

**HIGHLAND PARK PUBLIC SCHOOL
ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

AUDIT COMMUNICATION LETTER

JUNE 30, 2021



Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alanycyoung.com

October 29, 2021

To the Board of Directors
Highland Park Public School Academy System
DBA Barber Preparatory Academy
Highland Park, Michigan

We have recently completed our audit of the financial statements of Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy) for the year ended June 30, 2021. In addition to our audit report, we are providing the following required communication and recommendations, which impact the Academy.

	<u>Page</u>
Communication Required Under AU-C 260	1
Informational	6

We are grateful for the opportunity to be of service to the Academy. Should you have any questions regarding the comments in this report, please do not hesitate to contact us.

Very truly yours,

Alan C. Young & Associates, P.C.
Detroit, Michigan



Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alanyoung.com

RESULTS OF AUDIT

Board of Directors
Highland Park Public School Academy System
DBA Barber Preparatory Academy
Highland Park, Michigan

We have audited the financial statements of the governmental activities and major fund of Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy) for the year ended June 30, 2021, and have issued our report thereon dated October 29, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance, as well as certain information related to the scope and timing of our audit. We have communicated such information in our letter to you dated June 15, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated June 15, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Academy's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Academy's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Academy's compliance with those requirements.

Results of Audit
(Continued)

Our Responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance (Continued)

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the Management Discussion & Analysis, and the Budgetary Comparison Schedule, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Our audit included obtaining an understanding of the Academy and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the Academy.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. No new accounting policies were adopted and the application of existing policies was not changed during the year. The significant accounting policies used by the Academy are described in Note 2 to the financial statements. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Academy's estimate of depreciation expense is a significant estimate within the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Note 4 is of particular significance as it discusses the Academy's due from governmental units and unearned revenue.

Results of Audit
(Continued)

Significant Audit Matters (Continued)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We would like to commend management and staff on the assistance provided to us during the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were noted as a result of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedule and management discussion and analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Results of Audit
(Continued)

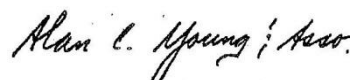
Significant Audit Matters (Continued)

Other Matters (Continued)

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the Academy. The results of that audit are provided to the Board of Directors in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 22, dated October 29, 2021.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Academy and is not intended to be and should not be used by anyone other than these specified parties.



Detroit, Michigan
October 29, 2021

INFORMATIONAL

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Informational Items
June 30, 2021

Upcoming Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for the Academy's year ending June 30, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 is effective for the Academy's year ending June 30, 2023.

**HIGHLAND PARK PUBLIC SCHOOL
ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

**FINANCIAL REPORT
WITH
SUPPLEMENTAL INFORMATION**

JUNE 30, 2021

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Contents

Page No.

Independent Auditor's Report	i
Management's Discussion and Analysis.....	iii

BASIC FINANCIAL STATEMENTS

Academy-wide Financial Statements:

Statement of Net Position	1
Statement of Activities	2

Fund Financial Statements:

Governmental Funds:

Balance Sheet.....	3
--------------------	---

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
---	---

Statement of Revenues, Expenditures and Changes in Fund Balances.....	5
---	---

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6
---	---

Notes to Financial Statements	7
-------------------------------------	---

Required Supplemental Information

Budgetary Comparison Schedule – General Fund	15
--	----

Federal Awards Supplemental Information	Included under separate cover
---	-------------------------------



Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Highland Park Public School Academy System
DBA Barber Preparatory Academy
Highland Park, Michigan

We have audited the accompanying financial statements of the governmental activities and major fund of the Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Independent Auditor's Report
(Continued)**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Academy as of June 30, 2021 and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

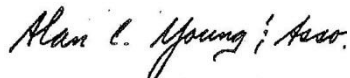
Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2021 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Academy's internal control over financial reporting and compliance.



Detroit, Michigan
October 29, 2021

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Management's Discussion and Analysis
June 30, 2021

As management of the Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy), we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The General Fund recorded \$3,971,514 in revenue, which primarily consisted of the State foundation grant, federal grants, fundraising proceeds, and bank interest. There was \$3,382,849 in General Fund expenditures.
- The Academy continues to focus on improving its cash position. This is a focus of the administration and will continue to be targeted by striving to reduce expenses and seeking additional funding.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements comprise three components: 1) academy-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Academy-wide Financial Statements. The academy-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

The statement of net position presents information, using the accrual basis of accounting, on all of the Academy's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Academy-wide financial statements outline functions of the Academy that are principally supported by State Aid and intergovernmental revenues (Federal grants). The governmental activities of the Academy primarily include instruction and support services. Fixed assets and related debt are supported by State Aid and intergovernmental revenues.

The Academy-wide financial statements can be found on pages 1 – 2 of this report.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Management's Discussion and Analysis (Continued)
June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Michigan public school districts utilizing Bulletin 1022. The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Academy can be divided into three categories: governmental, proprietary and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. All activities of the Academy are included in the governmental funds. The Academy does not maintain any proprietary or fiduciary funds.

The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the Academy-wide and fund financial statements. The notes to the financial statements can be found on pages 7 - 13 of this report.

ACADEMY-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, assets exceeded liabilities by \$1,729,825 as of June 30, 2021. This represents an increase in net position of \$861,860 from last year.

A portion of the Academy's net position reflects its investment in capital assets (e.g., leasehold improvements, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding. The Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

Net Position as of June 30, 2021 and 2020

The following shows a comparison of the Academy's net position as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 1,855,715	\$ 1,331,053
Noncurrent Assets	237,920	21,328
Total Assets	<u>2,093,635</u>	<u>1,352,381</u>
Current Liabilities	363,810	484,416
Total Liabilities	<u>363,810</u>	<u>484,416</u>
Net Assets		
Net Investment in Capital Assets	237,920	21,328
Unrestricted	<u>1,491,905</u>	<u>846,637</u>
Total Net Position	<u>\$ 1,729,825</u>	<u>\$ 867,965</u>

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Management's Discussion and Analysis (Continued)
June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position for the periods ending June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Program Revenues		
Federal Grants	\$ 925,470	\$ 483,593
State Categorical Grants	538,078	633,114
General Revenues		
State Aid - Unrestricted	2,427,460	2,508,083
Other	137,109	15,121
Total Revenues	<u>4,028,117</u>	<u>3,639,911</u>
Expenses		
Instruction	1,123,276	1,286,998
Support Services	1,980,290	2,096,933
Community Services	174	17,772
Depreciation	62,517	11,032
Total Expenses	<u>3,166,257</u>	<u>3,412,735</u>
Increase in Net Position	<u>\$ 861,860</u>	<u>\$ 227,176</u>

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

As the Academy completed its year, its governmental funds reported a fund balance of \$1,435,302, all of which was for the General Fund. The General Fund balance experienced an increase of \$588,665 over last year. The Academy will continue to follow the procedures put in place to ensure that each year the Academy improves its financial position in the midst of an uncertain economic environment.

General Fund Revenue

The majority of revenue was derived from state funding (75%) with federal funding making up 22% of total revenue. There was also local revenue and other revenue making up 3% of total revenue.

Expenditure Allocation

Basic Instruction accounted for \$1,214,296 (36%) of the general fund expenses. \$188,089 (6%) was spent on serving children with special needs. Pupil Support accounted for \$178,481 (5%) of the general fund expenses and instructional support expenditures were \$274,098 (8%). \$638,322 (19%) was expended on operations and maintenance and the remaining 26% was expended on school administration, and other central support services.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Management's Discussion and Analysis (Continued)
June 30, 2021

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS (Continued)

Comments on Budget Comparisons

- The Academy's total general fund revenues for the fiscal year ended June 30, 2021 were approximately \$3.97 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$209,474 less than the final budget.
- The total cost of all programs and services was approximately \$3.38 million.
- Over the course of the year, the Academy revises its budget as unexpected changes in revenues and expenditures arise. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Total expenditures were \$517,850 less than the final budget (13%).

CAPITAL ASSETS

Capital Assets

By the end of 2021, the Academy had \$237,920 (net of depreciation) invested in a broad range of capital assets. Total depreciation for the year was \$62,517.

	<u>2021</u>	<u>2020</u>
Furniture and Equipment	\$ 237,920	\$ 21,328
Total	<u>\$ 237,920</u>	<u>\$ 21,328</u>

Economic Factors and Next Year's Budgets and Rates

The Academy considers many factors when setting the Academy's 2021-2022 fiscal year budgets. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2021-22 fiscal years is 90 percent of the current school year October count and 10 percent of the prior February count. The all-inclusive budget was adopted in June 2021 based on an enrollment estimate of 275 students in the Fall of 2021-22.

Under State law, the Academy cannot assess property taxes for additional revenue for general operations. As a result, the Academy is heavily dependent on the State's ability to fund school operations. Based on early enrollment data and aggressive recruiting efforts, the estimated fall count of 275 students is in line with the estimate used to create the budget. Current enrollment exceeded the budgeted fall count of 275 students.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Management's Discussion and Analysis (Continued)
June 30, 2021

Economic Factors and Next Year's Budgets and Rates (Continued)

Once the final student count and related pupil funding are validated, State law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations. Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriations to public schools and public school academies. The State periodically holds a revenue estimating conference to estimate revenues.

Contacting the Academy's Management

This financial report is designed to provide a general overview of the Academy's finances. If you have any questions about this report or need additional information, contact the Finance Department of Promise Schools, 15000 Trojan St., Detroit, Michigan 48235.

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash (Note 3)	\$ 1,252,964
Due From Other Governmental Units (Note 4)	602,551
Deposit	200
Capital Assets - Net (Note 5)	<u>237,920</u>
Total Assets	<u>2,093,635</u>
Liabilities	
Accounts Payable	26,985
State Aid Anticipation Note (Note 6)	53,862
Unearned Revenue (Note 4)	181,290
Accrued Liabilities	94,333
Due to Other Governmental Units	<u>7,340</u>
Total Liabilities	<u>363,810</u>
Net Position	
Net Investment in Capital Assets	237,920
Unrestricted	<u>1,491,905</u>
Total Net Position	<u>\$ 1,729,825</u>

The notes to financial statements are an integral part of this statement.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM DBA BARBER PREPARATORY ACADEMY

Statement of Activities
June 30, 2021

Functions/Programs	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary Government-Governmental Activities				
Instruction	\$ 1,123,276	\$ -	\$ 522,630	\$ (600,646)
Support Services	1,980,290	-	940,918	(1,039,372)
Community Services	174	-	-	(174)
Depreciation (Unallocated)	62,517	-	-	(62,517)
Total Primary Government- Governmental Activities	3,166,257	-	1,463,548	(1,702,709)
General Revenues				
				2,427,460
				137,109
			Total General Revenues	2,564,569
				861,860
				867,965
			Net Position - End of Year	\$ 1,729,825

The notes to financial statements are an integral part of this statement.

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

Governmental Funds
Balance Sheet
June 30, 2021

	<u>General Fund</u>
ASSETS	
Cash (Note 3)	\$ 1,252,964
Due From Other Governmental Units (Note 4)	602,551
Deposit	200
Total Assets	<u>\$ 1,855,715</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	\$ 26,985
State Aid Anticipation Note (Note 6)	53,862
Unearned Revenue (Note 4)	181,290
Accrued Expenditures	94,333
Due to Other Governmental Units	7,340
Total Liabilities	<u>363,810</u>
Deferred Inflow of Resources	
Unavailable Revenue	56,603
Total Liabilities and Deferred Inflows of Resources	420,413
Fund Balances	
Nonspendable	200
Unassigned	1,435,102
Total Fund Balance	<u>1,435,302</u>
Total Liabilities and Fund Balance	<u>\$ 1,855,715</u>

The notes to financial statements are an integral part of this statement.

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

Reconciliation of the Balance Sheet of
Governmental Funds to the
Statement of Net Position
June 30, 2021

	<u>Amount</u>
Fund Balance - Total Governmental Funds	\$ 1,435,302
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different because:	
Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds:	
The Cost of Capital Assets	936,613
Accumulated Depreciation	<u>(698,693)</u>
	237,920
Unavailable Revenue Recorded as Deferred Inflow at Fund Level; Revenue in the Statement of Activities	<u>56,603</u>
Net Position - Governmental Activities	<u><u>\$ 1,729,825</u></u>

The notes to financial statements are an integral part of this statement.

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

**Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended June 30, 2021**

	General Fund
Revenue	
State Sources	\$ 2,965,538
Federal Sources	868,867
Local Sources	137,109
Total Revenue	3,971,514
 Expenditures	
<u>Instruction</u>	
Basic Program	1,214,296
Added Needs	188,089
<u>Support Services</u>	
Pupil	178,481
Instructional Staff	274,098
General Administration	160,805
School Administration	221,840
Business	355,268
Operations and Maintenance	638,322
Pupil Transportation	19,060
Central	132,416
Community Services	174
Total Expenditures	3,382,849
Excess of Revenue Over Expenditures	588,665
 Fund Balance - Beginning of Year	 846,637
Fund Balance - End of Year	\$ 1,435,302

The notes to financial statements are an integral part of this statement.

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2021**

	<u>Amount</u>
Net Change in Fund Balance-Total Governmental Funds	\$ 588,665
<p>Amounts Reported for Governmental Activities in the Statement of Activities are Different because:</p> <p>Governmental Funds Report Capital Outlay as expenditures; in the statement of activities, these costs are capitalized and depreciated over their estimated useful lives as depreciation:</p>	
Depreciation Expense	(62,517)
Capitalized Capital Outlay	<u>279,109</u>
	216,592
Revenue is reported in the statement of activities at the time it is earned; without regards to timeliness of collection	<u>56,603</u>
Change in Net Position of Governmental Activities	<u><u>\$ 861,860</u></u>

The notes to financial statements are an integral part of this statement.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements
June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Highland Park Public School Academy System, doing business as Barber Preparatory Academy, (the Academy) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies used by the Academy:

Reporting Entity

The Academy was formed as a charter school academy pursuant to the Michigan Revised School Code, 1976 AP 451, MCL 380.1 to 380.1853 and the Local Government and School District Fiscal Accountability Act, 2011 PA 4, MCL 141.1501 to 141.1531.

On July 27, 2012, the school board of the School District of the City of Highland Park, which was in receivership and under the supervision of an emergency manager, entered into a contract authorizing the Highland Park Public School Academy System DBA Barber Preparatory Academy as a public school academy through August 1, 2017. The contract has been renewed and shall remain in force and effective through June 30, 2024. The contract requires the Academy to act exclusively as a governmental entity and not undertake any actions inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution of 1963. The school board of the School District of the City of Highland Park is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy paid the school board of the School District of the City of Highland Park three percent of the state aid foundation allowance as an administrative fee. The total administrative fee for the year ended June 30, 2021 to the school board of the School District of the City of Highland Park was approximately \$83,000.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are part of the Academy's reporting entity, and which organizations are legally separate component units of the Academy. Based on the application of the criteria, the Academy does not contain any component units.

Academy-wide and Fund Financial Statements

The Academy-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Academy-wide activities are considered governmental activities.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)
June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Academy-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Academy-wide Financial Statements - The Academy-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the Academy-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net position and fund balance are available, the Academy's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the Academy's policy to spend funds in this order: committed, assigned and unassigned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all unrestricted State aid.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)
June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued) - Unrestricted State aid and intergovernmental grants, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Academy.

The Academy reports one major governmental fund, the general fund:

General Fund - The General Fund is the Academy's primary operating fund it accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents – Cash includes demand deposits. The Academy considers all short-term investments with a maturity of three months or less when acquired to be a cash equivalent.

Receivables and Payables – Receivables are shown net of an allowance for uncollectible amounts. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Capital Assets – Capital assets, which include leasehold improvements and furniture and equipment, are reported in the applicable governmental column in the Academy-wide financial statements. Capital assets are defined by the Academy as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Academy does not have infrastructure-type assets.

Leasehold improvements and furniture and equipment are depreciated using the straight-line method over the following useful lives:

Leasehold Improvements	Life of Lease
Furniture and Equipment	3-7 years

Inventories – Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Costs – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)
June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Fund Balance – In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use of a specific purpose.

Committed – Amounts that have been formally set aside by the Board of Directors for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Directors.

Assigned – Intent to spend resources on specific purposes expressed by the Board of Directors or director of budget and finance, who is authorized by resolution, and approved by the Board of Directors to make assignments.

Unassigned – Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund.

Net Position – Net position of the Academy is classified in three components. Net Investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase of those assets. Restricted net position is further classified as expendable and nonexpendable. The Academy did not have any expendable restricted net position during the year. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets or restricted.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy has no deferred outflows of resources at year-end.

Deferred Inflows of Resources – The statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The academy had \$56,603 in deferred inflows due to unavailable revenue received more than 60 days after year-end.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)
June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Comparative Data – Comparative data is not included in the Academy's financial statements.

Use of Estimates – The presentation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statement, and the reported revenues and expenses during the reporting period. Actual results could differ from these estimates.

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State law for the General Fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function, with the exception that capital outlay is budgeted within the related functions. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The Academy adjusted budgeted amounts during the year in response to actual and projected activity.

Grants – Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the General Fund. In the Academy's opinion, any disallowed claims will not have a material effect on the financial statements as of and for the year June 30, 2021.

3) DEPOSITS AND INVESTMENTS

State statutes authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy's deposits are in accordance with statutory authority.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)
June 30, 2021

3) DEPOSITS AND INVESTMENTS (Continued)

The Academy has designated one bank for the deposit of its funds.

The Academy's deposits consist solely of checking and/or savings accounts at a local bank; therefore, the Academy has not adopted a formal investment policy.

Custodial Credit Risk of Bank Deposit – Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposit may not be refunded to it. The Academy's deposit policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk be used for the Academy's deposit. At June 30, 2021, the Academy had a deposit balance of \$1,415,363, of which \$1,165,363 was uninsured.

4) DUE FROM GOVERNMENTAL UNITS AND UNEARNED REVENUE

Due from Governmental Units at June 30, 2021 total \$602,551 and consist of state school aid due from the State of Michigan and grant payments from the federal government. There are no applicable allowances for uncollectible accounts.

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2021, the Academy had \$181,290 in unearned revenue.

5) CAPITAL ASSETS

Capital assets activity of the Academy's governmental activities was as follows:

	Balance		Balance
	July 1, 2020	Additions	June 30, 2021
Capital Assets			
Leasehold Improvements	\$ 537,488	\$ 10,995	\$ 548,483
Furniture and Equipment	120,016	268,114	388,130
Subtotal	657,504	279,109	936,613
Accumulated Depreciation			
Leasehold Improvements	526,587	8,258	534,845
Furniture and Equipment	109,589	54,259	163,848
Subtotal	636,176	62,517	698,693
	\$ 21,328	\$ 216,592	\$ 237,920

Depreciation on the capital assets is unallocated in the Statement of Activities.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)
June 30, 2021

6) STATE AID ANTICIPATION NOTE

In Fiscal 2021, the Academy took out a \$300,000 state aid anticipation note bearing interest of 3.45%. The note had a balance of \$53,862 at June 30, 2021 and was repaid in full in August, 2021.

7) OPERATING LEASES

The Academy leases its School building from the School District of the City of Highland Park. The lease was entered into on July 1, 2019 and is coterminous with the term of the charter contract that expires on June 30, 2024. The lease is cancelable in the event of the charter contract between the Academy and School District of the City of Highland Park being terminated. The Annual rent for the year 2020-2021 was calculated as 4 percent of total state aid revenue received by the Academy. Rent expense for the year was \$111,000.

The Academy leases equipment under non-cancelable operating leases. Total costs for such leases were approximately \$8,470 for the current year and the term ended on January 1, 2021.

8) MANAGEMENT COMPANY

The Academy has entered into a management agreement effective through June 30, 2022. The management company is responsible for all of the management, operation, administration, and education at the Academy. The Academy subcontracts all employees from the management company and reimburses the management company for operating costs. The contract provides that the Academy shall pay the management company an annual fee of 10% of the State school aid the Academy receives directly or indirectly from the State of Michigan.

Compensation for the year ended June 30, 2021 was \$301,127.

9) RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. Claims did not exceed coverage less retained risk deductible amounts since the Academy's inception in July 2012. Coverage relating to workers' compensation and medical benefits is provided through the management company.

10) SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 29, 2021, the date the financial statements were available to be issued. No items were noted requiring disclosure in this report.

REQUIRED SUPPLEMENTAL INFORMATION

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Required Supplemental Information
Budgetary Comparison Schedule-General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
State Sources	\$ 3,034,891	\$ 2,991,666	\$2,965,538	\$ (26,128)
Federal Sources	878,151	1,059,322	868,867	(190,455)
Local Sources	16,500	-	137,109	137,109
Other Sources	130,000	130,000	-	(130,000)
Total Revenue	<u>4,059,542</u>	<u>4,180,988</u>	<u>3,971,514</u>	<u>(209,474)</u>
Expenditures				
<u>Instruction</u>				
Basic Program	1,497,369	1,436,718	1,214,296	(222,422)
Added Needs	211,845	249,796	188,089	(61,707)
<u>Support Services</u>				
Pupil	322,851	206,078	178,481	(27,597)
Instructional Staff	323,566	315,412	274,098	(41,314)
General Administration	122,204	161,526	160,805	(721)
School Administration	264,519	253,654	221,840	(31,814)
Business	350,074	356,130	355,268	(862)
Operations and Maintenance	642,396	680,483	638,322	(42,161)
Pupil Transportation	164,950	42,600	19,060	(23,540)
Central	175,900	156,350	132,416	(23,934)
Total Support & Instructional Services	<u>4,075,674</u>	<u>3,858,747</u>	<u>3,382,675</u>	<u>(476,072)</u>
Capital Outlay	18,000	18,000	-	(18,000)
Community Services	22,902	23,952	174	(23,778)
Total Expenditures	<u>4,116,576</u>	<u>3,900,699</u>	<u>3,382,849</u>	<u>(517,850)</u>
Net Changes in Fund Balances	(57,034)	280,289	588,665	308,376
Fund Balances - July 1, 2020			<u>846,637</u>	
Fund Balances - June 30, 2021			<u><u>\$1,435,302</u></u>	

**HIGHLAND PARK PUBLIC SCHOOL
ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

**FEDERAL AWARDS
SUPPLEMENTAL INFORMATION**

JUNE 30, 2021

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Contents

Page No.

Independent Auditor's Report.....	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	4
Schedule of Expenditures of Federal Awards.....	6
Reconciliation of Basic Financial Statements Federal Revenue with Schedule Of Expenditures of Federal Awards.....	7
Notes to Schedule of Expenditures of Federal Awards.....	8
Schedule of Findings and Questioned Costs.....	9
Status of Prior Year Findings	11



Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Highland Park Public School Academy System
DBA Barber Preparatory Academy
Highland Park, Michigan

We have audited the financial statements of the governmental activities and major fund of Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements. We issued our report thereon dated October 29, 2021 which contained unmodified opinions on the financial statements of the governmental activities and major fund. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards and reconciliation of the financial statements' federal revenue with the schedule of expenditures of federal awards are presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the reconciliation of the financial statements' federal revenue with the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Alan C. Young & Assoc.

Detroit, Michigan
October 29, 2021



Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Highland Park Public School Academy System
DBA Barber Preparatory Academy
Highland Park, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated October 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy'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 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 significant deficiencies or material weaknesses. However, significant deficiencies or material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
With Government Auditing Standards
(Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of 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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Detroit, Michigan
October 29, 2021



Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of
Highland Park Public School Academy System
DBA Barber Preparatory Academy
Highland Park, Michigan

Report on Compliance for each Major Federal Program

We have audited the Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2021. The Academy'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 Academy'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 Academy'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 Academy's compliance.

**Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance
(Continued)**

Opinion on Each of the Major Federal Programs

In our opinion, the Academy 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, 2021.

Report on Internal Control over Compliance

Management of the Academy 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 Academy'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 Academy'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 or significant deficiencies. However, material weaknesses or significant deficiencies 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.

Alan C. Young, Assoc.

Detroit, Michigan
October 29, 2021

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

DBA BARBER PREPARATORY ACADEMY

Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2020	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2021	Current Year Cash Transferred to Subrecipient
Clusters:									
Special Education Cluster - U.S. Department of Education :									
Passed through the Wayne County ISD:									
IDEA Flowthrough:									
IDEA Flowthrough 1920	210450	84.027	\$ 100,151	\$ 100,151	\$ 4,780	\$ 4,780	\$ -	\$ -	\$ -
IDEA Flowthrough 2021	210450	84.027	48,553	-	-	48,553	48,553	-	-
Total IDEA Flowthrough			<u>148,704</u>	<u>100,151</u>	<u>4,780</u>	<u>53,333</u>	<u>48,553</u>	<u>-</u>	<u>-</u>
Total Cluster Program			148,704	100,151	4,780	53,333	48,553	-	-
Other Federal Awards:									
Passed through the Michigan Department of Education :									
Title I Part A:									
Title I Part A 1920	201530	84.010 *	439,760	305,848	174,261	246,513	72,252	-	-
Title I Part A 2021	211530	84.010A *	414,051	-	-	338,950	352,363	13,413	-
Total Title I Part A			<u>853,811</u>	<u>305,848</u>	<u>174,261</u>	<u>585,463</u>	<u>424,615</u>	<u>13,413</u>	<u>-</u>
Title II Part A 1920	200520	84.367A	63,214	46,261	27,261	30,200	2,938	-	-
Title II Part A 2021	200520	84.367A	38,450	-	-	-	-	-	-
Total Title II Part A			<u>101,664</u>	<u>46,261</u>	<u>27,261</u>	<u>30,200</u>	<u>2,938</u>	<u>-</u>	<u>-</u>
Title IV Part A SSAE 1920	210750	84.424A	53,136	33,553	33,553	33,553	-	-	-
Title IV Part A SSAE 2021	210750	84.424A	47,101	-	-	26,804	26,804	-	-
Total Title IV Part A			<u>100,237</u>	<u>33,553</u>	<u>33,553</u>	<u>60,357</u>	<u>26,804</u>	<u>-</u>	<u>-</u>
Total Noncluster Programs			1,055,712	385,663	235,075	676,020	454,357	13,413	-
Education Stabilization Fund Program - U.S. Department of Education									
Passed through Michigan Department of Education									
COVID-19 ESSER Formula Fund I	203710	84.425D	310,824	-	-	248,000	291,190	43,190	-
COVID-19 ESSER Education Equity Fund I	203720	84.425D	62,165	-	-	1,318	1,318	-	-
Total ESSER			<u>372,989</u>	<u>-</u>	<u>-</u>	<u>249,318</u>	<u>292,508</u>	<u>43,190</u>	<u>-</u>
COVID-19 Governor's Emergency Education Relief Fund (GEER)	201200	84.425C	28,757	-	-	16,779	16,779	-	-
Total Education Stabilization Fund Program			<u>401,746</u>	<u>-</u>	<u>-</u>	<u>266,097</u>	<u>309,287</u>	<u>43,190</u>	<u>-</u>
Total U.S. Department of Education Noncluster programs			<u>1,457,458</u>	<u>385,663</u>	<u>235,075</u>	<u>942,117</u>	<u>763,644</u>	<u>56,603</u>	<u>-</u>
Coronavirus Relief Fund - U.S. Department of Treasury									
Passed through Michigan Department of Education									
COVID-19 11p - CRF School Aid	20-21	21.019	109,421	-	-	109,421	109,421	-	-
COVID-19 103(2) - District COVID Costs	20-21	21.019	3,852	-	-	3,852	3,852	-	-
Total CRF passed through Michigan Department of Education			<u>113,272</u>	<u>-</u>	<u>-</u>	<u>113,272</u>	<u>113,273</u>	<u>-</u>	<u>-</u>
Total Federal Award			<u>\$ 1,719,434</u>	<u>\$ 485,814</u>	<u>\$ 239,855</u>	<u>\$ 1,108,722</u>	<u>\$ 925,470</u>	<u>\$ 56,603</u>	<u>\$ -</u>

See notes to Schedule of Expenditures of Federal Awards.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY

Reconciliation of Basic financial Statements
Federal Revenue with Schedule
of Expenditures of Federal Awards
Year Ended June 30, 2021

Revenue from Federal Sources - as reported on Financial Statements (Includes all Funds)	\$ 868,867
Unavailable revenue recorded as deferred inflow at fund level; recorded as expenditure in SEFA	<u>56,603</u>
Federal Expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 925,470</u>

See notes to Schedule of Expenditures of Federal Awards.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM DBA BARBER PREPARATORY ACADEMY

Notes to Schedule of Expenditures
of Federal Awards
Year Ended June 30, 2021

1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy). The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Academy and therefore it is not intended to and does not present the financial position or changes in net assets of the Academy for year ended June 30, 2021. Expenditures reported on the schedule are reported on the accrual basis of accounting. In addition, expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2) GRANT AUDITOR REPORT

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. Unreconciled differences, if any, have been disclosed to the auditor.

3) INDIRECT COST RATE

The Academy has elected not to use 10 percent de minimis indirect cost rate allowed rate allowed under the Uniform Guidance.

4) SUBSEQUENT EVENTS

All subsequent events related to the major programs were evaluated through October 29, 2021, the date the accompanying reports were available to be issued. No significant event was noted that required adjustment or disclosure in the report.

HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM DBA BARBER PREPARATORY ACADEMY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued: Unmodified

Internal Control over Financial Reporting:

- Material Weakness (es) Identified? _____ Yes X No
- Significant Deficiencies Identified? _____ Yes X None Reported
- Non-Compliance Material to Financial Statements noted? _____ Yes X No

Federal Awards

Internal Control over Major Programs:

- Material Weakness (es) Identified? _____ Yes X No
- Significant Deficiencies Identified? _____ Yes X None Reported

Type of Auditor’s Report issued on Compliance for Major Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

_____ Yes X No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I, Part A

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee Qualified as Low Risk Auditee? _____ Yes X No

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

Schedule of Findings and Questioned Cost (Continued)
Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

No Financial Statement Audit Findings

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

No Federal Program Audit Findings

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM
DBA BARBER PREPARATORY ACADEMY**

Status of Prior Year Findings
Year Ended June 30, 2021

There was no single audit required for the year ended June 30, 2020.