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Office of Family and Community Engagement
440 N. Broad Street, Suite 114
Philadelphia, PA 19130-4015
Email: ask@philasd.org
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School District of Philadelphia Pennsylvania

Schedule of Financial Assistance



Fiscal Year Ended June 30, 2017

School District of Philadelphia Pennsylvania

Schedule of Financial Assistance

Fiscal Year Ended June 30, 2017

**Prepared By:
Office of General Accounting**

**SCHOOL DISTRICT OF PHILADELPHIA
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Section I.

Introductory Section

**THE SCHOOL DISTRICT OF PHILADELPHIA
OFFICE OF THE SUPERINTENDENT**

**440 N. BROAD STREET, SUITE 301
PHILADELPHIA, PENNSYLVANIA 19130**

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

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

March 26, 2018

School Reform Commission
The 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, 2017, 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, 2017, presents the entire operations of the School District. The CAFR was issued under separate cover on February 13, 2018. 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 26, 2018, 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, 2017, 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 June 2017, the Department of Health and Human Services (DHS) 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 this 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 Report on Compliance for Each Major Program, Report on Internal Control over Compliance, and Report 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.

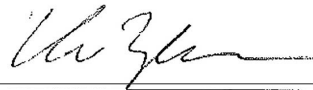
Acknowledgements

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 Z. 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, 2017

Grantor Contract Number										
Federal Agency	Passed-Through Agency	Federal Cluster	Federal Program Title	Federal CFDA Number	Federal	Other	Total Grant Award	Federal Expenditures	Subrecipient Expenditures	
\$										
\$										
U.S. Department of Agriculture										
PA Department of Agriculture										
Child Nutrition Cluster										
10.553 School Breakfast Program										
			Breakfast - Cash Assistance	10.553	N/A	N/A	19,137,582	0	0	
			Breakfast - Cash Assistance	10.553	N/A	N/A	19,079,964	19,079,964	0	
			Subtotal: 10.553 School Breakfast Program				38,217,546	19,079,964	0	
10.555 National School Lunch Program										
			Lunch and Snack - Cash Assistance	10.555	F82024	-	50,011,515	0	0	
			Lunch and Snack - Cash Assistance	10.555	F82024	-	50,684,032	50,684,032	0	
			Non-Cash Assistance (Commodities)	10.555	-	2-08-51-500	4,081,777	113,377	0	
			Non-Cash Assistance (Commodities)	10.555	-	2-08-51-500	5,847,322	5,125,362	0	
			Subtotal: 10.555 National School Lunch Program				110,624,646	55,922,771	0	
Subtotal: Child Nutrition Cluster										
							148,842,192	75,002,735	0	
10.558 Child and Adult Care Food Program										
			Twilight Feeding -Child and Adult Care Food Program	10.558	F92025	-	2,400,578	0	0	
			Twilight Feeding -Child and Adult Care Food Program	10.558	F92025	-	2,483,897	2,483,897	0	
			Child and Adult Care Food Program	10.558	F92025	-	2,611,190	0	0	
			Child and Adult Care Food Program	10.558	F92025	-	2,731,508	2,731,508	0	
			Subtotal: 10.558 Child and Adult Care Food Program				10,227,173	5,215,405	0	
10.579 Child Nutrition Discretionary Grants Limited Availability										
			ARRA Food Service Equipment	10.579	-	129-000157	408,158	0	0	
			Subtotal: 10.579 Child Nutrition Discretionary Grants Limited Availability				408,158	0	0	
10.582 Fresh Fruit and Vegetable Program										
			Lunch and Snack	10.582	F82024	-	319,781	0	0	
			Lunch and Snack	10.582	F82024	-	263,591	0	0	
			Lunch and Snack	10.582	F82024	-	348,045	348,045	0	
			Subtotal: 10.582 Fresh Fruit and Vegetable Program				931,416	348,045	0	
Subtotal: PA Department of Agriculture										
							160,408,939	80,566,184	0	
PA Department of Human Services										
SNAP Cluster										
(Passed Through PENN STATE UNIVERSITY)										
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program										
			Pennsylvania Nutrition Education Plan	10.561	400008692	4290-SDP-COP-8692	3,180,449	0	0	
			Pennsylvania Nutrition Education Plan	10.561	4100069151	5321-SDP-COP-9151	3,304,078	374,791	0	

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, 2017

Federal Agency	Passed-Through Agency	Federal Cluster	Federal Program Title	Federal CFDA Number	Grantor Contract Number			Total Grant Award	Federal Expenditures	Subrecipient Expenditures
					Federal	Other				
			Pennsylvania Nutrition Education Plan	10.561	4100069151	5549-SDP-COP-9151		\$ 3,304,078	\$ 1,925,305	\$ 0
			Subtotal: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program					9,788,604	2,300,095	0
			Subtotal: SNAP Cluster					9,788,604	2,300,095	0
			Subtotal: P.A Department of Human Services					9,788,604	2,300,095	0
			Total U.S. Department of Agriculture					170,197,543	82,866,280	0

U.S. Department of Education

Direct Programs

84.041 Impact Aid										
Impact Area Aid				84.041	S041B-2016-4404	48-PA-2016-1012		228,610	85,487	0
Impact Area Aid				84.041	S041B-2017-4404	48-PA-2017-1012		212,418	212,418	0
Subtotal: 84.041 Impact Aid								441,028	297,905	0
84.051 Career and Technical Education -- National Programs										
Juvenile Justice Reentry Education				84.051	V051A160016	-		315,000	222,229	0
Subtotal: 84.051 Career and Technical Education -- National Programs								315,000	222,229	0
84.066 TRIO Educational Opportunity Centers										
CAPS Initiative Program				84.066	P066A160371	-		236,000	228,908	0
Subtotal: 84.066 TRIO Educational Opportunity Centers								236,000	228,908	0
84.165 Magnet Schools Assistance										
Magnet Schools Assistance Programs				84.165	U165A070081	-		1,320,896	0	0
Subtotal: 84.165 Magnet Schools Assistance								1,320,896	0	0
84.184 School Safety National Activities										
School Safety National Activities				84.184	S184G140369	-		608,269	0	0
School Safety National Activities				84.184	S184G140369-15	-		717,843	379,023	0
School Safety National Activities				84.184	S184G140369-16	-		730,086	321,680	0
Subtotal: 84.184 School Safety National Activities								2,056,198	700,702	0
84.215 Fund for the Improvement of Education										
Innovative Approach to Literacy				84.215	S215G140141	-		1,500,000	462,025	0
Innovative Approach to Literacy				84.215	S215G160049	-		1,500,000	368,001	0
Subtotal: 84.215 Fund for the Improvement of Education								3,000,000	830,026	0
84.334 Gaining Early Awareness and Readiness for Undergraduate Programs										
GEAR UP Partnership				84.334	P344A090131-14	-		3,814,400	155,255	0
GEAR UP Partnership				84.334	P344A140100	-		4,370,400	1,057,900	0

The accompanying notes form an integral part of this schedule.
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School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Grantor Contract Number									
Federal Agency	Passed-Through Agency	Federal Cluster	Federal Program Title	Federal CFDA Number	Federal	Other	Total Grant Award	Federal Expenditures	Subrecipient Expenditures
			GEAR UP Partnership	84.334	P344A140100	-	\$ 4,292,000	\$ 2,253,612	\$ 0
			GEAR UP Partnership	84.334	P344A140100	-	4,370,400	3,414,478	0
			Subtotal: 84.334 Gaining Early Awareness and Readiness for Undergraduate Programs				16,847,200	6,881,245	0
			Subtotal: Direct Programs				24,216,322	9,161,015	0
			PA Department of Education						
			84.010 Title I Grants to Local Educational Agencies						
			Part A - Basic	84.010	S010A130038A	013-13-0335	150,223,452	0	0
			Part A - Basic	84.010	S010A130038A	013-15-0335	135,921,584	37,689,666	0
			Part A - Basic	84.010	S010A130038A	013-16-0335	129,187,076	(32,419,471)	0
			Part A - Basic	84.010	S010A130038A	013-17-0335	127,558,149	126,339,808	0
			School Improvement - Set Aside	84.010	S010A090038A	042-14-0335	7,097,793	17,744	0
			School Improvement - Set Aside	84.010	S010A090038A	042-15-0335	7,681,878	53,914	0
			School Improvement - Set Aside	84.010	S010A090038A	042-16-0335	7,912,022	7,300,886	0
			IU 26 Building Capacities	84.010	S010A110038	013-16-0626	152,000	14,500	0
			Title I (IU26)	84.010	-	013-17-0626	50,000	1,553	0
			IU 26 Statewide System of Support Data Governance	84.010	-	147-17-0028	12,534	7,237	0
			IU 26 Statewide System of Support Standard Base	84.010	-	147-16-0022	44,275	44,275	0
			Reward School	84.010	-	077-16-0335	249,424	194,129	0
			Subtotal: 84.010 Title I Grants to Local Educational Agencies				566,090,187	139,244,241	0
			(I) 84.027 Special Education Grants to States						
			IDEA-B	84.027	H027-A140162	062-15-0026	40,944,364	(426,862)	0
			IDEA-B	84.027	H027-A150162	062-16-0026	40,991,174	6,597,972	2,390,914
			IDEA-B	84.027	H027-A160162	062-17-0026	41,932,793	37,934,363	9,737,440
			Post Graduation - John Bartram	84.027	043/F16	C167-7046	100,000	83,587	0
			ABA Services Grant	84.027	-	062-18-0035	424,160	374,135	0
			Subtotal: 84.027 Special Education Grants to States				124,392,491	44,563,194	12,128,354
			84.318 Educational Technology State Grants						
			Education Technology	84.318	-	055-10-0626	1,688,785	0	0
			Subtotal: 84.318 Educational Technology State Grants				1,688,785	0	0
			84.388 School Improvement Grants, Recovery Act						
			School Improvement Grant - ARRA	84.388	-	139-11-0335	13,153,153	0	0
			School Improvement Grant - ARRA	84.388	-	139-12-3335	11,969,809	0	0
			School Improvement Grant - ARRA	84.388	-	139-11-9335	2,991,525	0	0
			Subtotal: 84.388 School Improvement Grants, Recovery Act				28,114,487	0	0
			84.377 School Improvement Grants						
			School Improvement Grant	84.377	-	142-14-2335	957,493	2,809	0
			School Improvement Grant	84.377	-	142-15-2335	804,881	558,433	0
			School Improvement Grant	84.377	-	142-16-2335	797,973	297,668	0
			School Improvement Grant - Cohort 5	84.377	S377A150039	142-17-1335	520,755	323,067	0
			Subtotal: 84.377 School Improvement Grants				3,081,102	1,181,978	0

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School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Agency	Passed-Through Agency	Federal Cluster	Federal Program Title	Grantor Contract Number				Total Grant Award	Federal Expenditures	Subrecipient Expenditures
				Federal CFDA Number	Federal	Other				
								\$	\$	\$
			84.196 Education for Homeless Children and Youth							
			Homeless Children & Youth	84.196	-	081-15-0150		293,358	132,829	0
			Homeless Children & Youth	84.196	-	081-16-0150		333,507	236,054	0
			Subtotal: 84.196 Education for Homeless Children and Youth					626,865	368,883	0
			84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth							
			Neglected and Delinquent Children	84.013	S010A100038A	107-16-0335		400,431	174,484	0
			Neglected and Delinquent Children	84.013	S010A100038A	107-17-0335		227,337	38,213	0
			Subtotal: 84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth					627,768	212,698	0
			84.048 Career and Technical Education - Basic Grants to States							
			Secondary Allocation	84.048	V048A120038	380-16-0036		4,632,050	282,341	0
			Secondary Allocation	84.048	V048A120038	380-17-0060		4,976,172	4,409,536	0
			Subtotal: 84.048 Career and Technical Education - Basic Grants to States					9,608,222	4,691,878	0
			84.186 Safe and Drug-Free Schools and Communities_State Grants							
			Non Public Drug Free	84.186	S186A060039	100-08-0626		465,115	0	0
			Non Public Drug Free	84.186	S186A060039	100-09-0626		381,543	0	0
			Subtotal: 84.186 Safe and Drug-Free Schools and Communities_State Grants					846,658	0	0
			84.305 Education Research, Development and Dissemination							
			University of Pennsylvania IES Partnership	84.305	R305H140097	564385		101,146	0	0
			University of Pennsylvania IES Partnership	84.305	R305H140097-15	564385		101,512	0	0
			Subtotal: 84.305 Education Research, Development and Dissemination					202,658	0	0
			84.325 Special Education - Personnel Development to Improve Services and Results for Children with Disabilities							
			Project MAX	84.325	H323A120004	-		9,505	505	0
			Subtotal: 84.325 Special Education - Personnel Development to Improve Services and Results for Children with Disabilities					9,505	505	0
			84.365 English Language Acquisition State Grants							
			Title III Language LEP	84.365	-	010-15-0335		3,553,617	70,852	0
			Title III Language LEP	84.365	-	010-16-0335A		3,901,498	2,203,853	0
			Title III Language LEP	84.365	-	010-17-0335A		3,928,618	1,483,196	0
			Subtotal: 84.365 English Language Acquisition State Grants					11,383,733	3,757,901	0
			84.366 Mathematics and Science Partnerships							
			PDE/MSP Title II Part B Math and Science	84.366	-	075-14-0335		356,570	(5,574)	0
			PDE/MSP Title II Part B Math and Science	84.366	-	075-15-0335		373,475	196,465	0
			PDE/MSP Title II Part B Math and Science	84.366	-	075-16-0335		70,848	70,848	0
			PDE/MSP Title II Part B Math and Science	84.366	-	075-17-0335		760,352	38,780	0
			Subtotal: 84.366 Mathematics and Science Partnerships					1,561,246	300,519	0
			84.367 Supporting Effective Instruction State Grants							
			Improving Teacher Quality (Non-Public)	84.367	S367A130051	020-16-0626		565,551	42,600	0
			Improving Teacher Quality (Non-Public)	84.367	S367A130051	020-17-0626		565,551	486,806	0

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, 2017

Federal Agency	Passed-Through Agency	Federal Cluster	Federal Program Title	Federal CFDA Number	Grantor Contract Number			Total Grant Award	Federal Expenditures	Subrecipient Expenditures
					Federal	Other				
								\$	\$	\$
			Improving Teacher Quality/ (Class Size Reduction)	84.367	S367A140051	020-15-0335		17,488,414	1,394,811	0
			Improving Teacher Quality/ (Class Size Reduction)	84.367	S367A140051	020-16-0335		17,376,919	17,376,919	0
			Improving Teacher Quality/ (Class Size Reduction)	84.367	S367A140051	020-17-0335		17,170,699	2,962,860	0
			Subtotal: 84.367 Supporting Effective Instruction State Grants					53,167,134	22,263,996	0
			84.413 Race to the Top							
			Race to the Top	84.413	FC4100061880	-		9,953,401	83,173	72,397
			Race to the Top	84.413	FC4100061880	-		0	(87,165)	0
			Subtotal: 84.413 Race to the Top					9,953,401	(3,992)	72,397
			Subtotal: PA Department of Education					811,354,242	216,581,801	12,200,751
			PA Department of Education (PaTTAN)							
			(I) 84.027 Special Education Grants to States							
			School Based Behavior Health	84.027	-	SBBH0812		45,000	0	0
			Subtotal: 84.027 Special Education Grants to States					45,000	0	0
			Subtotal: PA Department of Education (PaTTAN)					45,000	0	0
			Elwyn							
			(I) 84.173 Special Education Preschool Grants							
			Preschool Early Intervention	84.173	001-016-156-15-1-7200-000000-642	131-15-0026		69,342	0	0
			Preschool Early Intervention	84.173	001-016-156-16-1-7200-000000-642	131-16-0026		74,116	74,116	0
			Subtotal: 84.173 Special Education Preschool Grants					143,458	74,116	0
			Subtotal: Elwyn					143,458	74,116	0
			Drexel University							
			84.215 Fund for the Improvement of Education							
			Promise of a Strong Partnership for Education Reform	84.215	U215N160055	-		7,747	7,747	0
			Subtotal: 84.215 Fund for the Improvement of Education					7,747	7,747	0
			Subtotal: Drexel University					7,747	7,747	0
			University of Pennsylvania							
			84.305 Education Research, Development and Dissemination							
			Efficacy Evaluation of Zoology	84.305	R305A160109	569644		31,708	2,111	0
			Subtotal: 84.305 Education Research, Development and Dissemination					31,708	2,111	0
			Subtotal: University of Pennsylvania					31,708	2,111	0

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, 2017

Federal Agency	Passed-Through Agency	Federal Cluster	Federal Program Title	Federal CFDA Number	Grantor Contract Number			Total Grant Award	Federal Expenditures	Subrecipient Expenditures
					Federal	Other				
								\$	\$	\$
University of Wisconsin System										
			84.411 Education Innovation and Research	84.411	U411B120009	440K263		501,651	241,923	0
			13 Fast							
			Subtotal: 84.411 Education Innovation and Research					501,651	241,923	0
			Subtotal: University of Wisconsin System					501,651	241,923	0
			(1) Subtotal: Special Education Cluster					124,580,949	44,637,310	12,128,354
Total U.S. Department of Education										
								836,300,128	226,068,712	12,200,751
U.S. Department of Defense										
Direct Programs										
			12.002 Procurement Technical Assistance For Business Firms							
			JROTC Programs	12.002	20USC83475	-		868,156	0	0
			JROTC Programs	12.002	20USC83475	-		830,696	830,696	0
			Subtotal: 12.002 Procurement Technical Assistance For Business Firms					1,698,852	830,696	0
			Subtotal: Direct					1,698,852	830,696	0
Total U.S. Department of Defense										
								1,698,852	830,696	0
U.S. Department of Health and Human Services										
Direct Programs										
			93.600 Head Start							
			Basic Grant	93.600	03CH10025-01-00	-		39,284,770	31,386	0
			Basic Grant	93.600	03CH10025-02-02	-		39,936,984	39,936,984	23,203,981
			Subtotal: 93.600 Head Start					79,267,922	39,968,370	23,203,981
			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	(11,824)	0
			Project ARREST	93.079	5U87PS00415203	-		313,310	72,829	0
			Project ARREST	93.079	5U87PS00415204	-		320,000	238,367	0
			Youth Risk Behavior	93.079	5U87PS004152	-		79,605	0	0
			Youth Risk Behavior	93.079	5U87PS004152	-		50,000	20,291	0
			Youth Risk Behavior	93.079	5U87PS004152	-		58,750	58,750	0
			Subtotal: 93.079 Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance					1,271,665	378,413	0
Subtotal: Direct										
								80,539,587	40,346,783	23,203,981

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, 2017

Grantor Contract Number										
Federal Agency	Passed-Through Agency	Federal Cluster	Federal Program Title	Federal CFDA Number	Federal	Other	Total Grant Award	Federal Expenditures	Subrecipient Expenditures	
\$										
PA Department of Education										
TANF Cluster										
93.558 Temporary Assistance for Needy Families (TANF)										
			ELECT	93.558	-	41000714100	3,116,120	0	0	
			ELECT	93.558	-	41000714100	3,116,120	3,116,120	0	
			ELECT Fatherhood Initiative	93.558	-	41000714100	83,880	0	0	
			ELECT Fatherhood Initiative	93.558	-	41000714100	83,880	83,880	0	
Subtotal: 93.558 Temporary Assistance for Needy Families (TANF)							6,400,000	3,200,000	0	
Subtotal: TANF Cluster										
6,400,000 3,200,000 0										
Subtotal: PA Department of Education										
6,400,000 3,200,000 0										
PA Department of Human Services										
Medicaid Cluster										
93.778 Medical Assistance Program										
			Health Related Transportation and Administration	93.778	N/A	N/A	689,198	0	0	
			Health Related Transportation and Administration	93.778	N/A	N/A	267,207	0	0	
Subtotal: 93.778 Medical Assistance Program							956,405	0	0	
Subtotal: Medicaid Cluster										
956,405 0 0										
Subtotal: PA Department of Human Services										
956,405 0 0										
Total U.S. Department of Health and Human Services										
							87,895,992	43,546,783	23,203,981	
U.S. Department of Justice										
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	31,563	0	
Subtotal: 16.560 National Institute of Justice Research, Evaluation, and Development Project Grants							90,237	31,563	0	
Subtotal: University of Pennsylvania										
							90,237	31,563	0	
Total U.S. Department of Justice										
							90,237	31,563	0	

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, 2017

Federal Agency	Passed-Through Agency	Federal Cluster	Federal Program Title	Federal CFDA Number	Grantor Contract Number			Total Grant Award	Federal Expenditures	Subrecipient Expenditures
					Federal	Other				
								\$	\$	\$
U.S. Department of Labor										
Direct Programs										
17.261 WIOA Pilots, Demonstrations, and Research Projects										
			Project U-Turn Expansion	17.261	YF163480760A-42	-		5,860,000	0	0
			DOL Fitzsimons MEES	17.261	YF175106I	-		545,955	(1,675)	0
			DOL Olney West MEES	17.261	YF201531060A42	-		6,270,000	0	0
			DOL Edison MEES	17.261	YF201541060A42	-		6,270,000	0	0
			DOL Fels MEES	17.261	YF201551060A42	-		6,270,000	0	0
			DOL Frankford MEES	17.261	YF201561060A42	-		6,270,000	0	0
			Subtotal: 17.261 WIOA Pilots, Demonstrations, and Research Projects					31,485,955	(1,675)	0
17.270 Reentry Employment Opportunities										
			DOL University MEES	17.270	YF17516CV1	-		2,312,891	0	0
			DOL Germantown MEES	17.270	YF175126R1	-		2,312,891	0	0
			Subtotal: 17.270 Reentry Employment Opportunities					4,625,782	0	0
Subtotal: Direct Programs								36,111,737	(1,675)	0
Philadelphia Works, Inc.										
17.280 WIOA Dislocated Worker National Reserve Demonstration Grants										
			Summer Jobs and Beyond: Career Pathways for Youth	17.280	M1289931660A-42	PW17-047		25,000	25,000	0
			Summer Jobs and Beyond: Career Pathways for Youth	17.280	M1289931660A-42	PW17-046		126,000	4,544	0
			Subtotal: 17.280 WIOA Dislocated Worker National Reserve Demonstration Grants					151,000	29,544	0
Subtotal: Philadelphia Works, Inc.								151,000	29,544	0
Total U.S. Department of Labor								36,262,737	27,870	0
Grand Total								1,132,445,490	353,371,905	35,404,732

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, 2017**

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SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 203,800 students. The School District is the eleventh largest in the United States in enrollment and employs more than 17,800 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. Subsequent Event Footnote No. 9 explains recent resolutions which will return this governance structure to local control by June 30, 2018.

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 2017 reporting period was Dr. William R. Hite, Jr., and the Chief Financial Officer was Uri Z. 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.

2. Organization and Scope

For the fiscal year ended June 30, 2017 the School District of Philadelphia is presenting a Single Audit Report on expenditures of federal awards. This report is issued in accordance

SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 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, 2017. 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, 2017, are reflected in the SEFA. An active federal program is defined as a federal program that incurred expenditures (adjustments) of 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.

5. 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.

**SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

6. Schedule of Expenditures of Federal Awards – Title I – Negative Expenditures

CFDA #84.010 – Title I, Award # S010A130038A

Title I Part-A Basic Education Grant, for award year 2016, has a negative expenditure amount for Fiscal Year 2017, of \$32.4 million. Negative expenditure amounts may occur in a fiscal year for 27-month grants. Typically, 27-month grants will have three open awards, at the end of the fiscal year. The negative expenditure amounts are permissible and do not reflect the life-to-date expenditures for the grant award. These negative expenditures are the result of the timing of recording transfers of expenditures between the open grant awards.

7. Schedule of Expenditures of Federal Awards – Race to the Top – Subrecipient Expenditures

CFDA #84.413 – Race to the Top, Award # FC4100061880

Race to the Top grant had \$83,173 of expenditures in Fiscal Year 2017, of which, \$72,397 were passed thru to subrecipients. However, Race to the Top grant also had a reclassification of a prior year expenditure of \$87,165 in professional development charges eligible under Title IIA – Improving Teachers Quality Grant. This resulted in a net negative expenditure, for Race to the Top grant, of \$3,992 for Fiscal Year 2017.

8. 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.

9. Subsequent Events

The School District has reviewed events that have occurred subsequent to June 30, 2017 to and including February 13, 2018 (The Independent Auditor's Report Date of the School District's Comprehensive Annual Financial Report). Other than as described below, there were no subsequent material events affecting the District:

Recommendation to Dissolve the School Reform Commission (SRC):

On December 21, 2001, the Pennsylvania Secretary of Education declared that the School District of Philadelphia was a "distressed" school district within the meaning of Section 691(c) of the Pennsylvania Public School Code. The School Reform Commission was appointed and assumed governance of the School District for the period of distress. On November 16, 2017, the School Reform Commission adopted a resolution recommending that the Secretary issue a declaration that the School Reform Commission dissolve effective June 30, 2018, as the School District is no longer distressed; therefore, no longer requires governance by a School Reform Commission. The Secretary was required to

SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

make a dissolution determination at least 180 days prior to the end of the current school year, i.e. by December 31, 2017, which he did on December 27, 2017, for the School Reform Commission to dissolve on June 30, 2018, and a new Board of Education, whose members will be appointed by the Mayor of the City Philadelphia, to assume governance of the School District on July 1, 2018. The School District has already begun planning for a smooth transition from the School Reform Commission to a Board of Education.

Section III.

Independent Auditor's

Reports on Compliance and

Internal Control



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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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 13, 2018.

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.

C I T Y O F P H I L A D E L P H I A
O F F I C E O F T H E C O N T R O L L E R

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CHRISTY BRADY, CPA
Deputy City Controller
Philadelphia, Pennsylvania
February 13, 2018



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CHRISTY BRADY, CPA
Deputy Controller

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT 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 *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, 2017. 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

CITY OF PHILADELPHIA
OFFICE OF THE CONTROLLER

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, 2017.

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 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.

C I T Y O F P H I L A D E L P H I A
O F F I C E O F T H E C O N T R O L L E R

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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated February 13, 2018, which contained unmodified opinions on those financial statements. An 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 26, 2018

Section IV.

Schedule of Findings and Questioned Costs

SCHOOL DISTRICT OF PHILADELPHIA

Schedule of Findings and Questioned Costs- June 30, 2017

Section I - Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no
Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? ☐ yes ☒ no
Significant deficiency(ies) identified? ☐ yes ☒ 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) ☐ yes ☒ no

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster:	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II - Financial Audit Findings:

None

Section III - Federal Awards Findings and Questioned Costs:

None

Section V.

Summary Schedule of Prior Audit Findings

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2017**

2016-001. SPECIAL TESTS – COMPARABILITY: Title I Grants to Local Educational Agencies

CFDA #84.010

Status: **Unresolved**

Questioned Cost: \$0

Resolution Agency: **PA Department of Education**

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 is received from the U.S. Department of Education and passed-through the PDE.

Update 2018:

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 (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 that was launched on the radio and through social media aimed at recruiting teachers and school based support staff was very successful for the 2017-2018 school year. This campaign ran for nearly 3 months. A similar campaign will be in place for next school year. 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 assumed 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. The School District is focused on increasing the total number of applications for these roles 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.

The Comparability analysis for the 2016-17 school year (FY17 audit) indicated that 38 positions would need to be hired for Comparability. Data from the Talent Office indicates that 33 of those positions were in fact hired, representing close to a 90% fill rate compared to a fill rate of about 24% and 36% in FY16 and FY15, respectively. It's challenging to fill positions. However, the District has made substantial progress and continues to do so in the FY18 year as well. The District believes the nearly 90% fill rate in FY17 constitutes substantive compliance with the Comparability requirement and will continue to drive towards 100%.

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2017**

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 2018:

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, 2017**

2014-001. ALLOWABLE COSTS / COST PRINCIPLES

CFDA # 84.010

Status: Resolved

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 2018:

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.

Since the implementation of this model, there has not been any additional occurrences discovered by the District or discovered during a subsequent audit. The School District considers the corrective actions to be effective and sufficient in mitigating this risk. Findings do not warrant further action in accordance with provisions of 2 CFR section 200.511 (b) (3) of the Uniform Guidance.

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2017**

2014-002. CASH MANAGEMENT

CFDA # 84.010	Status: Resolved	Questioned Costs: \$0.00
CFDA # 84.027	Status: Resolved	Questioned Costs: \$0.00
<u>Resolution Agency:</u>	PA Department of Education	
<u>Condition:</u>		

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.

Update 2018:

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 non-federal 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 2 CFR section 200.511 (b) (3) of the Uniform Guidance.