



Financial Statements – Regulatory Basis
And Reports Required by Uniform Guidance
June 30, 2022

Santa Fe South Schools No. G-021

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Independent Auditor's Report

To the Honorable Board of Education,
Santa Fe South Schools No G-021
Oklahoma County, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of Santa Fe South Schools No G-021 (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances arising from regulatory basis transactions of each fund type and account group of the School as of June 30, 2022, and the revenues it received and expenditures it paid and encumbered for the year then ended in conformity with the basis of accounting described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School as of June 30, 2022, or the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements referred to in the first paragraph do not include the General Fixed Asset Account Group which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group is not known.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1 of the financial statements, the financial statements are prepared by the School using accounting practices prescribed by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulatory basis of accounting – accounting practices prescribed by the Oklahoma State Department of Education as described in Note 1 and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Fe South Schools No. G-021's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements. The combining statement changes in assets and liabilities – regulatory basis – all agency funds, statement of statutory and honest bonds, and schedule of expenditures of federal awards as listed in the accompanying table contents are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements.

The combining statement of changes in assets and liabilities – regulatory basis – all agency funds and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 combining statement of changes in asset and liabilities – regulatory basis – all agency funds and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of accountant's professional liability insurance affidavit but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023 on our consideration of the Santa Fe South Schools No G-021's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 School'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 School's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Oklahoma City, Oklahoma
January 19, 2023

OKC Charter
Santa Fe South Schools No G-021
Combined Statement of Assets, Liabilities, and Fund Balances
Regulatory Basis – All Fund Types
June 30, 2022

	Governmental Fund Types <u>General Fund</u>	Fiduciary Fund Types <u>Cafeteria and Student Agency Funds</u>	Account Groups <u>General Long- Term Debt</u>	Totals (Memorandum Only) <u></u>
Assets				
Cash and investments	\$ 5,162,312	\$ 521,036	\$ -	\$ 5,683,348
Amounts to be provided for retirement of long-term debt	-	-	1,742,881	1,742,881
	<u>\$ 5,162,312</u>	<u>\$ 521,036</u>	<u>\$ 1,742,881</u>	<u>\$ 7,426,229</u>
Liabilities and Fund Balances				
Liabilities				
Warrants payable	\$ 892,557	\$ 47,839	\$ -	\$ 940,396
Encumbrances	447,891	-	-	447,891
Funds held for school organizations	-	467,791	-	467,791
Funds held for employee health benefits	-	5,406	-	5,406
Long-term debt: Note payable	-	-	1,742,881	1,742,881
Total Liabilities	<u>1,340,448</u>	<u>521,036</u>	<u>1,742,881</u>	<u>3,604,365</u>
Fund Balances:				
Unassigned	<u>3,821,864</u>	<u>-</u>	<u>-</u>	<u>3,821,864</u>
Fund Balances, End of Year	<u>3,821,864</u>	<u>-</u>	<u>-</u>	<u>3,821,864</u>
Total Liabilities and Fund Balances	<u>\$ 5,162,312</u>	<u>\$ 521,036</u>	<u>\$ 1,742,881</u>	<u>\$ 7,426,229</u>

OKC Charter
 Santa Fe South Schools No G-021
 Combined Statement of Revenues, Expenditures and Changes in
 Fund Balances – Regulatory Basis – All Governmental Types
 For the Year Ended June 30, 2022

	Governmental Fund Types
	General Fund
Revenues:	
Local sources	\$ 2,436,301
State sources	27,463,905
Federal sources	8,120,289
Total Revenues	38,020,495
Expenditures	
Instruction	16,980,078
Support Services	18,437,488
Non-Instruction Services	1,484,194
Other Outlays	664,395
Total Expenditures	37,566,155
Excess (Deficiency) of Revenues over (under) Expenditures	454,340
Adjustments to Prior year Encumbrances	147,003
Net Change in Fund Balance	601,343
Beginning Fund Balance	3,220,521
Ending Fund Balances	\$ 3,821,864

OKC Charter
Santa Fe South Schools No G-021
Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual – Regulatory Basis – General Fund
June 30, 2022

	General Fund		
	Original Budget	Final Budget	Actual
Revenues:			
Local sources	\$ 3,311,200	\$ 3,311,200	\$ 2,436,301
State sources	27,050,821	27,050,821	27,463,905
Federal sources	6,826,366	6,826,366	8,120,289
Total Revenues	37,188,387	37,188,387	38,020,495
Expenditures			
Instruction	17,260,000	17,260,000	16,980,078
Support Services	17,566,960	17,566,960	18,437,488
Non-Instruction Services	1,300,000	1,300,000	1,484,194
Other Outlays	798,200	798,200	664,395
Total Expenditures	36,925,160	36,925,160	37,566,155
Excess (Deficiency) of Revenues over (under) Expenditures	263,227	263,227	454,340
Adjustments to Prior year Encumbrances	-	-	147,003
Net Change in Fund Balance	263,227	263,227	601,343
Beginning Fund Balance	3,220,521	3,220,521	3,220,521
Ending Fund Balances	<u>\$ 3,483,748</u>	<u>\$ 3,483,748</u>	<u>\$ 3,821,864</u>

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of OKC Charter Santa Fe South Schools No G-021 (the "School" or "SFS") conform to the regulatory basis of accounting, which is an other comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The School's accounting policies are described in the following notes that are an integral part of the School's financial statements.

The Reporting Entity

Santa Fe South Schools No G-021, Inc., an Oklahoma not-for-profit corporation, was formed for the benefit of the School. Effective July 1, 2021, the School entered into a five-year charter contract with Oklahoma City Community College (OCCC). The SFS Board believes OCCC is a better fit as the school's authorizer to meet its long-term goals. Along with the cost savings under this new contract, many SFS students may take concurrent courses at OCCC and the SFS Pathways Middle College is housed on OCCC's campus.

The School is governed by its Board of Education composed of appointed members. The Board has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the School. The School receives funding from local, state, and federal government sources and must comply with the applicable requirements of these funding source entities. However, the School is not included in any other governmental reporting entity as defined in section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The School's activities are reported for federal and Oklahoma tax purposes by Santa Fe South Schools No G-021, Inc. Santa Fe South Schools No G-021, Inc. is an organization described in Internal Revenue Code Section 501(c)(3) and as such, the income of the School is subject to income taxes only to the extent it generates income from unrelated activities. The School had no unrelated income in the year ended June 30, 2022.

Although Santa Fe South Schools No G-021, Inc. is a not-for-profit entity that would normally follow the presentation requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, the School is considered a quasi-governmental entity subject to the reporting requirements of the Oklahoma State Department of Education. Therefore, the School is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes and the Oklahoma Charter Schools Act.

In evaluating how to define the School, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the School and/or its citizens, or whether the activity is conducted within the geographic boundaries of the School and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the School is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the School's reporting entity.

Measurement Focus

The School uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Fund Types

Governmental Funds are used to account for all or most of a government's general activities. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. All revenues from all sources, including entitlements, grants, and shared revenues are recognized when they are received rather than earned. Expenditures are generally recognized when encumbered or reserved rather than at the time the related liability is incurred. These practices differ from generally accepted accounting principles.

Governmental funds include the following fund type:

General Fund - The General Fund is the general operating fund of the School. It is used to account for all financial transactions except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use. Major revenue sources include federal and state funding. Expenditures include all costs associated with the daily operations of the School except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The General Fund also accounts for federal and state financed programs where restricted monies must be expended for specific programs.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the School. Agency funds generally are used to account for assets that the School holds on behalf of others as their agent and do not involve measurement of results of operations.

Fiduciary funds include the following fund types:

Agency Fund - The Agency Fund is the School Activities Fund which is used to account for monies collected principally through fundraising efforts of the students and School sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Cafeteria Fund - The Cafeteria Fund is used to account for monies collected from employees to be remitted for employee insurance and other benefits. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Account Group

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over fixed assets. Account groups include the following group type:

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the School, which is offset by amount to be provided in future years to complete retirement of the debt principal.

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district. The School does not have information necessary to include this group in its financial statements.

Memorandum Only - Total Column

The total column on the financial statements is captioned "memo only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Basis of Accounting

The School prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments. This format differs significantly from that required by GASB Statement No. 34.

The financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education as follows:

- Encumbrances represented by purchase orders, contracts and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.
- Warrants payable are recorded as liabilities when issued.
- Long term debt is recorded when incurred.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types.

Assets, Liabilities and Fund Equity

Cash and cash equivalents – The School considers all cash on hand, demand deposit accounts, and highly liquid investments, with original maturity of three months or less when purchased, to be cash and cash equivalents.

Warrants Payable - Warrants are issued to meet the obligations for goods and services provided to the School. The School recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the School's treasurer.

Encumbrances - Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved. The excess of encumbrances issued in the prior year over amounts subsequently paid is shown as an adjustment of prior year encumbrances in the general fund financial statements.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Fund Balance - Governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered nonspendable (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are spendable (such as fund balance associated with cash, investments, or receivables).

Amounts in the spendable fund balance category are further classified as restricted, committed, assigned or unassigned, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through Constitutional provisions or enabling legislation. There were no such fund balances at June 30, 2022.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. There were no such fund balances at June 30, 2022.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard. There were no such fund balances at June 30, 2022.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

Revenue, Expenses and Expenditures

Local Revenues - Revenue from local sources is the money generated from within the boundaries of the School and available to the School for its use. Local sources of revenues for the School include contributions, interest income, supplies and materials sold, commissions, and reimbursements.

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Schools.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by their review. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustment is made.

The School receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical, educational program revenues be accounted for in the general fund.

Federal Revenues - Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass-through from another government, such as the State.

Other Sources - Non-revenue receipts represent receipts deposited into a fund that are not considered new revenues to the School, but rather the return of assets that also includes miscellaneous receipts.

Resource Use Policy

It is in the School's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, the School considers restricted amounts to be spent first before any unrestricted amounts are used.

Note 2 - Stewardship, Compliance, and Accountability

The School is required by state law to prepare an annual budget. Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. The annual Estimate of Needs, when approved by the Board, and subsequently filed with the County Clerk and approved by the County Excise Board, becomes the legal budget. Supplemental appropriations, if required, are made during the year and are reflected on the budget vs. actual presentations shown as original budget and final budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund - is utilized in all Governmental Funds of the School. Purchase orders or contracts document encumbrance for goods or purchased services. Under Oklahoma law, unencumbered appropriations lapse at year-end.

Note 3 - Deposits

At June 30, 2022, the School held deposits of \$5,683,348 at financial institutions. The School's cash deposits are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the School or by its agent in the School's name.

Note 4 - Investment Income

Investment income deposits to the General Fund account are receipted as allocated by the School Treasurer. School Funds are required to be invested in accordance with Title 70 of the Oklahoma Statutes, Article 5, Section 115. There was no interest income on investments for the year ended June 30, 2022.

Note 5 - Health Care Coverage

Medical insurance is paid for employees in the amount of the full premium for full time eligible employees and partial payment consistent with the amount of preauthorized work for part time eligible employees. Part time employees are eligible if they work at least 20 hours per week. The School pays the applicable percentage of the premiums in relation to full time rates.

Note 6 - Employee Benefit Plan

The School participates in a defined contribution salary deferral plan which covers substantially all employees. Under the plan the School contributes 7% of an employee's monthly gross wages. Employee contributions to the plan are voluntary and may be made up to the maximum permitted by law (IRS).

School employees are 100% after five years. Employees vest 20% each year. The School has no control over the fund, and employees may remove what they have contributed at any time, but must leave the School's contribution in the plan until termination of employment.

Upon termination, the employee has the option to (1) remove all funds contributed by him or her or on their behalf, (2) leave the employee and employer contributions made on his or her behalf in the plan and continue to draw interest, or (3) roll the funds over into another qualified plan.

Note 7 - Long-term Liabilities

Note Payable

The School entered into a debt agreement with Charter Schools Development Corporation (CSDC) in the amount of \$2,000,000 in fiscal year ended June 30, 2020, to be used for the renovation of certain property for specified schools of Santa Fe South Charter School. The note has an interest rate of 6.5% and has monthly debt payments of \$17,422. The remaining balance in the form of a balloon payment is due on December 20, 2022.

The annual requirements to amortize the note payable as of June 30, 2022 including principal and interest payments are as follows:

<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2023	\$ 1,742,881	\$ 62,293	\$ 1,804,242
	<u>\$ 1,742,881</u>	<u>\$ 62,293</u>	<u>\$ 1,804,242</u>

Note 8 - Related Parties

SFS Development, Inc. (DevCorp), is a 501(c)(3) nonprofit and is a functionally-integrated supporting organization which supports the School. DevCorp owns all of the real property and leases it to the School. Certain members of School management also serve as officers and/or management of DevCorp. The School made \$4.8 million in lease payments to DevCorp during the year ended June 30, 2022. Further, DevCorp made direct donations of approximately \$2 million to the School during the year ended June 30, 2022.

DevCorp entered into a two-tranche bond issue, closing on June 30, 2022 and January 19, 2023, as borrower. The first tranche was an \$18 million issue. The second tranche is a \$15 million issue. All property and revenues from DevCorp and the School are pledged as collateral in the bond financing. The School's payments to CSDC and all affiliates, pertaining to the High School and Middle School property totaling approximately \$900,000 per year, will be terminated. The School's lease payments to DevCorp will not change.

Note 9 - Contingencies and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already received, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

During the year ended June 30, 2022, the School did not reduce insurance coverage from coverage levels in place as of June 30, 2021. No settlements have exceeded coverage levels in place during 2022.

Note 10 - Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance to cover these risks of loss, including general and auto liability, property damage, and public official's liability. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.



OKC Charter

Santa Fe South Schools No G-021

Other Supplementary Information

June 30, 2022

OKC Charter
 Santa Fe South Schools No G-021
 Combining Statement of Changes in Assets and
 Liabilities – Regulatory Basis – All Agency Funds
 June 30, 2022

	Ending Balance as of June 30, 2021	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance as of June 30, 2022
ASSETS					
ASSETS HELD FOR EMPLOYEE BENEFITS	\$ 1,478	\$ 61,230	\$ 3,928	\$ 61,230	\$ 5,406
ASSETS HELD FOR STUDENT GROUPS	516,945	533,820	27,920	562,726	515,959
TOTAL ASSETS	\$ 518,423	\$ 595,050	\$ 31,848	\$ 623,956	\$ 521,365
LIABILITIES					
EMPLOYEE BENEFIT ACTIVITIES	\$ 1,478	\$ -	\$ 3,928	\$ -	\$ 5,406
WARRANTS PAYABLE	\$ 20,245	\$ -	\$ 27,594	\$ -	\$ 47,839
HIGH SCHOOL ACTIVITIES					
BAND	\$ 4,690	\$ 16,573	\$ -	\$ 16,990	\$ 4,273
AMBROSIOS HOUSE	2,542	199	-	2,522	219
ATHLETICS	21,626	13,390	-	29,472	5,544
PRINCIPAL FRONT DESK	1,552	9,245	2,189	9,507	3,479
ALPHA REWARD ACCOUNT	967	-	-	379	588
VOLLEYBALL	1,034	6,574	-	4,301	3,307
SOFTBALL	1,704	3,843	-	4,438	1,109
BASKETBALL BOYS	797	213	-	400	610
HARDING TEAM	1,373	-	-	-	1,373
CHOIR	1,345	4,270	-	4,361	1,254
CAPITAL CAMPAIGN	83,084	40,416	3,000	27,680	98,820
SOCCER	3,622	11,175	-	9,062	5,735
ARGOT'S TEAM	192	-	(192)	-	-
COMMUNITY ASSISTANCE FUND	555	1,118	-	-	1,673
ALPHA	1,553	2,480	(500)	1,846	1,687
ROWING	188	150	-	-	338
BASKETBALL GIRLS	1,342	-	-	852	490
WRESTLING	348	8,510	-	4,799	4,059
TRACK	1,434	-	-	923	511
CHINESE	1,319	-	-	398	921
NEWBERG'S TEAM	337	-	-	-	337
FEAR'S TEAM	18	-	-	-	18
BASEBALL	396	4,953	-	4,447	902
MEJIAS-SHAVERS TEAM	162	-	-	-	162
STUDENT COUNCIL/LEADERS	3,162	31,022	-	22,730	11,454
SENIORS 2021	5,292	67,162	(10,444)	61,983	27
PTW - CHOIR	175	-	-	-	175
DANCE	165	33,805	-	31,053	2,917
SEVERSON'S TEAM	26	-	(26)	-	-
NICOSTRATUS HOUSE	509	-	-	360	149
FACILITIES RENTAL	21,183	2,105	-	-	23,288
RENNIE BERRY SCHOLARSHIP	300	-	-	-	300
YEARBOOK	24,202	4,340	15,620	44,162	-
SPED STORE	-	2,463	-	998	1,465
PICKUP'S TEAM	44	349	-	344	49
GAME CLUB	18	-	-	-	18
SALGADO'S TEAM	9	-	-	-	9
SPECIAL OLYMPICS	-	1,600	-	-	1,600
MILLS' TEAM	27	-	(27)	-	-
VALERIUS HOUSE	2,493	1,872	-	2,281	2,084
BALDERAS' TEAM	-	561	-	497	64
PROM ACCOUNT	12,965	3,730	(1,934)	10,412	4,349
AGUIRRE'S TEAM	42	-	(42)	-	-
SAPIENTIA HOUSE	530	681	-	798	413
TAYLOR'S TEAM	34	-	(34)	-	-
PUCCIARELLIS' TEAM	362	-	-	-	362
SCHERSCHLIGTHS TEAM	7	-	-	-	7
LAYNE'S TEAM	-	1,908	-	-	1,908
PTW-STUDENTS UNIFORMS	160	-	-	-	160
PTW- NHS	1,466	848	-	584	1,730
PTW-YEARBOOK	329	-	-	-	329
PENKO'S TEAM	465	-	(465)	-	-

(continued on next page)

OKC Charter
Santa Fe South Schools No G-021
Combining Statement of Changes in Assets and
Liabilities – Regulatory Basis – All Agency Funds
June 30, 2022

Activities	Ending Balance as of June 30, 2021	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance as of June 30, 2022
HIGH SCHOOL ACTIVITIES (Continued)					
SENIOR TRIP	\$ 1,694	\$ -	\$ (1,694.00)	\$ -	\$ -
CROSS COUNTRY	649	-	-	596	53
CHEERLEADING	1,460	3,537	-	3,318	1,679
GENERAL ACTIVITY	764	-	-	572	192
T ANDERSON'S TEAM	40	-	(40)	-	-
PATHWAYS GENERAL ACCT	6,844	48	-	658	6,234
AMBROSIO'S TEAM	190	-	(190)	-	-
REINTERIA'S TEAM	254	2,041	(254)	-	2,041
EPP'S TEAM	100	-	(100)	-	-
GLENN'S TEAM	118	-	-	-	118
WYNCOTT'S TEAM	244	-	(244)	-	-
BREWSTER SCHOLARSHIP	1,068	2,000	-	1,500	1,568
MARIN'S TEAM	36	-	-	-	36
ART	458	-	-	-	458
LAYNE'S TEAM	548	-	-	548	-
NEWSPAPER	1,147	-	(1,147)	-	-
CARTERS' TEAM	51	-	-	-	51
MAYFLOWER DONATION	2,954	-	-	-	2,954
HITCHCOCKS TEAM	168	-	-	-	168
NATIONAL MATH HONOR SOC	428	-	-	-	428
PATHWAYS 2021	50	15,677	(400)	8,860	6,467
PTW-SENIOR TRIP	1,095	-	-	1,095	-
PATHWAYS 2017	50	-	-	-	50
PATHWAYS PROM	1,724	2,633	-	3,143	1,214
P. CRITTENDEN SCHOLARSHIP	500	-	-	-	500
GO BLUE HAT FOUNDATION	1	-	-	-	1
STONE'S TEAM	2	-	-	-	2
YAN'S TEAM	1	255	-	255	1
CHAPPELL'S TEAM	70	489	-	342	217
DISTRICT GENERAL ACTIVITY	4,670	24,023	-	24,051	4,642
PATHWAY SCHOLARSHIP	2,686	710	-	500	2,896
FONT'S TEAM	406	900	243	1,026	523
JIMENEZ TEAM	-	170	-	-	170
SHOAF'S TEAM	698	-	(698)	-	-
ELIZONDO'S TEAM	8	-	(8)	-	-
MILLER'S TEAM	112	-	(112)	-	-
DRAMA	964	-	-	-	964
PHOTOGRAPHY CLUB	745	-	-	-	745
SFS RESILIENCE SCHOLARSHIP	23,445	-	-	2,000	21,445
PATHWAYS STUDENT COUNCIL	1,791	563	-	294	2,060
PATHWAYS BAND	93	345	-	20	418
FACULTY SCHOLARSHIP	3,473	1,263	-	3,375	1,361
PTW - HOPE CLUB	994	-	-	-	994
PTW-STEAM	534	-	-	-	534
PTW S/T/P	22	-	-	-	22
FUDGE FAMILY DONATION	240	-	-	-	240
TOTAL HIGH SCHOOL ACTIVITIES	<u>269,734</u>	<u>330,209</u>	<u>2,501</u>	<u>350,732</u>	<u>251,712</u>

(continued on next page)

OKC Charter
Santa Fe South Schools No G-021
Combining Statement of Changes in Assets and
Liabilities – Regulatory Basis – All Agency Funds
June 30, 2022

Activities	Ending Balance as of June 30, 2021	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance as of June 30, 2022
MIDDLE SCHOOL ACTIVITIES					
S.E.S. (SIXTH GRADE SCIENCE)	\$ 280	\$ -	\$ (280)	\$ -	\$ -
GENERAL ACTIVITY	2,484	125	140	1,817	932
CHEERLEADING	2,145	515	-	990	1,670
BOTHE'S TEAM	75	-	-	-	75
COMMUNITY FUNDRAISING	10	-	(10)	-	-
STUDENT COUNCIL	6,202	4,615	(750)	3,287	6,780
QUIZ BOWL	548	-	-	-	548
VOLLEYBALL	316	-	-	-	316
DOW'S TEAM	75	312	-	308	79
CHAVEZ TEAM	3	464	-	467	-
CONCESSIONS	2,483	-	-	-	2,483
SFS FAMILIA	321	-	-	-	321
WRESTLING	3,044	-	-	3,044	-
ZENG'S TEAM	284	-	-	-	284
BOYS BASKETBALL	2,199	-	-	-	2,199
BARR'S TEAM	117	400	-	274	243
BASEBALL	2,809	3,011	-	2,720	3,100
HALE'S TEAM	278	564	-	481	361
AGUIRRE'S TEAM	84	-	-	-	84
SOFTBALL	432	377	-	379	430
OUTDOOR ED	19,878	9,490	-	11,670	17,698
DC TRIP	405	-	(405)	-	-
YEARBOOK	3,038	4,781	-	6,134	1,685
LANG'S TEAM	624	135	-	270	489
M MANN'S TEAM	-	1,139	-	459	680
LIBRARY ACCOUNT	737	459	-	887	309
BARKER'S TEAM	373	25	-	220	178
SOCCER	775	4,345	-	4,185	935
CROSS COUNTRY	2,061	37	-	-	2,098
TRACK	488	-	-	-	488
KINDLE'S TEAM	-	286	-	273	13
JOHNSON TEAM	-	390	-	354	36
CHOIR	101	-	(101)	-	-
REYNOLD'S TEAM	158	-	-	-	158
LAKE TEAM	47	558	-	522	83
WILSON' TEAM	140	-	-	-	140
ORTEGA'S TEAM	271	220	-	470	21
KING'S TEAM	1,009	-	-	-	1,009
CAMP GODDARD	12,626	4,180	-	7,181	9,625
STAFF HOSPITALITY	955	-	895	444	1,406
DICUS' TEAM	28	480	-	464	44
PAULSON TEAM	29	-	-	-	29
CELL PHONE	499	-	(490)	-	9
COWEN TEAM	415	433	-	308	540
LEWIS TEAM	63	695	-	657	101
GIRLS BASKETBALL	1,217	300	-	831	686
6TH GRADE LIBRARY	335	-	-	-	335
REDMAN TEAM	25	766	-	660	131
GORDON TEAM	24	493	-	493	24
SPELLS TEAM	269	355	-	308	316
FACULTY SCHOLARSHIP	100	-	-	-	100
MISHRA'S TEAM	47	-	-	-	47
ST CLAIR'S TEAM	69	-	-	-	69
GONZALEZ'S TEAM	46	-	-	-	46
IBARRA'S TEAM	-	624	-	598	26
TASHMAN'S TEAM	2	478	-	480	-
RIOS' TEAM	-	408	-	408	-
BUSTO'S TEAM	169	-	-	-	169
POLLARD'S TEAM	88	242	-	242	88
JEWEL-MCGEE'S TEAM	150	-	-	-	150
SIXTH GRADE SCIENCE	38	-	-	-	38
TOTAL MIDDLE SCHOOL ACTIVITIES	71,488	41,702	(1,001)	52,285	59,904

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OKC Charter
Santa Fe South Schools No G-021
Combining Statement of Changes in Assets and
Liabilities – Regulatory Basis – All Agency Funds
June 30, 2022

Activities	Ending Balance as of June 30, 2021	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance as of June 30, 2022
ELEMENTARY SCHOOL ACTIVITIES					
GENERAL ACTIVITY	\$ 21,246	\$ 7,029	\$ -	\$ 9,883	\$ 18,392
STUDENT/TEACHER/PARENT	25,166	38,162	-	37,295	26,033
SPERO ECC GENERAL ACTIVITY	3,597	1,696	-	3,816	1,477
SPERO ECC STP	8,568	8,726	(500)	10,417	6,377
ELEMENTARY TRIP	1,215	-	-	-	1,215
ECC GENERAL ACTIVITY	14,503	15,475	-	14,069	15,909
ECC STUDENT/TEACHER/PARENT	11,286	6,463	-	7,956	9,793
HILLS GENERAL ACTIVITY	45,724	54,525	(500)	42,975	56,774
HILLS STUDENT/TEACHER/PAREN	9,120	4,118	-	5,271	7,967
SPERO GENERAL ACTIVITY	4,326	8,404	-	5,596	7,134
SPERO STUDENT/TEACHER/PARENT	10,735	17,309	(500)	22,431	5,113
TOTAL ELEMENTARY SCHOOL ACTIVITIES	<u>155,486</u>	<u>161,907</u>	<u>(1,500)</u>	<u>159,709</u>	<u>156,184</u>
ROUNDING	(8)	-	(1)	-	(9)
STUDENT GROUP TOTALS	<u>496,700</u>	<u>533,818</u>	<u>(1)</u>	<u>562,726</u>	<u>467,791</u>
TOTAL LIABILITIES	<u>\$ 518,423</u>	<u>\$ 533,818</u>	<u>\$ 31,521</u>	<u>\$ 562,726</u>	<u>\$ 521,036</u>

Note 1- Basis of Presentation

The above schedule and format is required by the Oklahoma State Department of Education and is not intended to represent a financial statement in accordance with accounting principles prescribed by the Oklahoma State Department of Education.

The School Superintendent has a public official dishonesty bond with RLI Insurance Company, bond number LSM0606268, which covers Christopher Brewster for the penal sum of \$100,000 from November 13, 2021 until November 13, 2022.

The School Director of Finance/Encumbrance Clerk has a public official dishonesty bond with RLI Insurance Company, bond number LSM0606269, which covers Maritza Santiago-Resto for the penal sum of \$100,000 from November 13, 2021 until November 13, 2022.

The School has a public official dishonesty bond with RLI Insurance Company for the School Treasurer, bond number LSM0745231, which covers Jack H. Jenkins for the penal sum of \$100,000 from July 28, 2021 until July 28, 2022.

In addition, the School has bonded all General and Activity Fund Custodians and the Assistant Business Manager with RLI Insurance Company for the penal sum of \$1,000 each.

OKC Charter
Santa Fe South Schools No G-021
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Beginning Balance June 30, 2021	Federal Grant Receipts	Federal Grant Expenditures	Ending Balance June 30, 2022
<u>U.S. Department of Agriculture</u>						
Passed through the Oklahoma State Department of Education						
Cash assistance:						
National School Lunch Program (NSLP)	10.555	763	\$ 300,865	\$ 1,534,695	\$ 1,147,565	\$ 687,995
NSLP - Commodity Credit Corporation - Supply Chain	10.555	759	-	77,354	-	77,354
NSLP - Emergency Operational Cost Reimbursement	10.555	762	-	71,836	-	71,836
School Breakfast Program	10.553	764	96,639	350,884	247,115	200,408
Cash Assistance Subtotal			<u>397,504</u>	<u>2,034,769</u>	<u>1,394,680</u>	<u>1,037,593</u>
Non-Cash assistance (Commodities):						
National School Lunch Program	10.555	N/A	-	180,346	180,346	-
Non-Cash Assistance Subtotal			<u>-</u>	<u>180,346</u>	<u>180,346</u>	<u>-</u>
Child Nutrition Cluster			<u>397,504</u>	<u>2,215,115</u>	<u>1,575,026</u>	<u>1,037,593</u>
Passed through the Oklahoma State Department of Education						
P-EBT Program	10.649	760	-	3,063	3,063	-
Total U.S. Department of Agriculture			<u>397,504</u>	<u>2,218,178</u>	<u>1,578,089</u>	<u>1,037,593</u>
<u>U.S. Department of Education</u>						
Passed through the Oklahoma State Department of Education						
COVID-19 Elementary and Secondary School						
Emergency Relief Fund (ESSER)						
COVID-19 - ESSER FY20-21	84.425D	788	(175)	175	-	-
COVID-19 - ESSER	84.425D	788	-	1,500	1,500	-
COVID-19 - ESSER II Formula Funds FY20-21	84.425D	793	(886,591)	886,591	-	-
COVID-19 - ESSER II Formula Funds	84.425D	793	-	2,770,760	3,184,337	(413,577)
COVID-19 - ESSER III (American Rescue Act)	84.425U	795	-	-	845,555	(845,555)
COVID-19 - ESSER III (American Rescue Act) - School Counselor						
Corps Grant	84.425U	722	-	13,309	25,809	(12,500)
Total ESSER			<u>(886,766)</u>	<u>3,672,335</u>	<u>4,057,201</u>	<u>(1,271,632)</u>

OKC Charter
Santa Fe South Schools No G-021
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Beginning Balance June 30, 2021	Federal Grant Receipts	Federal Grant Expenditures	Ending Balance June 30, 2022
Title I, Part A Improving Basic Programs	84.010	511/785	-	1,471,891	1,472,591	(700)
Title II, Part A Teacher & Principal Training	84.367	541/785	-	136,368	154,898	(18,530)
Title II, Part A Teacher & Principal Training FY20-21	84.367	541/785	(37,377)	37,377	-	-
Total Title I			<u>(37,377)</u>	<u>173,745</u>	<u>154,898</u>	<u>(18,530)</u>
Title III, Part A, English Language	84.365	571/785	-	146,276	146,276	-
Title IV- SSAE Grant	84.424A	552/785	-	76,906	76,906	-
Special Education Cluster:						
IDEA - Professional Development - District	84.027	613	-	-	1,165	(1,165)
IDEA - Professional Development - District	84.027	615	-	-	5,499	(5,499)
COVID-19 -IDEA - Covid Assistance	84.027	617	(10,599)	10,599	-	-
IDEA - Flowthrough	84.027	621	-	359,219	538,933	(179,714)
IDEA - Preschool FY20-21	84.173	641	(293)	293	-	-
IDEA - Preschool	84.173	641	-	5,143	5,143	-
COVID-19- American Rescue Plan -IDEA B Flow Through	84.027X	628	-	130,159	159,068	(28,909)
COVID-19- American Rescue Plan -IDEA B Preschool	84.027X	643	-	679	679	-
Total Special Education Cluster			<u>(10,892)</u>	<u>506,092</u>	<u>710,487</u>	<u>(215,287)</u>
Total U.S. Department of Education			<u>(935,035)</u>	<u>6,047,245</u>	<u>6,618,359</u>	<u>(1,506,149)</u>
<u>U.S. Department of Health and Human Services</u>						
Passed through the Oklahoma State Department of Education						
Medical Assistance Program (Medicaid)	93.778	698	-	35,212	2,579	32,633
Total U.S. Health and Human Services						
Total Federal Financial Assistance			<u>\$ (537,531)</u>	<u>\$ 8,300,635</u>	<u>\$ 8,199,027</u>	<u>\$ (435,923)</u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the (the School) under programs of the federal government for the year ended June 30, 2022. The information 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, it is not intended to and does not present the financial position or the changes in net position or fund balance of the School.

Note B – Significant Accounting Policies

Expenditures reported in the schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal assistance has been provided to a subrecipient.

Note C — Indirect Cost Rate

The School has not elected to use the 10% de minimis cost rate.

Note D — Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the School had food commodities totaling approximately \$8,700 in inventory.



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
OKC Charter Santa Fe South Schools No G-021
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the combined fund type and fixed asset group financial statements – regulatory basis of OKC Charter Santa Fe South Schools No G-021 (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise OKC Charter Santa Fe South Schools No G-021’s basic financial statements, and have issued our report thereon dated January 19, 2023. Our opinions were modified because the School prepares its financial statements on a prescribed regulatory basis of accounting. Further, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation with respect to the financial statements being prepared following the regulatory basis of the financial reporting provisions of the Oklahoma State Department of Education.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered OKC Charter Santa Fe South Schools No G-021's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Fe South Schools No G-021's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
January 19, 2023



Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education
OKC Charter Santa Fe South Schools No G-021
Oklahoma City, Oklahoma

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited OKC Charter Santa Fe South Schools No G-021’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on OKC Charter Santa Fe South Schools No G-021’s major federal program for the year ended June 30, 2022. OKC Charter Santa Fe South Schools No G-021’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, OKC Charter Santa Fe South Schools No G-021 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of OKC Charter Santa Fe South Schools No G-021 (the School) and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of OKC Charter Santa Fe South Schools No G-021’s compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned in the lower-left area of the page.

Oklahoma City, Oklahoma
January 19, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Modified-Adverse on GAAP due to regulatory basis Modified - Qualified on regulatory basis
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Internal control over financial reporting: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported

Noncompliance material to financial statements noted	No
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Federal Awards

Internal control over major programs: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported

Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance CFR 200.516:	No
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Identification of Major Programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
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COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D, 84.425U
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Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
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Auditee qualified as low-risk auditee	No
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Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None.

