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# City of Detroit, Michigan

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**Federal Awards Supplemental Information**  
**June 30, 2025**

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

### Independent Auditor's Report

To the Honorable Mayor Michael E. Duggan  
and the Honorable Members of the City Council  
City of Detroit, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Detroit, Michigan (the "City") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2025, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on those financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 19, 2025.

We did not audit the financial statements of the following discretely presented component units: Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, Detroit Employment Solutions Corporation, and Community Education Commission, which collectively represent 79.59 percent, 79.76 percent, and 73.16 percent of the assets, net position, and revenue, respectively, of the discretely presented component units. We also did not audit the financial statements of the following blended component units: Public Lighting Authority, which is a major enterprise fund with assets, net position, and revenue of \$199 million, \$35 million, and \$15 million, respectively, and the Greater Detroit Resource Recovery Authority, which represents 3.22 percent, 6.42 percent, and 1.39 percent of the assets, net position/fund balance, and revenue, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the business-type activities, aggregate discretely presented component units, Public Lighting Authority as a major enterprise fund, and aggregate remaining fund information, are based solely on the reports of the other auditors.

The City's basic financial statements include the operations of the Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, Community Education Commission, Public Lighting Authority, Greater Detroit Resource Recovery Authority, Detroit Building Authority, Detroit Housing Commission, Detroit Employment Solutions Corporation, and City of Detroit Water and Sewerage Department. The schedule of expenditures of federal awards excludes those operations because they receive a separate financial statement audit and a separate single audit when required by the Uniform Guidance.

To the Honorable Mayor Michael E. Duggan  
and the Honorable Members of the City Council  
City of Detroit, Michigan

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis 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 basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

December 19, 2025

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

**Independent Auditor's Report**

To Management, the Honorable Mayor  
Michael E. Duggan, and the Honorable Members of  
the City Council  
City of Detroit, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Detroit, Michigan (the "City") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2025.

Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component units: Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, Detroit Employment Solutions Corporation, and Community Education Commission, which collectively represent 79.59 percent, 79.76 percent, and 73.16 percent of the assets, net position, and revenue, respectively, of the discretely presented component units. We also did not audit the financial statements of the following blended component units: Public Lighting Authority, which is a major enterprise fund with assets, net position, and revenue of \$199 million, \$35 million, and \$15 million, respectively; and the Greater Detroit Resource Recovery Authority, which represents 3.22 percent, 6.42 percent, and 1.39 percent of the assets, net position/fund balance, and revenue, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the business-type activities, aggregate discretely presented component units, Public Lighting Authority as a major enterprise fund, and aggregate remaining fund information, are based solely on the reports of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Museum of African American History, Greater Detroit Resource Recovery Authority, and Detroit Public Library were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

To Management and the Honorable Mayor  
Michael E. Duggan, and the Honorable Members of  
the City Council  
City of Detroit, Michigan

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 City'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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2025-001 and 2025-002, that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City's Responses to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on them.

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

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is fluid and cursive, with "Plante & Moran" on the top line and "PLLC" on the bottom line.

December 19, 2025

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance  
Required by the Uniform Guidance

**Independent Auditor's Report**

To the Honorable Mayor Michael E. Duggan  
and the Honorable Members of the City Council  
City of Detroit, Michigan

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

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

We have audited the City of Detroit, Michigan's (the "City") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Other Matter - Federal Expenditures Not Included in the Compliance Audit***

The City's basic financial statements include the operations of the Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, Community Education Commission, Public Lighting Authority, Greater Detroit Resource Recovery Authority, Detroit Building Authority, Detroit Housing Commission, Detroit Employment Solutions Corporation, and City of Detroit Water and Sewerage Department, which expended federal awards that are not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2025. Our compliance audit, described in the *Opinion on Each Major Federal Program*, does not include the operations of the above-mentioned entities because these entities receive a separate financial statement audit and a separate single audit when required by the Uniform Guidance.

To the Honorable Mayor Michael E. Duggan  
and the Honorable Members of the City Council  
City of Detroit, Michigan

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance, which are described in the accompanying schedule of findings and questioned costs as Findings 2025-003 and 2025-005. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

To the Honorable Mayor Michael E. Duggan  
and the Honorable Members of the City Council  
City of Detroit, Michigan

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2025-003, 2025-004, 2025-005, and 2025-006 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the internal control over compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

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

*Plante & Moran, PLLC*

December 19, 2025

## City of Detroit, Michigan

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Department of Agriculture</b>					
Passed through Michigan Department of Health and Human Services:					
WIC Special Supplemental Nutrition Program for Women, Infants and Children - Breastfeeding 2024	10.557	E20240675-00	\$ -	\$ 72,380	
WIC Special Supplemental Nutrition Program for Women, Infants and Children - Resident Services 2024	10.557	E20241960-00	670,842	1,454,872	
WIC Special Supplemental Nutrition Program for Women, Infants and Children - Breastfeeding	10.557	E20253799-00	777,202	2,705,646	
WIC Special Supplemental Nutrition Program for Women, Infants and Children - Resident Services	10.557	E20251375-00	-	140,101	
Total WIC Special Supplemental Nutrition Program for Women, Infants and Children				1,448,044	4,372,999
Passed through Michigan Department of Education - Child and Adult Care Food Program (CACFP) FY 25	10.558	222010	-	-	343,677
Child Nutrition Cluster - Passed through Michigan Department of Education -					
Summer Food Service Program FY 2025	10.559	990005365	-	-	216,536
Direct Program - Inflation Reduction Act (IRA) - Urban and Community Forestry (UCF) - FY 2023	10.727	24-DG-11094200-123	-	-	264,483
<b>Total Department of Agriculture</b>				1,448,044	5,197,695
<b>Department of Housing and Urban Development</b>					
Direct Programs - CDBG Entitlement Grants Cluster:					
Community Development Block Grant/Entitlement Grants	14.218	B18MC260006	208,003	926,884	
Community Development Block Grant/Entitlement Grants	14.218	B19MC260006	104,638	466,278	
Community Development Block Grant/Entitlement Grants	14.218	B20MC260006	259,721	1,157,347	
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	B20MW260006	693,963	3,092,375	
Community Development Block Grant/Entitlement Grants	14.218	B21MC260006	146,236	651,642	
Community Development Block Grant/Entitlement Grants	14.218	B22MC260006	863,054	3,845,864	
Community Development Block Grant/Entitlement Grants	14.218	B23MC260006	3,191,122	14,219,991	
Community Development Block Grant/Entitlement Grants	14.218	B24MC260006	3,220,429	14,350,584	
Community Development Block Grant/Entitlement Grants	14.218	B25MC260006	140,812	627,475	
Community Development Block Grant Developer Loan	14.218	B13MC260006	-	1,783,951	
Community Development Block Grant Developer Loan	14.218	B14MC260006	-	1,316,049	
Community Development Block Grant Developer Loan	14.218	B16MC260006	-	1,889,295	
Community Development Block Grant/Disaster Recovery (DR)	14.218	B-21-MF-26-0002	-	12,888,422	
Community Development Block Grant/Disaster Recovery (DR)	14.218	B-22-MF-26-0002	-	34,474	
Total CDBG Entitlement Grants Cluster				8,827,978	57,250,631
Direct Programs:					
COVID-19 Emergency Housing Solutions Grant	14.231	E20MW260006	-	49,857	
Emergency Housing Solutions Grant	14.231	E22MC26006-0006	456,810	546,763	
Emergency Housing Solutions Grant	14.231	E23MC26006-0006	2,423,172	2,900,337	
Emergency Housing Solutions Grant	14.231	E204C260006	251,390	300,893	
Total Emergency Housing Solutions Grant				3,131,372	3,797,850

## City of Detroit, Michigan

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Department of Housing and Urban Development (Continued)</b>					
Direct Programs - Investment Partnership:					
Home Investment Partnerships Program - HRD HOME Administration	14.239	M22MC260202		\$ -	\$ 293,024
Home Investment Partnerships Program - HRD HOME 02 03	14.239	M18MC260202		-	286,356
Home Investment Partnerships Program - HRD HOME 02 03	14.239	M19MC260202		-	3,226,593
Home Investment Partnerships Program - HRD HOME 02 03	14.239	M20MC260202		-	2,659,148
Home Investment Partnerships Program - HRD HOME Administration	14.239	M21MC260202		-	492,312
Home Investment Partnerships Program - HRD HOME 02 03	14.239	M21MC260202		-	2,062,173
COVID-19 Home Investment Partnerships Program - Home - ARP	14.239	M21MP260202		-	1,001,175
<b>Total Home Investment Partnerships</b>				-	10,020,781
Direct Programs:					
Housing Opportunities for Persons with AIDS	14.241	MIH24F001		-	2,868,449
Housing Opportunities for Persons with AIDS	14.241	MIH23-F001		-	697,517
Housing Opportunities for Persons with AIDS	14.241	MIH22F001		-	31,851
Housing Opportunities for Persons with AIDS	14.241	MIH22F001		-	325,969
Housing Opportunities for Persons with AIDS	14.241	MIH21-F001		-	48
<b>Total Housing Opportunities for Persons with AIDS</b>				-	3,923,834
Direct Programs - Neighborhood Implementation Grants -					
Public and Indian Housing - Choice Neighborhoods Implementation Grant Program - FY 2020	14.850	MI5F536CNG120		414,897	3,321,572
Direct Programs - Lead Hazard Reduction Demonstration Grant Program:					
Lead-Based Paint Hazard Control in Privately-Owned Housing - Healthy Homes (HHO)	14.900	MILHD0487-22		-	383,016
Lead-Based Paint Hazard Control in Privately-Owned Housing - Healthy Homes (HHO)	14.900	MIHHP0042-22		-	1,158,744
Lead-Based Paint Hazard Control in Privately-Owned Housing - Healthy Homes (HHO)	14.900	MILNG0007-19		-	69,791
<b>Total Lead Hazard Reduction Demonstration Grant Program</b>				-	1,611,551
Direct Programs - Lead Hazard Reduction Demonstration Grant Program (LDI)	14.905	MILHD0487-22		-	1,334,239
Direct Programs - Lead Hazard Control in High Risk Areas	14.920	MILNG0007-19		-	3,494,540
<b>Total Department of Housing and Urban Development</b>				12,374,247	84,754,998
<b>Department of the Interior</b>					
Direct Programs - Great Lakes Restoration	15.662	2008.21.070993		-	97,463
Direct Programs - Historic Preservation Funds Grants-In-Aid:					
Historic Preservation Fund-Historic Context of the Middle Eastern Community in Detroit Grant	15.904	P22AP00300-01		-	31,706
Historic Context Study Latinx Communities	15.904	P21AP11721-00		-	7,775
Historic Context Study of Women in Detroit - Underrepresented Communities Grant	15.904	P23AP00278-00		-	5,817
<b>Total Historic Preservation Funds Grants-In-Aid</b>				-	45,298
Passed through Michigan Economic Development Corporation (Michigan Strategic Fund) -					
Historic Preservation Fund Grants-In-Aid - Certified Local Government (CLG) Grant	15.904		CG24-459	-	9,503
Direct Programs - Save America's Treasures Grant for the Historic Fort Wayne	15.929	P21AP11769-00		-	53,447
<b>Total Department of the Interior</b>				-	108,248

## City of Detroit, Michigan

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Department of Justice</b>					
Passed through Black Family Development, Inc. - (CESF) - Violent Gang and Gun Crime Reduction - Project Safe Neighborhoods Grant Program	16.034		15PBJA-23-GG-02467-GUNP	\$ -	\$ 130,908
Passed through Michigan Department of Health and Human Services:					
Culturally Specific Responsive Services for Underserved Victims of Crime 2025	16.575		E-20253901-00	-	258,979
Violence Against Women Formula Grants - Culturally Specific Underserved	16.588		E20241653-00	-	17,158
Violence Against Women Formula Grants - Culturally Specific Underserved - 2025	16.588		E20252023-00	-	71,570
Total Michigan Department of Health and Human Services				-	347,707
Passed through Michigan Department of State Police -					
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program - 2021 OVW Firearms Technical Assistance Project Pilot Sites Initiative Solicitation	16.590		15JOVW-21-GK-04698-HOMI	-	70,132
Passed through Black Family Development Group - Project Safe Neighborhoods Grant	16.609		21-GG-03033-GUNP	-	32,469
Direct Programs - Edward Byrne Memorial Justice Assistance Grant Program - BJA FY24 Local Law Enforcement					
Crime Gun Intelligence Center Integration Initiative	16.738		15PBJA-24-GG-03976-BSCI	-	28,862
Passed through Michigan Department of State Police:					
Edward Byrne Memorial Justice Assistance Grant Program - JAG 2021	16.738		15PBJA-21-GG-01577-JAGX	-	211,603
Edward Byrne Memorial Justice Assistance Grant Program - 2021 BJA FY21 Smart Policing Initiative	16.738		15PBJA-21-GG-04384-SMTP	36,507	66,780
Passed through Wayne County, Michigan:					
Edward Byrne Memorial Justice Assistance Grant Program - Wayne County Operation Legend	16.738		2020-MU-BX-0005	-	54,950
Justice Assistance Grant - JAG FY23	16.738		JAG-0-BJA-2023-171790	-	56,389
Justice Assistance Grant - JAG FY22	16.738		15PBJA-22-GG-02104-JAGX	-	899,998
Total Edward Byrne Memorial Justice Assistance Grant				36,507	1,318,582
Passed through Michigan Department of State Police:					
Congressionally Recommended Awards - FY 2022 Byrne Discretionary Community Project Grant to support Project Clean Slate	16.753		15PBJA-22-GG-00132-BRND	-	473,149
Congressionally Recommended Awards - 2022 BJA Byrne Discretionary Community Project Grants Program	16.753		15PBJA-22-GG-00107-BRND	131,968	172,867
Byrne Discretionary - Body Worn Camera FY23	16.753		15PBJA-23-GG-00104-BRND	-	1,000,000
Total Congressionally Recommended Awards				131,968	1,646,016
Passed through Michigan Department of Health and Human Services -					
Crime Victim Assistance - Culturally Specific Responsive Services for Underserved Victims of Crime 2024	16.575		E20243577-00	-	112,095
Direct Programs - Second Chance Asct Reentry Initiative - Innovations in Supervision	16.812	2020-SM-BX-0001		74,375	74,375
Direct Programs - Byrne Criminal Justice Innovation Program - Innovations in Community Based Crime Reduction Grant	16.817	2019-BJ-BX-0005		-	52,933
Passed through Michigan Department of State Police - Byrne Criminal Justice Innovation Program -					
2021 BJA FY21 Byrne Criminal Justice Innovation Program	16.817		15PBJA-21-GG-04107-BCJI	44,519	89,727
Total Byrne Criminal Justice Innovation Program				44,519	142,660
Passed through Michigan Department of State Police -					
BJA FY23 Comprehensive Opioid, Stimulant, and Substance Use Site-based Program	16.838		15PBJA-23-GG-02388-COAP	632,472	640,058
Total Department of Justice				919,841	4,515,002

## City of Detroit, Michigan

### Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Department of Transportation</b>					
Passed through Michigan Department of Transportation:					
Airport Improvement Program	20.106		B-26-0027-4422	\$ -	\$ 14,446
COVID-19 Airport Improvement Program	20.106		3-26-SBGP-117-2020	-	<u>14,874</u>
Total Federal Aviation Administration				-	29,320
Passed through Michigan Department of Transportation -					
Highway Planning and Construction	20.205		SGMA 1900(702)	-	44,143
Research and Development Cluster - Passed through Michigan Department of Transportation:					
Highway Planning and Construction	20.205		N/A	-	281,233
Highway Planning and Construction	20.205		23-5357	-	<u>5,586</u>
Total Research and Development Cluster				-	<u>286,819</u>
Total Michigan Department of Transportation				-	330,962
Direct Programs - Highway Planning and Construction - Traffic Operations Center Grant	20.205	693JJ22430000Y003MI24A0956		-	594,781
Federal Transit Cluster:					
Direct Programs - Federal Transit Capital Investment Grants:					
DDOT FY13 Sec 5309 MI-04-0093	20.500	MI-04-0093		-	518,291
Sec 5309 MI-03-0241 Ladder of Opportunity	20.500	MI-03-0241		-	<u>34,762</u>
Total SEC 5309				-	<u>553,053</u>
Direct Programs:					
Federal Transit Formula Grants	20.507	MI-2022-044		-	672,058
Federal Transit Formula Grants	20.507	MI-90-X605-05		-	50,018
Federal Transit Formula Grants	20.507	MI-90-X605-05		-	745,692
Federal Transit Formula Grants	20.507	MI-2023-034		43,994,682	42,335,310
Federal Transit Formula Grants	20.507	MI-2020-001		-	965,883
Federal Transit Formula Grants	20.507	MI-2020-022		-	1,459,699
Federal Transit Formula Grants	20.507	MI-2016-006-00		-	219,847
Federal Transit Formula Grants	20.507	MI-2019-022		-	4,632,150
Federal Transit Formula Grants	20.507	MI-2022-026-00		-	617,099
Federal Transit Formula Grants	20.507	MI-2018-014		-	<u>691,873</u>
Total Federal Transit Formula Grants				43,994,682	<u>52,389,629</u>
Total Federal Transit Cluster				43,994,682	52,942,682

## City of Detroit, Michigan

### Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Department of Transportation (Continued)</b>					
Direct Programs - Federal Transit - Formula Grants - Section 5307 and section 5339 Bus Purchase & Repair, Surveillance and Security, Planning and Preventive Maintenance Grant	20.507	MI-2024-006		\$ -	\$ 11,410,152
Direct Programs - Transit Services Program Cluster - Enhanced Mobility of Seniors and Individuals with Disabilities - Section 5310 ADA Paratransit	20.513	MI-2019-040		-	7,370
Highway Safety Cluster - Passed through Michigan Office of Highway Safety Planning (OHSP) - Strategic Traffic Enforcement Program FY25	20.600		2025-PT-09-00	-	40,944
Passed through Michigan Department of State Police:					
National Priority Safety Programs - Detroit Safe Routes Ambassador Program	20.616		2025-PB-02-00	-	76,524
National Priority Safety Programs - Detroit Safe Routes Ambassador Program	20.616		2024-PB-02-00	-	13,930
Total Detroit Safe Routes Ambassador Program				-	90,454
Total Highway Safety Cluster				-	131,398
Direct Program - Safe Streets For Detroit - (SS4D)	20.939	693JJ32440035		-	446,469
Direct Program - Strengthening Mobility and Revolutionizing Transportation (SMART) Grant	20.941	SMARTFY22N1P1G31		-	670,220
<b>Total Department of Transportation</b>				-	1,255,457
<b>Department of the Treasury</b>					
Direct Programs - COVID-19 Emergency Rental Assistance Program (ERAP 2)	21.023	ERAE0204		1,177,430	1,290,014
Direct Programs - COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) ARPA City Services & Infrastructure	21.027			77,609,348	252,143,341
Passed through Michigan Department of Health and Human Services:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027		E20240179-00	-	109,970
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027		E20255386-00	-	17,573
Total Michigan Department of Health and Human Services				-	127,543
Passed through Michigan Commission on Law Enforcement Standards - COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027		DetroitPD5211	-	21,449
Passed through Michigan Department of Natural Resources - COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027		GS94M2VMNMJ3	-	22,921,273
Passed through Michigan State Housing Development Authority - COVID-19 Coronavirus State and Local Fiscal Recovery Funds - MI HOPE Renew Detroit	21.027		ARP-2023-382-MIH	-	4,909,993
Passed through Wayne County, Michigan - COVID-19 Coronavirus State and Local Fiscal Recovery Funds - JLG Project S-recipient	21.027		SLFRP1744	-	11,092,743
Total Coronavirus State and Local Fiscal Recovery Funds				77,609,348	291,216,342
<b>Total Department of the Treasury</b>				78,786,778	292,506,356

## City of Detroit, Michigan

### Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Environmental Protection Agency</b>					
Passed through Southwest Detroit Environmental Vision National Clean Diesel Emissions Reduction Program	66.039		N/A	\$ -	\$ 315,747
Direct Programs - Enhanced Air Quality Monitoring for Communities	66.034			-	196,080
Direct Programs - Brownfields Assessment and Cleanup Cooperative Agreements:					
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	00E02493		-	17,899
Brownfield Piety Hill - Michigan Brownfield Redevelopment 16th and Bagley	66.818	2020-2447		-	79,565
Total Brownfield Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements				-	97,464
<b>Total Environmental Protection Agency</b>				-	609,291
<b>Department of Energy</b>					
Passed through Michigan Department of Environment, Great Lakes and Energy - State Energy Program	81.041		DE-EE0010079	-	17,770
Direct Program - Energy Efficiency and Conservation Block Grant (EECBG) Program Grant	81.128	DE-SE0000797		-	37,508
<b>Total Department of Energy</b>				-	55,278
<b>Department of Health and Human Services</b>					
Passed through Michigan Department of Health and Human Services:					
Medical Reserve Corp STTRONG (10/1/24 - 5/31/25)	93.008		E20250820-00	-	60,112
Medical Reserve Corp STTRONG (6/1/25 - 9/30/25)	93.008		E20245681-00	-	11,570
Total Medical Reserve Corp STTRONG				-	71,682
Passed through Michigan Department of Health and Human Services:					
Public Health Emergency Preparedness:					
Local Comp 2024 - Public Health Emergency Preparedness (PHEP) 10/1 - 6/30	93.069		E20240603-00	-	79,901
Local Comp 2025 - Public Health Emergency Preparedness (PHEP) 10/1 - 6/30	93.069		E20250694-00	-	160,039
Local Comp 2025 - Public Health Emergency Preparedness (PHEP) CRI 10/1 - 6/30	93.069		E20250576-00	-	234,148
Local Comp 2024 - Public Health Emergency Preparedness (PHEP) CRI 10/1 - 6/30	93.069		E20240602-00	-	25,088
Total Public Health Emergency Preparedness				-	499,176
National Bioterrorism Hospital Preparedness	93.889		E20250576-00	-	21,942

## City of Detroit, Michigan

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Department of Health and Human Services (Continued)</b>					
Passed through Henry Ford Health System -					
Community Programs to Improve Minority Health Grant Program - SisterFriends Detroit	93.137		1 CPIMP231375-01-00	\$ -	\$ 7,000
Passed through Michigan Department of Health and Human Services: Family Planning Services	93.217		E20241031-00	-	508,470
Passed through Michigan Department of Health and Human Services - Immunization Cooperative Agreements:					
COVID-19 Emerging Threats FY 25 - COVID Immunization	93.268		E20251068-00/CVDIM	-	297,147
Local Comp 2024 - Immunization Action Plan (IAP)	93.268		E20240180-00	-	78,295
Local Comp 2024 - CSHCS Vaccine Initiative 9/24	93.268		E20240121-00	-	33,636
COVID-19 Emerging Threats FY 24 - COVID Immunization	93.268		E20241780-00/CVDIM	-	54,919
Vaccine Distribution MDHHS (VFC) Vaccines for Children	93.268		N/A	-	54,215
Vaccine Distribution MDHHS MI (AVP) Adult Vaccine Program	93.268		N/A	-	573,524
Local Comp 2025 - Immunization Action Plan (IAP)	93.268		E20251083-00	-	70,080
Total Immunization Cooperative Agreements				-	1,161,816
Passed through Michigan Department of Health and Human Services:					
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC):					
Local Comp 2024 - West Nile Virus Community Surveillance	93.323		E20240347-00	-	1,895
Emerging Threats FY 25 - Reopening Schools HRA	93.323		E20250589-00	-	393
Emerging Threats FY 24 - ELC Contract Tracing, Case Investigation, Testing Coordination, and Infection Prevention	93.323		E20244544-00	-	141,170
Local Comp 2025 - Infection Prevention and Healthcare- Associated Infections Response Support 9/2025	93.323		E20250489-00	-	124,842
Emerging Threats FY 24 - Reopening Schools HRA	93.323		E20242495-00	-	9,161
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Emerging Threats FY 25 - COVID Workforce Development	93.323		E20255371-00	-	23,690
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)				-	301,151
Public Health Emergency Response - Public Health Crisis Response:					
Emerging Threats FY 25 - COVID Workforce Development	93.354		E20255371-00	-	5,922
Emerging Threats FY 24 - COVID Workforce Development	93.354		E20245899-00	-	18,685
Total Public Health Emergency Response: Public Health Crisis Response				-	24,607
Passed through Regents of the University of Michigan COVID-19 Community Health Senior Intervention - Nursing Research	93.361		R01NR020442-01	-	72,897
Direct Program - COVID-19 Reducing Related Health Disparities in Detroit	93.391	1 NH75OT000091-01-00		1,795,681	1,795,681
Passed through National Association of County and City Health Officials - Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health:					
Decreasing Syphilis Grant	93.421		2023-073102	-	37,692
Leveraging Pharmacies for STI Services and Care	93.421		6NU38OT000306-04-01	-	14,421
Total Strengthening Public Health Systems				-	52,113
Passed through Michigan Department of Health and Human Services -					
Supplemental Family Violence Prevention & Services Act	93.671		E20253873-00	-	20,650

## City of Detroit, Michigan

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Department of Health and Human Services (Continued)</b>					
Direct Programs - Ending the HIV Epidemic: A Plan for American - Ryan White HIV/AIDS Programs Part A & B:					
Ending the HIV Epidemic (EHE) - FY2020: RW HIV/AIDS Program A and B	93.686	25H89HA00021		\$ 140,359	\$ 419,530
Ryan White HIV\AIDS RWHAP\Program A,B	93.686	6 UT8HA33931 02-01		1,828,112	1,828,112
Total Ending the HIV Epidemic: A Plan for American - Ryan White HIV/AIDS Programs Part A & B				1,968,471	2,247,642
Medicaid Cluster - Passed through Michigan Department of Health and Human Services - Medical Assistance Program:					
Lead Health Safety - 2024 Grant (CHIP Healthy Homes)	93.778		E20243742-01	-	31,909
Medicaid CHIP Community Development Lead Hazard Control Program - 2024	93.778		E20243743-01	-	523,516
Local Comp 2024 - Emerging Threats - Hepatitis C	93.778		E20241032-00	-	33,164
Local Comp 2025 - Emerging Threats - Hepatitis C	93.778		E20250490-00	-	33,768
Local Comp 2025 - CSHCS Medicaid Elevated Blood Lead Case Mgmt 9/2025	93.778		E20252722-00	-	63,275
Local Comp 2025 - SDOH Hub Pilot	93.778		E20252600-00	-	27,202
Local Comp 2025 - Children's Special Hlth Care Services (CSHCS) Outreach & Advocacy	93.778		E20250491-00	-	179,027
Local Comp 2024 - Children's Special Hlth Care Services (CSHCS) Outreach & Advocacy	93.778		E20240120-00	-	147,065
Lead Health Safety - 2025	93.778		E20252117-00	-	62,165
Medicaid CHIP Community Development Lead Hazard Control Program - 2025	93.778		E20252123-00	-	716,235
Total Medicaid Cluster				-	1,817,326
Direct Programs - HIV Emergency Relief Project Grants:					
21182-HIV Emergency Support Relief 9/2024	93.914	6 H89HA00021-32-01		8,002,925	8,002,925
HIV Emergency Support Relief 2/2026	93.914	6 H89HA00021-33-01		373,149	2,159,192
Total HIV Emergency Relief Project Grants				8,376,074	10,162,117
Passed through Michigan Department of Health and Human Services - HIV Care Formula Grants:					
Local Comp 2024 - HIV Data to Care	93.917		E20243294-00	-	82,515
Local Comp 2024 - HIV Housing Assistance 9/24	93.917		E20243293-00	-	16,039
Local Comp 2024 - HIV & STI Testing and Prevention	93.917		E20244011-00	-	59,194
Total HIV Care Formula Grants				-	157,748
Passed through Michigan Department of Health and Human Services - HIV Prevention Activities - Health Department Based:					
Local Comp 2025 - Ending the HIV Epidemic Implementation	93.940		E20254561-00	-	144,530
Local Comp 2024 - Ending the HIV Epidemic Implementation	93.940		E20244010-00	-	51,892
Total HIV Prevention Activities - Health Department Based				-	196,422
Passed through Michigan Department of Health and Human Services:					
Cooperative Agreements to Support State-Based					
Safe Motherhood and Infant Health Initiative Programs - Local Comp 2025 - FIMR Interviews - FUR	93.946		E20251372-00	-	4,305
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health:					
SDOH Hub Pilot	93.967		E20245287-00	-	69,888
US17383 Strengthening U.S. Public Health Infrastructure, Workforce, and Data Systems - FY 2022	93.967		5 NE11OE000031-02	-	1,864,489
Total Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health				-	1,934,377

## City of Detroit, Michigan

### Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Department of Health and Human Services (Continued)</b>					
Preventative Health and Health Services Block Grant to the States - Local Comp 2024 - Family Planning Services (Title X) FY 2025	93.991		E20250693-00	\$ -	\$ 376,620
Maternal and Child Health Services Block Grant to the States:					
21172-Local Maternal & Child Hlth 9/2024	93.994		E20241879-00	-	585,281
Local Comp 2024 - Childhood Lead Poisoning Prevention	93.994		E20241159-00	-	119,421
Local Comp 2025 - Fetal Infant Mortality Review (FIMR) Case Abstraction 9/2025 - FUR	93.994		E20251370-00	-	2,700
Local Comp 2024 - Fetal Infant Mortality Review (FIMR) Case Abstraction 9/2024 - FUR	93.994		E20240611-00	-	1,696
Local Comp 2025 - Local MCH	93.994		E20251369-00	-	1,038,560
Local Comp 2025 - Childhood Lead Poisoning Prevention	93.994		E20252388-00	-	78,898
Total Maternal and Child Health Services Block Grant to the States				-	1,826,556
Direct Programs - Food and Drug Administration Research	93.103	G-BDEV2-202310-05020		-	23,058
<b>Total Department of Health and Human Services</b>				12,140,226	23,283,356
<b>Executive Office of the President</b>					
Passed through Michigan High Intensity Drug Trafficking Areas - High Intensity Drug Trafficking Areas - Crime Gun Intelligence Center FY 2023	95.001		EMW-2019-SS-00042	-	19,154
<b>Department of Homeland Security</b>					
Passed through Michigan State Police:					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		PA-05-MI-4607_PW-00102(0)	-	6,483,506
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		PA-05-MI-4607-PW-00152(0)	-	183,402
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		PA-05-MI-4494-PW-00682(0)	-	5,483,226
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		PA-05MI-4494-PW-00153(0)	-	15,076,279
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		PA-05-MI-4494-PW-00543(0)	-	1,135,175
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)				-	28,361,588
Direct Programs:					
Assistance To Fire Fighters	97.044	EMW-2022-FG-06128		-	251,891
Assistance To Fire Fighters	97.044	EMW-2021-FP00682		-	10,070
Total Assistance to Fire Fighters				-	261,961
Passed through County of Macomb - 2021 Homeland Security Grant Program	97.067		EMW-2021-SS-00042	-	95,992
Passed through State of MI to County of Macomb:					
2023 Homeland Security Grant Program	97.067		EMW-2023-SS-00022	-	189,783
2022 Homeland Security Grant Program	97.067		EMW-2022-SS-00031-S01	-	212,393
Total Homeland Security Grant Program				-	402,176
<b>Total Department of Homeland Security</b>				-	498,168
<b>Total Federal Expenditures</b>				<b>\$ 149,663,818</b>	<b>\$ 506,831,912</b>

## **City of Detroit, Michigan**

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# **Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2025**

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Detroit, Michigan (the "City") under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

The City's basic financial statements include the operations of the Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, Community Education Commission, Public Lighting Authority, Greater Detroit Resource Recovery, Detroit Building Authority, Detroit Housing Commission, Detroit Employment Solutions Corporation, and City of Detroit Water and Sewerage Department. The schedule of expenditures of federal awards excludes those operations because they receive a separate financial statement audit and a separate single audit when required by the Uniform Guidance.

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

Expenditures reported in the Schedule are reported on the accrual basis of accounting.

Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

The City has elected not to use the *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

### **Note 3 - Outstanding Loan Balances**

The U.S. Department of Housing and Urban Development (HUD) had insured certain mortgage loan borrowings (ALN 14.248) made by the City of Detroit, Michigan through the Planning and Development Department in connection with certain development projects. All outstanding balances on these loans were fully repaid and no principle remained as of June 30, 2025. In addition, there were no new borrowings under this program during fiscal year ended June 30, 2025.

### **Note 4 - Highway and Construction Program**

The City participates in various road, street, and bridge construction and repair projects. The projects are funded through an award granted to the State of Michigan Department of Transportation (the "State"), which administers the grant for the City. The City identified the projects needed in the locality, and the State performed the procurement, payment, and cash management functions on behalf of the City. The projects are managed directly by the State, and the expenditures related to these projects have been excluded from the Schedule. The total of these projects is approximately \$8.6 million for the year ended June 30, 2025.

## **City of Detroit, Michigan**

# **Notes to Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2025**

### **Note 5 - Disaster Grants Public Assistance Program (ALN 97.036)**

Included in the Schedule for the year ended June 30, 2025 is \$28,361,588 of expenditures incurred under the Disaster Grants - Public Assistance grant (ALN 97.036) in a previous fiscal year. The project worksheets for these expenditures were approved in the current fiscal year, and these expenditures have been reported in the current fiscal year in accordance with the reporting requirements outlined in the 2025 Compliance Supplement.

# City of Detroit, Michigan

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

### 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?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported

#### Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
10.557	WIC Special Supplemental Nutrition Program for Women, Infants and Children	Unmodified
14.239	HOME Investment Partnerships Program	Unmodified
14.850	Public and Indian Housing	Unmodified
14.920	Lead Hazard Control for High Risk Areas	Unmodified
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Unmodified
93.914	HIV Emergency Relief Project Grants	Unmodified

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

Auditee qualified as low-risk auditee?  Yes  No

## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section II - Financial Statement Audit Findings

Reference Number	Finding
2025-001	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - The City should have processes and controls in place to ensure proper financial reporting, which includes proper recording of all journal entries, general ledger balances, and note disclosures, in accordance with generally accepted accounting principles (GAAP) prior to the commencement of the audit.</p> <p><b>Condition</b> - There were several significant adjustments to the general ledger identified during the audit process as a result of certain underlying financial records not being reconciled and closed in a timely manner.</p> <p><b>Context</b> -</p> <p><b>The City</b></p> <p>There were several adjusting journal entries that were proposed by the auditors and posted by the City in order to ensure the financial statements were not misstated.</p> <p>The most significant adjustments included an entry to increase contingent liabilities, specifically related to the legal case reserve (\$11.2 million); an entry to increase the City's estimate of income tax receivables (\$4.2 million); and an entry to increase the City's estimate of opioid settlement receivables (\$3.8 million).</p> <p>In addition to the significant adjusting journal entries described above, there were other proposed adjusting journal entries that were immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The most significant proposed adjustments included an entry related to the recognition of subscription agreements (\$14.4 million) and an entry to defer lease revenue over the term of the agreement (\$9.8 million).</p> <p><b>Component Units and Agencies</b></p> <p>The Detroit Land Bank Authority (DLBA) had a lack of processes and controls to ensure proper financial reporting, resulting in adjustments related to revenue, property inventory, and certain payables. The net impact of these adjustments was \$5.5 million. The Public Lighting Authority (PLA) had a lack of processes and controls to ensure proper financial reporting, resulting in an adjustment of \$2.8 million to property and equipment. The Detroit Transportation Corporation (DTC) had a lack of processes and controls to ensure proper financial reporting, resulting in adjustments related to property and equipment, revenue, receivables, and prepaid expenses. The Museum of African American History had a lack of processes and controls to ensure proper financial reporting and timely reconciliations, including review of bank reconciliations, resulting in adjustments to due from other governmental units, inventory, prepaid expenditures, accounts payable, unavailable revenue, and fund balance. The Detroit Water and Sewerage Department (DWSD) had a lack of processes and controls to ensure costs charged to a grant were allowable prior to submission of the reimbursement requests and recording of revenue.</p> <p><b>Cause</b> - Processes and controls were not in place to ensure that coordination and involvement of several departments occurred such that year-end closing entries for certain significant activities and balances were properly recorded in the general ledger and reconciliations were reviewed timely.</p>

## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2025-001 (Continued)	<p><b>Effect</b> - Without processes and controls in place to ensure proper financial reporting and timely preparation and reviews of reconciliations, the financial statements could be materially misstated.</p> <p><b>Recommendation</b> - The City, as well as its agencies and component units, should continue to work with all departments to ensure processes and controls are implemented to accurately reconcile and record all journal entries prior to the start of the audit and reviews of reconciliations are performed timely. Significant areas that resulted in delays in finalizing the adjustments for closing the City's ledger include income tax and opioid settlement revenue activity, contingent liabilities, and component unit/agency reporting. The lack of a process for ensuring these activities are timely reflected in the City's financial reporting could result in material misstatement and the inability of management to monitor significant activity that may be subject to regulation and require additional monitoring to ensure compliance. A more effective review of the recording of this activity throughout the year and during the close process would assist in more timely identifying and correcting potential errors.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - In fiscal year 2025, the City continued implementation of the Audit Finding Corrective Action Plan (AFCAP) to review and remediate policies and procedures that contributed to audit findings and to provide training to staff to prevent future occurrences. While the City completed corrective actions for several fiscal year 2024 audit findings, certain items remain in progress in accordance with the established project plan. The City will incorporate fiscal year 2025 audit findings into the AFCAP to ensure that appropriate policies, procedures, and training are fully implemented in fiscal year 2026.</p> <p>As part of this ongoing effort, the City will continue to perform an assessment of underlying causes related to journal entries recorded after fiscal year end, including audit-identified adjustments, to strengthen processes and reduce the need for post-close corrections. The City will implement enhanced processes and reporting to identify and address issues earlier in the fiscal year and throughout the close process. The City will also strengthen review procedures to ensure ledger balances, significant transactions, and estimates, including income tax activity, opioid settlement revenue, and contingent liabilities, are accurately recorded, evaluated, and supported in the appropriate fiscal period. These actions are intended to reduce the risk of misstatement and enhance compliance monitoring.</p> <p><b>Component Units</b></p> <p>The City's component units will implement the following corrective actions:</p> <p>The Detroit Transportation Corporation will enhance reconciliation procedures, including processes related to grants and fixed assets. The Detroit Land Bank Authority will update procedures to ensure all financial statement areas are properly reconciled and that adjusting entries are recorded prior to the audit. The Public Lighting Authority will update capitalization procedures. The Museum of African American History will enhance procedures related to bank reconciliations, asset capitalization, inventory management, and overall financial reporting to support timely, accurate, and well-documented financial information. The Detroit Water and Sewerage Department will enhance grant-related processes and procedures.</p>

## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2025-002	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - The City is responsible for ensuring its component units have processes and controls in place to prevent the possibility of misappropriation of assets by restricting an individual's ability to enter and approve invoices in the disbursement system and enforcing appropriate segregation of duties and adherence to procurement policies.</p> <p><b>Condition</b> - During the audit of the City's discretely presented component unit, the Detroit Transportation Corporation, it was noted that invoices without purchase orders were submitted outside the accounts payable workflow and required approval thresholds were not followed. Additionally, the accounting system allows duplicate invoices to be entered and processed. As a result, during the year, DTC processed unauthorized disbursements estimated at approximately \$320,000, with the final amount pending completion of a forensic review.</p> <p><b>Context</b> - DTC experienced significant breakdowns in its procurement and disbursement control processes. A former employee created and approved fictitious IT-related invoices, circumventing established procedures. Invoices were submitted outside the accounts payable workflow, purchase orders were issued after invoices were received, and required approval thresholds were not followed.</p> <p>Upon entry of duplicate invoices, a warning is generated, but the system permits the duplicate entry to proceed. In addition, the system does not enforce DTC's procurement policy requiring board approval for purchases over \$25,000, nor does it block or flag transactions that exceed this threshold.</p> <p><b>Cause</b> - DTC did not implement or enforce segregation of duties or its stated procurement policy. DTC also lacked automated system controls to prevent the opportunity for misappropriation of assets and had insufficient oversight of procurement activities, which resulted in processing of unauthorized transactions without detection.</p> <p><b>Effect</b> - Failure to enforce policies and establish and maintain effective internal controls could result in material misappropriation of assets and material misstatement in the financial statements.</p> <p><b>Recommendation</b> - We recommend that DTC strengthen its internal control environment by enforcing all procurement policy requirements, including proper routing of invoices directly to accounts payable. DTC should enhance segregation of duties and supervisory approval controls within the procurement, IT, and accounts payable functions, and improve system safeguards to prevent unauthorized or duplicate transactions. In addition, DTC should implement the full set of corrective measures and control improvements identified in the forensic audit report to ensure that similar issues do not recur and that procurement and disbursement activities are subject to stronger oversight and monitoring.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The Detroit Transportation Corporation will strengthen internal controls by adhering to and, where necessary, updating its procurement and accounts payable policies to incorporate best business practices, including the requirement for approved purchase orders prior to payment. Training will be provided to all affected staff to ensure consistent application of these policies. DTC will also pursue enhancements to its financial systems and, in the interim, will configure existing systems to strengthen internal controls and enforce required invoice entry fields.</p>

## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section III - Federal Program Audit Findings

Reference Number	Finding
2025-003	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 14.239, Department of Housing and Urban Development (HUD), Home Investment Partnerships Program</p> <p><b>Federal Award Identification Number and Year</b> - M18MC260202 - 2018; M19MC260202 - 2019; M20MC260202 - 2020; M21MC260202 - 2021</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material weakness and material noncompliance with laws and regulations</p> <p><b>Repeat Finding</b> - Yes</p> <p>2024-004</p> <p><b>Criteria</b> - Per 2 CFR 200.303, the recipient must establish, document, and maintain effective internal control over the federal award that provides reasonable assurance that the recipient or subrecipient is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should align with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).</p> <p>The City is required to complete inspections of HOME-assisted units to ensure they meet the HUD housing standards outlined in 24 CFR 92.251(b)(viii). During the period of affordability (i.e., the period for which the nonfederal entity must maintain subsided housing) for HOME-assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than (a) every three years for projects containing 1 to 4 units, (b) every two years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME/HOME-ARP-assisted tenant-based rental assistance to determine compliance with housing quality standards (24 CFR sections 92.209(i), 92.251(f), and 92.504(d)).</p> <p>Per 24 CFR 92.504(d) (Sept. 30, 2024), once a housing quality standards inspection is completed, the results must be communicated to the property owner, and any deficiencies identified must be remedied immediately after notification if they are life-threatening and an additional inspection completed within 12 months for all other deficiencies.</p> <p><b>Condition</b> - The requirements mandate that units be inspected, deficiencies communicated, and corrective actions taken promptly. However, controls over housing quality standards are not effectively designed, reflecting a persistent lack of segregation of duties necessary to ensure compliance. Furthermore, existing controls were insufficient to guarantee that HQS inspection requirements were met and that identified deficiencies were addressed in a timely manner.</p> <p><b>Questioned Costs</b> - None</p> <p><b>If Questioned Costs are Not Determinable, Description of Why Known Questioned Costs Were Undetermined or Otherwise Could Not be Reported</b> - N/A</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p>
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## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2025-003 (Continued)	<p><b>Context</b> - During our walkthrough of the City's processes and controls, we observed that the inspector responsible for conducting inspections of HOME-assisted projects also prepares and signs the certification of completion, with no secondary review in place. In addition, sample testing revealed that 8 of 13 HOME-assisted projects were not inspected according to the established schedule. Finally, 4 of 13 projects did not have deficiencies identified during inspection resolved in a timely manner.</p> <p><b>Cause and Effect</b> - The absence of effectively designed controls over inspection resulted in material noncompliance with program requirements, as described above.</p> <p><b>Recommendation</b> - We recommend that the City establish and implement effective internal controls over inspections. These controls should include segregation of duties, independent review of inspection results, and documented approval processes. Strengthening these measures will help prevent errors or omissions from going undetected and reduce the risk of material noncompliance with program requirements.</p> <p><b>Views of Responsible Officials and Corrective Action Plan</b> - During the fiscal year, the City reviewed and enhanced its internal controls over HQS inspections to strengthen oversight and segregation of duties. Process changes were implemented to ensure that inspections, documentation of deficiencies, follow-up actions, and certifications of completion have independent review and approval. In addition, management implemented monitoring procedures to track inspection schedules to help ensure HQS requirements are met in a timely manner.</p> <p>While corrective actions were initiated during the fiscal year, they were not fully implemented throughout the entire period. By year end, the controls were in place. The City will continue to monitor these controls to ensure ongoing compliance and to prevent similar issues from recurring.</p>

## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2025-004	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 14.239, Department of Housing and Urban Development, Home Investment Partnerships Program</p> <p><b>Federal Award Identification Number and Year</b> - M18MC260202 - 2018; M19MC260202 - 2019; M20MC260202 - 2020; M21MC260202 - 2021</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material weakness</p> <p><b>Repeat Finding</b> - Yes</p>
2024-006	<p><b>Criteria</b> - Per 2 CFR 200.303, the recipient must establish, document, and maintain effective internal control over the federal award that provides reasonable assurance that the recipient or subrecipient is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should align with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.</p> <p>The HOME program has income targeting requirements such that only low-income or very low-income persons can receive housing assistance, as prescribed by 24 CFR 92.216, which covers income targeting for tenant-based rental assistance and rental units.</p> <p>The City maintains Asset Management Policies and Procedures to comply with these standards, which state that an annual review will be performed on each asset.</p> <p><b>Condition</b> - The City lacked adequate controls to ensure annual reviews were conducted in accordance with its policy, limiting its ability to exercise proper oversight of eligibility determinations performed by the program's contractor.</p> <p><b>If Questioned Costs are Not Determinable, Description of Why Known Questioned Costs Were Undetermined or Otherwise Could Not be Reported</b> - N/A</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The City engaged a contractor to review developers' income-eligibility determinations for HOME-assisted housing units. While the contractor performs these reviews, the City retains full responsibility for compliance with eligibility requirements. Our testing showed that the contractor reviewed 62 determinations during the fiscal period; however, the City conducted annual reviews for only 50 of these projects. Additionally, for 5 of 9 projects selected for testing, there was no evidence that the City reviewed the contractor's certification of the developers' income-eligibility determinations. As part of our procedures, we reviewed evidence that the contractor performed the required number of reviews and that individuals assessed were income-eligible to receive program benefits.</p> <p><b>Cause and Effect</b> - The City did not implement controls to ensure eligibility reviews performed by the contractor were in compliance with the terms and conditions of the award. Without oversight of the contractor's procedures for assessing participant eligibility, there is an increased risk that ineligible participants could receive program benefits, potentially resulting in material noncompliance and repayment obligations to the funder.</p>

## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2025-004 (Continued)	<p><b>Recommendation</b> - We recommend that the City continue to implement oversight procedures to conduct and document reviews of contractor work related to compliance requirements and programmatic decisions, specifically, eligibility determinations.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - This finding is timing related and was resolved by the City during the fiscal year. The City reviewed and updated its policies and procedures to help ensure proper segregation of duties and proper oversight of eligibility determination. Additional processes now have independent review of inspections after the program's contractor to further support program compliance.</p> <p>Review responsibilities were put in place to help ensure determinations receive an independent secondary review by city staff. These changes were in place by year end.</p> <p>The City will continue to monitor the program and review procedures to ensure continued compliance and to prevent the recurrence of similar timing-related issues.</p>

## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2025-005	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 93.914, Department of Health and Human Services (HHS), HIV Relief Project Grants</p> <p><b>Federal Award Identification Number and Year</b> - 6 H89HA00021-32-01 - 2024</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material weakness and material noncompliance with laws and regulations</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - Per 2 CFR 200.303, the recipient must establish, document, and maintain effective internal control over the federal award that provides reasonable assurance that the recipient or subrecipient is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should align with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.</p> <p>Per 2 CFR 200.305(b)(3), when the reimbursement method is used, the federal agency or pass-through entity must make payment within 30 calendar days after receipt of the payment request, unless the federal agency or pass-through entity reasonably believes the request to be improper.</p> <p><b>Condition</b> - A lack of effective controls resulted in noncompliance with federal payment requirements, specifically for payments made to subrecipients.</p> <p><b>Questioned Costs</b> - None</p> <p><b>If Questioned Costs are Not Determinable, Description of Why Known Questioned Costs Were Undetermined or Otherwise Could Not be Reported</b> - N/A</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - During testing over a sample of 40 payments to subrecipients, we noted 3 payments that were made more than the required 30 days after the City received a reimbursement request from the subrecipient.</p> <p><b>Cause and Effect</b> - A lack of effectively operating controls could result in the untimely disbursement of funds to subrecipients and material noncompliance with federal payment requirements.</p> <p><b>Recommendation</b> - We recommend that the City design and implement controls to ensure compliance with federal payment requirements, including establishing timelines for processing subrecipient payments and review to ensure adherence to federal payment requirements.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The three payments made were paid 1 to 2 days after the 30-day reimbursement requirement. The City will review its subrecipient payment terms and implement additional processes to help ensure compliance with federal payment requirements.</p>

## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2025-006	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 10.557, United States Department of Agriculture, WIC Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)</p> <p><b>Federal Award Identification Number and Year</b> - E20240675-00 and E20241960-00 - 2024</p> <p><b>Pass-through Entity</b> - Michigan Department of Health and Human Services (MDHHS)</p> <p><b>Finding Type</b> - Material weakness</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - 2 CFR 200 Appendix V.4 requires that each central service cost allocation plan be accompanied by a certification, which includes the period to which the accumulated costs under the plan are allocated.</p> <p>2 CFR 200.303(a) requires nonfederal entities to establish and maintain effective internal controls over federal awards, providing reasonable assurance of compliance with federal statutes, regulations, and award terms. These controls should align with the "Standards for Internal Control in the Federal Government" or the COSO framework.</p> <p><b>Condition</b> - The City applied indirect costs to the programs in a manner that did not align with the allocation methodology outlined in the 2022-2023 cost allocation plan submitted to MDHHS. Furthermore, the plan lacked explicit certification and contained minor errors and omissions.</p> <p><b>Questioned Costs</b> - None</p> <p><b>If Questioned Costs are Not Determinable, Description of Why Known Questioned Costs Were Undetermined or Otherwise Could Not be Reported</b> - N/A</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The City prepares an annual cost allocation plan as required by 2 CFR 200, Appendix V. During testing, we noted that the City charged indirect costs to ensure the amount did not exceed the budgeted indirect cost amount. However, under the methodology submitted with the plan, indirect costs should have been allocated based on the program's total direct costs. Although total direct costs were below the budgeted amount, indirect costs were applied without consideration of this methodology. Additionally, the plan lacked evidence of certification and did not accurately specify the allocation period.</p> <p>Following identification of these matters, the City obtained approval from MDHHS permitting indirect costs to be charged without regard to total direct costs and acknowledging oversights in the plan, including the failure to clearly identify the applicable allocation period.</p> <p>Based on MDHHS' approval, the additional indirect costs charged, though not proportional to total direct costs, did not result in questioned costs.</p> <p><b>Cause and Effect</b> - The City's internal controls were not sufficient to ensure that the required certification was performed or to detect the inconsistent application of the indirect cost allocation methodology. This control weakness increases the risk of noncompliance and may result in excessive indirect costs being charged to the program.</p>

## City of Detroit, Michigan

# Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

## Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2025-006 (Continued)	<p><b>Recommendation</b> - We recommend that the City conduct a comprehensive review of its indirect cost allocation methodology, incorporating feedback provided by the funder, to ensure consistency between the cost allocation plan and its application. Additionally, the City should design and implement internal controls to verify that indirect costs are applied in accordance with the approved methodology and allocation period. We further recommend that all personnel involved in the preparation, submission, and application of indirect costs receive training on the revised methodology and related controls to prevent future inconsistencies and reduce the risk of noncompliance.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Upon identification, the City worked with the Michigan Department of Health and Human Services and obtained approval and acceptance of the indirect cost calculation. The City will continue to work with MDHHS to ensure full compliance.</p> <p>The City has initiated a review of its indirect cost allocation methodology to ensure compliance. Management is updating the cost allocation calculation to document the approved allocation method and ensure the method is in accordance with the approved plan.</p> <p>The City will also provide training to staff involved in the preparation, submission, and calculation of the indirect costs to ensure understanding requirements.</p>