

The School Board of Miami-Dade County, Florida

Single Audit Reports in
Accordance with the Uniform Guidance
Fiscal Year Ended June 30, 2017

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RSM US LLP

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

To the Chairperson and Members of
the School Board of Miami-Dade County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The School Board of Miami-Dade County, Florida (the School Board), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board'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.

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 Board'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.

RSM US LLP

Miami, Florida
November 20, 2017

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the
Schedule of Expenditures of Federal Awards as Required by the Uniform Guidance**

Independent Auditor's Report

To the Chairperson and Members of
the School Board of Miami-Dade County, Florida

Report on Compliance for Each Major Federal Program

We have audited The School Board of Miami-Dade County, Florida's (the School Board) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2017. The School Board'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 Board'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 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 Board'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 Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Board 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 Board 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 Board'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 Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements. We issued our report thereon dated November 20, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. 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.

RSM US LLP

Miami, Florida
November 27, 2017, except for the
Schedule of Expenditures of Federal Awards for which the date is November 20, 2017

The School Board of Miami-Dade County, Florida

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

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	16002, 17002	\$ 25,287,997	\$ -
National School Lunch Program	10.555	16001, 16003, 17001, 17003	104,225,193	-
Summer Food Service Program for Children	10.559	16006, 16007, 17006, 17007	2,330,880	-
Total Child Nutrition Cluster			131,844,070	-
Indirect:				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	I-1591	45,017	-
Child and Adult Care Food Program	10.558	I-1592	34,965	-
Child and Adult Care Food Program	10.558	I-790	14,682	-
Child and Adult Care Food Program	10.558	A-4091	16,298,645	-
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	16004, 17004	732,203	-
Total United States Department of Agriculture			148,969,582	-
United States Department of Transportation:				
Indirect:				
Highway Planning and Construction Cluster:				
Florida Department of Transportation:				
Highway Planning and Construction	20.205	436603-1-14-01	136,572	122,221
Total Highway Planning and Construction Cluster			136,572	122,221
Total United States Department of Transportation			136,572	122,221
United States Department of Education:				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	not applicable	130,647	-
Federal Pell Grant Program	84.063	not applicable	4,662,208	-
Total Student Financial Assistance Cluster			4,792,855	-
Indirect:				
Special Education Cluster:				
Special Education – Grants to States:				
Florida Department of Education	84.027	262, 263, 266	76,853,064	130,822
University of South Florida	84.027	None	2,380	-
Northeast Florida Educational Consortium	84.027	None	11,989	-
Total Special Education – Grants to States			76,867,433	130,822
Florida Department of Education:				
Special Education – Preschool Grants	84.173	266, 267	1,194,828	-
Total Special Education Cluster			78,062,261	130,822
Research and Development Cluster:				
Education Research, Development and Dissemination:				
The Pennsylvania State University	84.305	5261-MDCPS-IES-0047	28,447	-
University of Miami	84.305	663221	54,082	-
Total Education Research, Development and Dissemination			82,529	-
Investing in Innovation (i3) Fund:				
New Teacher Center	84.411	None	328,045	-
Total Research and Development Cluster			410,574	-

(continued)

The School Board of Miami-Dade County, Florida

Schedule of Expenditures of Federal Awards (continued)
Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
United States Department of Education (Continued):				
Direct:				
Impact Aid	84.041	not applicable	\$ 24,971	\$ -
Magnet Schools Assistance	84.165	not applicable	3,600,447	-
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184	not applicable	636,283	-
Fund for the Improvement of Education	84.215	not applicable	613,284	-
School Leader Recruitment and Support (formerly School Leadership)	84.363	not applicable	33,652	-
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374	not applicable	3,058,251	-
School Improvement Grants	84.377	not applicable	968,296	-
Race to the Top – District Grants	84.416	not applicable	4,046,170	-
Total Direct			<u>12,981,354</u>	<u>-</u>
Indirect:				
Florida Department of Education:				
Adult Education – Basic Grants to States	84.002	191, 193	5,119,147	-
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	138,399,439	10,242,327
Migrant Education – State Grant Program	84.011	217	1,061,897	-
Career and Technical Education – Basic Grants to States	84.048	161	5,088,361	-
Education for Homeless Children and Youth	84.196	127	124,711	-
Charter Schools	84.282	298	1,601,927	1,582,865
Twenty-First Century Community Learning Centers	84.287	244	2,463,274	640,582
English Language Acquisition State Grants	84.365	102	11,597,241	194,926
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	224	21,247,571	-
Florida Gulf Coast University:				
Special Education – State Personnel Development	84.323	ORSP1204126576MD	2,453	-
	84.323	ORSP120412017SBMD	4,017	-
Total Indirect			<u>186,710,038</u>	<u>12,660,700</u>
Total United States Department of Education			<u>282,957,082</u>	<u>12,660,700</u>
United States Department of Health and Human Services:				
Indirect:				
Research and Development Cluster:				
Children's Health Insurance Program:				
University of South Florida	93.767	6414-1089-00-F	28,887	-
Total Research and Development Cluster			<u>28,887</u>	<u>-</u>
Direct:				
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems Youth @ Work-Talking Safety				
	93.938	not applicable	358,286	-
	93. Unknown	not applicable	17,363	-
Total Direct			<u>375,649</u>	<u>-</u>
Indirect:				
Florida Department of Children and Families:				
Refugee and Entrant Assistance – State/Replacement Designee Administered Programs	93.566	XK040	3,730,863	-
Miami-Dade Board of County Commissioners:				
Head Start	93.600	None	14,349,755	-
Florida Developmental Disabilities Council, Incorporated:				
Developmental Disabilities Basic Support and Advocacy Grants	93.630	945CD15, 987CD16B	120,214	-
Total Indirect			<u>18,200,832</u>	<u>-</u>
Total United States Department of Health and Human Services			<u>18,605,368</u>	<u>-</u>

(continued)

The School Board of Miami-Dade County, Florida

Schedule of Expenditures of Federal Awards (continued)
Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
United States Department of Justice:				
Direct:				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	not applicable	\$ 1,777,341	\$ -
Public Safety Partnership and Community Policing Grants	16.710	not applicable	20,519	-
Total Direct			<u>1,797,860</u>	<u>-</u>
Indirect:				
Florida Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016JAGCDADE17H3228	49,354	-
	16.738	2017JAGCDADE30F9218	25,850	-
Total Indirect			<u>75,204</u>	<u>-</u>
Total United States Department of Justice			<u>1,873,064</u>	<u>-</u>
National Endowment for the Arts:				
Direct:				
Promotion of the Arts – Grants to Organizations and Individuals	45.024	not applicable	19,966	-
Total National Endowment for the Arts			<u>19,966</u>	<u>-</u>
United States Department of Homeland Security:				
Direct:				
Citizenship Education and Training	97.010	not applicable	142,053	-
Total United States Department of Homeland Security			<u>142,053</u>	<u>-</u>
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	12.Unknown	not applicable	1,718,635	-
Total United States Department of Defense			<u>1,718,635</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 454,422,322</u>	<u>\$ 12,913,743</u>

The accompanying notes are an integral part of this schedule.

The School Board of Miami-Dade County, Florida
Notes to Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2017

Note 1. General and Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the expenditure activity of all federal awards of The School Board of Miami-Dade County, Florida (the School Board), for the year ended June 30, 2017. The School Board's reporting entity is defined in Note 1 of the School Board's basic financial statements. All federal awards received directly from federal and indirectly through state agencies, as well as amounts passed through other government agencies are included in the accompanying Schedule. Because the Schedule presents only a selected portion of the expenditures of the School Board, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows, where applicable, of the School Board. Some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting since grants are accounted for in the governmental fund types of the School Board. Such expenditures are reported following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Recovery

The School Board did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

Note 4. Noncash Awards

The National School Lunch Program (CFDA 10.555) includes \$10,785,752 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of the donation.

**The School Board of Miami-Dade County, Florida
Schedule of Findings and Questioned Costs**

Fiscal Year Ended June 30, 2017

I. Summary of Independent Auditor's Results

Financial Statements

- A. Type of auditor's report issued: Unmodified Opinion
- B. Internal Controls over financial reporting:
 Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified? Yes X None reported
- C. Noncompliance material to financial statements noted? Yes X No

Federal Awards

- D. Type of auditor's report issued on compliance for major federal programs: Unmodified Opinion
- E. Internal control over major federal programs:
 Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified? Yes X None reported
- F. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No
- G. Identification of major federal programs:

CFDA Numbers

84.027 and 84.173
 84.002
 84.165
 84.367
 10.558

Name of Federal Program or Cluster

Special Education Cluster
 Adult Education – Basic Grants to States
 Magnet Schools Assistance
 Supporting Effective Instruction State Grant
 Child and Adult Care Food Program

- H. Dollar threshold used to distinguish between type A and type B program: \$3,000,000
- I. Auditee qualified as a low-risk auditee? X Yes No

Section II. Financial Statements Findings

No matters to report.

Section III. Federal Award Findings and Questioned Costs

No matters to report.

**The School Board of Miami-Dade County, Florida
Summary Schedule of Prior Audit Findings**

Fiscal Year Ended June 30, 2017

I – Financial Statement Findings

Compliance and Other Matters

Finding Number 2016-001

Condition

Pursuant to guidance from the FDOE, the District was responsible for reporting 119 charter schools as discretely presented component units (DPCUs) on the District's financial statements for the 2013-14 and 2014-15 fiscal years, and 118 charter schools as DPCUs on the District's financial statements for the 2015-16 fiscal year. Although the District appropriately reported the charter schools as DPCUs on the AFRs presented for audit for the 2013-14, 2014-15 and 2015-16 fiscal years, the District did not report the charter schools as DPCUs on the District's Comprehensive Annual Financial Reports (CAFRs) for those fiscal years.

Management's Corrective Action Plan

Management does not agree with the finding. The Governmental Accounting Standards Board (GASB) issued Statement No. 61, The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34 in November 2010. The Statement modified existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity. The District has been consistent in the application of GASB Statement No. 61 since its adoption. The District implemented GASB Statement No. 61 for the fiscal year ended June 30, 2013. As part of the implementation of that GASB pronouncement we thoroughly reviewed GASB Statements No. 14, 39 and 61, the GASB Codification of Governmental Accounting and Financial Reporting Standards, the GASB Comprehensive Implementation Guide and consulted with the District's independent auditors.

Specifically, GASB 61, paragraph 6, states that, in addition to meeting the fiscal dependency requirement, there also needs to be a financial benefit or burden relationship present. The pronouncement cites that an organization has a financial benefit or burden relationship with the primary government if any of the following conditions exists:

- The primary government is legally entitled to or can otherwise access the organization's resources or assets;
- The primary government is legally obligated or has otherwise assumed the obligations to finance the deficits of, or provide financial support to the organization; or
- The primary government is obligated in some manner for the debt of the organization.

Based on the aforementioned requirements, Management believes the District as primary government does not meet any of the criterion. In fact, statutory law precludes the District from the above requirements. Consequently, we have concluded that the charter schools are not deemed to be component units and therefore were excluded from the Comprehensive Annual Financial Reports for the fiscal years ended June 30, 2013, 2014, 2015 and 2016. The District has received an unmodified opinion from our independent auditors since the first year of implementation. Management reviews and assesses all applicable GASB pronouncements along with technical guidance issued by the Florida Department of Education to ensure District's compliance. State requirements determined to be non-GAAP issued by the Florida Department of Education are reported in the unaudited Annual Financial Report and the Audited Comprehensive Annual Financial Report is then adjusted to comply with GAAP.

II – Federal Awards Findings and Questioned Costs

No matters to report.