

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL**

**FEDERAL AWARDS
SUPPLEMENTAL INFORMATION**

JUNE 30, 2019

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Plymouth Educational Center Charter School
Detroit, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plymouth Educational Center Charter School (the School) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon dated November 1, 2019 which contained unmodified opinions on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information. 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 basic financial statements federal revenue with schedule of expenditures of federal awards are presented for purposes of additional analysis as required by 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 basic financial statements. Such information is the responsibility of management and were 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 schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with 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
November 1, 2019



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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 Directors of
Plymouth Educational Center Charter School
Detroit, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Plymouth Educational Center Charter School (the School) as of and for the year ended June 30, 2019, and the related notes to the financial statements which collective comprise the School's basic financial statements and have issued our report thereon dated November 1, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies 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 School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2019-001.

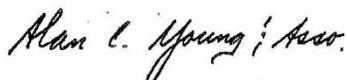
We noted certain other matters that we reported to management of Plymouth Educational Center Charter School in a separate letter dated November 1, 2019.

School's Responses to Findings

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Detroit, Michigan
November 1, 2019



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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 Directors of
Plymouth Educational Center Charter School
Detroit, Michigan

Report on Compliance for Each Major Federal Program

We have audited Plymouth Educational Center Charter School's (the School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2019. The School's major federal program is 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 program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School'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 major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Major Federal Programs

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

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

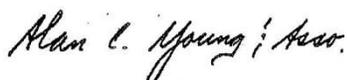
Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School'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 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 in internal control over compliance is a deficiency or 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 preceding paragraph 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.



Detroit, Michigan
November 1, 2019

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL

Schedule of Expenditures of Federal Awards June 30, 2019

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued or (Deferred) Revenue at July 1, 2018	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued or (Deferred) Revenue at June 30, 2019	Passed Through to Subrecipients
DEPARTMENT OF AGRICULTURE								
Passed through the Michigan Department of Education - Child Nutrition Cluster								
National School Breakfast Program								
Project Number 181970	10.553	\$ 157,745	\$ 139,873	\$ 11,303	\$ 29,175	\$ 17,872	\$ -	\$ -
Project Number 191970	10.553	137,665	-	-	126,725	137,665	10,940	-
Total		295,410	139,873	11,303	155,900	155,537	10,940	-
National School Lunch Program								
Project Number 181960	10.555	253,398	224,471	18,102	47,029	28,927	-	-
Project Number 191960	10.555	221,858	-	-	204,176	221,858	17,682	-
Total		475,256	224,471	18,102	251,205	250,785	17,682	-
After School Snack Program								
Project Number 181980	10.555	5,370	5,370	431	431	-	-	-
Project Number 191980	10.555	7,555	-	-	7,335	7,555	220	-
Total		12,925	5,370	431	7,766	7,555	220	-
Noncash Assistance								
USDA Commodities	10.555	32,717	-	-	32,717	32,717	-	-
Total		32,717	-	-	32,717	32,717	-	-
Total Child Nutrition Cluster		816,308	369,714	29,836	447,588	446,594	28,842	-
Total Department of Agriculture		816,308	369,714	29,836	447,588	446,594	28,842	-
DEPARTMENT OF EDUCATION								
Passed through the Michigan Department of Education Office of Elementary and Secondary Education Program								
Title I, Part A - Improving Basic Programs								
Project Number 181530	84.010	673,282	594,868	289	70,237	69,948	-	-
Project Number 191530	84.010	565,811	-	-	365,022	479,274	114,252	-
Total		1,239,093	594,868	289	435,259	549,222	114,252	-
Title II, Part A - Teacher/Principal Training								
Project Number 180520	84.367	90,965	40,296	4,796	11,202	6,406	-	-
Project Number 190520	84.367	43,459	-	-	28,881	28,881	-	-
Total		134,424	40,296	4,796	40,083	35,287	-	-
Title IV, Part A - Student Support & Academic Enrichment Program								
Project Number 190750	84.424	36,224	-	-	21,623	21,623	-	-
Total		36,224	-	-	21,623	21,623	-	-
Total Programs Passed through the Michigan Department of Education		1,409,741	635,164	5,085	496,965	606,132	114,252	-
Passed through Wayne County RESA								
IDEA Flow through - Special Education Grants to State								
IDEA Flow through 18-19	84.027A	96,390	-	-	82,860	90,265	7,405	-
Total Passed through Wayne County RESA		96,390	-	-	82,860	90,265	7,405	-
TOTAL FEDERAL AWARDS		\$ 2,322,439	\$ 1,004,878	\$ 34,921	\$ 1,027,413	\$ 1,142,991	\$ 150,499	\$ -

See notes to Schedule of Expenditure of Federal Awards.

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Revenue from Federal Sources - As Reported on Financial Statements (includes all funds).	\$ 1,150,085
E-Rate Revenue not included in Schedule of Expenditures of Federal Awards	<u>(7,094)</u>
Federal Expenditures per the Schedule of Expenditures of Federal Awards.	<u>\$ 1,142,991</u>

See notes to Schedule of Expenditure of Federal Awards.

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL

**Notes to Schedule of Expenditures
Of Federal Awards
June 30, 2019**

1) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Plymouth Educational Center Charter School (the School). The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School and therefore it is not intended to and does not present the financial position, changes in net assets of the School for year ended June 30, 2019. 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 expenditure 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 SECTION AUDITOR'S REPORT

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

3) INDIRECT COST RATE

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

4) SUBSEQUENT EVENTS

All subsequent events related to the major programs were evaluated through November 1, 2019, the date the accompanying reports were available to be issued. No significant event was noted that required adjustment or disclosure in the accompanying reports.

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

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 No
- Non-Compliance Material to Financial Statements noted? X Yes No

Federal Awards

Internal Control over Major Programs:

- Material Weakness (es) Identified? Yes X No
- Significant Deficiencies Identified? Yes X No

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

Any Audit Findings Disclosed that is Required to be Reported in Accordance with 2 CFR 200.516(a)? Yes X No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar Threshold used to Distinguish between Type A and B Programs: \$750,000

Auditee Qualified as Low Risk Auditee? X Yes No

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

Referenc e Number	Findings
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2019-001 **Finding Type – Noncompliance with Laws and Regulations**

Condition and Description – For the year ended June 30, 2019 the School's expenses exceeded the final budgeted level for the categories shown in the following table. Additionally, total expenditures exceeded the final budgeted level by \$176,148. Expenditures in excess of budgeted amounts are a violation of State law.

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures:				
<u>Instruction:</u>				
Basic Instruction	\$ 1,474,727	\$ 1,319,326	\$ 1,463,653	\$ 144,327
Added Needs	322,750	355,323	355,765	442
<u>Support Services:</u>				
Pupil Support	243,264	192,491	224,724	32,233
Executive Administration	414,313	644,891	675,014	30,123
School Administration	162,380	136,687	140,145	3,458
Maintenance and Operations	637,833	758,584	779,561	20,977

Identification of a Repeat Finding – This is not a repeat finding from the immediate previous audit.

Recommendation – We recommend the School monitor variances between actual and budgeted figures for expenditures.

View of Responsible Officials and Corrective Action Plan – Management and the Board of Plymouth Education Center meet monthly to review financials on a budget to actual basis. Going forward management of Plymouth Education Center and the Board will do a more detailed analysis of budget to actual near year end to identify accounts that may be under budgeted. Management and the Board will then take appropriate action to amend the budget to be in compliance with Michigan Law while also meeting the financial goals of the School. The individuals responsible for meeting these requirements will be the CFO and Board Finance Chair. This issue of non-compliance will be corrected by year end 2020.

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2019

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

No Federal Program audit findings noted.

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL

Status of Prior Year Findings
Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

There were no prior year Financial Statement audit findings.

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

There were no prior year Federal Program audit findings noted.