist in the administration of the General Assembly’s duties under the Constitution of the Commonwealth to “provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth”. Although the School District is an independent legal entity, it is considered to be a component unit of the City of Philadelphia for reporting purposes and is included in the City’s Comprehensive Annual Financial Report.

Effective December 2001 and in a cooperative effort with the City of Philadelphia to address the School District’s financial needs, the Commonwealth of Pennsylvania assumed governing control of the School District by declaring it financially distressed in accordance with Sections 691 and 696 of the Public School Code of 1949.

Shortly thereafter, a five-member School Reform Commission (the “SRC”) was established. Three members, including the Chairman, are appointed by the Governor of Pennsylvania while the Mayor of Philadelphia appoints the remaining two members. The SRC exercises all powers and has all the responsibilities and duties of the original Board, along with additional powers. As prescribed, the SRC is now responsible for the overall operation, management, and educational programs of the School District, including all budgetary and financial matters. The duties of the SRC generally include, but are not limited to, the formulation of educational policy, the adoption of an annual budget, the development of a comprehensive capital improvement budget and program, and the incurrence of indebtedness. The Superintendent of Schools reports to the SRC. The Superintendent during the Fiscal Year 2016 reporting period was Dr. William R. Hite, Jr., and the Chief Financial Officer was Uri Monson.

The School District also serves as the agent for the Intermediate Unit No. 26, an entity established by the Commonwealth to provide special education, special education transportation, non-public school services and related management services.

**SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

2. ORGANIZATION AND SCOPE

For the fiscal year ended June 30, 2016 the School District of Philadelphia is presenting a Single Audit Report on expenditures of federal awards. This report is issued 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 (Uniform Guidance). The U.S. Department of Health and Human Services, National External Audit Review Center has been designated the organization-wide cognizant agency for the School District of Philadelphia’s single audit.

3. MAJOR PROGRAMS

Major federal programs are identified in the Summary of Auditor’s Results section of the Schedule of Findings and Questioned Costs.

4. SCHEDULE OF PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES EXPENDITURES

<u>CFDA No.</u>	<u>Program Description</u>	<u>Federal Expenditures</u>
	<u>Medical Assistance Program</u>	
93.778	Medical Assistance Program passed through DHS	<u>\$689,198</u>
	Total DHS Expenditures	<u>\$689,198</u>

5. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Information contained in the Schedule of Expenditures of Federal Awards (SEFA) is derived from the School District’s accounting systems. For reporting purposes, the School District adheres to the significant accounting policies which are in conformance with generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board. Program expenditures recorded in the SEFA are presented on the modified accrual basis of accounting.

The accompanying SEFA includes the federal grant activity of the School District under federal financial assistance programs for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of operations of the School District, it is not intended to present the financial position or changes in net position. Federal programs considered active during the year ended June 30, 2016, are reflected in the SEFA. An active federal program is defined as a federal program that incurred expenditures (adjustments) of

SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year.

Accrued and Unearned Grant Revenue — Various worksheet schedules are used for the federal awards received by the School District. Consequently, timing differences between the recognition of revenues and related cash receipts can exist at the beginning and end of the fiscal year. Accrued grant revenue balances represent the excess of revenue recognized over cash received to date. Unearned grant revenue balances represent the excess of cash received over revenue recognized to date.

6. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CFDA #10.555 - NATIONAL SCHOOL LUNCH PROGRAM

Information contained in the Schedule of Expenditures of Federal Awards (SEFA) for CFDA #10.555 – National School Lunch Program – includes Non-Cash Assistance pertaining to food commodities distributed by the United States Department of Agriculture (USDA). For fiscal years beginning July 1, 2008, commodities are identified with the programs under which USDA donated the commodities. Prior to this period, commodities were presented under a separate CFDA number (#10.550), which has been deleted by the USDA.

7. INDIRECT COST RATE

The amount expended includes amounts claimed as indirect cost recovery using an approved indirect cost rate percent by the Pennsylvania Department of Education or as per the funding agencies approved budget. The School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Section III.

Independent Auditor's Reports on Compliance and Internal Control



CITY OF PHILADELPHIA

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CHRISTY BRADY, CPA
Deputy Controller

INDEPENDENT AUDITOR'S 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

To the Chair and Members of
The School Reform Commission of the
School District of Philadelphia

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, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Philadelphia, Pennsylvania (School District), a component unit of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 2016, 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 February 15, 2017.

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 entity'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.

CITY OF PHILADELPHIA
OFFICE OF THE CONTROLLER

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*.

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.



CHRISTY BRADY, CPA
Deputy City Controller
Philadelphia, Pennsylvania
February 15, 2017



CITY OF PHILADELPHIA

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CHRISTY BRADY, CPA
Deputy Controller

INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Chair and Members of the
School Reform Commission of the
School District of Philadelphia

Report on Compliance for Each Major Federal Program

We have audited the School District of Philadelphia, Pennsylvania's (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, 2016. 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* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance

**C I T Y O F P H I L A D E L P H I A
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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 its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

The School District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

**CITY OF PHILADELPHIA
OFFICE OF THE CONTROLLER**

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.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District, a component unit of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated February 15, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes 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 basic 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 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CHRISTY BRADY, CPA
Deputy City Controller
Philadelphia, Pennsylvania
March 28, 2017

Section IV.

Schedule of Findings

and

Questioned Costs

SCHOOL DISTRICT OF PHILADELPHIA
Schedule of Findings and Questioned Costs – June 30, 2016

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? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? ___ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) X yes ___ no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program
84.010	Title I Grants to Local Educational Agencies
84.367	Improving Teacher Quality State Grants
93.558	Temporary Assistance for Needy Families
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? ___ yes X no

SCHOOL DISTRICT OF PHILADELPHIA
Schedule of Findings and Questioned Costs – June 30, 2016

<u>Finding</u> <u>No.</u>		<u>Page</u>	<u>Questioned</u> <u>Cost</u>
<u>Section II – Financial Audit Findings:</u>			
None			
<u>Section III – Federal and PA Department of Human Services Findings and Questioned Costs</u>			
2016-001	Special Tests - Comparability Title I Grants to Local Educational Agencies – CFDA #84.010	3	

**2016-001. SPECIAL TESTS – COMPARABILITY
Title I Grants to Local Educational Agencies – CFDA #84.010**

Condition: The School District was not in compliance with the requirement that services provided with Title I funding are substantially comparable between each school. The final school comparability analysis submitted to the Pennsylvania Department of Education (PDE) indicated that 23 schools must add 45.2 full time equivalent (FTE) positions to make them comparable as required by federal regulations. Our current testing of those 23 schools found that 17 (6 high schools, 2 middle schools, and 9 elementary schools) remained non-comparable, and 29 FTE positions were still not filled. Funding for the Title I program is received from the U.S. Department of Education and passed-through the PDE.

Criteria: Section 1120A(c) (1) (B) of the U.S. Department of Education *Title I – Improving the Academic Achievement of the Disadvantaged* policy states that if the local educational agency (LEA) serves all of its schools with Title I funds, the LEA may receive funds only if the LEA will use state and local funds to provide services that, taken as a whole, are substantially comparable in each school.

Effect: Noncompliance with Comparability requirement may have an adverse effect on Title I, Part A funding.

Cause: The School District had difficulty filling vacancies.

Recommendation: We recommend that the School District investigate innovative ways of attracting new employees to ensure that services provided under the system-wide Title I program are substantially comparable between schools.

Views of Responsible Officials: The School District agrees that not all positions were able to be filled as planned during the audit period. Despite significant efforts by the Office of Talent to fill these vacancies, the underlying cause of this result was primarily due to a lack of a qualified applicant pool. During the audit period, the Office of Talent advertised the position opportunity with the following locations and individuals and will continue to use creative mediums to attract qualified candidates:

- The SDP website;
- University Partners Career Centers, including Temple University, Community College of Philadelphia, and more;
- PA Career Link;
- Churches and Community Centers;
- Principals (through the Principal Information Board);
- Current SDP employees; and
- The position was advertised to applicants who did not pass the Special Education Classroom Assistant / One-to-One exam.

SCHOOL DISTRICT OF PHILADELPHIA

Federal and PA. Department of Human Services Findings and Questioned Costs – June 30, 2016

Corrective Action Plan: The School District recognizes that it must improve outcomes and use different approaches to its recruiting efforts to fill the vacant positions as required. The corrective actions identified below have been implemented, or are in the process of being implemented, in the current year (FY17) and next year (FY18) for all school positions:

- The Office of Talent Support Services has been reorganized to ensure that principals have a team of individuals supporting their schools' talent needs.
- Talent Office personnel responsible for hiring positions are no longer responsible for onboarding work to allow significantly more time in the community, working closely with potential candidates.
- A marketing campaign has been launched on the radio and through social media aimed at recruiting teachers and school based support staff. This campaign will run for nearly 3 months. Prospective candidates are targeted and that messaging is focused on the positive impact individuals can have in our students' lives.
- Effective August 2017, the School District will assume all financial burden for onboarding costs of those employees making less than \$40,000 annually, which includes the positions subject to this reported condition. At present, the financial burden incurred by prospective employees is a barrier to those employees being able to start soon after hired.
- Since January 2017, the School District has received 277 applications for the Comparability positions to be filled in the FY17 period. The School District is focused on increasing the total number of applications for this role to ensure significantly more positions can be filled.

The corrective action timeline is to implement the items listed to ensure that Comparability positions allocated for the 2017-18 year are filled by mid-March 2018.

Contact Person: Louis Bellardine, Chief Talent Officer, (215) 400-4690

Section V.

Summary Schedule of

Prior Audit Findings

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2016**

2015- 001. CASH MANAGEMENT

CFDA # 84.010	<u>Status:</u> Unresolved	<u>Questioned Costs:</u> \$0
CFDA # 84.048	<u>Status:</u> Unresolved	<u>Questioned Costs:</u> \$0
CFDA # 84.365	<u>Status:</u> Unresolved	<u>Questioned Costs:</u> \$0
<u>Resolution Agency:</u> PA Department of Education		

Condition:

During fiscal year 2015, the School District earned interest on federal cash balances associated with the above three programs, but it did not remit the interest back to the Pennsylvania Department of Education (PDE). Moreover, it did not properly calculate the interest amounts earned. According to management’s calculations, the District earned \$583 in interest income for all its federal grants. We believe the correct amount of interest earned and remitted for the grants should have been at least \$51,467, of which \$43,264 applied to Title I.

Update 2016:

The School District of Philadelphia (SDP) has reviewed the federal rules regarding interest earned requirements and calculations and has implemented policies and procedures consistent with OMB Uniform Guidance 200.305. After further review and further discussions with our auditors, SDP updated its policy in March 2017 to correct this audit finding and to meet the new requirements as prescribed in 2 CFR 200.305. These policy changes went into effect beginning in Fiscal Year 2016 and were applied to all grants awarded on or subsequent to December 26, 2014.

For purposes of calculating monthly interest earnings, SDP calculates daily cash balances per program, consolidated by federal awarding agency, for advanced federal grants, by using daily expenditures and daily cash receipts based on the disbursement date. SDP updated its definition of “Disbursement Date,” as follows: for cash receipts, SDP uses the payment date on the FAI website; for personnel expenditures, SDP uses the date payroll checks are issued; and for non-personnel expenditures, SDP uses the check date as the disbursement date. Negative cash balances at the end of each day are set to zero to ensure nonfederal funds do not offset federal interest earnings due to the temporary use of these resources. The daily ending cash balance is averaged at the end of each month then multiplied by the weighted average consolidated cash interest rate to determine the monthly interest earned.

The SDP has calculated the interest earned for all advanced federal funds using SDP’s aforementioned March 2017 updated methodology for the period of July 1, 2015 to June 30, 2016 and on March 16, 2017 remitted payment for \$4,386.31. Using this methodology the District earned \$4,886.31 of interest, during this period, for all advanced federal funds and retained the allowable \$500 based on the directions of 2 CFR 200.305.

With this updated methodology, this audit finding is now corrected and SDP is calculating the interest earned on advanced federal funds correctly, based on the directions of 2 CFR 200.305.

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2016**

2014-001. ALLOWABLE COSTS / COST PRINCIPLES

CFDA # 84.010 Status: **Unresolved** Questioned Costs: \$125,171

Resolution Agency: **PA Department of Education**

Condition:

Our review of costs associated with teachers funded under Title I disclosed one teacher routinely falsifying her daily timesheet records. We observed the Title I non-public Instructional Support (IS) teacher recording hours for which she was not present on a Daily Attendance Register for a private elementary school. We noted this condition during visits made to the school. In addition, we noted that this teacher was frequently late for class, and maintained her daily time sheet in her office rather than in the school's main office as required by School District procedures.

Follow-up of this condition in the fall of 2014 disclosed that the teacher had been reassigned to a parochial high school, where much of the teacher's behavior pattern remained unchanged. On the day of our unannounced visit to the school, the teacher was an hour late, which resulted in the classroom being unattended for fifteen minutes. Additional discussions with a student at the school disclosed that tutoring time assigned with the teacher was often spent unsupervised.

Because of the above conditions, we consider records of the teacher's attendance to be unreliable and deem the individual's entire salary for fiscal year 2014 to be invalid and not eligible as a grant expenditure. Funding for the Title I program is received through the Pennsylvania Department of Education.

Update 2016:

Immediately upon notification of this particular employee's situation, the District took the appropriate steps allowable per the Philadelphia Federation of Teacher (PFT) contract. As part of these steps, an investigatory meeting was held in October 2014, and a subsequent Unsatisfactory Incident Report was filed to become part of the employee's permanent record. The employee was subsequently diagnosed with a medical condition. Regardless, the employee was instructed to maintain her School District sign in sheets accurately in the school's office. Based upon the additional evidence provided by the City Controller's Office and observations from the current Principal, the District is pursuing additional progressive discipline measures allowable per the PFT contract.

In the 2015-16 school year, the SDP is moving towards a dual service delivery model regarding Title I services. External contractors will provide a substantial portion of the service, whereas district teachers will perform a much smaller portion of the service compared to prior years. Regardless of the personnel / entity performing the service, all non-public school principals will be periodically questioned regarding personnel attendance, and a system of periodic, unannounced school visits will be implemented. The SDP does not accept this type of behavior by any employees paid out of Title I funds, whether it is at a District school or a non-public school.

The School District of Philadelphia continues to closely monitor this situation and service delivery effectiveness for external and internal staff.

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2016**

2014-002. CASH MANAGEMENT

CFDA # 84.010	Status: Unresolved	Questioned Costs: \$0.00
CFDA # 84.027	Status: Unresolved	Questioned Costs: \$0.00
Resolution Agency:	PA Department of Education	
Condition:		

The School District did not properly calculate or remit interest earned on advances received from the Pennsylvania Department of Education (PDE). Management informed us that the grantor had remitted funds to the School District at its discretion, and not based on requests for reimbursements. This method of remitting grant funds resulted in various programs being pre-funded, and in our opinion, constituted advances to the District in fiscal year 2014. Further, the computation of the available cash balances for investment netted individual month end programs' balances and relied on the use of expenditures, rather than actual cash disbursements. That is, advances are defined by net balances recorded in the School District's accounting records, not based on actual cash balances available for investment. Based on our interpretation of the regulations, the District did not remit interest earned on advances received from the PDE.

2016 Update:

The School District of Philadelphia (SDP) has reviewed the federal rules regarding interest earned requirements and calculations and has implemented policies and procedures consistent with OMB Uniform Guidance 200.305. After further review and further discussions with our auditors, SDP updated its policy in March 2017 to correct this audit finding and to meet the new requirements as prescribed in 2 CFR 200.305. These policy changes went into effect beginning in Fiscal Year 2016 and were applied to all grants awarded on or subsequent to December 26, 2014.

For purposes of calculating monthly interest earnings, SDP calculates daily cash balances per program, consolidated by federal awarding agency, for advanced federal grants, by using daily expenditures and daily cash receipts based on the disbursement date. SDP updated its definition of "Disbursement Date," as follows: for cash receipts, SDP uses the payment date on the FAI website; for personnel expenditures, SDP uses the date payroll checks are issued; and for non-personnel expenditures, SDP uses the check date as the disbursement date. Negative cash balances at the end of each day are set to zero to ensure nonfederal funds do not offset federal interest earnings due to the temporary use of these resources. The daily ending cash balance is averaged at the end of each month then multiplied by the weighted average consolidated cash interest rate to determine the monthly interest earned.

With this updated methodology, this audit finding is now corrected and SDP is calculating the interest earned on advanced federal funds correctly, based on the directions of 2 CFR 200.305.

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2016**

2013-002: CASH MANAGEMENT

CFDA # 84.367	<u>Status:</u> Resolved	<u>Questioned Costs:</u> \$479,259
CFDA # 84.352	<u>Status:</u> Resolved	<u>Questioned Costs:</u> \$80,380

Resolution Agency: **PA Department of Education**

Condition:

Over a period of nine fiscal years (2004 to 2012), the School District has withheld \$559,639 in unspent and unobligated grant funding due to the grantor agency for grants received under the Title II, Improving Teacher Quality State Grants and the School Renovation, IDEA and Technology Grant. School District grant analysts prepared various financial reports to the grantor agency that erroneously over reported expenditures of grant funds received from the Title II, Improving Teacher Quality Program by \$479,259. In addition, the School District withheld unexpended grant funds of \$80,380 pertaining to the School Renovation, IDEA and Technology Grant. Of the amounts withheld from the grantor agencies, the School District transferred \$236,342 to its general fund. Funding for these grants is received through the Pennsylvania Department of Education.

2016 Update:

CFDA #84.367 - this finding was resolved in Fiscal Year 2015.

CFDA #84.352 - this finding does not warrant further action in accordance with provisions of section .315 (b) (4) of OMB Circular A-133.

2013-003. CASH MANAGEMENT

CFDA # 84.010	<u>Status:</u> Resolved	<u>Questioned Costs:</u> \$ 24,060
CFDA # 84.367	<u>Status:</u> Resolved	<u>Questioned Costs:</u> \$ 3,214
CFDA # 84.388	<u>Status:</u> Resolved	<u>Questioned Costs:</u> \$ 2,441

Resolution Agency: **PA Department of Education**

Condition:

The School District did not properly calculate or remit interest earned on advances received from the Pennsylvania Department of Education. Management informed us that the grantor had remitted funds to the School District at its discretion, and not based on requests for reimbursements. This method of remitting grant funds resulted in various programs being pre-funded, and in our opinion, constituted advances to the District in fiscal year 2013. Based on our interpretation of the regulations, a sample calculation determined that the School District did not remit \$29,715 in interest earned on advances received for the Title I Grants to Local Educational Agencies (Title I), the Improving Teacher Quality State Grants, and the School Improvement Grants, Recovery Act. Funding for these grants is received through the Pennsylvania Department of Education.

2016 Update:

The School District of Philadelphia (SDP) has reviewed the federal rules regarding interest earned requirements and calculations and has implemented policies and procedures consistent with OMB Uniform Guidance 200.305. After further review and further

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2016**

discussions with our auditors, SDP updated its policy in March 2017 to correct this audit finding and to meet the new requirements as prescribed in 2 CFR 200.305. These policy changes went into effect beginning in Fiscal Year 2016 and were applied to all grants awarded on or subsequent to December 26, 2014.

For purposes of calculating monthly interest earnings, SDP calculates daily cash balances per program, consolidated by federal awarding agency, for advanced federal grants, by using daily expenditures and daily cash receipts based on the disbursement date. SDP updated its definition of "Disbursement Date," as follows: for cash receipts, SDP uses the payment date on the FAI website; for personnel expenditures, SDP uses the date payroll checks are issued; and for non-personnel expenditures, SDP uses the check date as the disbursement date. Negative cash balances at the end of each day are set to zero to ensure nonfederal funds do not offset federal interest earnings due to the temporary use of these resources. The daily ending cash balance is averaged at the end of each month then multiplied by the weighted average consolidated cash interest rate to determine the monthly interest earned.

With this updated methodology, this audit finding is now corrected and SDP is calculating the interest earned on advanced federal funds correctly, based on the directions of 2 CFR 200.305.

Findings do not warrant further action in accordance with provisions of section .315 (b) (4) of OMB Circular A-133.

2013-004: REPORTING

CFDA # 84.010 Status: **Resolved** Questioned Costs: N/A

Resolution Agency: **PA Department of Education**

Condition:

The School District's 2011 Final Completion Report for the Title I Grants to Local Educational Agencies Program - Part A (Title I), did not agree with the underlying accounting records. Indirect costs were overstated by \$159,056. Moreover, the District had not finalized the report, which was due to the Pennsylvania Department of Education (PDE) by November 1, 2012. Funding for the Title I program is received through the PDE.

2016 Update:

The School District continues to reduce the time it takes to complete the Final Expenditure Report for Title I. The reports for Fiscal Years 2014, 2015 and 2016 were submitted to the Pennsylvania Department of Education (PDE) on their e-grants system in a timely fashion.

Findings do not warrant further action in accordance with provisions of section .315 (b) (4) of OMB Circular A-133.