



Financial Statements – Regulatory Basis
And Reports Required by Uniform Guidance
June 30, 2020

Santa Fe South Schools No. E-021

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of Santa Fe South Schools No. E-021, Oklahoma County, Oklahoma (the School) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School'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 practices prescribed by the Oklahoma State Department of Education; 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 from 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 entity'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 on the effectiveness of the entity'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.

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

As described more fully in Note 1, Santa Fe South Schools No. E-021 has prepared these financial statements 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 comply with 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.

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 paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Santa Fe South Schools No. E-021, as of June 30, 2020, or changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements referred to above 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.

Opinions on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph 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, 2020, 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.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Santa Fe South Schools No. E-021’s financial statements. The combining statement of changes in assets and liabilities – regulatory basis – all agency funds, statement of statutory and honesty bonds, schedule of expenditures of federal awards, and schedule of accountant’s professional liability insurance affidavit as listed in the accompanying table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for 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 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, combining statement of changes in assets 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.

The statement of statutory and honesty bonds and the schedule of accountant’s professional liability insurance affidavit have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2021 on our consideration of Santa Fe South Schools No. E-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 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 Santa Fe South Schools No. E-021’s internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
March 19, 2021

OKC Charter
Santa Fe South Schools No E-021
Combined Statement of Assets, Liabilities, and Fund Balances
Regulatory Basis – All Fund Types
June 30, 2020

	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>Only</u>
Assets				
Cash and investments	\$ 7,465,677	\$ 487,772	\$ -	\$ 7,953,449
Amounts to be provided for retirement of long-term debt	-	-	5,135,875	5,135,875
	<u>\$ 7,465,677</u>	<u>\$ 487,772</u>	<u>\$ 5,135,875</u>	<u>\$ 13,089,324</u>
Liabilities and Fund Balances				
Liabilities				
Warrants payable	\$ 286,969	\$ 8,052	\$ -	\$ 295,021
Encumbrances	1,252,099	-	-	1,252,099
Funds held for school organizations	-	478,565	-	478,565
Funds held for employee health benefits	-	1,155	-	1,155
Long-term debt:				
Paycheck Protection Program Loan	-	-	3,214,300	3,214,300
Note payable	-	-	1,921,575	1,921,575
Total Liabilities	<u>1,539,068</u>	<u>487,772</u>	<u>5,135,875</u>	<u>7,162,715</u>
Fund Balances:				
Unassigned	<u>5,926,609</u>	<u>-</u>	<u>-</u>	<u>5,926,609</u>
Fund Balances, End of Year	<u>5,926,609</u>	<u>-</u>	<u>-</u>	<u>5,926,609</u>
Total Liabilities and Fund Balances	<u>\$ 7,465,677</u>	<u>\$ 487,772</u>	<u>\$ 5,135,875</u>	<u>\$ 13,089,324</u>

OKC Charter
Santa Fe South Schools No E-021
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances – Regulatory Basis – All Governmental Types
For the Year Ended June 30, 2020

	Governmental Fund Types
	General Fund
Revenues:	
Local sources	\$ 477,526
State sources	24,564,226
Federal sources	3,900,525
Total Revenues	28,942,277
Expenditures	
Instruction	14,504,703
Support Services	14,513,975
Non-Instruction Services	1,386,674
Other Outlays	982,099
Total Expenditures	31,387,451
Excess (Deficiency) of Revenues over (under) Expenditures	(2,445,174)
Adjustments to Prior year Encumbrances	36,015
Other Financing Sources (Uses)	
PPP Loan Proceeds	3,214,300
Total Other Financing Sources, net	3,214,300
Net Change in Fund Balance	805,141
Beginning Fund Balance	5,121,468
Ending Fund Balances	\$ 5,926,609

OKC Charter
Santa Fe South Schools No E-021
Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual – Regulatory Basis – General Fund
June 30, 2020

	General Fund		
	Original Budget	Final Budget	Actual
Revenues:			
Local sources	\$ 5,839,535	\$ 5,839,535	\$ 477,526
State sources	24,373,341	24,373,341	24,564,226
Federal sources	3,581,866	3,581,866	3,900,525
Total Revenues	<u>33,794,742</u>	<u>33,794,742</u>	<u>28,942,277</u>
Expenditures			
Instruction	15,400,000	15,400,000	14,504,703
Support Services	12,567,700	12,567,700	14,513,975
Non-Instruction Services	1,950,300	1,950,300	1,386,674
Other Outlays	724,596	724,596	982,099
Total Expenditures	<u>30,642,596</u>	<u>30,642,596</u>	<u>31,387,451</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>3,152,146</u>	<u>3,152,146</u>	<u>(2,445,174)</u>
Adjustments to Prior year Encumbrances	-	-	36,015
Other Financing Sources (Uses)			
PPP Loan Proceeds	-	-	3,214,300
Total Other Financing Sources, net	<u>-</u>	<u>-</u>	<u>3,214,300</u>
Net Change in Fund Balance	3,152,146	3,152,146	805,141
Beginning Fund Balance	<u>5,121,468</u>	<u>5,121,468</u>	<u>5,121,468</u>
Ending Fund Balances	<u>\$ 8,273,614</u>	<u>\$ 8,273,614</u>	<u>\$ 5,926,609</u>

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of OKC Charter Santa Fe South Schools No. E- 021 (the “School”) 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, Inc., an Oklahoma not-for-profit corporation, was formed for the benefit of the School. Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools (the "District"), has contracted with Santa Fe South Schools, Inc. for the operation of the School, a charter school under the Oklahoma Charter School Act.

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, Inc. Santa Fe South Schools, 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, 2020.

Although Santa Fe South Schools, 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 the amount available in the debt service fund and the 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.

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.

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.

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.

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 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, 2020, the School held deposits of \$7,953,449, net of reconciling items, 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. Interest income on investments totaled \$939 for the year ended June 30, 2020.

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

Paycheck Protection Program

The School was granted a loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner in the amount of \$3,214,300. The loan was uncollateralized and fully guaranteed by the Federal Government. The School will be eligible for loan forgiveness of up to 100% of the loan upon meeting certain requirements.

The School has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the financial institution administering the loan. No forgiveness was received for the year ended June 30, 2020. The School would be required to repay any remaining balance, plus accrued interest at 1%, in monthly payments commencing upon notification of partial forgiveness and the note is due June 2025. Subsequent to year end, the School applied for forgiveness of the entire balance but has not been approved by the SBA as of the date of this report.

Note Payable

The School has entered into a debt agreement with Charter Schools Development Corporation (CSDC) in the amount of \$2,000,000 at the beginning of the fiscal year 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, 2020 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>
2021	\$ 86,735	\$ 122,329	\$ 209,064
2022	92,545	116,519	209,064
2023	<u>1,742,295</u>	<u>61,947</u>	<u>1,804,242</u>
	<u>\$ 1,921,575</u>	<u>\$ 300,795</u>	<u>\$ 2,222,370</u>

Note 8 - 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, 2020, the School did not reduce insurance coverage from coverage levels in place as of June 30, 2019. No settlements have exceeded coverage levels in place during 2020.

Note 9 - 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 E-021
Other Supplementary Information
June 30, 2020

OKC Charter
Santa Fe South Schools No E-021
Combining Statement of Changes in Assets and
Liabilities – Regulatory Basis – All Agency Funds
June 30, 2020

	Ending Balance as of June 30, 2019	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance as of June 30, 2020
ASSETS					
ASSETS HELD FOR EMPLOYEE BENEFITS	\$ 4,739	\$ 53,216	\$ (3,684)	\$ 53,116	\$ 1,155
ASSETS HELD FOR STUDENT GROUPS	439,983	487,283	2,679	443,328	486,617
TOTAL ASSETS	\$ 444,722	\$ 540,499	\$ (1,005)	\$ 496,444	\$ 487,772
LIABILITIES					
EMPLOYEE BENEFIT ACTIVITIES	\$ 4,739	\$ 53,216	\$ (3,684)	\$ 53,116	\$ 1,155
HIGH SCHOOL ACTIVITIES					
BAND	\$ 3,946	\$ 763	\$ -	\$ 1,429	\$ 3,280
AMBROSIOS HOUSE	2,651	21	-	-	2,672
PRINCIPAL FRONT DESK	-	2,385	-	415	1,970
ALPHA REWARD ACCOUNT	1,605	965	-	1,694	876
VOLLEYBALL	1,959	4,105	-	4,114	1,950
SOFTBALL	523	1,424	-	980	967
BASKETBALL BOYS	1,827	923	105	2,058	797
HARDING TEAM	369	1,381	506	883	1,373
CHOIR	1,742	30	-	-	1,772
CAPITAL CAMPAIGN	69,489	12,415	4,232	4,617	81,519
SOCCER	2,894	11,973	-	11,039	3,828
ARGOT'S TEAM	405	600	-	946	59
COMMUNITY ASSISTANCE FUND	-	555	-	-	555
ALPHA	2,179	3,563	-	4,970	772
ROWING	188	-	-	-	188
BASKETBALL GIRLS	615	310	-	395	530
TRACK	980	1,088	-	633	1,435
CHINESE	363	1,106	-	450	1,019
NEWBERG'S TEAM	-	337	-	-	337
FEAR'S TEAM	18	-	-	-	18
BASEBALL	543	2,684	-	2,029	1,198
STUDENT COUNCIL/LEADERS	79	10,738	-	4,169	6,648
SENIORS 2020	12,308	58,680	(12,000)	57,276	1,712
PTW - CHOIR	319	-	-	-	319
SEVERSON'S TEAM	526	-	-	500	26
NICOSTRATUS HOUSE	436	461	-	410	487
FACILITIES RENTAL	10,913	12,070	-	-	22,983
RENNIE BERRY SCHOLARSHIP	300	-	-	-	300
YEARBOOK	7,118	5,425	12,000	23,952	591
YEAGER'S TEAM	112	-	(112)	-	-
GAME CLUB	18	-	-	-	18
SALGADO'S TEAM	9	-	-	-	9
MILLS' TEAM	-	360	-	333	27
VALERIUS HOUSE	1,929	914	-	395	2,448
BALDERAS' TEAM	-	365	-	210	155
PROM ACCOUNT	8,586	5,999	-	6,750	7,835
AGUIRRE'S TEAM	506	-	(506)	-	-
SAPIENTIA HOUSE	340	370	-	180	530
TAYLOR'S TEAM	34	-	-	-	34
FRANCIS' TEAM	236	100	26	-	362
VANGILDER TEAM	174	-	(174)	-	-
PTW-STUDENTS UNIFORMS	160	-	-	-	160
PTW- NHS	1,466	-	-	-	1,466
PTW-YEARBOOK	628	-	-	299	329
PENKO'S TEAM	353	-	112	-	465
SENIOR TRIP	3,554	18,915	-	20,775	1,694

OKC Charter
Santa Fe South Schools No E-021
Combining Statement of Changes in Assets and
Liabilities – Regulatory Basis – All Agency Funds
June 30, 2020

Activities	Ending Balance as of June 30, 2019	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance as of June 30, 2020
HIGH SCHOOL ACTIVITIES (Continued)					
CROSS COUNTRY	\$ 205	\$ 444	\$ -	\$ -	\$ 649
CHEERLEADING	1,654	8,998	-	6,951	3,701
GENERAL ACTIVITY	5,491	8,788	179	10,561	3,897
PATHWAYS GENERAL ACCT	4,206	279	2,822	901	6,406
AMBROSIO'S TEAM	-	589	-	399	190
MCKINNEY'S TEAM	3	251	-	-	254
EPP'S TEAM	88	120	-	108	100
GLENN'S TEAM	118	-	-	-	118
WYNCOTI'S TEAM	244	-	-	-	244
BREWSTER SCHOLARSHIP	568	500	-	1,000	68
BOEING SCHOLARSHIP	1,000	2,000	-	3,000	-
MARIN'S TEAM	36	-	-	-	36
ART	458	-	-	-	458
LAYNE'S TEAM	287	1,692	(287)	1,144	548
NEWSPAPER	1,147	-	-	-	1,147
ROSS' TEAM	183	259	1	355	88
EDWARDS'S TEAM	21	-	-	-	21
NATIONAL MATH HONOR SOC	428	-	-	-	428
PATHWAYS 2019	3,222	12,935	(570)	12,245	3,342
PTW-SENIOR TRIP	4,975	1,000	(1,080)	3,820	1,075
PATHWAYS 2017	50	-	-	-	50
PATHWAYS PROM	1,758	4,119	1,350	4,154	3,073
P. CRITTENDEN SCHOLARSHIP	500	-	-	-	500
GO BLUE HAT FOUNDATION	1	-	-	-	1
BLESSING'S TEAM	132	-	-	130	2
VAN'S TEAM	1	-	-	-	1
DUPUIS'S TEAM	70	-	-	-	70
YUMIKO AKIBA	822	-	(822)	-	-
PATHWAY SCHOLARSHIP	4,271	613	(2,000)	500	2,384
FONT'S TEAM	107	288	287	276	406
IBARRA'S TEAM	5	-	(5)	-	-
SHOAF'S TEAM	818	412	-	532	698
GORE'S TEAM	26	-	(26)	-	-
ELIZONDO'S TEAM	1	234	-	227	8
MILLER'S TEAM	112	-	-	-	112
DRAMA	-	1,084	-	120	964
STROUD'S TEAM	1	-	(1)	-	-
PHOTOGRAPHY CLUB	109	264	371	-	744
SFS RESILIENCE SCHOLARSHIP	35,445	-	-	6,000	29,445
PATHWAYS STUDENT COUNCIL	1,166	625	-	-	1,791
PATHWAYS BAND	455	-	-	-	455
FACULTY SCHOLARSHIP	8,823	-	-	-	8,823

OKC Charter
Santa Fe South Schools No E-021
Combining Statement of Changes in Assets and
Liabilities – Regulatory Basis – All Agency Funds
June 30, 2020

Activities	Ending Balance as of June 30, 2019	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance as of June 30, 2020
HIGH SCHOOL ACTIVITIES (Continued)					
PTW - HOPE CLUB	\$ 2,150	\$ 86	-	\$ 742	\$ 1,494
PTW-STEAM	534	-	-	-	534
S/T/P	29	-	-	-	29
Spectrum Club	371	-	(371)	-	-
FUDGE FAMILY DONATION	240	-	-	-	240
TOTAL HIGH SCHOOL ACTIVITIES	<u>224,731</u>	<u>206,605</u>	<u>4,037</u>	<u>205,066</u>	<u>230,307</u>
MIDDLE SCHOOL ACTIVITIES					
S.E.S. (SIXTH GRADE SCIENCE)	280	-	-	-	280
GENERAL ACTIVITY	2,122	8,969	3,226	9,982	4,335
CHEERLEADING	1,946	2,645	-	2,159	2,432
BOTHE'S TEAM	-	280	-	-	280
COMMUNITY FUNDRAISING	1,378	865	(1,378)	855	10
STUDENT COUNCIL	5,178	2,921	-	2,664	5,435
QUIZ BOWL	118	548	(118)	-	548
VOLLEYBALL	413	860	-	399	874
MALDONADO TEAM	-	55	-	-	55
CHAVEZ TEAM	-	233	-	-	233
CONCESSIONS	2,483	-	-	-	2,483
SFS FAMILIA	321	-	-	-	321
WRESTLING	4,671	-	-	550	4,121
ZENG'S TEAM	43	491	(43)	189	302
BOYS BASKETBALL	3,292	150	-	1,243	2,199
BARR'S TEAM	-	637	-	227	410
BASEBALL	288	1,334	-	838	784
HALE'S TEAM	533	584	(533)	306	278
LUCHMAN'S TEAM	32	264	(32)	264	-
VALERA'S TEAM	250	84	(250)	-	84
SOFTBALL	432	-	-	-	432
OUTDOOR ED	6,579	116	7,554	-	14,249
DC TRIP	405	-	-	-	405
YEARBOOK	779	5,188	-	5,005	962
LANG'S TEAM	260	576	(260)	177	399
KELLER'S TEAM	42	-	(42)	-	-
LIBRARY ACCOUNT	62	675	-	-	737
PADDOCK'S TEAM	118	323	(118)	-	323
SOCCER	3,372	4,248	-	4,712	2,908
CROSS COUNTRY	289	770	-	668	391
TRACK	288	630	-	430	488
MANN TEAM	292	684	(292)	439	245
UNDERLANDERS	17	-	(17)	-	-
JOHNSON TEAM	237	352	(237)	352	-

(continued on next page)

OKC Charter
Santa Fe South Schools No E-021
Combining Statement of Changes in Assets and
Liabilities – Regulatory Basis – All Agency Funds
June 30, 2020

Activities	Ending Balance as of June 30, 2019	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance as of June 30, 2020
MIDDLE SCHOOL ACTIVITIES (Continued)					
CHOIR	\$ 101	\$ -	-	\$ -	\$ 101
WILKINS TEAM	526	584	(487)	302	321
LAKE TEAM	362	415	(362)	368	47
BARKER'S TEAM	155	-	(155)	-	-
JONES' TEAM	158	-	(158)	-	-
ORTEGA'S TEAM	105	527	(105)	-	527
MULLEN'S TEAM	40	-	(40)	-	-
KING'S TEAM	24	349	(24)	-	349
CAMP GODDARD	19,336	3,339	-	1,963	20,712
STAFF HOSPITALITY	955	-	-	-	955
DICUS' TEAM	979	270	(979)	-	270
PAULSON TEAM	42	344	(42)	308	36
COMMUNITY GARDEN	199	-	(199)	-	-
NEW CONCESSION STAND	3,932	-	(3,932)	-	-
RITCHIE'S TEAM	29	-	(29)	-	-
CELL PHONE	349	150	-	-	499
R. STROUD'S TEAM	212	-	(212)	-	-
COWEN TEAM	574	393	(574)	177	216
LEWIS TEAM	-	473	-	449	24
GIRLS BASKETBALL	1,276	-	-	-	1,276
HONEY BEES	1,472	-	(1,472)	-	-
6TH GRADE LIBRARY	335	-	-	-	335
REDMAN TEAM	473	562	(473)	537	25
GORDON TEAM	66	487	(66)	345	142
MS -SPELLS TEAM	-	499	-	-	499
FACULTY SCHOLARSHIP	100	-	-	-	100
PRY TEAM	73	47	(73)	-	47
ST CLAIR'S TEAM	207	459	(207)	390	69
GONZALEZ'S TEAM	85	332	(85)	286	46
WILE'S TEAM	136	315	(136)	315	-
STAHLMAN'S TEAM	778	388	(778)	-	388
LEDEZMA'S TEAM	96	-	(96)	-	-
STAHL'S TEAM	611	522	(611)	-	522
POLLARD'S TEAM	61	365	(61)	276	89
BRAUN'S TEAM	141	426	(141)	305	121
SIXTH GRADE SCIENCE	38	-	-	-	38
TOTAL MIDDLE SCHOOL ACTIVITIES	70,546	45,728	(4,037)	37,480	74,757
ELEMENTARY SCHOOL ACTIVITIES					
GENERAL ACTIVITY	5,216	14,914	80	7,213	12,997
STUDENT/TEACHER/PARENT	41,139	34,958	-	37,500	38,597
FIRST GRADE	80	-	(80)	-	-
ELEMENTARY TRIP	\$ 1,155	\$ 60	-	\$ -	\$ 1,215
ECC GENERAL ACTIVITY	14,877	15,648	-	13,819	16,706
ECC STUDENT/TEACHER/PARENT	8,650	14,986	-	13,115	10,521
HILLS GENERAL ACTIVITY	18,126	48,193	-	17,721	48,598
HILLS STUDENT/TEACHER/PAREN	37,195	10,589	-	36,063	11,721
SPERO GENERAL ACTIVITY	7,388	11,954	-	8,792	10,550
SPERO STUDENT/TEACHER/PAREN	13,559	30,432	-	21,395	22,596
TOTAL ELEMENTARY SCHOOL ACTIVITIES	147,385	181,734	-	155,618	173,501
TOTAL LIABILITIES	\$ 447,401	\$ 487,283	\$ (3,684)	\$ 451,280	\$ 479,720

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, 2019 until November 13, 2020.

The School Business Manager/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, 2019 until November 13, 2020.

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, 2019 until July 28, 2020.

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 E-021
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2020

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Beginning Balance June 30, 2019	Federal Grant Receipts	Federal Grant Expenditures	Ending Balance June 30, 2020
U.S. Department of Agriculture						
Passed through the Oklahoma State Department of Education						
Cash assistance:						
National School Lunch Program	10.555	763	\$ -	\$ 1,258,287	\$ 1,100,840	\$ 157,447
School Breakfast Program	10.553	764	-	351,791	255,152	96,639
Cash Assistance Subtotal			<u>-</u>	<u>1,610,078</u>	<u>1,355,992</u>	<u>254,086</u>
Non-Cash assistance (Commodities):						
National School Lunch Program	10.555	N/A	-	125,646	125,646	-
Non-Cash Assistance Subtotal			<u>-</u>	<u>125,646</u>	<u>125,646</u>	<u>-</u>
Child Nutrition Cluster			-	1,735,724	1,481,638	254,086
Total U.S. Department of Agriculture			<u>-</u>	<u>1,735,724</u>	<u>1,481,638</u>	<u>254,086</u>
U.S. Department of Education						
Passed through the Oklahoma State Department of Education						
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	788	-	-	353,818	(353,818)
Title I	84.010	511/785	-	1,112,751	1,115,151	(2,400)
Title I, 2018-19	84.010	511/785	(56,452)	56,452	-	-
Total Title I			<u>(56,452)</u>	<u>1,169,203</u>	<u>1,115,151</u>	<u>(2,400)</u>
Title II, Part A Improving Teachers	84.367	541/785	-	186,444	186,444	-
Title II, Part A Improving Teachers, 2018-19	84.367	541/785	(165,479)	165,479	-	-
Total Title II			<u>(165,479)</u>	<u>351,923</u>	<u>186,444</u>	<u>-</u>
Title III, Part A, English Language	84.365	571/785	-	5,832	5,832	-
Title III, Part A, English Language	84.365	572/785	-	61,935	134,718	(72,783)
Title III, Part A, English Language	84.365	572/785	(61,223)	61,223	-	-
Total Title III			<u>(61,223)</u>	<u>128,990</u>	<u>140,550</u>	<u>(72,783)</u>
Title IV-SSAE Grant	84.424A	552/785	-	95,248	95,248	-
Special Education Cluster:						
IDEA - Professional Development - District	84.027	613	-	1,473	1,473	-
IDEA - Professional Development - District	84.027	615	-	924	924	-
IDEA - Professional Development - District, 2018-19	84.027	615	(132)	132	-	-
IDEA - Flowthrough	84.027	621	-	533,796	533,796	-
IDEA - Flowthrough, 2018 -19	84.027	621	(5,765)	5,765	-	-
IDEA - Preschool	84.173	641	-	2,454	2,454	-
IDEA - Preschool, 2018-19	84.173	641	(537)	537	-	-
Total Special Education Cluster			<u>(6,434)</u>	<u>545,081</u>	<u>538,647</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>(289,588)</u>	<u>2,290,445</u>	<u>2,429,858</u>	<u>(429,001)</u>
Total Expenditures of Federal Awards			<u>\$ (289,588)</u>	<u>\$ 4,026,169</u>	<u>\$ 3,911,496</u>	<u>\$ (174,915)</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, 2020. 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. 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, 2020, the School had food commodities totaling approximately \$125,600 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 E-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 E-021 (the School) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise OKC Charter Santa Fe South Schools No E-021’s basic financial statements, and have issued our report thereon dated March 19, 2021. 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.

In planning and performing our audit of the financial statements, we considered OKC Charter Santa Fe South Schools No E-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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiencies described as 2020-001 in the accompanying schedule of findings and questioned costs to be a material weakness.

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. We consider the deficiencies described as 2020-002 and 2020-003 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

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 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-003.

OKC Chamber Santa Fe South Schools No E-021's Response to Findings

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

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.



Oklahoma City, Oklahoma



Independent Auditor's Report on Compliance for Its 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 E-021
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited OKC Charter Santa Fe South Schools No E-021's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of OKC Charter Santa Fe South Schools No E-021's major federal programs for the year ended June 30, 2020. OKC Charter Santa Fe South Schools No E-021'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 OKC Charter Santa Fe South Schools No E-021'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 and 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 OKC Charter Santa Fe South Schools No E-021'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 OKC Charter Santa Fe South Schools No E-021's compliance.

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Opinion on Each Major Federal Program

In our opinion, OKC Charter Santa Fe South Schools No E-021's 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, 2020.

Report on Internal Control over Compliance

Management of OKC Charter Santa Fe South Schools No E-021 (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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Oklahoma City, Oklahoma
March 19, 2021

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	Yes
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Significant deficiencies identified not considered to be material weaknesses	Yes
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Noncompliance material to financial statements noted	Yes
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Federal Awards

Internal control over major programs:

Material weaknesses identified	No
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Significant deficiencies identified not considered to be material weaknesses	None reported
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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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<u>Identification of Major Programs</u>	<u>CFDA number</u>
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Child Nutrition Cluster	10.553, 10.555
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Elementary and Secondary School Emergency Relief Fund - CARES Act	84.425D
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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

2020-001 Financial Reporting
Material Weakness in Internal Controls over Financial Reporting

Condition: The School does have procedures in place for the preparation of financial statements in accordance with the regulatory basis of accounting in accordance with the financial reporting provisions of the Oklahoma State Department of Education. However, such procedures do not include the full set of notes to the financial statements in accordance with the regulatory basis.

Further, the long-term debt was not presented in accordance with the regulatory basis of accounting.

Criteria: Controls should be in place over the preparation of the financial statements and required adjustments, including footnote disclosures, in accordance with the regulatory basis of accounting.

Cause: The School did not prepare the full financial statements and necessary adjustments for long-term debt. It should be noted that the debt received was the PPP loan which is anticipated to be a forgivable debt in the future and was unusual in nature.

Context: The School did prepare the financial statements and several supplemental schedules. However, the School did not prepare the notes to the financial statements and long-term debt required an adjustment.

Effect: The School is at risk for incomplete disclosures and improper debt presentation.

Recommendation:
The Board should evaluate and weigh the costs against the benefits of preparing their own complete financial statements, including the financial statements.

Views of Responsible Officials:

Management agrees with the finding and will correct the PPP loan going forward. We will do a cost/benefit analysis to determine if effective to do so.

2020-002 Disbursements
 Significant Deficiency in Internal Controls over Financial Reporting

Condition: The School does have procedures in place for non-payroll expenditures. However, we noted instances where the invoice/receipt was dated prior to the approved purchase order date.

Criteria: Controls should be in place to ensure proper purchase order approval prior the purchase date to minimize improper purchase orders.

Cause: Controls did not always ensure purchase orders are approved prior to the purchase of goods and services.

Context: In our sample of 40 cash disbursements, we noted 3 items (8%) that had an invoice/receipt date after the purchase order approval date.

Effect: The School is at risk for improper purchases.

Recommendation:
 Management should revisit the policies and procedures over cash disbursements to strengthen controls to ensure that approvals are obtained prior to the purchases of goods and services.

Views of Responsible
Officials:

 Management agrees with the finding and will revisit the policies and procedures in this area.

2020-003 Student Activity funds
Significant Deficiency in Internal Controls over Financial Reporting; Compliance

- Condition:** Student activity receipts are not deposited within the next business day or at least weekly if less than \$100.
- Criteria:** Oklahoma Statutes Section 70-5-129 related to student activity funds states “deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week.”
- Cause:** Teacher sponsors are not turning funds over to financial secretaries on a daily basis and/or financial secretaries are not depositing daily as required by School policy and Oklahoma statutes.
- Context:** Approximately 7.5% of the deposits tested (3 in our sample of 40) identified instances where the receipts were not deposited in accordance with state statutes. In two instances, receipts with the teacher sponsor did not turn in funds daily to the financial secretary. In one instance, the financial did not timely deposit the funds after receipt from the teacher sponsor.
- Effect:** Failure to comply with State law indicating a failure to exercise control over funds received from student activities.
- Recommendation:**
Requirements for daily submission of student activity funds should be monitored for all sites by School administration.
- Views of Responsible Officials:** We will continue to make improvements in this area to ensure compliance with state statutes.

Section III – Federal Award Findings and Questioned Costs

None.

Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)
For the Year Ended June 30, 2020

STATE OF OKLAHOMA)
) ss
County of Oklahoma)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with for the audit year 2019-2020.

Eide Bailly, LLP

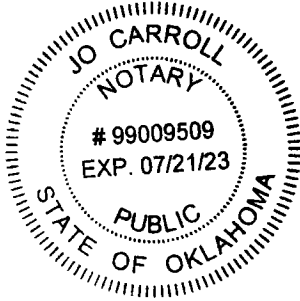
BY

Vanessa M. Dutton

Subscribed and sworn to before me on this 19th day of March, 2021.

Jo Carroll
Notary Public

My commission expires 4-21-23



Joy Hofmeister
State Superintendent of Public Instruction
Oklahoma State Department of Education
2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599

AUDIT ACKNOWLEDGEMENT

District Name Santa Fe South Schools, Inc. District Number E021
County Name Oklahoma City County Code 55

Audit Year: 2019-2020

The annual independent audit for the Santa Fe South Schools, Inc.
(District Name)
was presented to the Board of Education in an Open Board Meeting on 3.22.2021
(Date of Meeting)
by Vanessa Dutton, Eide Bailly LLP Vanessa M. Dutton
(Independent Auditor) (Independent Auditor's Signature)

The School Board acknowledges that as the governing body of the district, responsible for the district's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the State Board of Education and the State Auditor and Inspector within 30 days from its presentation, as stated in 70 O.S. § 22-108:

"The district board of education shall forward a copy of the auditor's opinions and related financial statements to the State Board of Education and the State Auditor and Inspector within thirty (30) days after receipt of the audit."

[Signature]
Superintendent, Signature

Board of Education President, Signature

[Signature]
Board of Education Vice President, Signature

[Signature]
Board of Education Member, Signature

[Signature]
Board of Education Member, Signature

[Signature]
Board of Education Member, Signature

[Signature]
Board of Education Member, Signature

Board of Education Member, Signature

Board of Education Member, Signature

Subscribed and sworn before me on 3.22.2021 My Commission expires 08.30.2023
(Sworn On)

[Signature]
(Notary Public)

